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**Just talking –
The Eurogroup as a space for intergovernmental deliberation**

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Abstract

Economic policy coordination in the euro-zone relies heavily on the self-commitment of the participating countries given the soft nature of the coordination framework foreseen in the treaty provisions of Economic and Monetary Union. Presenting a theoretical framework for the analysis of the impact of the method of informal ministerial discussions within the Eurogroup on the coordination process the paper argues that the creation of spaces for intergovernmental deliberation are crucial for fostering political unity among the finance ministers of the euro-zone countries, the Commission and the European Central Bank.

I Introduction

In the run-up to the beginning of the final stage of Economic and Monetary Union (EMU) national governments felt that closer contacts among the top policy-makers of the future single currency area were needed to master the new challenges to economic policy-making. They tried to tackle the apparent contradiction of the will to move towards closer coordination and the general resistance against any further transfer of sovereignty to the supranational level in the area of economic policy by setting up the Eurogroup – an informal ministerial forum for intensive policy dialogue, which also comprises representatives from the Commission and European Central Bank (ECB). The paper focuses on the particular difference the informal working method makes with regard to the dialogue among ministers. Do they just talk or is the informal setting particularly suited to encourage a specific form of dialogue leading to results, which can compensate for the lack of formal decision-making competences at the supranational level? In contrast to formal settings where the results of ministerial negotiations have a predefined legal status, informal ministerial discussions imply that there is nothing but the dialogue itself, which can ensure the commitment of the involved parties to commonly agreed positions.

Theoretically the paper builds on debates on communicative action in international negotiations and develops a framework for analysis of informal ministerial circles. It is argued that in the absence of legally binding instruments in the area of economic policy coordination consensus seeking through deliberation plays a piv-

otal role in ensuring ministers commitment to the common interest of the euro-zone. The informal working method of the Eurogroup is particularly suited to trigger deliberative interaction embedding information exchange and bargaining about distributional conflicts in a strong normative framework and leading to a particular form of interaction, which for some might seem to be a contradiction in itself: *deliberative intergovernmentalism*.

II The paradox: being close without rendering formal decision-making competences

While the respective role of the Commission, the Council of Ministers, the European Parliament (EP) and the European Court of Justice (ECJ) is very similar for most of the areas, which can be subsumed under the “classical Community framework”¹ the institutional arrangements with regard to EMU, justice and home affairs and the common foreign and security policy follow a different logic. In these areas “intensive interactions between national policy-makers”² are central to the decision-making process. In other words, the member states want to be close without rendering formal decision-making competences to the EU level.³

Being bound together by a single currency implies that national policy decisions become highly interdependent and that common action is a precondition for the smooth functioning of the euro-zone. While monetary policy is centralized and conducted by the supranational European Central Bank (ECB), the member states remain responsible for the conduct of their economic policies. While there is agreement that monetary union requires coordination in this area in principle the current set-up was founded upon the idea that however “*close* coordination of discretionary economic policies”⁴ would neither be necessary nor appropriate for

¹ H. Wallace, ‘The Institutional Setting – Five variations on a theme’, in H. Wallace and W. Wallace (eds.), *Policy-Making in the European Union*, (Oxford University Press, 2000), 6.

² *Ibid.*

³ Cf. Article 202, *TEC*, which specifies the competencies of the Council, explicitly mentions the ‘coordination of the economic policies of the member states’ as a task, which is distinct from the Council’s right to take decisions and to confer powers regarding the implementation of its decisions on the Commission.

⁴ See S.Korkman, ‘Fiscal Policy Coordination in EMU: Should it Go Beyond the SGP?’ in A. Brunila, M. Buti, D. Franco (eds.), *The Stability and Growth Pact – The Architecture of Fiscal Policy in EMU*, (Palgrave, 2001), 287-310 (emphasis added; up).

EMU. In the conduct of their economic policies member states are obliged to follow certain rules and to regard these policies as “a matter of common concern” – subject to coordination in the Council.⁵ While the Treaty provisions on the avoidance of excessive deficits can be seen as “hard” rules, which include sanctions in case of non-compliance, compliance with the other central instrument, which should ensure coherence of the national economic policies – the broad economic policy guidelines (BEPGs) – is a matter of self-discipline.⁶ With the adoption of the Stability and Growth Pact (SGP), which consists of a European Council resolution and two Council regulations on the surveillance of the budgetary positions of the member states, the economic situation and the consistency of national policies with the commonly agreed BEPGs, the Treaty provisions have been further specified and made operational.⁷ Although it can be said that the SGP has helped to create an environment in which member states face tough scrutiny in case of non-compliance with common rules and guidelines, EMU only works if its individual members commit themselves deliberately to the common interest and are led by “European thinking”⁸ with regard to the conduct of their own national policies. Finally, as the name suggests the BEPGs’ focus on the more general and long-term issues of the conduct of the member states’ economic policies. In other words, it is up to the involved actors to see on a case-by-case basis whether they deem further coordination efforts necessary or not. Consensus on these issues among the euro-zone countries is not a foregone conclusion since member states are characterised by different economic policy traditions and economic and budgetary situations. Although the ECB enjoys full independence with regard to the conduct of monetary policy the interplay between the ECB’s decisions and the economic policies of the member states is certainly another issue of concern to the members of the single currency.

In the run-up to the beginning of the final stage of EMU the Luxembourg European Council in December 1997 tried to address the need for closer coordination among euro-zone countries with the creation of an informal ministerial forum

⁵ See Article 99, *TEC*.

⁶ The BEPGs have the legal status of a recommendation.

⁷ See *Resolution of the European Council on the Stability and Growth Pact*, Amsterdam, 17 June 1997; *Council Regulation (EC) No 1466/97*, 7 July 1997; *Council Regulation (EC) No 1467/97*, 7 July 1997.

⁸ Cf. German finance minister Hans Eichel, interview in *Die Zeit*, No 23, 2002.

– the Eurogroup.⁹ The agreement was that the group would function as a forum for discussion of issues, which are of concern to the euro-zone countries only. The role of the ECOFIN Council as the only formal decision-making body was reaffirmed.¹⁰ The Eurogroup cannot produce legally binding decisions. The introduction of the group did not change the assignment of responsibilities in the treaty provisions on EMU. The Commission and the ECB are officially only “invited” to participate in the meetings reflecting the intention not to create a “regular” Community institution and expressing the ministerial – i.e. intergovernmental – nature of the forum.¹¹ At the same time – and this constitutes the paradoxical nature of policy coordination in EMU – it was the explicit purpose of the installation of the Eurogroup to bring the top policy-makers of the euro-zone closer together than ever before. This paradox is expressed in the formula ‘coordination among independent actors’, which is used in Brussels to characterise the coordination set-up in the area of economic policy.¹²

⁹ The Eurogroup was initially called Euro-X Council because of the uncertainty regarding the number of participants in the first wave of countries introducing the euro. It then became known as the Euro-11 Group and later the Euro-12 Group. It is now common practice to refer to the group simply as the Eurogroup.

¹⁰ See *Presidency conclusions of the European Council*, Luxembourg 12-12-1997.

¹¹ In fact the Commission participation is crucial for the conduct of discussion. Normally, the responsible Commissioner for economic and financial affairs starts off the discussion of each agenda item presenting background information and statistical analysis. However, the working documents presented by the Commission during the sessions do not have the status of official Commission documents, which are adopted by the Commission as a collective body. They are “documents prepared by the Commission Services” transmitted to the EFC.

¹² Interviews with EU officials in Brussels.

III The informal working method of the Eurogroup

“There was a clear need to create something more informal than Ecofin where there are as many as 100 people between ministers and officials. With the Euro-11 there are only 22 members: each minister and one adviser. This means we can have a real exchange of views.”¹³

The Eurogroup held its first meeting in June 1998. Meetings are attended by the finance (or economic) ministers of all EU member states participating in the single currency. A deputy minister or adviser accompanies each minister. No other officials are allowed to be part of national delegations. The commissioner responsible for economic and financial affairs attends together with the director-general of the Commission’s economic and financial directorate. The ECB is represented by its president and/or its vice-president. Finally, the president of the Economic and Financial Committee (EFC), the committee’s secretary and the director-general of the economic and social affairs section of the Council’s General Secretariat participate in the meetings. With around 30 participants in the room the Eurogroup is the smallest circle operating in Brussels. The agenda of the group is prepared by the EFC secretariat, the respective presidency of the group and the EFC’s so-called “Eurogroup working party”. Similar to the ECOFIN Council the Eurogroup asks the EFC to prepare or further investigate specific issues, which are of particular interest to the group. Unlike at the occasion of regular Council meetings COREPER is not involved in the preparation of Eurogroup meetings. The proceedings are exclusively left to the EFC as the responsible expert committee.

The external appearance of the Eurogroup reflects its informal character. The conclusions of the discussions are not published in the Official Journal of the EU nor do formal minutes of the meetings exist. Although the group’s president and the commissioner for economic and financial affairs usually brief the press after meetings or at the occasion of the regular ECOFIN press conference no pre-defined pattern for the communication with the press exists and statements vis-à-vis the press do not necessarily reflect the content and conduct of the actual discussions. In contrast to this emphasis of the informal character of the group in the public arena the group is not that invisible regarding its representation in other

13 D. Strauss-Kahn, former French economic and finance minister, interview in *Financial Times*, 12-2-1999.

institutions. The Eurogroup's president – who is not always the president of the ECOFIN Council – attends the meetings of the ECB's Governing Council and represents the euro-zone countries at G7 and IMF meetings.

The Eurogroup presents itself as a solution to a particular common action problem. With the introduction of the single currency the interdependencies of economic policy-making in the different euro-zone countries make it less likely that independent policy decisions are efficient.¹⁴ Hence the importance of the institutional framework of the Eurogroup is related to its ability to help to overcome such a situation. Following cooperation theory the solution of cooperation dilemmas depends on an institution's ability to influence the behaviour of actors in a way that the orientation towards the common interest prevails over the narrow concentration on the individual interest.¹⁵ Consequently, the impact informality can make has to be assessed according to these criteria.

This paper argues that the key to the understanding of the Eurogroup's informal working method is the distinction between three modes of communication. The paper differentiates between *deliberative discussions*, *information exchange* and *informal bargaining* as three alternative forms of communication ministers in the Eurogroup make use of. While in practice the overall discussion during an individual session will comprise all three dimensions the analytical distinction presented here allows the identification of particular elements of the discussion process, which enables us in turn to assess more precisely the Eurogroup's ability to fulfil its institutional task.

IV Disaggregating informality: distinguishing deliberation, information exchange and informal bargaining

The review of the literature on informal negotiations in international relations shows that all three modes are associated with informal settings like the one of the

¹⁴ See S. Collignon, 'Economic Policy Coordination in EMU: Institutional and Political Requirements', paper presented at the Center for European Studies (CES) Harvard University and L'Institut d'Etudes Européennes de l'Université de Montréal et de l'Université McGill, revised version, May 2001.

¹⁵ Cf. T. Gehring, 'Der Beitrag von Institutionen zur Förderung der internationalen Zusammenarbeit – Lehren aus der institutionellen Struktur der Europäischen Gemeinschaft', (1994) 1 *Zeitschrift für Internationale Beziehungen* (ZIB), 211-242.

Eurogroup. However, there are two main theoretical problems with regard to the applicability of the existing literature¹⁶: Firstly, there is no coherence with regard to the relative importance of the three modes of communication, their relation or even their ability to occur simultaneously in the same institutional setting. Theoretical divisions over ontology regarding the actor's motivations prevented a plausible synthesis so far. Secondly, it is important to relate the three modes of communication to the particular institutional *setting* of the Eurogroup and the *content* of discussions to avoid merely philosophical debates on the supremacy of a particular mode of communication.

Building on a particularly fruitful debate in the German journal of international relations – the *Zeitschrift für internationale Beziehungen (ZIB)* – on communicative interaction in international negotiations between Habermasian constructivists and advocates of game theoretical models of communicative action this paper tries to transcend the general constructivist-rationalist divide over ontology regarding the motivation of actors in international negotiations¹⁷ by demonstrating how the three modes of communication occur simultaneously in the informal environment of the Eurogroup. *Arguing and deliberation* are about truth seeking. Here the paper follows Habermasian constructivists.¹⁸ This implies that actors have to be prepared in principle to retreat from whatever their initial strategic motivation was if the discourse 'forces' them to do so. Arguing matters because it

¹⁶ Cf. O. Elgström and M. Smith, 'Introduction: Negotiation and policy-making in the European Union – process, system and order', (2000) 7 *JEPP*, Special Issue: Negotiation and Policy-Making in the European Union – Processes, System and Order, 673-683; J. Lewis, 'The Methods of Community in EU Decision-Making and Administrative Rivalry in the Council's Infrastructure', (2000) 7 *JEPP*, 261-289; J.E. Lodge and F.R. Pfetsch, 'Negotiating in the European Union: Introduction', (1998) 3 *International Negotiation – A Journal of Theory and Practice*, Special Issue: Negotiating in the European Union, 289-292.

¹⁷ On the constructivist-rationalist divide in the literature on European integration cf. M. Pollack, 'International Relations Theory and European Integration', (2001) 39 *JCMS*, 221-244; T. Risse and A. Wiener, '“Something rotten” and the social construction of social constructivism: a comment on comments', (1999) 6 *JEPP*, 775-782.

¹⁸ See H. Müller, 'Arguing, Bargaining and all that – Reflections on the Relationship of Communicative Action and Rationalist Theory in Analysing International Negotiations', paper prepared for the 4th Pan-European IR Conference, University of Kent, 8-10 September 2001; and 'Spielen hilft nicht immer – Die Grenzen des Rational-Choice-Ansatzes und der Platz der Theorie des kommunikativen Handelns in der Analyse internationaler Beziehungen', (1995) 1 *ZIB*, 371-391; T. Risse, "'Let's Argue!": Communicative Action in World Politics', 54 *IO*, 1-39.

refers to a particular set of shared values or more generally to the democratic idea of the deliberative principle that every decision, which affects others, should be justified by “arguments committed to values of rationality and impartiality”¹⁹. Additionally, as the paper shows for the case of economic policy – discourse about causal beliefs, which inform policy decisions belongs to this mode of communication.

Also rationalists have focused on the question of how communicative interaction can affect the preferences and interests of actors involved in the negotiation process – although approaching arguing and persuasion from a different angle. Reflecting the rationalist ontology they understand arguing and deliberation as processes, which comprise essentially the common definition of the situation and the common definition of regulations in social life.²⁰ Actors try to persuade their counterparts that the latter ones have ignored certain consequences of their intended action or are unclear about the interests of the other parties involved in the process. While such approaches can demonstrate that the rationalist agenda goes beyond the analysis of ‘hard bargaining’ situations the notion of arguing used in these concepts does not transcend the logic of exogenously given preferences in the sense that it is still assumed that these preferences are not scrutinised in terms of truth seeking.

It is argued here that the referred rationalist concept of deliberation is a mode of communication, which should be better called *information exchange*. Actors do not change their basic motivations with regard to the interaction process but they try to realise or maximise their own interests by exchanging information with other parties. Exchanging information on the own and the other parties’ preferences can be beneficial for all actors involved because a precise knowledge about the strategies and intentions of the others enhances the own ability to adapt to the respective context. Indeed, it is quite often part of the negotiation process to clarify and readjust positions on the basis of new information.

¹⁹ See M. Zürn, ‘Democratic Governance Beyond the Nation-State: The EU and Other International Institutions’, 6 *European Journal of International Relations* (EJIR), 183-221.

²⁰ See O. Keck, ‘Zur sozialen Konstruktion des Rational-Choice-Ansatzes’, (1997) 4 *ZIB*, 139-151; and ‘Rationales kommunikatives Handeln in den internationalen Beziehungen – Ist eine Verbindung von Rational-Choice-Theorie und Habermas’ Theorie des kommunikativen Handelns möglich?’, (1995) 2 *ZIB*, 5-48.

Finally, in the ('hard') *bargaining* mode negotiators are not interested in talking to each other in the sense of persuading their counterparts that the preferences of the latter ones are wrong or inadequate. The analytical focus is only on the strategic interaction of the involved parties. In practice, negotiators switch from one mode to the other. We can observe all three within the context of the Eurogroup.

V Relating the three modes of communication to the setting and content of the discussions

If we relate the three modes of communication to the particular institutional framework of the Eurogroup (cf. Table I) we find that the informal *setting* of the Eurogroup triggers all three processes in a particular way, which cannot be found in the regular Council structure of the EU or in international negotiations in general.

Table I

	deliberation	information exchange	informal bargaining
setting	confidentiality, restricted number of participants, ministerial-level, no formal decision-making body, exclusive focus on economic policy matters, flexible agenda, dense normative environment, collegial atmosphere		
content	economic policy ideas common challenge (managing the euro-zone) European social model (moral dimension)	coordination is based on the precise knowledge of the other actors' strategies and preferences	economic policy coordination in the euro-zone implies distributive conflicts irreconcilable ideological differences (failure of the two other modes of communication to reconcile national interest and common interest)

The environment for negotiations the Eurogroup's informal working method creates is distinct in many ways. The confidentiality of the meetings ensures that participants are very frank with each other. Sessions take place behind closed doors and press conferences are convened only sporadically. Policy-makers can communicate without facing direct scrutiny by the public in general or financial markets in particular. It is easier for them to voice outright criticism as well as to admit shortcomings or uncertainty. In such a context *deliberative discussions* are

much more likely to occur than within the official framework of the ECOFIN sessions. With regard to *information exchange* confidentiality ensures that also sensitive information can be communicated and the group of recipients can be controlled. Ministers can think aloud about developments, which could threaten their budgets. Finally, confidentiality means that *informal bargaining* is more likely to focus on problem-solving rather than hard-bargaining because ministers do not have the opportunity to present themselves as defenders of national interests in public.

The restricted number of people taking part in the meetings complements the element of confidentiality. Moreover, the individuals at the table can have real conversations, in which they can exchange views and not merely read prepared statements. The ministerial rank of participants reduces principal-agent friction, which can be found in expert groups or within diplomatic circles, which are so far the bodies studied with regard to informality and deliberative discussions.²¹ Unlike diplomats or experts finance ministers enjoy considerable political authority to make decisions. This makes it more likely that they are prepared to review their positions.

As outlined above the Eurogroup is not an official decision-making body. This allows for step-by-step discussions in which positions can evolve over time. *Argumentative processes* appear less threatening because the discussion of a different position does not necessarily imply the irrevocable commitment to adapt this position. Similarly, *information exchange* is less risky because providing information about the own preferences does not inevitably involve a binding agreement to act in a particular way if certain conditions are met. Finally, *bargaining situations* are informal in the sense that participants can test different positions and explore possible compromises without the risk of being locked in by institutional procedures.

The concentration of the Eurogroup on the economic and budgetary situation avoids the problem of overload, which is characteristic of the tight schedule of ECOFIN sessions. Ministers are less constrained by the time factor. Moreover, the

²¹ See on epistemic communities P. Haas, 'Introduction: Epistemic communities and international policy co-ordination', (1992) 46 *International Organization* (IO), 1-35. For the application of this concept to the field of EMU see A. Verdun, 'The role of the Delors Committee in the creation of EMU: an epistemic community?', (1999) 62 *Journal of European Public Policy* (JEPP), 308-328.

agenda is flexible enough to extend debates if necessary or react on current affairs. Since time is an important precondition for *deliberative processes* we should expect that the Eurogroup setting is a positive environment for arguing. The clear focus of the agenda makes the *exchange of information* more effective and concrete. Finally, the focus on a particular policy area and the time factor support the informal character of *bargaining situations* outlined in the previous paragraph.

Another important feature of the Eurogroup's informal setting is the dense normative environment and the collegial atmosphere of the meetings. This point is particularly interesting with regard to the assumption of a "common lifeworld"²² made by Habermasian constructivists. One of the preconditions for arguing and deliberation is according to these approaches a shared normative environment to which negotiators can refer. It can even be said that the "common lifeworld" is the gateway to *arguing and deliberation* or the point of reference, which makes negotiators 'switch heads' and rethink their strategic motivations.

With regard to the particular setting of the Eurogroup there is a wide range of shared norms and practices derived from economic and monetary policy coordination in the past and the negotiation of the Maastricht Treaty. Especially the SGP and the economic ideology behind it act as key point of reference. Usually, finance ministers are among the longest serving members of cabinets and know each other for quite some time. Additionally, we know from sociological institutionalists that other modes of communicative behaviour are also constrained by the normative environment of EU institutions like the Eurogroup.²³

Following this analysis *information exchange* in itself is also an expression of shared norms about the practice of coordination and appropriate behaviour rather than the reflex of a situation where immediate mutual benefits are the driving force behind the actors' behaviour. Similarly, *informal bargaining* is constrained by the normative framework of the group. Not all options are open to negotiators since some of them would be perceived as inappropriate. This is one of the main reasons why the 'hard-bargaining image' of intergovernmental bodies in the EU does not reflect the reality of these forums.

²² Risse 'Let's Argue!', note 18 *supra*.

²³ Cf. Lewis 'The Methods of Community', note 16 *supra* and 'Is the "Hard Bargaining" Image of the Council misleading? The Committee of Permanent Representatives and the local elections directive, (1998) 36 *JCMS*, 479-504.

While the previous paragraphs focused on how the peculiar informal environment of the Eurogroup triggers and shapes *deliberation*, *information exchange* and *informal bargaining* the following section relates the different modes of communication to the particular content of the Eurogroup's agenda. This step enables us to derive concrete assumptions on the particular role of each mode.

At first glance, it might seem that the discussion of economic policy matters is merely a technical exercise, which could be modelled according to the rationalist concept of deliberative interaction, which is called *information exchange* in this paper. This would imply that the preferences of actors could be directly derived from the structural conditions. However, decision-making in the realm of economic policy is determined by constraint as well as by creation.²⁴ Substantial discussions on economic policy decisions go beyond the clarification of empirical facts and the countering of misunderstandings. Economic ideas are beliefs about causal relations in macroeconomics. They are permanently open to challenge by competing beliefs and ideas.²⁵

Additionally, discussions on economic policy refer to a normative dimension since they have political implications. In particular the reference to the 'European social model' as a normative framework comes to mind. The definition of the adequate relation between the state and the market is in the centre of discourse. Consequently, the review of national macroeconomic strategies and the common assessment of the economic situation in the euro-zone, which are the core elements of the Eurogroup's agenda, lead inevitably into discussions with a strong *deliberative element*.

Switching to the mode of deliberative discussions happens not by coincidence. The content of discussions provokes the use of this particular mode of communication and is not an accidental choice of benign negotiators. On the contrary, the deliberative element of the discussions is of particular importance for the composition of the mix of all three modes of discussion that we find within the informal setting of the Eurogroup. Economic ideas structure the way policy-makers think

²⁴ See P. Hall, *The political power of economic ideas: Keynesianism across nations* (Princeton University Press 1989).

²⁵ See K. McNamara, *The Currency of Ideas – Monetary Politics in the European Union*, (Cornell University Press, 1998) Cf. on how such processes work in the realm of EMU M. Marcussen, *Ideas and Elites – The Social Construction of Economic and Monetary Union*, (Aalborg University Press, 2000).

and how they choose their strategies. Their readiness to engage in *information exchange* or *informal bargaining* relates back to what they think about causal relations within the economy.

While the nature of economic ideas explains that discussions on these issues inevitably lead to arguing and finally turn into discourse on normative issues the particular task of the Eurogroup to coordinate economic policies among the countries of the euro-zone gives further indications with regard to the role of arguing and deliberation in this context. The euro-zone countries compete and cooperate at the same time. At first glance, the competitive element in the relationship might seem contrary to and unconnected with the deliberative mode of communication used in the discussions. However, competition among the euro-zone countries is not only about distributional conflicts. It is essentially about political leadership with regard to the orientation and the agenda of the coordination process. The process of gaining the support of the others touches on the ideological affinities among the involved actors and is not simply a matter of power politics. Trying to gain the support of the others and convincing them that the pursued strategy is appropriate in ideological terms are two sides of the same coin. Only where these controversies cannot be solved or where distributional confrontations are irreconcilable we should expect a switch to *informal bargaining*.

Finally, the reference to the particular content of the Eurogroup's discussions can provide us with indications on the role of *information exchange*. Firstly, information exchange is not an end in itself. It should serve to overcome common action problems by enabling all involved actors to take the strategies and preferences of their respective partners into account when dealing with economic policy within the national context. In addition to the interdependencies among the economic policies of the euro-zone countries the relation between the authority in the realm of monetary policy – the ECB – and the national economic policies is of importance for the coordination efforts of the Eurogroup. While the overall task of the Eurogroup clearly requires information exchange among the participants, the degree and content of the information exchanged within this framework depends on the concrete orientation of the coordination process, which – as demonstrated above – refers to the *deliberative element* of Eurogroup discussions.

VI The contribution of informality: deliberative intergovernmentalism

The Eurogroup generates *informal resources*, which guide policy-makers in the absence of formal provisions or form the basis for formal resources such as treaty provisions, directives, recommendations at the EU level or cabinet decisions and laws in the national context.²⁶ The Eurogroup can only function through fostering a consensus among the ministers, which finds its expression elsewhere – be it that euro-zone countries act as a united group in ECOFIN and are able to push through their own agenda or in the domestic arena where finance ministers implement and promote the common positions of the group. In this context deliberative discussions play a pivotal role. Consensus achieved through deliberation implies that actors share a common understanding or a common vision – be it called a “culture of coordination” or a “single economic philosophy”²⁷. In the absence of legally binding coordination instruments this is the only way to ensure that policy-makers stick to their commitments made within the informal context of the Eurogroup and only in this way the intensification of the dialogue will translate into more coherent national policies and a more efficient interplay between monetary and economic policy in the euro-zone. Information exchange and informal bargaining are as important for the Eurogroup’s central role in the coordination process as the deliberative element of the discussions as these modes are integral parts of any form of policy coordination. However, the significance of the informal resources generated through these two modes of communication is dependent on how they fit into the wider framework of coordination and are perceived as appropriate. The particular contribution of the Eurogroup’s informal working method is to embed *information exchange* and *informal bargaining* in a normative and ideological framework.

Christian Joerges and Jürgen Neyer have demonstrated for the area of regulatory policies how the comitology system in the EU triggers deliberative processes, which are constitutive in the formation of European law. By nature European law

²⁶ See on the concept of informal resources A. Wiener, ‘The embedded *acquis communautaire* – transmission belt and prism of new governance’, (1998) *EUI Working Paper RSC No. 98/35*.

²⁷ See P. Jacquet and J. Pisani-Ferry, ‘*Economic policy co-ordination in the euro-zone: What has been achieved? What should be done?*’, (Centre for European Reform, London 2001); and L. Fabius, ‘France’s Mission in Europe’, (2000) *Financial Times*, 24-7-2000.

emerges as a product of a conflict of laws. Its supremacy is only recognized as legitimate because it “has repeatedly managed to civilise national idiosyncrasies on normatively good grounds”²⁸. Joerges and Neyer have stressed that “legal principles and rules civilising the decision-making process and providing an institutional context for practical reasoning”²⁹ are therefore crucial. They have called this particular contribution of the committee system “deliberative supranationalism”³⁰. Building on these insights the working method of the Eurogroup should be understood as a form of *deliberative intergovernmentalism*. While the rationale behind consensus seeking in the area of economic policy coordination is essentially the same, the setting in which the consensus seeking process takes place is distinct from the comitology environment. Discussions among ministers are explicitly political and the legal proceduralisation of consensus seeking as well as the involvement of independent experts and technocrats are missing. The informal process has to create its own rules and procedures concerning the preparation of the sessions, the role of the presidency, the communication with the press or even the place where the group meets. Because these rules and procedures are fragile they can be subject to change. Their stability depends on the self-discipline of the involved actors.

The contribution of informal ministerial circles like the Eurogroup has important implications for the wider debate on the future shape of the EU. In his recent assessment of the Commission’s “White Paper on Governance” Fritz Scharpf has highlighted the problem that currently the supranationalisation of decision-making competences in order to solve common action problems is constrained by the lack of a “strong European collective identity”³¹. Moreover, without the consent of national governments the EU has no political authority in its own right since the violation of key national interests would only lead to the obstruction of decisions made at the European level. Consequently, consensual solutions at the intergovernmental level are a precondition for the functioning of the EU. Informal ministerial circles as the Eurogroup are therefore particularly important for policy areas

²⁸ See C. Joerges, (2002) 8 *European Law Journal* (ELJ), 133-151.

²⁹ C. Joerges and J. Neyer, ‘From intergovernmental bargaining to deliberative political processes: The constitutionalisation of Comitology’, (1997) 3 *ELJ*, 273-299.

³⁰ *Ibid.*

³¹ See F. Scharpf, ‘European Governance: Common Concern vs. The Challenge of Diversity’, (2001) *MPIfG Working Paper* 01/6.

in which – as in the case of EMU – the coordination of national policies is required but a further transfer of formal decision-making competences to the supranational not feasible. But the increased use of the Eurogroup’s informal working method also in other areas could back up existing formal procedures. Finally, the practice of informal coordination can facilitate the development of future institutional solutions, which comprise new supranational authority and more elements of hard-coordination. The common standards for the assessment of economic and political situations and the informal rules and procedures for the conduct of the coordination process can be seen as evolving norms of constitutionalism.

VII Conclusions

The paper has demonstrated how the set-up of the Eurogroup as an informal ministerial forum is linked to the ambiguous approach to economic policy coordination, which is inherent to the current institutional set-up of EMU. Given the institutional constrain, which EMU has in common with other policy areas – that member states categorically rule out the further transfer of key national competences to the supranational level at least in the medium term – coordination relies on non-binding or ‘soft’ instruments. Informal ministerial circles like the Eurogroup can be a way out of the institutional dilemmas associated with such a situation. The paper presented a theoretical framework for the analysis of the ability of informal ministerial circles to compensate for the lack of formal decision-making competences through an intensification of contacts among ministers. These circles provide a framework for *deliberative intergovernmentalism* triggering the development of shared normative and ideological standards for the orientation and conduct of the coordination process – enabling ministers to conclude *de facto* decisions.

However, informal intergovernmental institutional arrangements cannot be a permanent solution to the current institutional dilemmas within the EU. The most likely scenario with regard to the euro-zone is the further strengthening of the Eurogroup and a modest formalisation of the body including the introduction of new decision-making competences in connection with enlargement. The challenge is to

preserve the informal within the formal – as policy-makers admit.³² This concern reflects the importance of an intellectual consensus among the top policy-makers as a precondition for the functioning of coordination within the current set-up as well as for the effectiveness of a revised legal framework, which will rely – no matter how precise its provisions will be – on the consent of national governments.

³² Cf. German deputy finance minister Kai Koch-Weser, “Der Euro – wie geht es weiter mit der europäischen Integration“, presentation and discussion, Forum Constitutionis Europae, Humboldt Universität, Berlin, 15 January 2002.