



## EU policy regimes under pressure

- The policy-politics-polity potential **links**
  - European ML governance & policy making modes
- Trends over time
  - The role of the **crises**

## *conceptual clarification*

### REGIMES as

- constructs to depict the constellation of **ideas, institutional arrangements and interests** that make up the governing arrangements for addressing policy problems

(May & Jochim 2013)

- a concept TO LINK ***governance & policy modes***

# Topics/Questions

1. How far do the particular features of the EU's institutional system and different forms of European governance produce distinctive kinds of policy processes?
2. Did the crises trigger changes in EU policies (and policy modes)? In case, what type of changes?



**European governance** designates the body of rules, procedures and practices that relate to the way powers are exercised in the EU and decisions are made.

- *What do you mean by “EU economic governance” ?*
- *The principles of “good” governance*
- *The problem of democracy*

# EU economic governance

- a set of rules that aim to detect, prevent, and correct problematic economic trends such as excessive government deficits or public debt levels, which can stunt growth and put economies at risk

the EU's economic governance framework revolves around the **European semester**, its economic policy coordination system

# EU economic governance

Since the economic, financial and sovereign debt crises, the EU has beefed up its economic governance rules to reinforce its Stability and Growth Pact with:

- **the six-pack laws** (a system to monitor broader economic policies so as to detect problems like property bubbles or falling competitiveness at an early stage - macroeconomic imbalance procedure)
- **the two-pack laws** (euro area countries - other than those with macroeconomic adjustment programmes - must submit their draft budget plans by 15 October each year and the Commission issues an opinion by the end of November);
- **the Treaty on Stability, Coordination and Governance** (Fiscal Compact)



# The COM's White paper (2001)

According to the European Commission five principles underpin “good” (i.e. more democratic) governance”:

- openness
- participation
- accountability
- effectiveness
- coherence

The application of these principles reinforces those of proportionality & subsidiarity ([meta-principles](#)).

## *subsidiarity & proportionality*

From the conception of policy to its implementation, the choice of **the level** at which action is taken (from EU to local) and the selection of **the instruments** used must be in proportion to the objectives pursued.

This means that before launching an initiative, the European Commission is asked to systematically check:

- (a) if public action is really necessary
- (b) if the EU level is the most appropriate one
- (c) if the measures chosen are proportionate to those objectives

**BETTER REGULATION**

**Task Force on S&P and “Doing less more efficiently”**  
**since 1/1/2018**



# What about democracy?

*“Policies can no longer be effective unless they are prepared, implemented and enforced in a more **inclusive and accountable** way”.*

*“The linear model of dispensing policies from above must be replaced by a **virtuous circle**, based on **feedback, networks and involvement** from policy creation to implementation at all levels”.*

(COM(2001)428)



*To summarize:*

European governance has expanded and transformed over time and led to a **complex system** in need for democratic accountability and legitimacy.

*Further **policy agenda** developments:*

White paper on the Future of Europe (1/3/2017)

- Reflection paper on the deepening of the EMU (31/5/2017)
- Reflection paper on harnessing globalisation (10/5/2017)
- Reflection paper on the social dimension of Europe (26/4/2017)
- Reflection paper on the future of EU finances (28/6/2017)
- Reflection paper on the future of European defence (7/6/2017)

# “For the EMU to be stronger...”

MSs must accept to share more responsibilities and decisions on euro area matters, within a common legal framework.

This could be through the EU Treaties and its institutions, an intergovernmental approach or, as is the case today, a mix of both.

Further political integration could involve a rethinking of the balance between the Commission and the Eurogroup and could justify the appointment of a full-time permanent Eurogroup chair, as well as unifying the euro area's external representation.

The idea of a euro area Treasury – possibly with a euro area budget – as well as a European Monetary Fund are also discussed in the public debate, and could be considered at a later stage of the deepening of EMU, within the EU framework.”

[https://ec.europa.eu/commission/publications/reflection-paper-deepening-economic-and-monetary-union\\_en](https://ec.europa.eu/commission/publications/reflection-paper-deepening-economic-and-monetary-union_en)



# External & internal responses to globalization

“**On the domestic front**, the paper suggests tools to protect and empower citizens through robust social policies and providing the necessary education and training support throughout their lives.

Progressive tax policies, investing in innovation and strong welfare policies could all help redistribute wealth more fairly.

Meanwhile, use of EU structural funds to assist vulnerable regions and the **EU Globalisation Adjustment Fund** to help displaced workers find another job can help mitigate negative impacts.”

[https://ec.europa.eu/commission/publications/reflection-paper-harnessing-globalisation\\_en](https://ec.europa.eu/commission/publications/reflection-paper-harnessing-globalisation_en)



# Just free movement?...

“While the centre of gravity for action in the social field should and would remain with national and local authorities, the EU would explore ways to **further support MSs’ action**, making full use of all instruments in its toolbox.

Legislation would not only set **minimum standards** but, in selected areas, could fully **harmonise citizens' rights** across the EU, with the aim of focusing on social **convergence** in social outcomes.”

[https://ec.europa.eu/commission/publications/reflection-paper-social-dimension-europe\\_en](https://ec.europa.eu/commission/publications/reflection-paper-social-dimension-europe_en)

[https://ec.europa.eu/commission/sites/beta-political/files/social\\_dimension\\_of\\_europe\\_overview\\_of\\_initiatives\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/social_dimension_of_europe_overview_of_initiatives_en.pdf)



# The EU budget

How much to spend for what purpose?

Where could the money come from?

Options range from reducing spending for existing policies to increasing revenues.

[https://ec.europa.eu/commission/sites/beta-political/files/future-eu-finances-five-scenarios-factsheet\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/future-eu-finances-five-scenarios-factsheet_en.pdf)



# A common/shared/cooperative scenario?...

The scenarios are not mutually exclusive, but illustrate three different levels of ambition in terms of solidarity.

- security & defence **cooperation**

The EU complements MSs efforts, solidarity remains ad hoc and interpreted individually by MSs.

- **shared** security & defence

The EU supplements MSs' efforts, operational and financial solidarity between MSs becomes the norm.

- **common** defence & security

Solidarity and mutual assistance, common defence as set out in the Treaty (art. 42 TEU).

[https://ec.europa.eu/commission/publications/reflection-paper-future-european-defence\\_en](https://ec.europa.eu/commission/publications/reflection-paper-future-european-defence_en)

[https://ec.europa.eu/commission/sites/beta-political/files/reflection-paper-defence\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/reflection-paper-defence_en.pdf)



# *Escaping from the dichotomy between supranationalism and intergovernmentalism...*

## ***Forms of governance in the policy dimension***

		Legal Instrument	
		Binding	Non-binding
Implementation	Rigid	<b>Coercion</b>	<b>Targeting</b>
	Flexible	<b>Framework Regulation</b>	<b>Voluntarism</b>

Treib, Bähr, Falkner (2005)

A classification of the EU's policy outputs on the basis of this typology could shed new light on differences in the way the EU tries to reach its policy goals in **different policy areas**, and it could reveal **changes in the level of intrusiveness** of EU policy-making over time.



# Hierarchy & linkages: policy modes

**Tight linkages among actors**  
*High formalization*

Community  
method

Regulatory  
mode

Distributional  
mode

Intensive trans-  
governmentalism

**Vertical relations**  
*(High centralization)*

**Horizontal relations**  
*(Low centralization)*

Coordination (with  
COM participation:  
benchmarking,  
networking)

Coordination (little  
COM involvement:  
decentralized  
partnerships)

**Loose linkages among actors**  
*Low formalization*

Adaptation from Buonanno & Nugent (2013); Wallace & Reh (2014)

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*To summarize:*

Policy making may differ considerably and systematically across issue areas.

Recently, the use of multiple policy modes also increased within individual issue areas.

- strong diversification
- hybridization is prolific



# Crises as a trigger for change ?

- The EU's "conglomerate" of crises

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Kind of crisis	Main elements	Threats
Financial crisis	A banking crisis triggered sovereign debt crisis and speculations against the euro	Bank runs; after bank rescues: looming bankruptcy of states; speculations against individual countries' bonds, insolvency of states, heightened divergence within EMU, breakdown of euro area
Economic crisis	Contraction of production, mounting unemployment, fiscal resources decrease	Exploding budget deficits, non-compliance with EMU and stability and growth pact criteria, tensions in euro area
External relations crisis	Arab spring and ensuing migration flows <sup>a</sup> , war in Ukraine, change of global distribution of power	Instability in the EU's immediate neighbourhood, potential inflow of insecurity into the EU, decline of Europe in the world

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<sup>a</sup>Since mid-2015, many speak of a 'migration crisis' in its own right.

# Crises as a trigger for change ?

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## *KIND OF CRISIS*

## *EU POLICIES most affected*

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### *Financial crisis*

With its destabilisation of financial markets and subsequently the euro

- financial market regulation (due to greatly increased needs for trouble shooting)
- competition policy (due to frequent state aids for banks)
- economic governance coordination (due to fears that governments might spend excessively and endanger the euro)

### *Economic crisis*

with its consequence of tighter public budgets

- Health policy
- Energy + climate policy
- Foreign + neighbourhood policy
- Migration policy
- Research + innovation policy (but here, downward fiscal pressures reversed since such investments are hoped to promote growth)
- Trade policy (indirect effect: further trade liberalisation is hoped to promote growth)

### *External relations crisis*

with its threat of importing instability into the EU and diminishing its global role

- Foreign + neighbourhood policy
  - Migration policy
  - Research + innovation policy
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# Crises-induced pressures for policy change

		Time pressure	
		With relevant deadline <i>(in near future, affecting politicians currently in office)</i>	No deadline <i>(or distant one, affecting only later generations of politicians)</i>
Functional pressure “systemic threat” affecting all or most MSs	YES	<b>HIGH</b>	<b>MEDIUM</b>
	NO	<b>MEDIUM</b>	<b>LOW</b>

# Which **type** of change?

## What about policy **learning**?

Hall (1993); May (1992); Kamkhaji&Radaelli (2017)

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- Change in **settings** to adjust existing instruments  
**all 9 policy areas** considered by Falkner 2016 (EU financial market regulation, economic governance, competition policy, trade policy, energy and climate policies, health, research and innovation, migration and foreign policy)
  - Change in **instruments or techniques**  
**migration; foreign+security+defence policy**
  - New **goals** or altered hierarchy of **priorities**  
**competition; trade; energy+climate; health; R&innovation policies**
  - **Paradigmatic** change (overarching ideas)  
**financial market regulation; economic governance**

## Which **impacts** in terms of **policy regimes developments?**...

- ***Our topic for the next meeting...***

The impact of differentiation and the possibility of spillover effects. Additional challenges for democratic legitimation?

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