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Studies*

*“Why this time is different”*

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Thank you very much. My theme today is “Why this time is different”.

This is somewhat amusing, as I have given a lot of speeches in the last months about ‘why this time is different’, but this was always before the elections.

There were, at the time, constitutional arguments, political arguments, all kind of arguments to support the view that this time it would be different. I made those arguments in different kinds of fora. Sometimes I heard afterwards that people went out of the room saying: *“It is interesting what has been said; but of course this will not be the outcome. It is nice telling us that there will be lead candidates and that the first of them will win the seat of the President of the European Commission. So if it is Jean-Claude Juncker, then we would have Jean-Claude Juncker as President. Nice for him ... But of course it will not be Jean-Claude Juncker. Member States will never allow it to happen. But the process which Welle describes is in theory quite logical and one can feel sympathy for such an idea, but at the end, it is not going to happen.”*

Now we are after the event. I could repeat why this time it should be different, but you all know that it has been different, and therefore I would like to say something new. How will this successful effort to make things different change the system in the European Union?

I have prepared twelve arguments. If you could accept one of the twelve it is enough. So I have twelve chances to convince you. If you accept just one, my job will have been successfully done.

Before starting, I just wish to recall that we are witnessing here the first results of a lasting collective effort.

I believe there are quite some indications that what has been happening has not happened by chance. This result of having the winning lead candidate at the head of the European executive has been pushed through actively. It has been prepared over many years. Joseph Daul, the President of the EPP, is here tonight. He has been one of the crucial actors, especially in critical moments. And I think we both know that there were critical moments when people were sceptical about the support they were to give to the whole process. This was also the case in the EPP political family. Some of us who are here tonight were sceptical too... So, the election of the winning lead candidate - Jean-Claude Juncker - as the President of the European Commission

has not come by accident, it has indeed a long history behind it. This change has been pushed through by people who wanted this to happen because they wanted to give a bigger say to people.

How is this now changing the system?

**1) First, the new process is giving the President of the European Commission a kind of *popular mandate*.**

Of course this is contested.

Some people are saying: 'No, this is not the *popular mandate* as in our national systems. This is not what is written in the treaties.' But I would say: it is enough of a *popular mandate*.

At least, it has been enough of a *popular mandate* so that, when some people started considering a different mandate, thinking of proposing other names instead of the one of the winning lead candidate, this was not possible anymore. To put it in another way: enough people in a sufficient number of Member States took the competition between lead candidates seriously and said: "*Look, this is what you promised to us, and we will not allow anybody to betray the process.*"

Having a kind of *popular mandate* of course is completely changing the function of the President of the European Commission.

When you look at the institutions, they are resting on different principles of legitimacy:

- The European Parliament is based on democracy;
- The Council of Ministers is based on individual national interests;
- The European Commission has so far been based on expertise.

If the President of the European Commission can now derive his legitimacy not only from the fact that he is presiding over 30 thousand civil servants who can bring in a lot of expertise, but moreover can say: "I also have a kind of *popular mandate*", this is changing the system.

**2) Second, the President of the Commission *emerges* from the parliamentary majority.**

I am choosing this verb '*emerge*' very consciously. Why? Because, in the present case, a parliamentary majority very quickly rallied and said to the Member States: "*We are not going to allow that this process is being betrayed. We want the winning lead candidate to be designated and elected as President of the European Commission.*" And the composition of this parliamentary majority refusing anything else than the full implementation of the process has been quite remarkable, extending from the EPP to

the Socialists, to the Liberals, to the Greens, even to the GUE. All have been saying together: "*We are not allowing that this process is betrayed.*"

Finally, Jean-Claude Juncker received the votes from the EPP, from the Socialists, Liberals and a number of Greens, so he is the '*product*' of a *parliamentary majority*. And normally, when the head of Executive is coming out of a parliamentary majority, you call this system a '*parliamentary democracy*', which, in the case of the European Union, would be a decisive system change. This may be going a bit far at this stage. For this reason I would rather say that this is the potential beginning of a system of parliamentary democracy at European level, providing the person at the top of the European Executive with a completely different legitimacy. He is not the outcome of some talks after the event. He has a popular mandate and he has emerged from a parliamentary majority. This is *de facto* changing the rules of the game.

But this also means that this parliamentary majority behind the elected President of the Commission has in turn to take some responsibility. The Parliament has not just '*accepted*' the candidate selected by the European Council. This is the '*candidate of the Parliament*'. But if this is '*the candidate of the Parliament*', Parliament also has a responsibility to carry this candidate through the five years of his mandate. It has to provide him with some support through difficult moments and to help him implement his political programme.

**3) The third thing - and I think this will have a huge impact in the case of Jean-Claude Juncker - the newly elected President of the European Commission represents the political centre: the political centre which exists in the current European Parliament and the political centre which exists in the European Council as well.**

I would not go as far as to say that Juncker is situated left of the EPP and right of the social-democrats, because if you try finding such a territory you might not succeed. But it may be fair to say that Juncker might be on the left of the EPP or on the right of the social-democrats. To me, he is exactly occupying this kind of political space which allows him to bring the different political forces of the Parliament together.

And this also holds true for the European Council. Because there are surely governments in the Council, which are not EPP governments and which are happy to work with Jean-Claude Juncker and are ready to support him.

This means that he is well placed at the centre of the system and has a unique chance to work as a unifier. And this would not have been the case had he just come from one winning party and thus being the representative of only one political wing of the European political spectrum.

**4) The fourth thing which is important to notice is that all credible lead candidates running to become President of the European Commission have been 'acceptable Franco-German candidates'. Why is this important? I am not making this point**

because I am German. This is important because if the European Union shall function, you need France and Germany on board. And you need them on board not because they are so important, but because they represent so different views about what should be done. They are a tandem, but not because they are similar. They are a tandem because they are so different. Which means: if you can have the German and the French positions integrated, you will go quite far.

When we look back to the great moments of the European development, these were the moments when France and Germany were taking responsibility for the European project, supporting the Commission president and not organising themselves outside of the European system.

Jean-Claude Juncker is not only coming from the centre of the political system, but he also may have a unique chance to reintegrate France and Germany behind the European Commission, and therefore behind the *Community Method*, which the European Commission represents and stands for.

**5)** My fifth point is that **the election of Jean-Claude Juncker as Commission president means that the political philosophy and the political approach of Helmut Kohl and Jacques Delors are still very much alive.** I must say I am extremely pleased about this, because we could hear throughout the last decade a lot of comments which were putting this period into far history ... not exactly to the Middle Ages, but pretty close to them, and people were saying: *"This is something we have fortunately overcome and this is no longer relevant."*

The election of Jean-Claude Juncker means that Kohl and Delors are not figures of the past, but that they are rather inspiring what is being done right now. Those, who have listened carefully to Jean-Claude Juncker's speech in the European Parliament before his election, could hear him say exactly this. He referred to and cited three figures: Helmut Kohl, Jacques Delors, whom he recalled his *"Maître"*... and François Mitterrand. Their kind of political thinking is back again in the centre stage.

**6)** The sixth point I would like to make is that **at the end of the process we might have a new European Commission with very strong political figures.** Maybe you remember some months ago, when the mechanism of lead candidates was being discussed, one of the arguments was that this would lead to weak figures. According to that argument, only the European Council, acting by itself, could provide a strong figure at the top of the European Commission, who would attract other strong figures.

But what is happening now is that we can see five Prime Ministers or former Prime Ministers, who are nominated for the European Commission, including those who were even ready to give up their office to do this job, as for example Jyrki Katainen from Finland. There are a huge number of ministers or former ministers, and not just

your average minister, but very influential, very powerful personalities. Let us take for example the Danish minister, Mrs Vestager: She probably was the most powerful person within the Danish government and in the political scene there and she has decided to join the European Commission presided by Jean-Claude Juncker

So in fact, what this kind of "politisation" of the choice of the President of the European Commission has done, what the lead candidates have done together is that they have attracted very powerful figures from our national systems. And they will give an additional authority to the European Commission, which has the key role in the Community system.

**7)** My seventh point, in case I have not convinced you with my first six points, **is that the whole process has put the institutional system of the European Union back into balance.** This might sound counter-intuitive, as there are many people who say: *"It has shifted the balance in favour of the European Parliament."*

Of course Jean-Claude Juncker has been strongly supported by the European Parliament, but let us not forget that he has been sitting for 20 years in the European Council. And before sitting in the European Council he used to have his seat in the Council of Ministers. You cannot imagine any other President of the Commission with more Council and European Council experience than Jean-Claude Juncker. And at the same time, he has received much trust and support from the European Parliament. That again gives him a unique chance to really shape his own policies.

**8)** The eight point - and this is something we can observe right now, is that under the leadership of Jean-Claude Juncker, elected by the European Parliament, **the new European Commission prepares itself to focus on delivery.** This is not traditionally the case for a vast public administration, whatever they claim to do. Every public administration always runs the danger to be primarily preoccupied with the process. It is something we are all very good at. As long as we have a process it is fine. Unfortunately the institutions have not been created for the process, but for the product – in other words: for a precise output, for something that can be delivered to the citizens.

What I have found highly interesting - but I do not have the final confirmation yet - is that in the new structure of the European Commission Jean-Claude Juncker wants to appoint Vice-Presidents, who will be responsible for the delivery of his key projects ...not for the process. According to my understanding at this stage, this means that someone will have to deliver on a 300 bn investment programme; someone will have to deliver on digital Europe.

The end of the game this time seems to be about projects which have to be implemented and about delivery that can be observed by citizens over time, it is not just about the smooth running of the usual process.

9) The ninth point I would like to make is that - and maybe I am a bit naive here - **the European Commission may be about to solve what I have been calling for years 'the problem of 28'**.

What is 'the problem of 28'? - 'The problem of 28' is that in any organisation there is something like an optimal group size. As long as we are sitting around one table, interaction is very easy, you have personal relationships, you can toast your neighbour, and so on. This is an optimum group size; we know that from our everyday life and we also know it from management theory.

When you have a look at how the European Commission has developed over time, it is interesting to look at a series of photographs of the European Commission from the very beginning. In the first photograph we have, the European Commission met around one table, with the whole Commission being seated around the same round table. You get the impression that they have met over a coffee. That is a degree of intimacy, of personal relation which they enjoyed at the beginning.

And then the round table became bigger and bigger ... up to 15. And now with 28, even the round table has disappeared and there is a huge hole in the middle. People are sitting at about 10 meters distance, they have a microphone, and they exchange statements. That creates a very different organisation. By the way: The same happened in the Council, where now ministers deliver statements instead of having personal interactions.

I think that what is becoming visible with what we know about the organisation of the new Commission could be interpreted as an attempt to solve that '*problem of 28*'.

Because we will have:

- One Commission's President,
- For the moment, we have got 7 Vice-Presidents,
- And then 20 Commissioners,

This organisation of course only makes sense if the seven Vice-Presidents do have **special responsibility for coordination**, which means they go back together to a round table; which means they have a personal relationship between them; which means they have trust in the common project and in the Community method.

This is also a piece of good news for the twenty other Commissioners in charge of policy fields. Why is this good news for the twenty Commissioners who are not Vice-Presidents?

What happened in the current system of 28? You were slicing the cake more and, at the end, a Commissioner became responsible for multilingualism, which is an administrative function and could be run by a Director-General like it is the case, for example, in the European Parliament.

If now you have Vice-Presidents who are responsible for policy coordination and, horizontal functions, like State ministers in the German chancellery for example, the other 20 Commissioners will all have real portfolios. And you won't have the second best ones who are given only something smallish and administrative.

Of course, one needs to make it work. This means that the seven Commissioners who do not have the responsibility for operations really need to have a possibility to coordinate and to be taken seriously. This will be up to the President of the Commission. He has to put his Vice-Presidents into this position. And if it works, this might be the answer to solve *'the problem of 28'*.

**10)** There is another important thing, which goes with this kind of structure. And now I start speaking a bit against my own profession. But it regards the Commission, not the European Parliament. In the new structure proposed by the elected President of the Commission, Jean-Claude Juncker, **policy coordination becomes a political rather than an administrative responsibility**. I have never been working in the Commission, but it appears to me that up to now the system is, or was, that the Secretary-General was preparing the agenda with the Heads of Cabinets and then feeding it into the President. This means that the agenda-setting function was done to a large extent by the administration. In the new structure with 7 Vice Presidents and 20 Commissioners, the political agenda-setting function should move from the administration to the seven Vice-Presidents and the President. This means that it should move to the 'political level of responsibility'. That is why I said that I am speaking against my own profession as Secretary-General. But, objectively, the agenda should be set on a political level.

**11)** My eleventh and **equally important point** is that through the political process leading to the election of the President of the Commission by the Parliament, **the direction given to the European Union may become readable again to the citizens**. I do not know whether you have read Jean-Claude Juncker's five points, which he has put forward as the EPP candidate. I do not know whether you have read or listened to Jean-Claude Juncker's ten points, which he presented to the European Parliament before his election. But be it the five points or be it ten points, the important thing is that there were not hundred points. This means that the European Union becomes readable again for citizens. Because if we have hundred priorities in the European Union, who should understand this? Even us, we do not understand it. If you have five priorities – you can understand them; if you have ten priorities, maybe you can still understand them, if you have twenty, fifty, one hundred priorities, you cannot understand them. With an open, political process, we have a chance to go back to a readable, understandable agenda, which is leading me to my twelfth point. And this is my last chance to convince those of you who are not yet on board.

**12)** My twelfth argument is that Jean-Claude Juncker's **ten points are in fact the Parliament's ten points**. And this is not an issue of copyright. Because Juncker's **five points were inspired by what Parliament had been elaborating under the heading of 'Mapping the Cost of Non-Europe'**. Do you remember? Based on parliamentary reports adopted in Plenary, we had produced an agenda of what should be done over the next years – a positive agenda for European integration. We had asked ourselves what could be additional benefits of European regulations. What is the value added if we were to get rid of 28 sets of different national regulations in order to have one set of European regulation instead. You remember: this is not new; this is the original approach that paved the way to the Single Market. As I have said: nothing new, nothing sensational. This is a well-established methodology coming from the 80's. And you may also remember that we had identified a potential of one thousand billion Euro, per year, of potential benefit if further European integration were to happen in the area of:

- a genuine digital Europe,
- an updating of our Internal Market in the field of services,
- an updating of our financial service regulations,
- a genuine energy union,
- a better cooperation in security and defence,
- and others.

All those results came out in March 2014.

And I am happy to see that some key points in Jean-Claude Juncker's agenda are in parallel to those findings of the European Parliament: digital Europe, updating financial services, security and defence. He has taken up as well energy union. This means: What the Parliamentarians of the previous legislature have been preparing and voting for in plenary happens to be in parallel with the programme that Jean-Claude Juncker has presented first to his own party; it also happens to be in parallel to the ten points he has presented in Plenary before being elected by the current Parliament. So the five initial Juncker points, plus the five additional points which actually are the result of debates with the different parliamentary groups in Parliament, this whole agenda for the new Commission happens to be in parallel with lasting or current demands of the European Parliament. And many of those demands have been supported by adequate research showing the potential benefits for the European citizens. So we are in the unique situation in which the key policy points from the European Commission are absolutely compatible at least with the policy points Parliament has elaborated on its own. And, if we are fair, this is not so far from what the European Council has decided in its strategic guidelines before the summer break.

The fact that we could have some overlap on these core issues , with the different institutions ready to take the lead, is rather a remarkable achievement and a very timely one at a moment when citizens wonder what the European Union can do to revive and re-boost growth and job creation. It is important that some convergence at least by *osmosis* seems to happen between the European Council, the future Commission and the two Legislators on what needs to be done.

What needs to be done in the years to come and why is this important? This is important because at the end of the day, if you draw a line under the agenda for the next five years, this is a programme for growth without debt.

How can we get growth without going into debt? Well, basically, you have only four possibilities to achieve growth:

1. You can introduce structural reforms in the Member States – this is very important, but this is also very painful;
2. You can print money, but if you wish to do that, we know quite well that people will disagree in the short term and that, anyway, even if they can finally agree, the effect will be very limited in the long term;
3. You can try to get additional debt on the national level. But I think that we have already enough of it.
4. Finally, you can revitalise and modernise the idea of the Single Market in the European Union and we have identified in various fields the potential of this kind of operation.

Should we come to the situation in which the Commission, the Parliament and the Council are basically sharing the same ideas on what should be done, this new convergence could help us all very much to address and solve the main practical problems of the European citizens. This is what is expected from us in a time in which we may have overcome together the worst moment of the financial crisis, but without returning to substantial growth in our different Member States.

Thank you very much!

Klaus Welle