Thank you very much!

Thank you also for your interest shown by participating.

I have to make a confession first: this is one of the speeches I never wanted to give. Because my usual comment when people were saying that they are working on democratic deficit is: 'don't waste your lifetime, because in Europe there is also a lot which could rather be described as democratic surplus'. The idea of democratic deficit immediately creates the impression that somehow we are lagging behind the national parliaments and, therefore, have to catch up as if we were not yet fully developed. I think there are many arguments - and I would like to start with these, without avoiding the topic - why we can say that democracy in Europe also has elements which are further developed or at least delivering more space of freedom for parliamentarians than on national level.
Democratic surplus in the EU

To start with: if we have a look at the national systems, then it is very often the case that the space of manoeuvre for a national parliament is limited by its own executive. Because if the parliament were to no longer support what the government wants, the government would have to resign or the parliament would have to be dissolved, and that would be the end of the story.

Equally we experience in the European Parliament that the individual member has much more space to take his own decisions and to take his own responsibility and to follow his own conscience because discipline, which is exercised on him, be it from the Parliament or be it from his own parliamentary group, is much lower than it is on national level.

The third argument why I think that there are elements of 'democratic surplus' is that we can say that in the European Union, in the European Parliament, it is still the content and the content argument that decide. So, you are not automatically wrong because you are in a political minority or because you are not in the government. Everything has to be decided on the basis of who is providing the better argument on the individual legislative case.

And the fourth point is that, in fact, democratic decision making in the European Union is a permanent negotiation. So we have a permanent negotiation between the Parliament, the Council and the Commission. And there is no pre-judged outcome dependent on who is the proposal coming from, or whether this is what a government wants.

So, these are degrees of freedom in the process, which you will not find on a national level. This is why I could argue that there is a 'democratic surplus'. When I had researchers in the past who were working on democratic deficit, I always said 'why wouldn't you like to be the first researcher to work on 'democratic surplus'? It is better than to be the one thousandth researcher who is doing his thesis on the 'democratic deficit'.

Progress in the Lisbon Treaty

Equally we can say that with the Lisbon Treaty we made a lot of progress.

Now we have clearly a two chamber system in the European Union with the Council representing the Member States and the European Parliament representing the citizens. The clarification on the Council's side was very important by singling out Mrs Ashton into the European External Action Service and the European Council with its non-legislative functions as well.

We, in the European Parliament, have the final word on international agreements, which we have been using. Just a few examples: 'Passenger name records' was one, SWIFT another one. So we have been using the new powers.

We are electing the president of the Commission and something more, which is not yet fully understood, we can initiate Treaty change.

Here I would like to stop with my 'democratic surplus' agenda, because otherwise I will miss the issue and the question which is raised to me today. And of course I have accepted to address the issue, because there is some background.
A new democratic deficit

So, why do we again have a discussion on 'democratic deficit'?

The first reason is that the nature of the decisions taken at European Union level has changed with the economic crisis. And that is what I normally call the new business model in the European Union. What is this new business model? I would say the old business model was one with a lot of decisions, which in accumulation had a big effect of course on people's life. But not every individual decision was perceived by the citizens as touching them, touching the core of their living conditions. This has been changed with the crisis, because decisions which are now coming from the European Union, once they are hitting the ground - and not only in Portugal, in Greece and in Ireland, but also in those countries which had to give those guarantees - are perceived as impacting the core of the economic and social living conditions, whether it is the request for pensions reform, the request for social security reform, whether it is about measures to address the difficulties in the economy. And those decisions are perceived as linked to "Europe" in the broader sense.

But if that is the case then also the degree of the legitimisation of the system needs to change. If we are no longer touching the conditions of the individual citizens on the margin, but if we reach into heart of the economic and social living conditions then we need a different degree of legitimisation of the system.

The second element is that - besides the 'Lisbon Union' which came into force on 1 December 2009 - a number of consecutive decisions by Heads of State and Government in the rescue operations have established - we could say - a second union. We could call it a 'rescue union'. And this 'rescue union' is organised according to different principles. The 'rescue union' is basically organised inter-governmentally. You have the ESM for example. You have Troika actions. All decisions there are basically happening inter-governmentally. So besides the Lisbon Union - where we are very happy with the democratic progress having been achieved - a kind of second union has been established, which I call the 'rescue union'. It has surely been so for reasons of necessity, but nevertheless it is not fulfilling the same democratic criteria and therefore it is raising new issues of democratic legitimacy.

And the third element is that the European Council, now having become an institution since December 2009, has not resisted the temptation to try to pre-decide on legislation.

That has surely been the case on the budget. We had the experience in the 2011 budget procedure. The European Council decided on the increase of the budget up to two figures after the comma. So this was what had exactly to be fulfilled. But the budget and its legislation are not to be determined and negotiated within the European Council, but between the Council of Ministers and the European Parliament! So the attempt by the European Council to fix the outcome in advance until the second number after the comma was clearly limiting the possibilities of the legislators.

We now perceive something similar in the ongoing MFF negotiations, where a huge part of the agreement of the European Council in February is not only on figures, but in fact
tries to pre-determine the outcome of the legislative procedures between the Parliament and the Council of Ministers, which has to be based on the legislative procedure, with a qualified majority.

This means that we are getting the re-introduction of unanimity via the European Council through the back door, in the very area of European legislation.

What is the problem - beyond our institutional considerations - of that?

I would argue that this is producing a triple problem:

The first problem is a **problem of expertise**. Why? - Because the preparation of the European Council's decisions is very different to the community method in legislation. With the community method in legislation you have years and years of reflection, of consultation with NGOs, with the two consultation Committees, with citizens, and you change the text, and reflect, and turn it around, and re-write it 100 times, before it is actually being presented and finally becomes a law. On the contrary, proposals, which go into the European Council, at least during a long stretch of the crisis, very often came *ad hoc* from certain governments. They were not even available to all the governments. They were not even available to all national parliaments according to their different national procedures. So the degree of expertise that went into those proposals was considerably lower than the degree of expertise you are getting with a normal community method procedure.

But if you have a problem with expertise, you produce also **problems with efficiency**. Very often, briefly afterwards, you find out that what you have just decided on the highest level you cannot implement! This is something ministers of finance are well aware of. Because the outcome of the European Council, very often, when it was presented to the finance ministers led to some astonishment: how on earth this could be implemented?

Thirdly, it is also leading to very serious **problems of legitimacy**. Those decisions coming out of the European Council are perceived as decisions on States by other States. And why should some States decide on core issues for other States? So the perception has become quite widespread that in fact it is some States via the European Council that are ruling on other States. But no one wants to assume responsibility. Sometimes a day after the decision was taken in the European Council you cannot find anyone anymore who is ready to take a responsibility. The latest example of this was the first decision on Cyprus, which was taken on a Sunday. Well, on Monday evening it was very difficult to find anybody who had participated in the process, who was ready to take responsibility for the decision taken! Within 24 hours you could not find anybody anymore defending the outcome. But this was a decision that had major consequences for an EU member country.

So, how to react to this?

The traditional answer or I could also say non-answer is **Treaty change**.

It is sure that in the next legislature Treaty change will be on the agenda, for the reason that five years after the Fiscal Compact came into force it should be integrated into the Treaties and also because - dependent on who is in government in the UK - we might have a request from there to look at Treaty change.
But we all know that a treaty change is difficult. It is time consuming. So, we surely know that this is years ahead in the future. The question is then: what can we do today? Do we have to wait for that miraculous treaty changes several years in the future or is there something we can start doing today?

To put it in other words: What is the unused potential under the Lisbon Treaty? Have we really exploited all the potential under the Lisbon Treaty or is there an unused potential? That is a debate which lawyers in Germany normally put under the heading of Verfassungswirklichkeit. One thing is the constitution or the constitutional order but the other thing is what is the Verfassungswirklichkeit, what is the concrete reality, what is concrete practice. And I believe that for the practice under the Lisbon Treaty there is still an enormous potential, which still could be exploited and I would like to name a few.

Unused potential n°1: The election of the Commission’s president

Why is this important? It is important, because if you are participating in national elections you vote for your national parliament, but you are thinking of the government. You are thinking about which executive you are going to get. You are thinking about Merkel or Steinbrück. You see this as a chance to change the direction of politics and parliament is a mean to arrive there. That is a maybe disappointing realisation when you are speaking and coming yourself from a parliament, but it is the truth.

What has happened up to now? People were asked to participate in European Parliament elections to elect the European Parliament. But what would be the effect on the ‘Executive’ - in our case the European Commission - or on policy proposals, this was completely unclear. That could only be unveiled after the event. What has changed since the Lisbon Treaty - and this is relevant for this time, because the Lisbon Treaty only came into force on 1 December 2009, so after the last election cycle - is massive.

The first thing is: under the Lisbon Treaty - and this was not the wording before - the European Parliament elects the Commission’s President. So, it is the European Parliament that elects. It is the European Council that proposes. But this is not just proposing. The European Council has to propose “in view of the outcome of the European elections”. That is completely new too. That means the European Council is not completely free. It has to interpret, to make sense of the outcome of the European elections. That is something else than what we were having up to now.

This is complemented by a Declaration, which only I seem to know - with some others who had to suffer from my speeches before. This is Declaration n°11. Who knows Declaration Nr 11? - Nobody knows Declaration n°11? Well, I have asked our Legal Service, they did not know Declaration n°11 either... So, Declaration n°11 of the Lisbon Treaty is saying that the President of the European Council and the European Parliament have to set up a mechanism to consult on which name is to be proposed for Commission’s President by the European Council. That is something that should happen between the European elections end of May and the European Council making the proposal end of June. And that can be something very important. Why can it be very important? It can be very important, because it is recognition - a public recognition - that the outcome of the European elections matters and that the different political forces in the European Parliament have to express themselves about which one of the potential
candidates could also have a parliamentary majority. That is something very similar to what we know from different of our Member States, where in fact you have a person that is consulting the different political forces about who has a majority behind him or her in order to form the Executive.

All of this is complemented by the willingness of the European political parties to put forward lead candidates for Commission's President. As of now, according to my information, all the European political parties except one have the intention to put forward lead candidates, probably to be known end of February/beginning of March next year. That means: the person who could be leading the executive will not come as a surprise after the event, as a white rabbit out of the cylinder, but can be known to the electorate in advance. What is the effect on the elections? Probably limited the first time around, but if you think not one but two or three or four elections ahead it could become a major element.

The question will also be - whoever is the proposed candidate - whether the Parliament just elects the person or whether there will be a debate and negotiations about political content? Already last time around President Barroso proposed to Parliament his own political programme. That is something that could further be developed.

Those who are sceptical about the system are saying 'Yes, but even when that president then reflects the outcome of the European elections you will not have a situation like in our Member States, where you then have a clear executive on the one side or the other - They are absolutely right. It will certainly be more broadly spread and it will probably resemble more of what we know in Switzerland under the name of Konkordanzdemokratie. I do not know the English expression, maybe it is 'Concordance democracy'? But this is something where the figurehead is clearly representing a political choice, but, at the same time, you have a broad political support.

This new situation has been reflected by the decision of the Bureau of the European Parliament for the information campaign, which we are conducting in 2014. It has been put under the heading 'This time is different'. And what is different is the possibility to impact the choice of the President of the Executive. So this is the unused potential nº1.

Unused potential nº2: electoral law.

When you have a closer look at our electoral law you find that the common elements are surprisingly underdeveloped. And I would like to mention just some basic points, which have also been put forward by the Conference of Presidents and by a recent report in the Constitutional Affairs Committee.

We do not yet have common standards for nomination procedures in the Member States. We have some countries, where this is something following very strong procedures, we have other countries, where basically a person, the head of the party, decides. This is an area where we could clearly strengthen and further develop democratic process in these elections.

For the time being, when citizens are voting, they only find the name of the national party on their ballot. It is normal that they find the name of the national party. But we all know that those candidates, once elected to the European Parliament for five years, will
work in European political families. So, I think it would be very important that also the name of the European political party is mentioned on the ballot paper.

For the moment no result can be published before the closing of the last election period in the last Member State, which is 22:00 in some countries, among others, in Italy. This has a consequence: the European citizens as such never have a common electoral evening. I am tempted to say that Northern Europe has already gone to bed - not everybody in Northern Europe, but many. So, they will never have the possibility to experience a moment similar to the one they have during national elections which ends with an election evening, with results coming in from all different electoral areas. Citizens are not able to see how a political majority is forming in Europe. Those figures are only available the next day - and the next day people are back to work.

Unused potential n°3: Scrutiny.

About a year ago I had a very interesting conversation with the outgoing US Ambassador to the European Union Bill Kennard and he will surely allow me to mention this. He said - as he was drawing some conclusions from his stay and comparing the US Congress to the European Parliament - that he doesn't see the big difference in legislative powers. On the contrary - with some experience of both systems - we could argue that the legislative powers of the European parliament are going much further, and further into details than those of the US Congress, because - in the US system - a lot is delegated to the regulatory agencies, and then no longer available for Congress decision-making, unless you completely revoke the delegation of power. But - he said - he was surprised in comparison by how little our own system in the European Union is developed in the field of scrutiny. The US Congress has developed very sophisticated measures to hold the Executive to account. This reflection of his, we have deepened it with a detailed comparative study of the European Parliament with the US Congress and four national parliaments. And we have come to the conclusion that scrutiny is an area in which we, in the European Parliament, need to improve.

The need for an enhanced scrutiny on the Executive can also be linked to the most recent developments associated with the financial crisis. When a Troika is active in a Member State, who is holding this Troika into account? - The national parliament? - Very often, it is in a very weak situation because not accepting Troika's recommendations just basically means bankruptcy. So, there, at national parliament level, the possibility to exercise the scrutiny is limited. The place where this scrutiny on the Troikas could be exercised is the European Parliament.

The same is true for banking supervision. The European Central Bank is now developing a second pillar and will become responsible for banking supervision in Europe. "Banking supervision" sounds something rather benign, nice and soft. But what does it mean? It means that - as a result of that banking supervision - a bank may have to change his management, may have to recapitalize or may have to be closed. Those are decisions which are of major importance for citizens, for Member States and for the European Union as a whole. So, the question is - who is going to scrutinize those decisions? In the context of the discussions on banking supervision, we are discussing an inter-institutional agreement between the European Parliament and the European Central
Bank. The content of this agreement is currently being negotiated in order to establish the adequate scrutiny on the European level.

In February, I have visited the Government Accountability Office in the United States. The Government Accountability Office is the United States' Court of Auditor. They have about 3000 staff. But only about 10% of that staff is performing what we understand to be the traditional role of the Court of Auditors - which means to check the legality of payments. 90% of their staff is doing something else. 2/3 of their staff is actually working - in close agreement with the Congress and on the basis of a jointly established work programme - on the issue of legislative performance. Is the legislation really working or isn't it working? Are spending programmes really working or not working? And the big advantage of this US Court of Auditors is that this Court of Auditors has the right to go down to the State level and check whether the legislation is working and whether spending programmes are working there. This means: if we want to have this, if we want to have efficient scrutiny at the European level, we also need a very close cooperation with the Court of Auditors. The European Court of Auditors is already shifting from a focus on the mere legality of payments to what they call themselves "performance audits". More and more work of the Court of Auditors is in the area of performance audits. It is up to the European Parliament to make a better use of those performance audits and make them available before legislation is being reviewed and before spending programmes are being revised. This means that the results brought by the Court of Auditors should not only stimulate the debate in the Budgetary Control Committee but in all the relevant Committees responsible for the different policies as well.

The last point I would like to mention here is **ex-post impact assessment**. It is very closely related to what I mentioned on the US Government Accountability Office. If we want to have a look at the full legislative cycle - and if we know that the Parliament is increasingly dealing with amending legislation rather than with new legislation in fields where there has never been legislation - we need to take interest in a more systematic way in what has effectively been the impact of the legislation once it has hit the ground. There is a lot of documentation already available, including a lot from the European Commission. But it needs to become more easily available for our Members, where they are doing their legislative work. One year ago we established a new Directorate on Impact Assessment and one of the units of this new directorate is dealing with ex-post impact assessment. The aim is - with very few staff - to systematically scrutinise what we know about the way a specific piece of legislation is working on the ground and make this information available when this piece of legislation is coming back to the European Parliament.

**Unused potential n° 4: 'Parliamentary pillar' or 'Parliamentary partnership'**

What does it mean? - I believe that the relationship which we are currently enjoying both with the **Committee of the Regions** and the **Economic and Social Committee** could also be developed further. We are physical neighbours, but - very tellingly - even though our buildings are bordering on each other, all the connections have been closed. Even those which existed in the past! So, the question is: wouldn't we profit from revitalizing this relationship?
I believe that the Committee of the Regions and the Economic and Social Committee could have a lot to offer.

The Economic and Social Committee, in times of economic and social crisis, should be a prime source of expertise on those matters, an expertise which could be used very effectively in parliamentary work.

The Committee of the Regions has the big advantage that it is based on Members coming from local and regional authorities, which have a lot of expertise exactly on the question I have mentioned before which is: how does legislation actually work once it is hitting the ground? Or why doesn't it work?

So, I believe we need to enter into a dialogue on how we can better cooperate and profit from this experience. We need a strong administrative and political partnership that enables us to derive the best from our mutual expertise.

Equally, the relationship with national parliaments is on the agenda. We are no longer in a situation where the relation should basically be about exchange of information. Both national parliaments and the European Parliament are decision-makers on European affairs. National parliaments have to hold their governments to account on their European policy; they have to monitor more closely what is happening in the Council of Ministers in which their national executive is taking positions - whereas the European Parliament is responsible for decisions that are taken on the European level. We need to strengthen the expert to expert relationship between Members of corresponding Committees on both sides. I believe that - in national parliaments - there is also still a lot of potential to learn from how the other national parliaments are organizing the control of the Executive.

**Unused potential n°5: Expertise**

We are living in a situation in which resources will become scarcer.

European institutions still have a small nominal growth allowed for their budget. But it is about 2% below our local actual inflation. That means, to be precise: our inflation in Brussels and Luxembourg - plus the inflation associated with existing contracts and of staff costs - is between 3 and 4%. So our overall cost is rising every year between 3 and 4% while our budget increase is between 1 and 2%. That means: we have, on average, an annual loss of about 2%. So, if we don't do anything about it, this means that our level of activity will have to shrink. And in fact our staffing level will have to shrink over the next years by 5%. The question is then: will we just continue to do what we have been doing but on a slightly lower level? Or are we still able to innovate and change and do new things? It is my firm believe that it is absolutely essential that we remain critical about things which we have always been doing, in order to be able to do new ones. We have to focus our activities on our core business. And our core business is politics and legislation.

We need to introduce - and we do it in the European Parliament - a very strong monitoring of our activities with the aim to find efficiency gains. We are introducing over a number of years a system of cost accounting as well as a new financial management system based on SAP.
I have established a unit for cost and quality control and we have in the past two years identified a number of potential efficiency gains, especially in the linguistic service sectors.

We have moved already in 2009-2010 more than 60 lawyer-linguists from the lawyer-linguists service to the committees. In the past two years we have identified more than 100 posts in translation and interpretation and moved them to political support - among others to create a new Directorate for Impact Assessment, to staff the House of European History without additional costs and to strengthen our core functions.

We have saved in the last year in the area of interpretation 15 millions EUR additionally by better organizing our committee meetings. They can no longer all take place on Tuesday and Wednesday, a situation which meant that our own resources were underused on Monday and Thursday. Committees have to meet on Monday-Tuesday or Wednesday-Thursday. We are not doing night sessions anymore in Strasbourg because it meant that interpreters were not allowed to work the next day for social protection reasons. And we are doing our delegation activities in our so called "turquoise weeks" only so that our own resources are fully available in committee weeks.

Maybe this sounds like boring administrative staff but it creates savings every year of 15 millions EUR. Those 15 millions EUR we can use them much better.

We have stopped translating the compte-rendus of the Plenary Session in extenso in all the languages. The annual saving, every year repeatable, is 8,4 millions EUR.

Why are we doing this? We are doing this to be able to finance new things. We are doing this in order to remain able to innovate.

In this line, and in order to increase our expertise, the Bureau of the Parliament has decided to create a Parliamentary Research Service. We will establish at the beginning of the next year this Parliamentary Research Service on the basis of existing resources, from the current Library and the Directorate for Impact Assessment with about 200 staff and with the aim to provide our individual Members with their own independent scientific advice. This is a service which has the vocation to grow by internal redeployment of resources.

Unused potential n°6: Programming.

Before, I have asked the question: who knows the Declaration n°11? I could also ask the question: who knows the phrase on programming in Article 17 of the Lisbon Treaty? Nobody knows it ... and the Commission doesn't want to know it. So, how does it read? It reads: "The European Commission initiates the annual and multiannual programming of the Union... - so far the Commission remembers... but then the sentence continues: "... in view to reach inter-institutional agreement". So, it is not just that the Commission is invited to initiate the legislation. No. The story is more complete: "... in view to reach inter-institutional agreement". So, this means that we should have a consultative process, which should involve the two law-makers - the Council and the Parliament - to agree on the annual and on the multiannual legislative programme.

The Bureau of the European Parliament has decided - about six weeks ago, to authorise a restructuring of our DG Presidency which I have proposed. This move is now giving a special responsibility to the Deputy Secretary General to be active in this area of joint legislative programming.
Unused potential number n°7: **European Political Parties**.

European Political Parties have developed in the past years - partly thanks to better financing and, as a result, better organisation - from basic programme organisations to policy coordination instruments. What do I mean with policy coordination? They now organise meetings where representatives of the same party from the Commission, from the Council, from the Parliament come together during a legislative procedure and try to have closer views on an issue. That is policy coordination. That is something which has not really been publicly perceived. I know that at least one of them is doing this type of activity for 11 different Councils of Ministers. That is a reality which also deserves to be seen.

So, you know now:
- that I don't like the expression democratic deficit;
- that I am convinced that there are many elements of democratic surplus.

Nevertheless, there is a huge and wide area where we could all improve.

We don't have to wait for Treaty change.

We can start right now and address the concerns of the citizens and increase the legitimacy of the system in times when the European Union is taking more and more decisions which have direct and important consequences on their daily lives.

Thank you very much!