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***Are the EU and the US becoming similar?***

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Thank you very much for your very kind introduction!

As you've seen I've chosen the most difficult possible topic, because it's a subtitle of Professor Fabbrinis' book. So, I am under incredible control here today. But I've chosen this title, because in what I'm doing myself, I've been very much influenced by this way of thinking.



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**1) Are the European Union and the United States becoming similar?**

Maybe let us start with current events.

The most current event is the more or less sure nomination of Donald Trump as the Republican candidate for presidency of the United States. Is this only an American event or is it something which fits into a much larger context?

- I would argue that this fits into a much larger context. In political science you are accustomed to think about conflicts which construct a political system.

If we take a traditional conflict, we have the one between liberals and more social oriented people. We can argue that there is also a conflict between a more national and

a more internationalist viewpoint. Based on this traditional conflict in the political arena, I think that what we are seeing for the moment is that this quarter of the political matrix, which is defined by a combination of social and national viewpoints, this quarter is for the moment the growth market for political parties. We have a surge of political parties which can be described as '**social nationalist**'. We have in France Mme Le Pen. We have Mr. Wilders in the Netherlands. We have a major party in Denmark. We have the AfD party in Germany. And we have Mr. Trump in the United States.

For me, all of them build on a strong need for protection. They are 'social' in the sense that these parties put a very strong stress on protection. Protection is also interpreted by them in the nationalist sense of the word as a protection against international or internationalist influence. So this is a movement which is directed against liberalisation, against Europeanisation and against globalisation. At the same time 'identity politics' is back. The Mexican issue which Mr Trump is pushing so prominently in the United States, is mirrored in Europe by a similar move concerning Muslim immigrants.

My question is then: where is this coming from? These positions, these visions, these debates are not new. They have always been present in the public debate. My question is: why are they suddenly having so much success?

My personal view is that one of the main reasons for this resurgence is that we have been going through a difficult time of **de-industrialisation**. We have large parts of the United States and large parts of the European Union which have gone through de-industrialisation during the past decades. This move has so far mainly concerned the blue-collar workers.

But with the current **digitalisation** of the economy, this is now going much further, reaching much beyond the traditional blue-collar workers. The current digitalisation of the economy is affecting the blue-collar workers, but the white-collar workers equally. Let's take a current example: FIAT and Google are now promoting actively together the driverless car. Very good. But can you tell me what is the most wide spread profession today in our advanced Western economies? - This is not unfortunately the profession of university professor. The most widely spread profession in modern Western economies is the profession of driver. If you have a look at people in America without college degree, I would bet with you that driver is by far the most widely spread professional position among them. So, what is happening if we introduce the driverless car?

What is happening to our banking systems if the banks basically just become digital?

When you go to the Silicon Valley, people there are very proud to talk about disruption. The economy is being disrupted, they say. And this is true. Our economy is being

disrupted. But this disruption cannot be limited to one sector of society which is called the economy. If we have a major disruption in the economy, there is no wonder that we will also witness disruptions in other sectors of the social sphere and in other sectors of the political sphere. If disruption is not happening only there - in the Silicon Valley - but from there to the rest of the world, then we can fairly say that we may well be witnessing a complete disruption of all our different national societies.

At the very same time, the United States, almost all nations in Europe as well as Japan and China have reached **unsustainable debt levels**. Europeans and Americans, we - nothing to be proud of - share the same distinctive feature: our public debt is roughly 100% of GDP. What does such a debt level mean when it comes to policy making? - Well, unsustainable debt levels mean that - whereas in the past when you had a problem you could try to stimulate growth by additional debt - nowadays additional debt is very unlikely to stimulate growth. Additional debt is just creating additional insecurity: insecurity about the future solidity of public finances, and therefore, insecurity about interest rates, as higher risks may translate into higher interest rates in the future. So, the easy way out of crisis - by increasing public debt and public spending - the easy way out of economic trouble is now equally blocked in the US as well as in Europe.

Additionally we have **the same moral problem linked to the management of the recent debt crisis**. What has happened in the US as well as in Europe? - Fundamentally what the debt crisis has done to us - because of its magnitude - is to force us to transform private debt into public debt. Why have we had to fix private debt? - Because many banks used to build on extreme business models, like for example the Deutsche Bank in Germany. They were proudly saying: we want to achieve 20% of return on investment (ROI). How can you have 20% ROI? - Only if your own capital is extremely small and only if you use a very massive leverage effect. But if your own capital is very small, it means that in a time of crisis you might lose it completely and therefore the burden of your risk taking strategy will have to be transferred to society as a whole.

The State will have to step in. The whole economy will be requested to share the loss. Why? - Because a modern society cannot do without a functioning payment system. Of such a system, major banks are, of course, corner stones. And so major banks have to be rescued at the end. And one can argue that there is quite a moral problem if a private growth strategy - or gain strategy or profit strategy - finally brought a lot of our Member States on the edge of collapse. And this is the reason why - during the debt crisis - we have behaved in the US and in Europe in a convergent fashion, using more or less the same policy mix. We are getting closer.

We also become more equal in **the way we approach warfare**. Europe - because of its own historical experience already for quite some time - has become relatively reticent on waging war. Until recently, the dominant view was different in the United States. But under Obama, the US have joined us and now clearly favour any other option than war, wherever it is possible. For a long time, there was a big gap between a more social, redistributive Europe and a more liberal economy in the US. But the Obama administration has thrived to add a kind of European style health insurance scheme to existing mechanisms. The scheme is not of course as developed as what we have here in Europe. This is nevertheless a move into our own direction.

So, if we have a look into a few determining phenomena - political, economic, social, geopolitical - we could make the point that the EU and the US are becoming more similar, for good or for bad. Of course, you will probably not let me get away with this mere description of current converging phenomena. You expect me to provide a more systemic view of what may be happening within our societies. And this is - I think - where prof. Fabbrini's book on *Compound democracies* comes into play.

It's one of the three books, which has influenced my own thinking the most. The other two are:

- Wolfgang Leonhard, *Child of the revolution*, which describes the experience of a communist activist in the Soviet Union who is coming back to GDR;
- Herbert Gruhl, *Ein Planet wird geplündert*. Gruhl was a centre right environmentalist, who was kicked out of the CDU party in the early 80-ies. It happened that the first ever meeting which I have organised as a CDU youth activist was precisely with him. You can imagine that this naturally led to some nervousness in the party at the time.

As a Secretary-General of the European Parliament, I have been very much inspired by the reflection on the **compound democracy**<sup>1</sup>. Why is this?

- Because if the thesis is correct, that in a compound democracy, in the European Union and in the United States, you don't have fusion of power, in which government and parliamentary majority are more or less the same, but a division of power, with independent institutions in permanent negotiations, and if you have also in the European Union such a horizontal division of power, then an institution like the European Parliament cannot simply buy the content which is being presented by the European Commission. We have to develop our own independent views. And that's dependent on

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<sup>1</sup> S. Fabbrini, *Compound Democracies: Why the United States and Europe Are Becoming Similar*, New York, Oxford University Press, 2007

resources. And when it comes to resources and their allocation, I have my own legitimate role to play as the Secretary-General of the institution. So, what we have tried to do over the last seven years - since I took this responsibility - has been to invest massively into our own content capacity. That means: staff levels of the parliamentary committees 50% up, staff levels of political groups 25% up, staff levels of policy departments doing studies 25% up. Three hundred posts from language services transferred into political advisory and support functions. The most striking organisation feature accompanying this major change has certainly been the creation of the new European Parliamentary Research Service (DG EPRS), which we established on 1st November 2013. It owes a lot of its current functions to the successful experience of the US Congressional Research Service.

We have tried to learn from the US Congress, not in the sense that we blindly take everything. For example, the terrible popularity rate of the US Congress, we are very happy to leave it with them over there. But the US Congress has built its own structure of independent expertise. This has been done in a very careful and inspiring fashion: this content capacity is independent from the Administration and independent from the government. It is delivered to the Members of Congress, through the Congressional Research Service, through the Library of Congress, through the Congressional Budget Office - which is fully independent from the Office of Management of Budget in the Administration - and finally through a very close cooperation with the Government Accountability Office - which is the kind of Court of Auditors of the United States, where two thousand people are permanently working on performance audits and preparing them for Members in Congress.

So, what we have tried to do, is to integrate this experience in our own European Parliamentary Research Service, which is - on a much smaller scale - working in the same direction. By the way, we had last week the visit of Mary B. Mazanec, the director of the Congressional Research Service, who is now studying what we are doing and will maybe learn something in return, useful for her in Congress.

So, when we say 'compound democracy' what are we talking about? Of course we should ask Professor Fabbrini what he is talking about. But let me try first to explain how I do understand it.

I understand it that you do not only have vertical separation of power, between different levels of governance, but you also have **horizontal separation of powers** between different institutions on the federal level. So, you don't have fusion of powers between the parliamentary majority and the government, the executive. You have a separation

between the House, the Senate and the Administration - between the Parliament, the Council and the European Commission.

You also have there **a union of States and citizens**. It's not just a union of citizens, but also it's not just a union of States. You have a union of States and citizens and this setup brings you into a situation of permanent negotiation between the different entities, where the outcome is not pre-determined in advance. It is very important to understand this. I will give you a figure: The German Bundestag - when it comes to the drafting of texts - in 2/3 of the cases it takes the initial text from the ministries. But if you take the text from the ministries, you are not developing an independent view. This is happening because you are in the system of 'fusion of power'. But if you are in a permanent negotiation system between entities, and if you need and want to have your own view on what is being suggested, then you have to build up your own expertise.

Professor Fabbrini also explains that the '**big Republic**' of the United States is not built on *demos* — Carl Schmitt would be extremely disappointed — but it's built on pluralism. In a 'big republic' you have a much better protection for pluralism. Pluralism, rather than *demos*, is much more appropriate for such a large entity, which has all kinds of histories, memories, all kind of nationalities, all kinds of religious faiths, all kinds of sensitivities and schools of thought.

The point about pluralism is a very important point, because - for example - the German Constitutional Court is still making the argument that unless you have a *demos* you can't really go beyond a certain point on the path towards political integration. The case of the United States is demonstrating that the pre-existence of unified *demos* is far from being an absolute necessity for political integration. The model of governance fit for a big republic based on pluralism rather than on a unified *demos* — the compound democracy for the compound republic — is not what we are used to in European national settings. In a compound democracy with a vibrant pluralism, final agreement is never a foregone conclusion. You first have to convince each other, because decision-making is not easy. You have to leave a lot of space for civil society. You have to leave a lot of space for individual freedom. In our case, in Europe, we have left a lot of space for individual Member States. So, the democracy fit for a big pluralistic republic entails a large number of checks and balances. It has to be by definition an open system.

Even if all of this is true, we are still puzzled. We are still asking ourselves how it is possible that a strong presidential system as the one of the United States and a non-presidential system as the one of the European Union nonetheless share similar structural features. Obviously, the European Union of today is not the United States of

today. But let's not forget history. Let's not forget that political integration as a political process happens over a long period of time. This is why I would advise to have a closer look and I would argue that the European Union of today even shows very striking similarities with **the United States as they were in the late XIX century**. To start with:

- The United States in the late XIX century had a budget of 1% of the GDP. The European Union of today has got a budget of 1% of GDP.
- The United States in the late XIX century didn't have any system of social security on the federal level, except for the veterans from the civil war. We don't have a system of social security on the federal level.
- The United States only introduced direct taxation in 1913. We don't have a direct taxation.
- The United States introduced direct election of senators only in 1913. We still have a Council of Ministers with government representatives.
- The United States was rebuilt after the Civil War. I think we can say that we started the European Union after our own civil wars. Probably two in the XX century.
- The United States was basically a regional power dependent on the protection of the British Navy at sea. We are basically a regional power dependent on the United States protection for our international trade
- The United States' motto is '*Ex Pluribus Unum*'. Ours is '*United in Diversity*'.
- The United States, at the end of the XIX century, still had a very weak president. We have the beginnings of a kind of a 'presidential system' with the European Council, but unfortunately in the form of a kind of 'Council of Governors'.
- I've been attending the inauguration ceremony of Barack Obama first time. This was not so very special, because we were millions doing the same, and, at the end, I just got a big cold. But I took a photo from the flags - the historical flags which are exposed on the Capitol this day. One was from the very early days. When you have a look at, in the right upper corner, you are in for a big surprise. This is the European flag, with just one minor difference: there were thirteen stars, and not twelve.

So, there are a lot of similarities between the European Union of today and the United States, but rather the United States as they stood in the late XIX century than the United States which we know today. Since then, the United States have been massively transformed by the Big Depression. They have been massively transformed by the Imperial Presidency necessary to wage the Cold War. These changes have been so deep that we have forgotten what the US were some 120 years ago.

## 2) Checks and balances in the European institutional system

My thesis is that the European Union has now established an equally **effective balance** between the European Commission as the Executive - the Administration in the US terms - and the Parliament and the Council, which together form the Legislative Branch of Government. So the European Commission, the European Parliament and the Council of the European Union now form a system of mutual interdependence, where no one can impose its will on the others.

I know that there has been an argument that the lead candidates in the European election, the so-called '**Spitzenkandidaten**' may disturb this carefully established inter-institutional balance. I've been accused to have been one of the major proponents of the *Spitzenkandidaten*-system. Among others, this earned me a big article in the *Financial Times* on page 3 - I won't get any better - accusing me of doing. So, if they accused me before the event, maybe I can also take some credit after the event, and explain why the *Spitzenkandidaten* do not disturb the balance in our system. In fact, for me, they are rather establishing more balance when it comes to the European Commission. Why?

- First: All Commissioners are chosen by Member States. We are hearing them in the European Parliament, we might deselect the one or the other, but the fundamental element remains: all Commissioners up to now have been chosen and proposed by Member States.

Secondly: The Commission Secretariat in its daily work is very much interwoven with Council activity. If you speak to Commission's civil servants they pass a large part of their days in all kinds of Council working groups. And this is partly because the Council does not have its own content capability.

Thirdly: When a Commissioner wants to have a change through a new piece of legislation the main obstacle normally is in the Council. So he or she will have to invest a lot of his work in convincing on the Council side.

Fourthly: let's not forget that the President of the European Commission is a member of the European Council. When you would ask President Barroso his comments about the European Council, he would always say: '*I'm not attending the European Council, I'm a member of the European Council*'.

I am making these points to say that the traditional setup between the Commission, the Council and the Parliament has produced a very strong bias in daily life of the European Commission in favour of the Council of Ministers. So, what the *Spitzenkandidaten* process has done is to rebalance that bias and create more of an equally levelled playing field.

Additionally, Parliament remains divided into eight groups, twenty eight nationalities, even though the outcome of votes for the major groups shows more than a 90% cohesion rate, a figure which is higher than the cohesion rate of Republicans or Democrats in the United States Congress. This being said, there are very few incentives and sanctions which can lead to a coherent voting in Parliament, or to a consistent behaviour in Parliament over time. Each time, for each file, the outcome remains dependent on the specific discussion that takes place. Arguments matter. The Committees are still very strong. So, I don't think that with the *Spitzenkandidaten*, we are now moving into a fusion of power system. This worry is largely exaggerated. The only change is that the European Parliament is now playing a stronger political role in the inter-institutional Triangle. How is this happening?

- The current Commission Ten-Point Programme is a largely inspired by the work which has been done in the European Parliament on the Cost of non-Europe.

The function of the President of the European Parliament has been very much changed from a purely institutional figure which was the traditional function into something new, more political, which could be called by reference to the US experience a '*Speaker function*'. What was the difference between the President of the European Parliament in his traditional role and the Speaker of House of Representatives? The difference is that the Speaker of the House is the one who goes out, negotiates and seals political deals. He is doing that on a daily basis with the Senate and also with the Administration. Well, that is exactly the role President Schulz has grown into, strengthened in this function through the *Spitzenkandidaten* process.

Overall democracy is also a winner in the process. And this is good news for the Parliament. What we have achieved through the *Spitzenkandidaten* process is a Commission leadership much more sensitive to citizens' concerns. President Juncker will regularly remind the messages which he has received from the European citizens during the campaign. He had to go out in the Member States, confront the citizens and debate with them before he took office. As a result, his mandate as President of the Commission is a much more popular mandate, not in theory but in practice.

### **3) Europe's problem**

So, if the institutions are not our problem, what is Europe's problem?

- I think that the challenge we are confronted with is that by necessity - by objective problems if you prefer - we are forced into a **transition from a legislative machine into a complementary executive capacity**. This means that at the same moment we are going from a low level of intervention to a high level of intervention, at least as seen

from the point of view of citizens. This is a new functioning of the Union, which is in fact completely different from the one of the past.

When we were just passing legislation, this action at European level was very often perceived in the Member States as a national action. The new legislation was transposed two or three years after it had been passed in Strasbourg. All together the different measures had a huge cumulative effect. But the impact of one single measure was not so dramatic. So the legislative activity at EU level was perceived as low level intervention into peoples' lives.

But with the euro crisis we have been confronted with the necessity to set up a fund with a €700bn potential and to demand many Member States to take painful necessary decisions to speed-up much needed structural reforms at home. These direct demands for a higher level of solidarity and for much more ambitious reforms have been perceived rightly as coming from Brussels. And those demands could not be perceived as low level of intervention. They have been perceived as a high level intervention from the EU level, very intrusive in the set-up of Member States, and having a very direct effect on people's lives, with almost immediate impact on pension systems, social security systems and taxation level. We are now witnessing a similar process with border control.

In fact we are moving towards complementary executive capacity. So, when the Member State cannot do, there will be a central capacity available to secure proper border control. That is the proposal which is now on the table by the European Commission. And again, this is perceived as a high level intervention. The reality is that the European Union now starts to directly help Member States to secure their borders. And if this doesn't work, then the short comings will be perceived by the citizens as a European Union's failure.

I believe that we are probably not too far from facing similar necessities in the area of security and defence, a domain in which the changes contained in the provisions of the Lisbon Treaty have not really been implemented.

So the real problem of the Union lies in delivery and implementation, not in Brussels but in the Member States. This is the level in which one can identify weaknesses as in border control - for instance. Why do we have problems at this level with the implementation of decisions taken together by the Member States at central EU level? - Because the administrative capacity is not there, because proper implementation of European rules has not been done, because some structural reforms have not been introduced in due time, because the political systems there have been or are too weak to conduct reforms in the time when those reforms are needed. And this is the reason why we now need complementary executive capacities on the European Union level if we are serious about

the decisions which we take together and if we want to deliver their expected benefits to all citizens of the Union.

But if you are now responsible at central EU level for intervention with high and immediate impact, if you are to manage complementary executive capacities able to directly substitute in some cases to the ones of Member States, then you need a different degree of legitimation of the system.

It also means that you need to focus much more on administrative capacity and implementation. This also means the end of the cosy consensus among Member States. It becomes impossible to ignore or forget whether a Member State is really implementing decisions taken or not, whether it is really transposing decisions taken or not, whether it is really building up the needed administrative capacity to execute the new rules or not. This is becoming impossible because the failure to do so here or there will at the end be perceived as a collective failure of the European Union.

My thesis is that what we are seeing is not at all a final crisis of the European Union - maybe I am an incurable optimist - but rather the birth pain of a new system, which is moving the European Union from a mainly legislative machine to complementary executive capacity.

The European Council in this historical transition has a very crucial role to play. This role, I call it the *elevator function*. What is the ***elevator function of the European Council?***

Only the European Council, can move an issue which is traditionally being dealt with on national level to the European level. Nobody else can do that. Nobody else could provide the additional finance necessary to rescue a number of Member States in trouble except the Heads of States and governments in the European Council. Nobody else could do that. Nobody else could either provide the legitimacy to finally move to a system of common border control except the European Council. So, the European Council has an essential role, a critical role, a crucial role and a positive role in elevating issues from the national level to the European level. This role of the European Council is in itself a step forward in the European integration and it has to be positively recognised.

Of course, in the second phase we find out that the transaction costs of dealing with those issues at intergovernmental level are far too high. Why? - Because to reach consensus among twenty-eight is a very complex operation. The last vote you need to go to twenty-eight will always be extremely 'expensive' and this decision of the last Member State whose agreement is needed will not necessarily be based on the issue itself.

So, the elevation of issues usually dealt with at national level to the European central level by the consensus of Heads of States and governments gathered in the European Council cannot be but an intermediate step in the process of further integration.

A second step is needed. This second step is the return into the community system and into procedure as usual. And this is the common responsibility of the European Parliament and of the European Commission to facilitate that second step.

The problem of the European Council is that it is not a President, but a Governors' Council, in the language of the United States. This is twenty-eight Heads of States and governments joining together in a meeting. Their prime responsibility is towards their own country and not towards the others. So, they have to defend their own national interests. That's their responsibility. But to provide guidance for the European Union we need more than just following the combination of national interests. With the European Council, many times, the public image we are getting is that we are all back to the national politics, with strong States against weak States, big States against small States... And those who are at the receiving end of the difficult decisions have difficulties to accept the legitimacy of decisions coming out of such a construct.

So what is happening in crisis situations is that the European Council goes for the pragmatic solution which can quickly be found. As such, this is to be appreciated. But at the same time by doing so, Heads of States and government are permanently reactivating the democratic deficit.

People thought that we have solved the issue of democratic deficit. We had told them that we had new Treaties that we had integrated and that issues would be dealt with in the Community framework at large with adequate checks and balances. And all the sudden, in crisis situations, new decisions have to be taken together in emergency. And people discover that their national parliament has no longer control, because the issue is now dealt with on the European level. But at the same time, they see that the European Parliament does not control either the outcome.

Take for example the decision on Cyprus. The Cypriot national parliament on Monday said 'no'. On Friday the same week, the Cypriot Parliament had to say 'yes', because its own space of manoeuvre was basically zero as the Cypriots needed the support of those ready to provide bail-out finance. This has nothing to do with Cyprus. Usually national parliaments in these extreme situations can no longer effectively negotiate and defend their interests. Therefore, if you wish to respect democracy, the democratic control and the democratic decision making has to take place at the level where the decision is taken, which means on the European level, and therefore theoretically with the consent of the European Parliament. So the much needed crisis management by the European Council has produced a new kind of democratic deficit, which is *recidivist* in nature: you have solved it once, twice... but the problem permanently reoccurs as new issues are being moved to the European Union level.

If it is a fair description of the current situation to say that we are moving from a legislative machine into the provision of complementary executive capacity, then it also means that the European Parliament has to change its business model. We cannot just be concentrated on passing amendments to legislation, but we need to develop a business model and - I dare to say - that we have developed a business model which is much more closely focused on issues like scrutiny and delivery of results. By the way, this focus is also very strongly in the United States Congress.

And therefore we have to take the **complete legislative cycle** as our area of business: from Agenda Setting to Consultation and from Amending to Scrutiny. We have to accompany the whole legislative life cycle.

A lot of this functionality has been established during the last two and half years under a concept called 'Completing the Legislative Cycle'. It's a concept I've proposed two and half years ago with thirty two steps. We try - a little bit like Toyota - to do Total Quality Management. One after the other, we try to address the blind spots where we are not existent yet, where are we too weak, where we have to improve, where we have to set up a new organisation, where we have to set up new processes, in order to be able not to limit ourselves just to amending legislation.

#### **4) Strategies for further democratisation**

If we want to put this idea into a wider context, we could say: there are **four strategic ways for democratisation**:

(1) More and more issues had to be submitted to the Parliament. This was the first phase of the democratic integration of the European Union. More and more issues had to be submitted to those directly elected by the people. This early phase could be called: **Quantitative Democratisation**. If you have a better wording, don't hesitate to share it with me...

(2) In a second phase, the quality of our engagement was improved. So we were not only heard, we were not only giving an opinion, we moved to decision. We became equal decision maker with the Council. So we gained a completely different leverage. That process could be called: **Qualitative Democratisation**. The focus is not anymore on the quantity of the issues discussed in the European Parliament but on the quality of our involvement in the decision process.

(3) I think that we are currently trying to play a role in the whole policy cycle. So it's not about more issues, it's not about more quality of our involvement in the decision

process, but it's about enlarging it and exerting our leverage on the whole process from agenda setting to consultation and from amendment to scrutiny. This could be called: **Democratisation in Time**. We do not accept to be involved only for the eighteen months of the amending phase. We want to be involved in the seven years that it normally takes for the full legislative process as well as scrutiny on the early execution.

(4) Of course, as a German I have to be inspired by Einstein. So when there is a 'Democratisation in Time', one should also need to find what '**Democratisation in Space**' could be. It always has to be time and space. The fourth element where the European Parliament can gain leverage and where democratisation can be strengthened is precisely there. What is 'Democratisation in Space'? If it's true that we are in a system of multi-level governance, then the democratic quality of the process is not just decided on the central level of governance. The democratic quality of the process is decided on all levels of governance. Therefore we cannot be only interested in what is the leverage we enjoy at central level on decisions taken in Brussels or Strasbourg. We have to be interested in what is the impact that democracy can have on all levels of governance.

And there are many possibilities to get there. Basically we need an alliance between national parliaments and the European Parliament to make sure that each of us is doing on its level every effort possible to ensure democratic quality and democratic accountability. The main obstacle to this is what prof. Fabbrini has described as *fusion of power*. Because if national parliaments are acting in a fusion of power system they will be very hesitant to scrutinise their own government. This is clearly a limitation. We can nevertheless be helpful there. For example our Research Service can be the research service of everybody. National parliaments will not have the possibility to build up such detailed knowledge on all European legislative procedures at all stages as we are building. But we can provide them with the results we are finding in an independent fashion, with no interference from the national government or the national administration.

In return, the national parliaments can help us to understand the weaknesses in the transposition process and the weaknesses in the implementation process. Last but not least, they can help us to assess if the European legislation works when applied? Do European spending programmes work? Legislation and spending programmes are not implemented in Brussels. They are implemented on the national and regional level. So, we need to build up feed-back mechanisms between the regional level and the national level where it happens and the European level where decisions is prepared and made. In this process, the democratic institutions can strengthen themselves mutually. So, what may link the different democratic institutions in our system in time and space is expertise. The linkage over time is through expertise and the linkage through space is through expertise.

Professor Fabbrini has introduced me at the beginning as a pragmatist. So, as a pragmatist I have to argue that all progress is incremental. I could also say '*historia non facit salta*' as our cousins in the United States have shown us.

So, what is **the potential for a qualitative change through incremental change**? I could also have introduced the issue as a Marxist argument, because there is something very well known in Marxist thinking among the economists. In German this is called '*das Umschlagen quantitativen Veraenderung in qualitative*' or 'the quantitative change through accumulation to different quality'.

So, what is the potential for change in quality through incremental change?

- I would argue that potential is enormous. Why is it the case?

- Again, let's come back to our comparison of US and EU system. In the United States you have a limited number of federal competences. All the rest is for the States. So, what is not explicitly enumerated as a federal competence is the competence of the States. When you have a close look at the Lisbon Treaty, our system is different. You find exclusive competences for the European Union — very few: agriculture, fisheries, space ... — and you find exclusive competences for the Member States — very few: education, culture ... — and all the rest is the field of **shared competences**.

What does a 'shared competence' mean?

A shared competence means that at the moment we have a piece of European legislation in a specific domain, the competence has become a European competence. As soon as the European Union legislates in a certain domain, the Member States cannot any longer legislate on the same issue. This means basically that the Lisbon Treaty has handed over to us a huge white canvas which can be filled step-by-step.

So, what the current Treaties are doing is organising a potential transfer of sovereignty whenever necessary in the vast field of shared competence. I do insist on the word 'potential', because to materialise this new specific competence, to make it real, you need to legislate. So, in our system, it is through legislation that the real and effective transfer of sovereignty takes place. In fact, we are not dependent on Treaty change for further transfer of sovereignty in most areas. So, our strategy should be to systematically identify the unused potential for European integration under the current Treaties, chapter by chapter.

I am not a lawyer and I have not studied the law, so I can allow myself a certain level of liberty here. I am a former economist. I have a different look at things. If you allow me a certain liberty and certain lightness I would say that what Treaties do basically is - in 50% of the cases - to just codify behaviours which have already changed. This is why

these new behaviours, these new patterns are able to have their way into the Treaties. Because everybody can agree, because we are doing this already. And the other 50% of the cases, in a new Treaty, are things which make it into the Treaty, but which the Member States have no intention to ever apply. So, the day after a Treaty comes into force, the reality is not very much changed. You have the 50% which has been codified, but we had been doing that already for a while. And there is the other 50% which Member States have no interest to ever apply and make a reality.

I would like to give you, coming to the end, two examples of how can we use unused potential under the Treaties.

The first is the story of '**lead candidates**'. In fact the Treaty was changed in Lisbon in three different parts concerning the 'lead candidates'. The first was: '*The European Council will take into account the outcome of the European elections ...when proposing a candidate for a president of the European Commission*'. Secondly: there is a declaration which states that the President of the European Council, before proposing a candidate for the President of the European Commission to the European Council will consult the European Parliament. And the third is that *the European Parliament **elects** the Commission President*. So, the text was changed in three different places on major issues concerning the process. And what has been the immediate consequence of this? The right answer is: nothing! Because these changes belong to the 50% which are changed in the text but which Member States have no intention of ever implementing. But is it logical to change a Treaty in three different areas and then argue that nothing should change in reality? Probably not. So, there was at least the intention that things should change. How exactly? That's the question for political entrepreneurship. You can have no change, you can have a little change, or you can have a bigger change. I think that the European Parliament and the European political parties showed a lot of political entrepreneurship to implement these new provisions of the Treaty. Because what could come out of these articles was not a forgone conclusion. But we used the changes in the text of the Treaties in such a way that it produced its maximum effect. You know my argument about the outcome: an overall more balanced process of composing the European Commission.

I'll give you a second example. That's about **inter-institutional programming**. I know that 'programming' sounds boring. Who is interested in programming? I would nonetheless like to cite from Art.17 of the Treaty. Art. 17 TEU: '*The Commission... shall initiate the Union's annual and multiannual programming with a view to achieving interinstitutional agreements.*' What does it mean? This is another clear case for the second part of the 50% of changes in the new Treaty, which Member States had no

intention to put in practice. If you had asked people in the European Commission at the time: 'What does it change?', they would have replied: 'Nothing, it means nothing'. But it is fundamental. It is an issue of constitutional nature. Because, if the European Commission initiates the annual and the multiannual programming of the Union with the view to reach an interinstitutional agreement, which means with the Council and with the Parliament, then obviously the agenda setting function of the Union shall be shared. This does not mean that the Commission does not have the right of initiative. Of course, they have it. But it means that the three institutions should sit together and try to find out what they want to do in the course of a legislature. From a mere pragmatic point of view, this is quite useful. Because if the three agree on what to do, there is a much better chance that we are not wasting resources and that we will finally be achieving something and delivering part of the expected outputs. So, this looks like an administrative issue, a boring administrative issue - programming, multi-annual programming - but you can see that changes about administrative procedures can cause changes of a constitutional nature.

So, therefore I belong to those who believe that **we first have to fully explore the potential under the Treaties**. I know there are very different motivations among those who want to change the Treaties. Some request further Treaty changes because they perceive that the people want more decisive changes and they think that new Treaties are the best chance to advance the case for Europe. But there are also those who don't want to take their responsibility under the current Treaties and therefore try to redefine the potential of the EU and make it as small as possible.

My own argument is that the potential is largely there, in the current Treaties, and all what is needed is the political courage to use this potential under the current Treaties to do the maximum in line with citizens' expectations. If we think this is impossible, then it will be impossible. This is why I would rather encourage those who try to find and lift up the many opportunities, which are still existing in the current Treaties.

Thank you very much!