

**Deliberation, arguing and learning within the informal Eurogroup –
Towards new working methods in the realm of intergovernmental policy
coordination?**

The research takes a political science perspective and focuses on the question whether and how policy-makers use the informal working method of the Eurogroup for arguing, deliberation and learning and are able to lay the foundations for a more consensual approach to the coordination of economic policies within an intergovernmental environment: Do the informal discussions change the interests, preferences and identities of policy-makers?

The euro-zone is characterised by growing interdependencies within the realm of economic policy-making. The smooth functioning of Economic and Monetary Union (EMU) requires greater political unity in this field. A further transfer of decision-making competences to the supranational level and the introduction of new legally binding elements to the coordination process could address this problem. However, at present the Member States are reluctant to create new supranational competences within EMU and refrain from introducing additional elements of hard coordination. Consequently, EMU relies heavily on the voluntary commitment of Member States to the common interest of the euro-zone. This commitment is not a foregone conclusion since the group of participants in the single currency is characterised by diverse economic policy traditions. This is why an explicitly political discussion among the top policy-makers of the euro-zone and the achievement of an intellectual consensus at least with regard to core questions of economic policy-making and the assessment of economic situations are pre-conditions for a more effective coordination process within the current institutional framework of EMU.¹ The way in which the Eurogroup alters the preferences and identities of its participants is of crucial importance for the assessment

¹ Cf. Collignon 2001, Jaquet/Pisani-Ferry 2001.

of the significance of the group and its informal working method for the functioning of EMU.

Because the Eurogroup is a relatively young and secretive institution its working method and impact on the policy process have been rarely addressed in the political science literature so far. Theoretically, both of the two prevailing alternative perspectives with regard to the analysis of intergovernmental policy coordination in the literature of international relations and European integration do not allow a satisfactory analysis of the peculiar working method of the Eurogroup and its impact on the coordination process. With regard to the discussions and negotiation processes within the group it would be misleading to focus exclusively either on a “logic of consequentialism” or a “logic of appropriateness”². The first logic – addressed by rational choice models and intergovernmentalist approaches³ – sees the consideration of own preferences in terms of negotiation power and possible gains and losses from the coordination process as the organising principle. The second logic stresses the rule-guided behaviour of actors – in the case of the Eurogroup the common commitment to regard economic policy-making in the euro-zone as a matter of common concern and to comply with the established procedures and guidelines.⁴ In both cases the alteration of preferences and identities through the interaction of policy-makers in the coordination process is rarely addressed. With regard to the analysis of the discussion process within the Eurogroup the preferences and identities of policy-makers would be mainly seen as exogenous.

This is where a social constructivist perspective can make important contributions to the existing debate because it makes the constitutive element of the policy process explicit.⁵ The thesis builds on constructivist approaches on the role of arguing and deliberation in international relations theory and the analysis of European integration.⁶ These approaches focus on the alteration of preferences, identities and perceptions through processes of arguing and deliberation. In these processes policy-makers change their positions because they are convinced of the bet-

² Cf. March/Olsen 1998.

³ Cf. most prominently Moravcsik 1993, 1997.

⁴ Cf. e.g. Dyson’s argument on the “Kantian culture” of the euro-zone (Dyson 2000).

⁵ Cf. Christiansen/Jørgensen/Wiener 2001. For a fruitful application of constructivist perspectives to the analysis of aspects of EMU cf. e.g. Dyson 2000, Marcussen 2000, Risse et al 1998.

⁶ Cf. Joerges/Neyer 1997, Risse 2000.

ter argument or a technical solution and not because of their inability to get their case through or their commitment to comply with the rules of the game. Applying this model to the intergovernmental environment of the Eurogroup allows insights in the ability of intergovernmental frameworks within the EU to develop solutions for unprecedented problems, to generate shared ideas, norms and guidelines, which allow the integration of diverse policy traditions into a coherent framework for coordination.

This dimension of intergovernmental coordination of economic policies in the euro-zone is crucial for the analysis of EMU and the wider context of the EU. While pursuing further integration of policy areas and experiencing growing interdependencies Member States are more and more unwilling to create new supranational structures. This development puts pressure on intergovernmental arrangements to take responsibilities, which were associated with supranational institutions in the past, such as the initiation and development of policies, the exercise of peer pressure and the demonstration of political unity. The thesis will contribute to the knowledge about alternative intergovernmental working methods and their ability to complement the existing council structure.

The unique institutional character of the Eurogroup suggests that comparisons with other intergovernmental bodies in the institutional environment of the EU, which follow the format of regular Council meetings, are less promising. The thesis therefore studies the discussion process within the Eurogroup over time in order to account for an emerging consensus among the participants and the alteration of their preferences and identities. This approach is all the more promising since many of the finance ministers and deputy ministers participate in the discussions over a longer time period. Since the Eurogroup is a relatively young institution – it held its first meeting in June 1998 – and the available information is not very dense it is possible to follow the events from the beginning of the group's operation until today. During this time the group developed from a contested institution into a widely accepted forum for policy coordination within the euro-zone.

The analysis focuses on concrete events and issues, which formed part of the group's agenda. The selection of the cases will allow two lines of comparison:

- 1) situations of extraordinary strain vs. "day-to-day" business
- 2) fundamental questions concerning the underlying economic philosophy vs. technical matters.

A sample following these dimensions will address the question whether the occurrence of arguing, deliberation and learning is limited to certain aspects of policy-coordination within the euro-zone or can be linked to the Eurogroup in general. Since the Eurogroup does not publish protocols or conclusions of the meetings and the information given to the public via press conferences is of a more general nature a final sample of situations will be composed after a series of preliminary interviews, which will help to clarify the importance of certain issues for the group's agenda. Examples are:

- the French idea of a “gouvernement économique” and the self-perception of the Eurogroup
- the fuel crisis in the second half of 2000
- the case of the Irish budget
- the assessment of the economic situation in the euro-zone
- technical aspects of the introduction of euro coins and banknotes.

Given the secretive nature of the Eurogroup the research relies mainly on interviews with participants. Furthermore, the ministerial rank of the latter ones and the practical problems related to this fact makes additional interviews with advisers and civil servants in the respective finance ministries and in DG II of the Commission necessary. Available documents from the Commission and the regular ECOFIN council as well as Agence Europe reports will form the basis for the preparations of the interviews.

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