Deregulation, Not Simplification

Europe’s Way Out of Bureaucracy

4liberty.eu Manifesto

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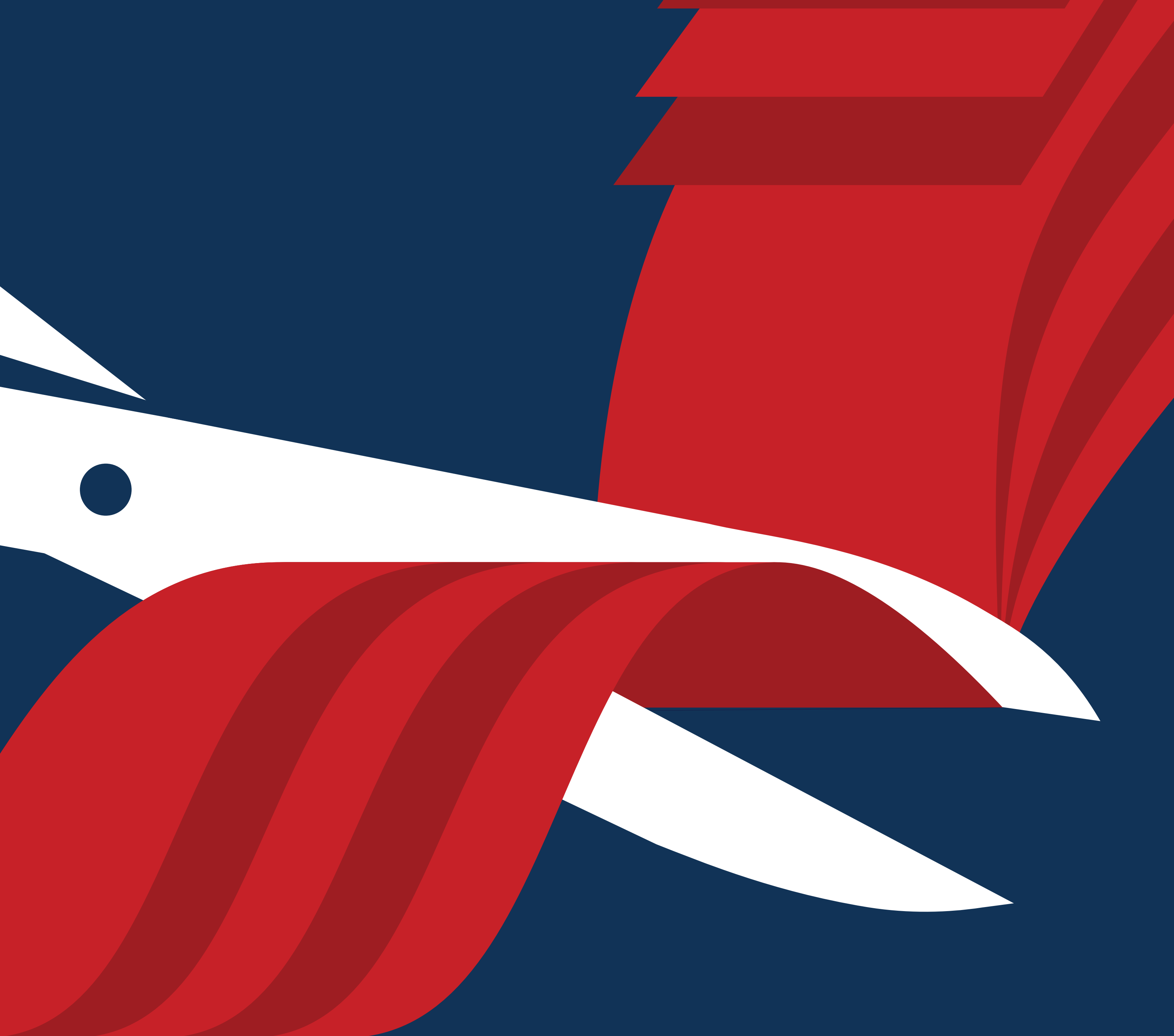

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Foreword

Bureaucracy, as described by the economist Ludwig von Mises in his 1944 book Bureaucracy, is characterized by rigid adherence to rules, hierarchies, and procedures that prioritize compliance over results. Eighty years after Mises's contribution, Europe faces a similar challenge: how to maintain effective governance without stifling innovation and flexibility.

The bureaucratic mindset's focus on uniformity and control inherently limits flexibility, while markets thrive on decentralized decision-making and competition. This fundamental difference explains why bureaucracies often generate layers of unnecessary complexity and red tape, impeding economic progress. Consequently, regulations also promote bureaucracy-building inside companies, hindering their efficiency and growth.

According to research by Epicenter[1], the volume of EU legislation has increased 729% since the Maastricht Treaty (1994–2024) and 101% since the Treaty of Lisbon (2010–2024). The von der Leyen Commission itself has overseen a substantial increase in regulatory activity; the amount of legislation in EU legislative acts has increased by 14% since 1 January 2020.

How is this possible? The EU has been vocally committed to increasing competitiveness for over two decades, creating numerous initiatives and programmes. There already is

1 https://www.epicenternetwork.eu/briefings/eu-regulatory-volume-has-doubled-since-the-treaty-lisbon/

a complex regulatory assessment programme, which should in theory prevent excess regulation. Yet, both in the macroeconomic data and the microeconomic reality of an entrepreneur's daily life, improvements are hardly visible.

The complexity of decision-making within EU institutions often leads to compromises that favour inclusivity over clarity and efficiency. They hesitate to use the word "deregulation" and try to use the more neutral term of "simplification[2&3]". **But simplification is not enough—the European economy needs a clear commitment to deregulation.** Regulatory reduction and simplification is not an ideological goal, but a practical step toward efficiency and competitiveness.

This manifesto emerged from a coalition of free-market think tanks, business alliances, companies, and academics committed to dismantling competitiveness barriers. It calls for paradigmatic change and sets out clear, pragmatic, and measurable steps to slash both national and European bureaucracies. **It is a call for action grounded in real-world impact and accountability.**

We recognize that bureaucracy may never disappear entirely, but unchecked excess costs jobs, growth, and opportunity. **Europe cannot afford to be held hostage by regulatory bloat while the rest of the world races ahead.** Instead, we propose a manifesto rooted in the principles of subsidiarity, transparency, and fierce competition. Europe must move beyond bureaucratic inertia and focus on smart, lean governance that supports innovation, growth, and resilience.

It is time for Europe to reclaim its rightful place as a competitive, thriving economic powerhouse.

This manifesto is our blueprint.

Richard Ďurana,

Director of INESS
Institute of Economic and Social Studies

2 https://www.europarl.europa.eu/thinktank/en/document/ECTI_IDA(2025)764389

3 https://www.euractiv.com/news/brussels-backs-down-from-no-deregulation-pledge/

02

Deregulation, Not Simplification

Europe suffers from a complex tangle of unneeded, outdated regulations, overlapping requirements, and inefficient administrative processes that disproportionately weigh on businesses, especially small and medium-sized enterprises (SMEs). Without urgent reform, Europe risks falling further behind more agile and business-friendly global competitors.

This manifesto presents an actionable plan created by a coalition of free-market think tanks, business alliances, academia, and enterprise representatives committed to reshaping governance frameworks for the 21st century. Building on the 2024 Draghi-Letta reports, we focus on **measurable, tangible policy steps to reduce bureaucracy** at both national and European levels, while fostering competitiveness and dynamic market ecosystems.

Our vision is of a Europe where governments serve as enablers rather than obstacles to business success. We propose smart regulation guided by subsidiarity principles, digital-first administration, and a sharp focus on reducing unnecessary compliance burdens—especially for SMEs. Transparency, accountability, and sunset reviews will anchor all reforms to measurable outcomes, ensuring progress can be tracked and course-corrected.

> The European Union should embrace a more bottom-up, innovation-friendly approach to regulation—one that trusts consumers and entrepreneurs to make informed choices and innovate freely, while maintaining essential safeguards for consumers, safety, and the environment. This approach prioritizes flexibility, allowing new ideas and businesses to develop without being stifled by excessive precautionary measures.
>
> Regulations need to be proportional, outcome-focused, and applied only when necessary. By listening to real-world feedback from stakeholders on the ground and minimizing regulatory overreach, the EU can foster a more competitive and innovative economic environment.
>
> Ultimately, this shift—from a culture of pre-emptive control to one of responsive and adaptive governance—will unleash entrepreneurship, strengthen public trust, and make Europe a more attractive place to invest and grow.

An official EU better regulation agenda started to form over 20 years ago. It developed into a comprehensive set of processes and rules, including evaluations and fitness checks of regulations, quality control by the Regulatory Scrutiny Board, and the engagement of stakeholders. As of 2025, the Commission is rolling out "Omnibus" legislative packages for broad simplification.

Yet, the 2024 report by Bruegel[4] uncovered that 60.2% of large firms and 65.4% of SMEs perceived business regulations such as licences and permits, together with complex tax systems, as a serious impediment to investment. Quoting a study for the European Parliament, "Even though many of the new measures include articles that seek to reduce the impact on SMEs, those provisions are only partly effective because SMEs are often suppliers to larger firms that are obliged to flow their obligations down to their suppliers." Similarly, regulation of digital markets illustrates how legislative density has grown: from only seven laws in 2000 to 88 by 2024, with most adopted after the launch of the Digital Single Market strategy.

The average composite length of the active text of legislative proposals was 4,501 words during the Prodi Commission (1999–2004) but reached 8,582 words during the current von der Leyen Commission. As the Bruegel report concludes: "While many laws have been repealed and others have been simplified, new laws have been introduced at a substantially faster pace than the frequency with which old laws are repealed. Moreover, the length of the active text in laws (and presumably their complexity) continues to grow."

Clearly, the past regulatory reforms have not delivered meaningful simplification. This Manifesto calls for a more radical approach of deep deregulation. To translate this vision into results, we identify four priorities:

4 https://www.bruegel.org/analysis/simplifying-eu-law-cumbersome-task-mixed-results

Our first measurable target

① A Net reduction of the total number of legislative acts by 1% per year.

Commitment to Deregulation, Not Only Simplification: Europe needs a binding, measurable commitment to reduce unnecessary regulation—not as an ideological goal, but as a practical strategy for competitiveness. This means actively reviewing, consolidating, or removing outdated rules and preventing unnecessary new ones.

Our second measurable target

② The Introduction of a universal sunset clause.

Introduction of a Universal Sunset Clause: To help automate the reduction of red tape, a universal sunset clause of five years should be part of every new directive and every revision of an older directive. Renewal beyond this period should require a transparent cost–benefit analysis proving at least a +30% net benefit.

Our third measurable target

③ The Introduction of a binding set of deregulation metrics for member states tied to ESIF.

Formal Push for National Deregulation: Deregulation on a national level should also become part of EU policy. A set of metrics needs to be chosen from existing ones (DESI, eGovernment Benchmark, OECD STRI, …) or newly developed scoreboards and indicators then regularly evaluated. Targets and milestones should be set and bundled with the EU Structural and Investment Funds in a way similar to the Recovery and Resilience Facility.

Our forth measurable target

④ The Introduction of universal accessibility standards for selected national public institutions.

Revitalize the Single Market (SM): Every new proposed legislation should be accompanied by an evaluation of its implications for the SM. There needs to be a push for liberalising occupational regulations, the labour market, and the services sector. There should be greater harmonisation in the EU's permitting approach across the industrial and infrastructure ecosystem. Furthermore, the EU should establish universal accessibility standards for national public institutions to facilitate transnational interactions with businesses, investors, and employees.

This manifesto serves as an urgent call to action for the EU to seize the opportunity to transform their bureaucracies from barriers into enablers. By adopting market-driven reforms, digital innovation and smarter regulation, governments can unlock Europe's full economic potential.

The time for incremental adjustments has passed. We demand decisive, measurable change to restore competitiveness, enable growth, and secure Europe's future prosperity. This manifesto is the blueprint—and commitment—for that transformation.

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Who We Are

The 4liberty.eu is a platform for experts and intellectuals from Central and Eastern Europe, embodying the liberal environment, to share their opinions and ideas.

Representatives of 15 think tanks from various countries including Poland, Hungary, Slovakia, Slovenia, the Czech Republic, Bulgaria, Ukraine, Estonia, Lithuania, and Germany regularly publish comments, analyses, and polemics encompassing political, economic, social and cultural life, as well as subjects of heated debate in the media, all shown from a Central European perspective.

The Friedrich Naumann Foundation for Freedom is a German liberal political foundation, founded in 1958. Its mission is to support liberal democracy, human rights, rule of law and market economy by promoting political education, open dialogue, and research in liberal policy.

Its office for Central Europe, based in Prague, acts as an umbrella organisation for the network 4liberty.eu. The Prague office seeks to strengthen liberal political and intellectual forces in Central Europe and supports 4liberty.eu as a centre of competence and a platform for dialogue at both national and European levels.

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Manifesto Signatories

The following organisations have co-signed this manifesto and support its calls for action:

4liberty.eu Members

Institute of Economic and Social Studies – INESS (Slovakia)

Liberal Institute, Friedrich Naumann Foundation for Freedom (Germany)

Civic Development Forum – FOR (Poland)

Institute for Liberal Studies (Czech Republic)

Center for Economic and Market Analyses – CETA (Czech Republic)

Free Market Foundation (Hungary)

Institute for Economic Research and Policy Consulting – IER (Ukraine)

Institute for Market Economics – IME (Bulgaria)

Lithuanian Free Market Institute – LFMI (Lithuania)

Bendukidze Free Market Center (Ukraine)

Economic Freedom Foundation (Poland)

Republikon Institute (Hungary)

Co-signatories

Epicenter Network

European Policy Innovation Council – EPIC (Belgium)

Students for Liberty

CEPOS (Denmark)

TIMBRO (Sweden)

Warsaw Enterprise Institute (Poland)

Fundación para el Avance de la Libertad – Fundalib (Spain)

The Center for Liberal Studies - Markos Dragoumis, KEFiM (Greece)

Institute for Economic Studies - Europe (France)

Association of Employers' Unions and Associations of the Slovak Republic (Slovakia)

Bulgarian Chamber of Commerce and Industry (Bulgaria)

Association of the Engineering and Electrotechnical Industry (Slovakia)

National Union of Employers (Slovakia)

The Union of Entrepreneurs of Small, Medium and Privatized Enterprises of the Ukraine (Ukraine)

Taxpayers Association of Europe (Germany, Belgium)

Hayek Institut (Austria)

Austrian Economics Center (Austria)

Federation of Industrial and Transport Associations (Slovakia)

Freedom and Entrepreneurship Foundation (Poland)

Mises Institute (Poland)

Brussels Report (Belgium)

European Economic Competitiveness Institute – EECI

Ukrainian Cluster Alliance (Ukraine)

Juan de Mariana Institute (Spain)

European Economic Senate (Germany, Belgium)

Foro Regulación Inteligente (Spain)

Hayek Institute Romania (Romania)

Centre for the Renewal of Culture – COK (Croatia)

Chamber of Industry and Commerce in Białystok (Poland)

CASE Ukraine (Ukraine)

Access to Information Programme (Bulgaria)

Polish Institute of Economic Thought (Poland)

The Radical Centre (Poland)

Circulo Liberal Bastiat (Spain)

MULTI (Bosnia and Herzegovina)

Exylon Hospitality (Spain)

M.R. Stefanik Conservative Institute (Slovakia)

NC+

We Are Innovation

Institute for Economic and Social Reforms – INEKO (Slovakia)

The Strategy for the Future (Ukraine)

Slovak Alliance of Modern Trade (Slovakia)

Institute of Freedom and Entrepreneurship (Slovakia)

Tipli (Czech Republic)

Together to Civil Society (Ukraine)

Brilliant Minds Consulting (Hungary)

Consumer Choice Center

Maintask (Czech Republic)

Pivotéka Přerov (Czech Republic)

Betoniq (Czech Republic)

Dominik Stroukal, member of the National Economic Council of the Government (Czech Republic)

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Annex: Comprehensive Explanation of the Four Priorities

5.1 Commitment to Deregulation, Not Only Simplification

Simplification of administrative procedures has long been a focus of EU reform efforts. However, simplification of a process alone does not guarantee a reduction in the overall regulatory burden. In fact, the regulatory stock often continues to grow, even when individual procedures become less complex.

A binding net reduction target, defined as decreasing legislative acts by at least one percent annually, ensures tangible progress rather than symbolic gestures. Without such measurable goals, regulatory inflation will persist. Deregulation specifically targets the elimination of outdated, duplicative, or excessively burdensome rules that do not deliver proportional benefits. Proactive deregulatory audits can facilitate a continuous pruning of unnecessary rules.

There have been numerous efforts by the EU to lower the regulatory burden. These existing efforts should be utilized but should undergo restructuring. 'One in, one out'—while a well-intentioned programme—needs serious re-thinking. It seeks to reduce the administrative burden of new laws, thus ignoring the potentially vastly greater costs of the transition to and of the implementation of those laws. Even within this narrow focus, it is measured in ways that are largely irrelevant, since it is based on administrative costs of the law as proposed, which are often far less than the costs of the law as enacted. Actual savings in any case are minimal relative to what is needed[5]."

→ The REFIT program should be restructured with measurable KPIs, most notably a 1% reduction of the total amount of EU legislation per year.

→ The scope of impact assessments should be enlarged to encompass additional burdens beyond the administrative.

→ More straightforward measurements should be introduced and monitored, notably the average number of words per section of legislation.

→ The 'one in, one out' principle should be transformed into 'one in, two out'.

→ The Regulatory Scrutiny Board should improve SME impact assessments (including indirect impacts via regulation of their business clients). The RSB's role should be strengthened toward being a more decisive and transparent watchdog, enabling it to ensure that policymakers fully consider alternatives to new regulations and the proportionality of proposed measures to improve the quality of EU legislation while safeguarding competition and innovation. The RSB needs to be involved from the initial draft to the very last amendment.

→ Existing proposals for the improvement of impact assessments and overall anti-bureaucratic efforts should be explored[6].

5 https://www.bruegel.org/analysis/simplifying-eu-law-cumbersome-task-mixed-results

6 For example CER recommendations https://www.cer.eu/publications/archive/policy-brief/2024/better-regulation-europe-action-plan or CCIA recommendations https://ccianet.org/wp-content/uploads/2025/01/CCIA-Europe-Comments-EU-Single-market-strategy-2025-Consultation.pdf

5.2 Introduction of a Universal Sunset Clause

Legislation without a mechanism for reassessment risks becoming obsolete or counterproductive as circumstances evolve. A universal sunset clause embedded in all new EU legislative acts and also in revisions of existing acts would mandate their automatic expiration unless renewed after a comprehensive review. This regulatory practice compels lawmakers to reconsider the necessity and effectiveness of laws within a predefined timeframe, such as five years after implementation.

Renewal beyond this period should require a transparent cost–benefit analysis proving at least a +30% net benefit. The sunset clause will also serve as motivation for more comprehensive ex ante impact assessments and ongoing ex post impact assessments.

We recognize that a legislation-wide sunset clause is a groundbreaking legal change. Therefore, a gradual approach may be chosen to increase the chances of its smooth implementation. In the first three years, regulatory or sectoral pilots should start, introducing sunset clauses in selected sectors (e.g., environment, health, digital markets) and/or specific agencies. Also, impact triage may be implemented at the beginning, prioritizing legislation with the highest perceived negative impact on the business environment.

Safeguards and exceptions may be included, allowing exceptions for essential laws (e.g., critical security legislation), and introducing criteria for fast-track renewal for non-controversial, high-necessity regulations.

5.3 Formal Push for National Deregulation

The EU's impact on reducing regulatory burdens extends beyond its own legislative acts to implementation by member states. Many regulatory barriers arise from national-level transposition, enforcement, or additional national rules that compound the complexity of EU regulation. Thus, EU strategies to enhance deregulation must include incentives and mechanisms to encourage effective national deregulatory reforms.

One promising approach is linking member states' deregulation performance to funding instruments such as the EU Structural and Investment Funds. Binding deregulation targets for national policymakers, measured through quantitative benchmarks and indices such as the OECD's Services Trade Restrictiveness Index (STRI) or a similar metric, would foster accountability and transparency.

More efforts should be devoted to the idea of implementing a single-window reporting system with common data layers and full digitalization for regulatory requirements. This would streamline compliance and enforcement processes across EU member states by creating a unified, efficient, and transparent framework[7].

7 A good example of this practice is the European Maritime Single Window environment.

5.4 Revitalize the Single Market

The single market remains the EU's most significant economic achievement. However, persistent regulatory fragmentation and national restrictions hinder its full potential. Revitalization requires a steadfast commitment to liberalize cross-border activities, removing hidden barriers that dampen economic dynamism.

Every new legislative proposal must undergo detailed assessments of its potential impacts on the single market, ensuring that no rules inadvertently undermine cross-border trade or mobility. Particular attention should be paid to harmonizing rules in services and occupations, areas where national regulatory differences significantly restrict competition and labour movement.

Measures should include simplifying and standardizing administrative procedures such as licensing and permitting, backed by digitalization efforts to create uniform, easily accessible public administration services across member states. Accessibility, transparency, and mutual recognition of qualifications and standards will reduce compliance costs and support entrepreneurship and cross-border employment opportunities. For example, if an occupation remains unlicensed in a member state without significant adverse effects, other member states should be directed to abolish their licensing requirements for that occupation.

At the level of European legislation, it is worth revisiting the discussion of the so-called country-of-origin principle for the provision of cross-border services. This would mean providing a service according to the laws of the service provider's country of origin. This would allow service providers to operate within the familiar framework of their home country's laws, stimulate competition, and motivate governments from other countries to reduce their restrictions on domestic service providers.

Harmonization should be inspired by existing national best practices examples. National best practices should be used as benchmarks for EU laws rather than reinventing completely new approaches.

Universal accessibility standards for national public institutions should cover a set of life situations (events), which should include processes for establishing businesses, fulfilment of national regulatory criteria, and similar matters. As in priority #3, reaching these accessibility standards should be enforced, for example, by setting them as a funding condition.

Infringements concerning the internal market should be approached more strictly[8], and the procedure should be streamlined by removing the 'reasoned opinion' phase. The period from sending a letter of formal notice to the resolution of a case or referral of an infringement case to the Court of Justice should be shortened to a maximum of twelve months.

8 Further inspiration for example in https://www.epicenternetwork.eu/wp-content/uploads/2024/04/Market-Force-Online.pdf

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