GOVERNING BY COMMITTEE:
The Case of Monetary Policy

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Introduction

Monetary policy-making in the European Union (EU) has a relatively successful record of integration. It also happens to have had at least two very strong committees -- the Monetary Committee (MC) and the Committee of Central Bank Governors (CCBG) -- to help co-ordinate Member States' policies. However, both were eventually superseded. The CCBG was first incorporated in the European Monetary Institute (EMI) which was subsequently incorporated into the European Central Bank (ECB)). The MC was dissolved on 1 January 1999 and replaced by an Economic and Financial Committee that will have much the same tasks and duties as the MC has had.

The MC and the CCBG were very influential, though little was actually known about them. They operated in an ambience of secrecy. No minutes were taken of their monthly meetings. The reason they were influential is that their proposals usually became the basis of European monetary policy-making (Kees 1987; Italianer 1993: 54). Much of what went on in these committees fed its way into the final decision-making process. This

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chapter examines how influential the MC was in the policy-making process, and how this came about. It also looks at the interactions within the committee, the relationship of the MC with the European Commission, the Ecofin Council and the Member States. In particular it analyses the role of knowledge, socialisation and policy learning. The chapter discusses to what extent the case of monetary policy can shed light on the more general process of policy-making in the EU, and what can be learnt from the case of monetary policy about 'governing by committee.' The implications of this mode of governance on transparency and democratic legitimacy are also briefly touched upon.

The structure of the chapter is as follows. The first section discusses the historical and institutional framework and reviews the previous literature. The second section provides an analytical framework for understanding how the MC influence occurred. The third section discusses the role of knowledge, learning and socialisation, and uses the 'Old Boys Club' metaphor to clarify the nature of the MC. The section also compares the monetary case to other cases and evaluates this mode of governance. The final section draws some conclusions.

Historical and Institutional Framework of the MC

Even though the introduction of the single currency from 1999 is one of the most novel developments in the European integration process, the co-ordination of European monetary policy has been around since the late 1950s. To assist Member States in co-ordinating their monetary policies, an advisory committee was called for in Article 105 of the Treaty of Rome. The MC was in operation for close to four decades. In that period it was influential in streamlining monetary policies. The Maastricht Treaty changed its mandate and listed a set of areas where the MC contributed to the preparation of the work of the Council (Treaty on European Union, Art 109c). It also stipulated that at the start of stage three of Economic and Monetary Union, which took place on 1 January 1999, the MC was transformed into an Economic and Financial Committee (EFC). The main difference between the MC and the EFC is that the latter will have more than an advisory status and play a stronger role in the preparing of Council meetings (Treaty on European Union, Art 109c cf. Treaty of Rome, Art 105; see also Italianer 1993: 67-9).

Another influential advisory committee was set up in 1964, the Committee of Central Bank Governors (CCBG). Its formal creation was a result of a request by the Ecofin Council (the Council of Ministers of Economic and Financial affairs) to have a committee similar to the MC which would help co-ordinate central bank policies. The CCBG was taken up in the European Monetary Institute (EMI) when it was created on 1st of January 1994, as part of the second stage of Economic and Monetary Union (EMU). The CCBG consisted of central bank governors from the Member State central banks. Like the MC, it was influential and helped shape the policies of the European Community (EC) and contributed to the harmonisation of Member State policies.

As is the case with other advisory committees in the EU, the MC consisted of representatives of the Member States. Each Member State had two representatives on the MC. One representative came from the Treasury/Ministry of Finance or Economics, the other came from the national central bank. They usually were the heads of the Treasury or his deputy, and the 'sous-gouverneur,' i.e. the number two of the central bank[2] (Kees 198,

[2] The terms used by the various countries for this rank differed throughout the Member States, i.e. vice-governor, director, director-general, etc. (see for example, Annex 1 in Monetary Committee 1959; 1960).

258). In total the MC consisted of a chairperson, two top officials from each of the Member States and two European Commission officials. In addition, two observers from the European Central Bank (ECB), formerly the EMI, and the secretary of the MC were invited to take part in the meetings (Westlake 1995).

Committee members viewed each other as technical experts who were exceptionally well placed to know what was politically feasible. This technical expertise was in fact envisaged in the constitutional set up of the Committee. The statutes of the MC, in fact, stipulated that they be independent experts, not representatives of Member States as is the case with the Committee of Permanent Representatives (COREPER) (cf. Italianer 199, 81). The MC Statutes article 5 stated: Members of the Committee and alternates shall be appointed in their personal capacity and shall, in the general interests of the Community, be completely independent in the performance of their duties (Monetary Committee 1994, 118). However, the MC national members had very good contacts with their national Finance Minister and often also with their Prime Minister. Continuity of membership was also a strong feature of the MC. The committee members typically served on the committee for many years, five to eight years, some as long as seventeen. They were drawn from a larger community of monetary experts. Membership by personal capacity, the frequent meetings and the consensus decision-making culture of the MC implied that committee members got to know and trust each other, which created an atmosphere of confidence in the committee.

The MC had as one of its main tasks to prepare the Ecofin Council Meeting. Even though COREPER also helped to prepare the Ecofin Council, the MC was the more important preparatory body (see also Bakker 1995; Hanny and Wessels 1999). The MC usually met once a month (except in August), during one day, or if need be half a day before. If the agenda was long, the alternates were asked to have a separate meeting to discuss the more technical matters. The alternates were top officials who could replace MC members: One was a senior official from the national central bank and the other came from the Ministry of Finance. The alternates could also attend the MC meetings unless the MC decided otherwise. However, according to the MC's statutes (article 8) alternates could not take part in the discussion nor vote (Monetary Committee 1994: 118). After an Ecofin Council meeting the MC received a `mandate' on which Ecofin wished to seek the MC's advice.

With the mandate provided, members began to discuss the issues on which the Ecofin Council wanted an opinion. By these discussions they established which issues could be settled, and which issues remained unresolved. The MC almost always came to consensus decisions. Anything that got into an impasse was fed back into the Ecofin Council and the MC asked the Ecofin Council for guidance, i.e. the MC informed the Ecofin Council on the prevailing political divisions and asked how the MC should proceed from there. Often the Ecofin Council would make it clear that there were also still political divisions within the Ecofin Council in those particular areas where the MC could not come to a consensus. The MC *could* vote if it wanted to, but it preferred consensus decision-making (Westlake 1995; interviews with DG II and MC officials 1996; 1998).

The MC had an interesting mix of politics, expertise, and technical knowledge combined in one committee. Because the members know each other, as well as the national politicians, so very well, there was quite some leeway for discussion. One European Commission official stated in an interview that “the monetary committee was probably the most influential committee that there was.” The reason mentioned was that the members relied on their own expertise, that of others, and the fact that they knew that the committee members had both a good sense of the political support that they could expect from the Finance Minister and the Prime Minister. At the same time they had quite some room for manoeuvre especially because the Finance Minister and the PM both placed a lot of confidence in the committee members of the MC. Also, according to the Treaty their status in the committee was that of independent experts. So they had a special mix of ‘above politics’ and ‘embedded in politics.’

In official terms, the MC was an advisory committee to the European Council and the Ecofin Council. It did not officially take decisions or draft formal proposals. MC members were very keen to point that out. According to its statutes, its formal role was to promote co-ordination of policies of the Member States in the monetary field, and review the monetary and financial situation of Member States. Its main activities were focused on the working of the European Monetary System (EMS) which included decisions surrounding the entry and exist of currencies in the ERM and re- and devaluations, preparing of EMU, drafting economic reports on Member States, formulating of the EU's broad economic guidelines, the co-ordinating of international monetary policy e.g. International Monetary Fund (IMF), World Bank and international currency concerns. The MC reported regularly to the Council and the Commission. In several cases the Council or Commission had actually to obtain the MC's opinion. In addition, the MC had the power and obligation to draw up opinions on its own initiative in order to fulfil its tasks (MC Statutes, Monetary Committee 1994: 117-8).

Although the MC generally did not propose formal decisions, the Ecofin Council could ask it to formulate an opinion on a certain subject. Yet, when the final outcome of Ecofin was examined, it was clear that many of the ideas originated in the MC, and/or were expanded and elaborated there. Formally this committee did not have a very influential or powerful position, but in practice it was a very important committee. Andreas Kees, a former member of the MC, observes: “Seldom does a meeting of economic and finance ministers pass without a request for preparatory work and a statement from the Monetary Committee. No important monetary decision in Community history has been taken without preparatory work by the Committee” (Kees 1987, 260). Formal proposals were put forward either by the Commission or COREPER (Westlake 1995). However, in practice the MC was quite influential because in the last instance the proposals the Commission drafted reflected very clearly the outcome of the consensus reached in the MC. The MC was usually careful not to go too far towards creating possible proposals, because it needs to be clear that it is the Commission, not the MC, that drafts the proposals. Thus a delicate balance was maintained. Formerly, when the Commission initiated proposals it could ask the MC for advice. But key informants are clear to point out that the actual consensus behind proposals, and often even the wording of the proposals originated in the MC.

There were two special features of this committee. First, the MC chose its Chairperson for a period of two years from amongst its midst. The Chairperson attended and joined in the Ecofin Council meetings, and could speak on behalf of the MC, which was unique compared to other advisory committees (Westlake 1995). Chairmanship usually went to a member from a larger Member State. Second, the European Commission Directorate General Two (DG II) hosted the secretariat of the MC, which was different from most committees which were usually hosted by the Council secretariat.

As to the issue of hierarchy and influence in the MC there appears to be a complex set of influences at stake. Martin Westlake (1995, 261) stresses that “the larger Member States and those with stronger currencies in general [tend] to pull more weight.” Interviewees have stressed the importance of personality, relationship and long standing building of confidence. A member from a smaller member state with a good reputation and a strong argument was also able to steer the consensus in favour of his/her direction. There seemed to be very little partisan politics. Expertise and reputation seemed to have been more important.

Yet the famous powerful potential of the Franco-German axis was also omnipresent in the MC. That is, if the Germans and the French agreed on a proposal or if they had the same ideas on a certain question, it was likely pass the committee. An example was the Euro-X Council. It basically was a watered-down proposal of the original French proposal to have an economic government (*gouvernment économique*) flanking the ECB. The Germans opposed this suggestion, as they believed it would cripple the independence of the ECB. Yet, once the French proposal was rephrased and a clear indication was given that it would *not* obstruct central bank independence, the Germans were in favour. According to one DG II official, it is certain that the Germans and French would have already had an agreement on the French proposal prior to coming to the meetings. MC members have frequent contacts before the actual meetings take place. Many politically sensitive issues would have been discussed in the corridors and by telephone prior to the official MC meeting. Another split in the MC is emerging with the introduction of the euro in only 11 of the 15 Member States (see Hanny and Wessels 1999).

In the actual meeting an issue is addressed (or a proposal is made by one of its members). Then there followed a *tour-de-table*, in which everyone made comments. When everybody had spoken, and the chairperson felt that there was consensus on the topic, he -- only men have held the chair -- would formulate a consensus opinion. He would not do that if he felt there was disagreement, as the MC aimed at reaching consensus opinions. The Chairperson had a leading role in this process. He determined the course of the deliberations and decided whether or not to have the MC take a position. These positions usually took the form of the Chairperson's reports or statements to the Council. This procedure allowed the Chairperson to draw up a report that did not have to be approved word for word by the members of the MC. It thus enabled the quick delivery of policy statements and permitted the statements to be beyond the lowest common denominator (Kees 1987: 259).

If there was clear disagreement the formulation of an opinion on that item would be postponed and the MC would inform the Ecofin Council that there was no consensus on that issue and asked for more clear guidance. Officially the MC could vote, but the Chairperson avoided that situation occurring. According to article 6 of its statutes each of the MC members has one vote. Article 10 of the MC statutes states that an opinion of the MC can be adopted by 17 votes, the Statutes are based on the of 12 Member States, thus with the expansion of the EU to 15 the majority threshold was expanded accordingly to 20.[3] In the MC a minority could set out its views in a document attached to the opinion of the MC (Monetary Committee 1994: 118-119). Though this situation is avoided, sometimes recommendations were indeed put forward that have been only accepted by a majority. This was the case, for example, when the Monetary Committee gave its advice on requirements of EMU for budgetary discipline (Italianer 1993, 62).

Though the institutional setting of the MC is understood, not a lot is actually known about the influence of the MC or how it operated. In addition to the accounts provided by a former member of the MC (Kees 1987; 1994), several scholars have provided a clear general overview of the working of the MC. Martin Westlake (1995) draws the picture that the MC was a different type of committee that had achieved much by keeping the monetary issues labelled as technical and had kept them out of the political domain. Glenda Rosenthal (1975) has focused on the socialisation and learning aspect, as well as on the elitist, exclusive nature of the committee, and how that influences the decision-making process. John Woolley (1992), drawing on Kees (1987) had depicted an influential body in which the process of idea formation and knowledge was the product of frequent exchanges and long standing membership in a committee in which like-minded souls were present. Kees (1987) provided a very interesting insiders' account of how the MC affected policy-making, how important the interaction between de various MC members were, as well as the political weight the MC had because of its particular role in the consultation process. Hanny and Wessels (1999) point to a mixture of elements that

[3] The new Economic and Financial Committee (EFC) that will replace the MC at the start of EMU will be able to adopt opinions that are supported by a qualified majority (Treaty on European Union, Art 109(3)).

made the MC so influential. They refer to its particular institutional position, that of a two-level-network, inspired by the two level game analogy (Putnam 1988). In their view the outcome was more than the sum of the parts. Applying Wessels' fusion thesis (Wessels 1997; 1998) they find that the MC was able to move from being a purely advisory committee to a decision making body, i.e. it helped shape the EU (Hanny and Wessels 1999).

Yet, these limited number of accounts about the MC only draw part of the picture of the workings of the MC and its influence on the policy-making process. In interviews with this author, commission officials and members of the MC stated that they were not at all surprised that there was so little known about the MC. It operated in total secrecy. In part this was done because the MC discussions and decisions may have had significant effects on the financial markets, especially as regards the Exchange Rate Mechanism (ERM) of the EMS. A second reason was of course that the negotiations between the various delegations are easier if there are no leakages to the press.

Knowledge, Learning and Socialisation -- Epistemic Communities and Policy Learning

Let us now turn to the process within the MC. Various authors have stressed the importance that the MC members operated in their own personal capacity. Their selection depended on their high reputation on monetary issues and their capacity to maintain close contacts with national politicians in order to be well-informed about what they could agree on and discuss. Let us discuss the socialisation process and the knowledge sharing process that went on within this committee.

What did it mean to have these committee members share knowledge, experience and policy learning, and socialise? These concepts are notoriously slippery and difficult to define, and therefore to research. For the purpose of this chapter let **knowledge** be defined as: *The objectives of policy-making, and the policies that are considered desirable to achieve this objectives, as well as the acceptance of a specific set of causal relationships that underlie the way policies affect policy objectives.* **Learning** is then defined as: *The process whereby an individual changes his knowledge based on experience and evaluation of past policies and ideas.* **Socialisation** is defined as: *The phenomenon of exposing individuals to one another whereby they start to learn from one another.* What is important here is not whether these definitions apply to all possible situations in contemporary political analysis. On the contrary, they serve only to clarify what is meant in this chapter by these terms.

Knowledge on what monetary policy should aim at, and which policy would serve to obtain that aim, has gone through considerable change throughout the past three decades. Kathleen R. McNamara (1998) has set out how this process took place with regard to the ERM in the 1970s and 1980s. The total package of knowledge changed from being more Keynesian and interventionist to being more anti-inflationary, monetarist and inspired by neoliberalism (see also Hall 1989). Marcussen finds a very similar result in his study of changes in ideas over economic policy-making in Denmark, Sweden and The Netherlands. Learning took place at different times in different places, and occurred with different central actors at a time. But in most countries it was the monetary experts in Ministries of Finance and central banks that were the forces behind this learning. The monthly meetings of these experts since the inception of the Monetary Committee and other similar committees has facilitated this process.

What is seen here in the case of the MC is similar to what other authors have found in the case of foreign economic policy in the US. Authors who examined the role of ideas in foreign and trade policy (Goldstein 1993; Goldstein and Keohane 1993), and in macro-economic policy-making (Gourevitch 1986; 1989a; 1989b; Hall 1986; 1989; Jacobsen 1995), and foreign economic policy by using an institutional approach (Ikenberry 1988), also found that ideas of experts were crucial for understanding the outcome of the policy-making process (see also Yee 1996). Another body of literature examining the impact of communities of experts or epistemic communities (Haas 1992), comes to the conclusion that not only the ideas are powerful, but also the common acceptance of certain causal links and the importance of the existence of a common policy aim (see also Verdun 1998a). Elsewhere I have argued that the monetary experts that drafted the Delors Committee were part of a larger epistemic community. Their participation in the Delors Committee, however, enabled them to come up with a consensus result. To draft an acceptable EMU blueprint it was important that they belonged to a wider epistemic community, and thus shared notions of causal relationships about monetary policy, policy tools and outcome. On the other hand, the exposure to each other in meetings enabled them to focus their attention to obtaining a common goal: EMU (Verdun 1999).

Getting a hold on the socialisation process which goes on in these committees of monetary experts is a difficult endeavour. What stands out is that part of the socialisation has occurred prior to these members obtaining the position they hold. They all tend to have gone to similar schools and universities, have learnt similar doctrines of economic philosophy and have updated their information so as to fully accept the neoliberal anti-inflationary philosophy of the 1980s and 1990s. Here is where policy learning comes in. The experiences of the 1970s and 1980s have made many monetary experts convinced that expansionary monetary policy does not work, and that anti-inflationary monetary policies needs to be pursued.

Thus, before even arriving into the position of office, the monetary expert has shown his/her capacity to conduct policies in a certain way, to have learnt certain rules and has accepted certain causal relationships. Upon obtaining membership in these committees, be it the MC, the CCBG, or the above-mentioned Delors Committee, these members start to learn from each other's perspectives. Because they operated in these committees as experts rather than political representatives, they were more willing to be convinced of the position held by other experts on the committee. Thus, the socialisation process and learning continues in these committees; it was an ongoing process.

The cognitive approaches serve to explain why the policies could converge towards a common policy objectives and similar approaches to monetary policy in Europe. Yet, more research is needed to understand exactly how this knowledge is obtained and how socialisation and learning happens. It is also important to discover why monetary experts in some countries conformed faster to these new sets of ideas than those in other countries. It also begs the question whether there are preconditions within the Member States that made the monetary experts in a given country more keen than those in other countries on adopting these new monetarist and neoliberal ideas about policy-making.

The debate in Europe on the role of committees (comitology) has often focused on the agenda setting and the process of policy-formation in these bodies. The literature focusing on the cognitive dimension and that on comitology together help us understand that the process occurring in these committees does not nicely fit into a box of either re-nationalisation nor supranational policy-making. Clearly if any label would need to be put on these committees it would be that of trans-nationalism .

An Old Boys' Club

As mentioned above the mode of operation in these committees was purposefully secretive. No minutes of the meetings were taken, and the officials were very careful in speaking to the press. The Commission officials were not at all allowed to discuss MC issues with the press. This rule was put in place because far too often information would be leaked and the media would state the source as Brussels. There was also a clear division of what is in the public domain and what remained secret. And secrecy was the dominant attitude. It was even difficult to ask for a list of the members and alternates of the MC, even though one could easily calculate it by identifying the persons in the top ranks of the national Member State central banks and Ministries of Finance. In earlier years the MC published names of the members in an annex to its annual report. In later years the names of the members were no longer included, and more recently no annual reports had been published at all. By contrast, the Committee of Central Bank Governors started to publish annual reports in 1992 (CGBC 1992; 1993).

Once member of the MC, a member usually stayed in for many years. The culture within the committee was one in which people got to know each other, learn about each others' sensitivities and those of the respective national political situation. All in all the development of trust, confidence and a sense of `belonging' created an atmosphere of an old boys club. An MC member, interviewed in October 1996, himself used this term to illustrate the atmosphere of the committee. Hanny and Wessels (1999) use exactly the same metaphor to describe the atmosphere they find on the basis of interviews. Glenda Rosenthal (1975) studying the monetary committee in the 1960s and early 1970s, came to a similar conclusion.

This secretive nature, as well as the individual committee member's attitude of being above national governmental politics can lead to concerns over democratic accountability, responsive and responsible modes of governance. It is clear that there are instances where democratic control did not occur in the process, but that the politicians were held accountable at the end of the process. But, if it is significantly clear that an advisory committee prepares decisions so that the final outcome of the Ecofin Council often resembled the consensus coming out of the MC, one can wonder if democratic accountability is served by this overly secretive ambience. The main problem in the EU more generally is that there is no European public debate, only the various national debates. This implies that national representatives and national can open up the debate about the national side of the discussion. Yet, the European side of the discussion is in any way a problem. With this strong secrecy an added feature, European citizens may easily feel excluded from the general debate about policy-making. Elsewhere I have discussed in more detail the problems related to the institutional design of EMU and in particular the lack of a political, and/or economic counterpart see Verdun (1996; 1998b; forthcoming).

What the experience with these committees however *does* show is that the committee members could be socialised, and obtained significant credibility *et cetera,* to influence the Member State governments' policies and attitudes. The interaction between the individual MC member, its national government, and the other committee members was a very delicate one. Many a compromise proposal was made possible by this two-level-game / trans-national natured position of the MC member (on the role of trans-national actors see Cameron (1995); on two-level-games, see Putnam (1988)). As mentioned above, Hanny and Wessels also identify this two levelled characteristic to be the reason for there being more than a lowest-common-denominator outcome, a finding shared by Kees (1987; 1994).

A positive side effect of this mode of operation is that it becomes easier to create a policy that everyone can accept. Consensual decision-making has the advantage that everybody needs to be willing to water-down their position if required. This can occur without a loss of face to the outside world. Also, because there is this sense of the creation of a common sense of policy-making, the direction in which policy should go, it is easier to make policies. In other words, though weak on democratic accountability and transparency, it is strong on creating a common sense of policy direction, and strong commitment to a common goal, which they can collectively defend. Its legitimacy thus was based on this policy effectiveness (for a further discussion see Verdun and Christiansen 1999).

Nevertheless, there was an element of both re-nationalisation and supranationalisation in the working of the monetary committee. Supranationalisation occurred only in so far as one considers the committee members having a common policy objective in mind which they wanted to achieve -- in the case when the common policy objective had an element of supranationalism, such as the setting up of the European Central Bank. The element of *re*-nationalisation is present in that the MC in fact accounted for a degree of intergovernmental bargaining in so far as that occurred in the days and weeks prior to the MC meetings. Still, one should not underestimate the degree of common focus that the members of the committee had *a priori*, and the degree of learning that went on during the years that the MC members were participating in MC meetings. The problem with the 're' in the word *re*-nationalisation is that it refers to a novel trend in which Member States try to win back power from European institutions. However, the workings of the MC had not changed since its inception. If anything the MC had been given more power. Yet, there were no indications that the Member States had tried to win back power by operating through their MC members.

At the core of the above discussion lies the question of whether the MC was involved in technical matters or political matters. The MC itself, as well as the Member States had worked hard at giving the signal that monetary policy was a matter for technicians and that thus it was a-political. It had subsequently on various occasions asked the MC to deal with issues of co-ordination of monetary and exchange rate policies. It was however very doubtful whether monetary policy can be considered purely technical. Claudio Radaelli (1999) in this regard makes the argument that in fact the crucial political negotiations as well as discussions at the European Council at Maastricht in 1991 make clear that the intergovernmental bargaining still plays an important role. However, a number of important decisions had been taken in the MC prior to that the December 1991 European Summit, such as the criteria for entry to the EMU, i.e. the convergence criteria

(Italianer 1993). The exact figures of the convergence criteria were determined by MC, that is the level of the budgetary deficits (three per cent of GDP), height of the public debt (60 per cent of GDP), inflation rates and exchange rate measures. Thus, it is clear that monetary matters were dealt with as both political and technical.

Summarising, the monetary case differs in comparison to other cases in a number of ways related to the way the committee is composed, where its secretariat is based, and the role of the Chairperson the Ecofin Council. It also appears to be a committee that was more influential than most (“It was the most influential committee” according to some observers). Its powerful position came from a variety of sources: the fact that monetary policy had been considered technical, the fact that the MC members had complete confidence of the respective Finance Ministers, that the MC members stayed in the committee for many years -- thereby increasing the chances of policy learning while at the same time an ambience of confidence was created. Also important is the fact that the Chairperson drew up reports when he felt there was consensus on the issue, whereby it was not even necessary that all members agree to all of its details.

Of course, the monetary case is special for another reason. As has been the case with the other important committee -- the Committee for Central Bank Governors (CCBG) -- the MC was fully institutionalised within the EMU/EU framework. Interestingly, these committees also were strong advocates of EMU, including the particular *kind* of EMU, that has now been established in the EU. Perhaps lessons can be drawn about the usefulness and desirability of having the committees institutionalised as has happened to the MC and the CCBG.

Finally, the mode of operation of these committees poses questions of democracy, legitimacy and accountability -- in particular the lack of public and general political debate over what the aim should be of monetary policy-making (integration) in the EU. The effectiveness and efficiency is high, but the feeling of alienation is high among the general public and significant parts of the national political scene in the Member States.

Conclusions

This chapter has shown that the Monetary Committee (MC) was influential in creating European monetary policy. The MC was a forum for policy learning and policy co-ordination. An exchange of knowledge occurred between the members. The fact that they were often members for many years lead to socialisation and learning. Yet, the members were already part of a closely knit community of monetary experts prior to becoming part of the MC. The dynamics of this committee still needs to be further researched in order to clarify exactly how this dialectic of the individual (the member) and the collective (the MC) occurred, both internally (towards each other) and externally (towards national governments, the Commission, and the Council). The ideas and suggestions coming out of the MC were frequently at the basis of decisions adopted at the Ecofin Council. The reason why this committee was so influential is because its members enjoyed a high degree of trust by their respective Finance Ministers and Prime Ministers, and that the committee operated on a basis of finding consensus. With the start of stage three of EMU, the MC was transformed to become the Economic and Financial Committee. It will play a stronger role in advising the Council on monetary matters. It is interesting that this committee has evolved and become further embedded into the decision-making process of the EU.

The cost of its success, however, will be found in the process not being very transparent, accountable, responsive, legitimate, thus not very democratic. The newly established European Central Bank should take notice of these concerns and aim at being as open and transparent as possible. As for the comparison with other committees it should be noted that this route from committee to institution is uncommon, save some exceptions (see Ben Tonra's chapter on the CFSP in this volume). Yet, it is a possible logical next step. Other committees can learn from the democratic concerns over the mode of operation of the monetary policy committees, and make sure their record is better.

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