Organized Civil Society and Financial Regulation in the EU – Theoretical Positioning

Sergiu-Matei Lucaci

University of Bremen

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As the recent financial crisis appears to challenge various assumptions on which the endeavor to regulate markets has heretofore been built, subsequent attempts to overhaul regulatory frameworks have nonetheless been posing issues of their own. In terms of both substance and overall design, the post-crisis regulatory project presents a puzzle as to whether the seemingly unbroken reliance on technical expertise dating from before the downturn is a proper safeguard against recurring financial instability. Considering the need for serious reflection about the future of state-market relations, the role of policy in charting the coordinates of their interaction, and the channels through which such policy should be devised and implemented, an element of continuity like that comes across as dubious. Widespread misgivings have already been aired when experts, whose knowledge was credited with crisis-averting properties, delivered meager technical fixes for a swift resumption of business-as-usual that the public found unpalatable. With prominent examples like movements occupying spaces in financial centers around the world, the realm of social mobilizations has gone some length in highlighting the limited legitimacy that such an approach to crisis resolution enjoys.

However, tackling matters of legitimacy suggests that, instead of a heavy-handed, outright rejection of specialist roles in what is, like it or not, still a very technical field, one could engage in open questioning of a typically taken-for-granted category. That is, one can start asking who actually gets to be seen as an expert and how and when claims to possess expertise are regarded as sufficiently valid in order construct financial governance upon its logic. Thus, a possibility presents itself that, outside the usually elite circles providing answers to these questions, there may be contenders for a specialist status with a base of recognition that is broader than the institutional privilege enjoyed by those currently empowered. Pursuing this possibility draws one’s attention to a diverse range of groups exhibiting a no less definite interest in the outlined problems, yet clinging, through self-identifications in terms of public interest and civil advocacy, to the sphere of civil society. Along these lines, a fruitful avenue of inquiry on which to proceed is that of ascertaining how these groups constitute themselves as relevant actors with respect to financial regulation and how they use resources and opportunities to pursue that goal. More precisely, the focus will be on whether and how inter-group collaboration as a civil society network aids them in developing and putting to work their own knowledge claims about finance.

A particularly interesting setting where these issues can be studied is that of the European Union, where such collaboration is stimulated through incentives typically originating with EU institutions, but also risks being hindered when those incentives conflict. Apart from its own well-established shortcomings in terms of legitimacy, the EU has put forward a post-crisis regulatory agenda for finance whose features are objects of the earlier-mentioned critiques. And just as in the longer-running debates about how to address the EU's overall legitimacy issues, many who deal with the specifics of financial regulation are already pointing to civil society involvement as part of the solution. What is basically hinted at is precisely the notion that counter-expertise, as well as a generally more democratic way of addressing policy problems, might be found in the domain of civil society organizations (CSOs). Still, through the adoption of a discourse analytic perspective, the ensuing investigation will show how the tone for that engagement is set by two institutions with rather different views of financial regulation and civil society input, namely, the European Commission and European Parliament. In accordance with this discursive structuring, CSO activities are assumed to involve various degrees of strategizing between the two institutional rationales, which problematizes how the networks that facilitate their knowledge development can withstand such oscillation. Taking the case of Finance Watch and the more than thirty CSOs collaborating under its umbrella, this amounts to a study of how individual organizations could make use of the space for agency that is bound, on the one hand, by the EU politico-administrative context, and, on the other, by the network of which they are members. In essence, it is an endeavor to theoretically ground the argument that a CSO strategy of institutional cooptation and one of mediating accountability relations compete within a CSO network to determine its output, according to the technocratic and the politicizing imperatives in EU financial governance.

After a brief review of the global post-crisis regulatory landscape and some specifically European shortcomings, the analysis will delve into the particularities of the EU's institutional set-up so as to identify distinct incentives and constraints that it poses to civil society involvement. Subsequent to that, it will seek to exemplify how the resulting conflicts about the nature and extent of this involvement might defuse the more critical streak within civil society by limiting the degree to which one of its exponents can help make financial regulatory arrangements more accountable.

The basic issues

Generally speaking, the types of problems which global finance is prone to generate can be expected to have stimulating effects on civil society (Porter 2007, p. 97). Be it through negative externalities and the growth of social inequality, or the imposition of financial measures on social processes, finance presents challenges that in other industries have created demand for solutions from CSOs (Porter 2007, pp. 90, 97-98). The latter started being widely debated in international relations in the early 1990s, as the shift from intergovernmental diplomacy to global governance made non-governmental organizations more prominent (Kohler-Koch 2010, p. 1117). The driving assumption was that civil society engagement with global governance regimes could achieve their increased and improved legitimation, and that the greater resources and power needed for major regulatory advances would be unattainable without this legitimation (Scholte 2007, pp. 310, 316). Touching upon matters of knowledge provision and policy learning, such views went on to describe civil society groups as sources of information that could counterbalance the contributions of lobbyists and aid in understanding specific social and territorial issues that may be difficult and expensive to study (Ruzza 2011, p. 50).

And yet, CSOs have basically been absent in the decision-making processes behind responses to the recent financial crisis (Heidbreder 2012, p. 28), which prompts the initial questions of how those processes are set up and of what civil society initiatives they allow for. Although, when giving these matters due attention, it will surface that the possession of technical knowledge caries great weight in explaining why only certain actors populate the mentioned fora, that by no means denies the prospect of widening the range of relevant actors in the future. For, if at least the potential of challenging the sources and uses of expertise is to bear fruit in the aftermath of the crisis, then the nature of financial regulation could be reconceptualized so as to possibly allow for more diverse imperatives to feed into specialists' work. As noted in a recent analysis, knowledge-based decision-making and expert power cannot wholly be argued "for" or "against" per se, but instead are more or less legitimate depending on the specific organization and behavior of actors involved (Gornitzka and Holst 2015, p. 3). The realm of such decision-making is a socially constructed policy environment just like any other, and if a process of technocratization has up to now been facilitated and legitimized, then decision-makers have effectively empowered only certain forms of socially constructed knowledge (Elvins 2003, p. 48). However, when a concomitant process of politicization is occurring, as will shortly be noted with respect to EU financial regulation, then that would invite a questioning of conventional notions and provide an advantageous conjuncture for more extensive participation in the policy environment. By some measures, this opportunity can be shown to result from the political developments that will henceforth be reviewed, but the pressing issue is which groups can avail themselves of it and in what manner. The political tide that brings more scrutiny to established crisis-resolution approaches could be ridden by these groups if they are able to develop knowledge that serves the construction of a more accountable regulatory sphere. That in itself is a sizeable part of the puzzle taken up here, but alongside it stands the problem of whether this quest for relevance by groups heretofore marginalized would be sidetracked if they are also given incentives to re-legitimize and perpetuate the existing approaches. The European Commission and the European Parliament are noticeably divided over financial regulation in a way that broadly follows these terms, and that would circumscribe the choices and behavior of CSOs in this field in a modality that needs clarification. Thus, in order to inch closer to understanding the outlined dilemmas, one must first uncover how exactly expertise is organized, institutionalized, and held to account within the given political context (Gornitzka and Holst 2015, p. 3). Afterwards, the study will strive to spell out how these contextual features condition the work of CSOs in European financial governance, tentatively suggesting that they could limit its effectiveness.

Regulation and expertise

As a point of departure, one could say that the decade preceding the global financial crisis of 2007-2009 saw the adoption of several measures for governing the international financial system that were based on market discipline, light-touch regulation, and the diffusion of regulatory powers among international bodies (Moschella 2010, p. 424). The latter were mandated with developing standards and codes of conduct regarding fiscal transparency or monetary and financial policy on the idea that international financial stability would be fostered by aligning domestic regulation with international standards (Moschella 2010, p. 425). In the process, finance presented itself as a technical domain, beyond that of politics and the state, which could only be subjected to light-touch regulation, as the financial elites themselves were thought to have adequate qualifications and experience to grasp its workings (Moran and Payne 2014, pp. 335-336). A situation where, for instance, derivatives were traded with minimal or no regulation was a logical corollary of the argument that market actors force discipline and due diligence in their search for profits, and the international standards project effectively enrolled such actors in eliciting state compliance (Moschella 2010, p. 425). In fact, the complexity attributed to markets was widely perceived to pose overwhelming burdens of comprehension for regulators, amid doubts that they could keep up with the evolution of a highly innovative sector (Pagliari 2012, p. 48). Thus, if extending public regulation to hedge funds, ratings agencies, or over-the-counter derivatives was seen as stifling innovation and generating moral hazard, an official public-policy role would instead be granted to transnational self-regulatory initiatives by financial groups (Pagliari 2012, pp. 46-47). To be sure, firms in this area enjoy sufficient advantages of size and geographical concentration in a handful of financial centers to allow them to create influential nodes of private authority (Coleman and Porter 2000, p. 392). Apart from the various forms that the latter takes (i.e., bond syndicates, the inter-bank market, or the management of electronic payment networks), it is also enhanced by the integration of functions within a universal bank model with which fragmented national regulators have struggled to catch up (Coleman and Porter 2000, p. 392). However, while the dynamic interaction of financial entities confers their habitat with a degree of autonomy from politics, it must be kept in mind that a great deal of the strategic position of finance in the global economy results from the mobilizing and creative power of crisis (Nesvetailova 2014, pp. 543, 560). So, what could be said of that position in the wake of the most recent crisis?

The set-up of the global financial architecture suggests that, for new regulatory proposals to be considered viable policy options, they must be grounded in the consensus and understandings formed at the interface of select regulatory bodies (Baker 2009, p. 208). Such decision-making spaces normally comprise finance ministries and central banks from G7 and G10 countries, and specialist national regulators within technical problem-solving groups like the Basel Committee on Banking Supervision and the International Organization of Securities Commissions (Baker 2009, pp. 206-208). Much of the in-depth research and information-sharing that global financial governance builds on is conducted in these latter networks, and while senior deliberative forums like the G7 offer them directions, the reliance on their specialist work precludes them from being dictated to (Baker 2009, pp. 204-205). This should not come as a surprise, considering how these institutions were generally created at least one step removed from political officials, under the auspices of the Bank for International Settlements, G10 central bank governors, or securities regulators (Porter 2003, p. 535). Through the establishment of linkages between each other and with older organizations, a regulatory regime that was never explicitly created nonetheless emerged in a decentralized fashion, without the kind of political bargaining expected by more state-centric perspectives (Porter 2003, p. 535).

A problematic feature of this regime for prudential regulation is that the actors involved come to share a worldview influenced by central banking practices like secrecy, aversion to political interference, and commitment to the dominance of technical knowledge in decision-making (Coleman and Porter 2000, p. 392). Large banks themselves display this commitment and prefer working with committees devoted to technical issues, while citizens' groups, on the other hand, are unable to match this kind of involvement in a field that is likewise relevant to them (Coleman and Porter 2000, p. 392). Such unevenness is glaring when realizing that, already with the financial crises of the 1990s, various possible responses like an international financial transactions tax or greater collaboration of developing states were sidelined due to their tenuous links with established research and expert groups (Porter 2003, p. 546). That a more modest option like calling for strengthened banking regulation made headway is to a great extent due to the technical collaboration and linkages of such groups and the way they provided an air of reasonableness to this course of action (Porter 2003, p. 546). Taking that into account, a proper assessment of the recent financial turmoil seems to invite a focus on the role of transnational expertise and the possibility that it may have made its resolution deficient. The transformation of private losses into public liabilities, the willingness of central banks to accept the products of financial innovation as near-equivalents of money, and the overall restorative response to the crisis indicate a further shift from public authority to private imperatives (Wigan 2010, p. 111). Therefore, reasons abound to believe that banking regulation and financial alchemy prop up a set of co-constitutive relations between states and markets, in which the former yield to the process of innovation and are left unable to go beyond systematic bailouts (Wigan 2010, p. 121). Why, then, should we suppose that any new common sense regarding more careful regulation would depart from this pattern, unless the ideational novelty is perhaps connected to an outpouring of dissent and activism (Panitch and Konings 2009, p. 80)?

The particular example of the European Union is telling in this regard, as it concretely highlights the faults in a constellation of transnational expertise and post-crisis policy-making, alongside a conspicuous shortage of outside alternatives considered. The goal of creating a single financial area had been a long-standing one for the EU, driven by a concern that excessive fragmentation of the sector posed higher costs of capital, to the detriment of overall competitiveness (Begg 2009, p. 1112). In practice, this required governments to disengage from their own financial sectors, to accept their governance according to generic, rather than nationally idiosyncratic, precepts, and to increasingly remove regulation from citizen control (Mügge 2013, p. 463). A more and more dominant narrative of governance within EU institutional dialogue also served as a justificatory discourse privileging mechanisms of expertise over the usual models of democratic legitimacy (Everson 2012, p. 4). Outsourcing depoliticized regulation to expert committees would pre-empt some politically costly battles, but simultaneously allowed regulators to coordinate policies while avoiding principled debates about the proper place of finance in contemporary societies (Mügge 2013, p. 463). Through their training and practical orientation, those partaking in such regulatory endeavors could end up conforming more to the technical demands of the system, than to the political interests of the states that appoint them (Porter 2003, p. 526).

This ethos was perceptible from early on, when its reluctance to adopt regional-level regulation based on a specific national model brought the EU closer to the international consensus that financial intermediaries and US officials had formed more or less hegemonically (Posner and Véron 2010, p. 406). The readily available regulatory principles of international financial bodies appealed to the EU with their alleged neutrality, but that appearance barely concealed the real essence of self-regulation and private authority that prevailed in financial centers at the time (Posner and Véron 2010, p. 407). The supranational delegation of authority in this field meant that policy became less adapted to a wider context of socio-economic bargains and interactions with other policy fields, while epistemic communities gained greater scope to devise policy that was viewed as theoretically sound in its own right (Mügge 2011a, p. 190). In the process, capital market legislation that passes through EU decision-making exceeded 80%, and the endorsement by the Council of the Financial Services Action Plan for completing the single financial market allowed the Plan to dominate financial policy to this day, despite no parliamentary consultation in national capitals (Mügge 2011b, pp. 61-62).

The above ethos is also visible in the way the recent financial meltdown has been tackled. By establishing a European System of Financial Supervision, the EU has given the task of identifying and combating systemic risks to the new European Systemic Risk Board, chaired by the ECB President and bringing together national central bank governors, a Commission representative and the chairs of three European Supervisory Authorities (Everson 2012, p. 7). The latter are the European Securities and Markets Authority, the European Banking Authority, and the European Insurance and Occupational Pensions Authority, and their aim is to set binding technical standards and joint practices for the supervision of individual institutions at national level (Everson 2012, pp. 6-7). Behind this web of newly-founded bodies lies the emerging intellectual edifice of macroprudential regulation, which encompasses a shift from the more modest pre-crisis focus on the reliability of individual institutions to the view that finance is systemically and endogenously risky (Baker 2013, p. 128). As such, a leading concern is with ascertaining how similar risk exposures are across financial institutions, how extensively their balance sheets are linked, and how risk builds up during boom times through procyclicality (Datz 2013, p. 472). Again, however, the rise of this macroprudential consensus has occurred at the instigation of insider elites from the Bank for International Settlements, whose status within professional technocratic ecologies prompts the question of how authentic and durable this change is (Baker 2013, pp. 119, 127-129). Although the macroprudential shift gives an aura of pragmatism to the prioritization of systemic stability, it is still grounded in the conviction that the experts under whose watch the financial crisis occurred can provide it with a solution, as long as they are better coordinated (Dorn 2010, p. 35). Implementing this post-crisis agenda will require the development of considerable calculative technologies for regulators to anticipate bubbles, and while such capacity is currently lacking, it does still suggest that calculative practices are cognitive-communicative frameworks that produce power (Black 2013, pp. 35-36). Furthermore, asymmetries in this capacity between financial institutions and regulators would eventually lead to a reliance of the latter on the former (Black 2013, p. 36). As in the example of the Basel II agreement of 2004 (implemented in the EU through the Capital Requirements Directive), banks were permitted to use their own data and risk-management models to self-determine their risk exposure and how much reserve capital they should retain (Pagliari 2012, p. 50). If market power had previously depended on a bank's capital and relationships, now it was a function of its risk management and financial engineering, so much so that the more derivatives a banking institution used, produced, and distributed, the more powerful it became (Wigan 2010, pp. 111, 114). And at the moment, beyond increased regulatory capital requirements, the new Basel III agreement and the European System of Financial Supervision do not constitute a radical re-assessment of the original risk-based principles of Basel II (Everson 2012, p. 31).

Consequently, one could say that these post-crisis regulatory shifts pertain more to the consolidation of authority for market regulation and oversight, than to a change in the purpose and content of public regulatory intervention (Pagliari 2012, p. 61). Realistically, though, it would be hard to expect otherwise, if policy has been aiming more at stabilizing the financial system, than at getting regulation 'right', and the fact that banks' assets have been underwritten by monetary stimulus has effectively decreased pressure on policy-makers to impose deeper reform (Mügge 2014, p. 319). The character of the three European Supervisory Authorities mentioned earlier makes them some of the most powerful EU-level autonomous institutions ever created, with the expectation that, through sharing good practice and information, they will improve the overall efficiency of EU financial regulation (Everson 2012, pp. 17, 21). However, in light of the enumerated problems, a particular concern arises that EU agencies lack their own critical epistemic and public communities of review and social responsiveness, which is aggravated by difficulties with fostering wider public debate and identifying an 'agency public' (Everson 2012, pp. 25-26). Resolving the latter would also help tackle some of the tensions between the different possible roles of a regulator, i.e., as a representative of consumer interests defying commodification, a facilitator of marketized consumer opportunity, or a coordinator between micro and macroeconomic policy (Everson 2012, p. 30). Hence, with limited or no political input making its way into circles of experts, calls for the proliferation of EU comitology structures are not necessarily steps in the right direction (Dorn 2010, pp. 35-36).

By giving proof of their commitment to global best practice, EU regulatory authorities betrayed an unwavering faith in the technical quality of their regulation and lost sight of the fact that expertise can be "a moving target in practice" (Mügge

2011b, pp. 64-65). For, as long as financial activities are closed off from democratic politics and presented as too specialist for broad-based public debate, then questioning technical knowledge is one of the key sites of political critique (de Goede 2003, p. 96). Understanding the criteria that make some speakers legitimate within the financial domain and others not sheds light on the regulative practices which determine what it is possible to speak of within a historically constituted sphere (de Goede 2003, p. 95). By way of this assumption, and through recent investigation of expert groups, one learns that those staffing them have strong incentives to avoid being dismissed as extremists and to retain credibility among their peers, all the while ensuring that they enjoy esteem and work prospects (Seabrooke and Tsingou 2014, pp. 393-394). Simply put, for reasons having to do with maintaining professional reputation, extreme positions are uncommon in the contributions of financial expert groups (Seabrooke and Tsingou 2014, p. 393). Unsurprisingly, then, the post-crisis regulatory agenda has basically been about developing piecemeal technocratic solutions without a fully revised conception of markets (Black 2013, p. 46). The working idea seems to remain that, unless a particular action is explicitly proscribed, it enjoys acceptability, which should alert us to the need for more attention to the normative dimensions of regulating capital markets (O'Brien 2010, pp. 68, 77). Up to now, substantive and organizational debates in global financial governance have remained separate from each other, both among policy-makers and scholars themselves (Mügge and Perry 2014, p. 195). However, a fruitful discussion about global financial governance and its architecture cannot be detached from substantive debates about the nature of financial markets, since the former is very much contingent on the latter (Mügge and Perry 2014, p. 196).

One manner of addressing this problem is to seize the positive potential of social interactions, which, although crucial in creating the above kinds of closed epistemic communities, could also be leveraged for attaining change (Black 2013, p. 31). The impression gained so far is that the venues where vital work concerning financial governance is done restrict both the plurality of members and the degree of critical reciprocity between them (Baker 2009, pp. 197-198). But through the inclusion of a wider range of societal interests, perhaps it is possible to achieve multiparticipant deliberative spaces that would afford outsiders more influence and bolster modes of public reasoning (Baker 2009, pp. 198, 212). On these grounds, if one is to establish which outside actors could join a wider discussion on EU financial regulation, as well as what means and channels lie at their disposal, a good way to begin is by tapping into existing research on EU relations with organized civil society. This would set the stage for a subsequent survey of institutional incentives and constraints leading various CSOs towards collaborative work, as well as of the effectiveness of leveraging that collaboration for attaining relevance in substantive debates on regulation. Furthermore, it would place the spotlight on how the EU politico-administrative order defines relevance according to its distinct uses of CSO expertise, and on how that expertise is bound, conversely, to be transformed through such institutional conditioning.

EU-civil society relations

Within certain strands of political thinking, a notion typically aired is that, at its best, civil society can champion deliberative values and egalitarian norms at the global level (Brassett and Smith 2010, p. 413). Over time, at the European level, NGOs have gained an image as forceful pursuers of the common good and advocates of alternative approaches to politics that could blame governments, international organizations, and multinational companies for alleged misconduct (Kohler-Koch 2010, p. 1117). Particularly in the context of the EU, the core issue became whether and how NGOs can bolster the accountability of its institutions and the legitimacy of EU governance (Kohler-Koch 2010, p. 1118). That, in turn, was thought to hinge on the extent of various types of civil society organizations' involvement in collaborative projects with each other and with public sectors at the national and European levels (Ruzza 2011, p. 54). Historically, until the late 1990s the focus was mostly on the role of social NGOs in supportively legitimating further European social policy-making, aimed at in the context of a strengthened dialogue between European institutions, especially the Commission, and the respective NGOs (Smismans 2003, p. 486). Afterwards, however, the Commission's approach changed insofar as, firstly, it became open to interactions with NGOs in all possible policy sectors, and secondly, it relied on a steadily broadening concept of civil society, attempting to legitimize all its existing interactions, even those with private lobbies (Smismans 2003, p. 490). Along these lines, civil society ended up being assigned contradictory roles in programmatic statements and EU policies, reflecting different coexisting notions of EU democracy and of the added-value that civil society brings (Kohler-Koch 2009, p. 47). To be sure, its inclusion and its synonymy with organized civil society revealed the imprint of institutions that took the lead in the above political project, most certainly that of the Commission and its pursuit of strengthened transnational interest aggregation (Kohler-Koch 2009, p. 48). But while this satisfied associations apart from business and trade unions that had felt marginalized in EU policy-making, it also gave plausibility to the assumption that EU institutions would assign civil society a place not on grounds of normative democratic theories, but on those of institutional fit (Kohler-Koch 2009, pp. 48, 50).

The germaneness of this assumption for examining regulatory policy in finance and beyond becomes apparent when considering that, apart from the usual idea of regulators being passive recipients of legitimacy evaluations, they themselves can have a role in constructing their own legitimacy claims (Black 2008, p. 146). Accordingly, the ensuing analysis would be better aided by research that supposes no a priori bases of legitimacy and engages in critical, instead of normative, theorizing, where what ought to count as justification for recognizing the authority of global governance institutions is not pivotal (Bernstein 2011, p. 19). Following sociological debates on legitimacy, what carries rather more weight is the empirical question of when and why an actor is regarded as legitimate (Black 2008, p. 144), which, if applied to EU institutions, would suggest an answer that does not truly reach into the realm of accountability. Debates on governance typically conflate legitimacy and accountability, but the two are analytically distinct to the degree that legitimacy is not necessarily always dependent on accountability relationships (Black 2008, p. 149). For a wide range of reasons such as self-interest, charisma, or ideology, institutions and regimes may be granted legitimacy with no attempts on their part to be accountable, or even while actively seeking to thwart efforts at exacting accountability (Black 2008, pp. 149-150). As a matter of fact, locating CSOs in EU accountability would need to reflect the difficulty of these organizations themselves in claiming to have a legitimate mandate to hold EU institutions to account (Kohler-Koch 2010, pp. 1135-1136). Since the willingness to submit to CSO accountability in the case of the Commission is at the discretion of individual Directorates General, with no genuine fear of sanctions or hard consequences, one cannot pinpoint a proper arena where these organizations would ask questions and demand explanations (Kohler-Koch 2010, p. 1127).

If legitimacy is defined in any particular sense, then it appears to correspond to what the concept of governance implies, namely, that private actors are valid participants in policy-making, but steadily lose their bottom-up and oppositional character through professionalization (Heidbreder 2012, pp. 10-11). As the Commission tends to take a functional approach to civil society, the involvement of private actors is touted for helping to efficiently and effectively solve problems, but basically has the contours of a highly segmented, issue specific, and vertical relation (Kohler-Koch 2009, pp. 49-51, 54). The selection criteria for CSOs typically entail representing "stakeholders" and being able to deliver knowledge for problem-solving, and even so, DGs in charge of social affairs and employment, or of the environment, are easier to access than those dealing with the internal market or economic and monetary affairs (Kohler-Koch 2010, p. 1125). It should not come as a surprise, then, that pursuing policies that favor interaction with representative confederated groups can marginalize those whose legitimacy owes to their ability to articulate a cause (Greenwood 2007, p. 345).

Hence, if it seems unlikely for CSOs to constitute the forum to which account would be rendered directly, then perhaps their role as mediators of political accountability deserves a closer look, for it is in this capacity that they could activate political representatives like parties or parliaments to hold EU institutions to account (Kohler-Koch 2010, 1120-1121). The European Parliament has been noted for viewing relations between public authority and civil society as infused with an ethos of politicization, in the sense of broad public debate on political decision-making (Smismans 2003, pp. 495, 497). A growing assertiveness of that institution and of European political parties in recent years makes it more likely that CSOs will find in the EP a partner willing to take up an issue with high salience and media resonance (Kohler-Koch 2010, p. 1132). Although the Commission has responded to the financial crisis with a great deal of directives based on the content of the Basel process, where the EP has no voice, the latter nonetheless enjoys co-decision power when EU legislation is introduced (Greenwood and Roederer-Rynning 2014, pp. 4-5). That makes financial regulation a particularly interesting site for the EP strategy of "parliamentarizing" global relations and counterbalancing the role of executive actors, all the while being lobbied by stakeholders who are not represented in the Basel process and who seek inclusion in the implementation phase (Greenwood and Roederer-Rynning 2014, p. 5). MEPs have the discretionary power to pick and choose from among stakeholders' and regulators' preferences, but the Parliament's influence requires developing organizational and policy knowledge, in full awareness that "[k]nowledge is a *sine qua non* of EP agency" (Greenwood and Roederer-Rynning 2014, p. 5).

And this is what ultimately brings center-stage the challenge faced by CSOs that strive to use the however limited resources and channels just enumerated for attaining a measure of visibility and relevance in European financial governance. If expertise has been noted to serve both the EC's goal of efficient policy-making, within a governance set-up of limited accountability, and the EP's goal of politicizing standard-adoption and being rendered account, CSOs would have two outlets for providing their own ideas. Still, that raises the core empirical question of how they subscribe to, and mediate between, these institutions' distinct rationales and uses for this knowledge. Such an analysis of impact on CSOs has somewhat less frequently been undertaken, according to authors who advocate it alongside the more usual focus on civil society agency and impact on institutions (Joachim and Locher 2008a, p. 3). In contrast to this latter, so-called "outside-in" perspective, the "inside-out" one looks at the extent to which institutions and structures in which NGOs are embedded empower or constrain NGO behavior under various conditions and in various modalities (Joachim and Locher 2008a, p. 4). It asks, for example, whether these structures affect NGOs' choice of issues or representations of reality, if NGOs conform to institutional rules and norms solely due to incentives and constraints, or maybe also due to interactions with other NGOs, and, ultimately, if such interactions and socialization transform these groups' identities (Joachim and Locher 2008b, pp. 169, 171). The earlier description of the EU context falls quite neatly in line with this perspective. If, for instance, some groups favor one institution's understanding of civil society and expertise over that of the other, this could swing the pendulum closer to, or farther from, the image of NGOs as just a new form of comitology (Frankenberg 2008, p. 16), and that would hold distinct promises or pitfalls for the regulation of finance.

Overall, then, it is a question of how civil society actors formulate and distribute the knowledge that is subject to an assortment of institutional imperatives, and, to make the inquiry more concrete, a specific actor worth analyzing is Finance Watch. Its singularity as a CSO network can be fruitfully probed in relation to the particular institutional setting of its activities, and doubly so if discourse is taken as a mediator of both the above-mentioned effects upon CSOs and of the expression of stable or changed identities and ideas that CSOs may then have. Put differently, the interplay of influences emanating both vertically, from the EU political order, and horizontally, from the environment of fellow CSOs, problematizes how the ideas and strategies of Finance Watch members determine the nature and distribution of its expertise.

CSO collaboration

In broad terms, the scale of the EU and the earlier-mentioned inclination in some of its quarters to reward or support groups presenting themselves as pan-European means that atomized interests are rather powerless (Cullen 2005, p. 71). A political environment of this sort basically induces groups to work together for furthering their aims, thus stimulating them to manage differences that invariably occur despite structural proximity and shared social ties (Cullen 2005, p. 84). To draw an analogy, one could point out that, as with the private sector, civil society tends to witness the emergence of "market leaders" that engage in transnational networking more energetically and that are generally better placed for this pursuit (Clark 2003, p. 1). In any case, one can just say that, insofar as transnational governance schemes are fluid, the publics and constituencies that they address are also very much emergent, such that the common experience of being addressees of a set of rules could make these nascent social formations transnationally interconnected (Quack 2010, p. 6).

Indeed, if one looks for a transnational leader of this kind, then perhaps the most adequate illustration is a group whose networked position consists of tens of membership ties to a wide range of CSOs. Characterized in the media as "a brand-new, never-done-before experiment", the advocacy group Finance Watch was created in 2011 with a claim to curb financial markets and direct them towards productive ends (Schumann 2012, para. 4-5). Initiated with the support of several MEPs and funded by taxpayers, after the European Parliament earmarked more than a million euros for it, Finance Watch is exponential of specialist CSOs, even having a number of former banking and finance professionals on its staff (Schumann 2012, para. 8-11). Its founding principles describe the financial industry as playing an important role, with public interest implications, in capital allocation and the provision of services, and the group's stated general objective is attaining "an economic organization of society where the needs of the real economy to have access to capital and to financial services are fulfilled in a sustainable, equitable and transparent manner" (Finance Watch 2014a, p. 2). Its articles of association mention aims such as: developing citizen advocacy on issues pertaining to the organization and regulation of financial activity, ensuring that the general interest of society is not disregarded therein, developing, in coordination with its members, expertise on those issues in the form of research reports and analyses, sharing that expertise, as well as communicating with legislators (Finance Watch 2014a, pp. 1-2). Individual members are admitted into its ranks when possessing "a real qualification or experience on issues of finance, organization of the financial industry or advocacy on these issues", while organized members should share the above objectives and not represent the interests of the financial or banking industry (Finance Watch 2014a, p. 3).

A brief look at the list of members (see Appendix) identifies such names as Attac France, the European Trade Union Confederation, Friends of the Earth Europe, the New Economics Foundation, Oxfam International, and the Brussels office of the Rosa Luxemburg Foundation (Finance Watch 2014b, p. 8). Since quite a few of them are known to be conducting their own research and advocacy, and to be doing so from fairly distinct angles and with diverse commitments, this problematizes from the start how well the network holds together. Existing theoretical accounts of global civil society and of how internal disagreements could reflect on its value horizons and political priorities might provide some parallels here (Brassett and Smith 2010, p. 423). It is, to begin with, quite intuitive that civil society can bring together people with shared and frequently very specific concerns, who nonetheless maintain different identities and ideas about how to pursue their aims (Nanz and Steffek 2004, p. 323). From this basic point, however, one notion to have gradually emerged is that civil society could be viewed not only as a deliberative agent, but also as an arena (Brassett and Smith 2010, pp. 414-415). In this form, it finds echoes in depictions of transnational advocacy networks as embodying elements of agent and structure simultaneously, or as evoking the structured and structuring dimensions of their actions (Keck and Sikkink 1999, pp. 90-91). Thus, while actions like questioning, criticizing, and publicizing may look weak, they can, for instance, effectively influence the balance between transnational civil society discourses such as sustainable development, market liberalism, or green radicalism (Dryzek 2000, pp. 123-124, 131). And because the role of discourses in coordinating action in international politics is greater than in domestic society, it does matter which of them holds sway, or what balance is attained in their constellation (Dryzek 2000, pp. 124, 131). All the more so if a thick associational and inter-organizational field where deliberation can take place could also serve policy-makers (Ruzza 2011, p. 50), since expertise is "the nerve of war" in regulating finance (Greenwood and Roederer-Rynning 2014, p. 9). And the power relations of such a policy area may lead organizations to resort to significant strategy and identity change to acquire the kind of legitimacy-appreciating or legitimacy-depreciating identities that are ultimately traceable to public policy discourse (Motion and Leitch 2009, p. 1057).

Hence, if, on the one hand, discourse permeates CSO networks and potentially structures meaning-giving and action-taking, while, on the other, it emanates in this structured form towards recipients in the transnational political sphere, then analyzing its dynamics seems appealing. Indeed, if one imagines the loop whereby institutional recipients provide a response embedded in a discourse that the network's very own deviates from, this could spark discursive struggle among CSOs for attaining a common position more in line with the response. In other words, it could lead to new choices and issue-definitions by individual organizations that potentially structure the unified output of their network once the range of legitimate choices has been pre-defined. Due to space limitations and the still ongoing nature of data gathering in support of the above, one can only mention a situation where the described dynamics seem to come into play. Although aware of the earlier-noted EP funding for the inauguration of Finance Watch, the group's latest annual report contains an unspecific reference to European Union funding (Finance Watch 2014b, p. 11). A quick consultation of the EC's Financial Transparency System reveals that, in fact, the source of funding, to the tune of 1.213.000 euros, is presently the Commission itself, with the Directorate General for the Internal Market and Services being mentioned as the responsible department (European Commission 2014). Also interesting to note is that at least one Finance Watch member, the Centre for Research on Multinational Corporations (SOMO), likewise receives EC funding while, concomitantly, offering research services to the European Parliament (SOMO 2015, pp. 28, 31). Thus, discovering how tangled the web of Finance Watch collaborations is and what kind of justification work is done prior to funding choices and research provision will add substance to the theoretical claims developed so far. Most importantly, it would help uncover the minute ways in which changes of institutional backing may reflect in the exact content of expert contributions by Finance Watch. How much of a blow has been rendered to the EP's politicizing efforts through what looks like a form of mainstream cooptation remains to be established. Nonetheless, if the amount of resources offered by the EC is any indication, then it could be difficult to expect this CSO network to fully and consistently mobilize for increasing political accountability in EU financial governance. Its critical edge and overall relevance might therefore be limited if it becomes infused with the customary notions that were earlier shown to have dominated EU-civil society relations until current times.

Conclusion and further steps

If one bears in mind that, when agents engage in discursive activity with specific intentions in mind, they do so against the backdrop of multiple discourses, then that would help illuminate some of the fragility and struggles within organizational life (Hardy et al. 2000, p. 1232). The theoretical perspective developed here certainly draws on the idea that, if the very act of organizing will subject agents to a process of identity construction via discourse, then analyzing organizations is intrinsically the analysis of discourse (Chia 2000, p. 517). As such, realizing the potential of a discursive angle on CSO efforts to attain relevance in financial regulation entails a thorough engagement with the expert opinions that these organizations put forth. Their understandings of financial regulation and of the role of finance in society, the tailoring of their message to the needs of a specific audience, as well as their depictions of inter-group collaboration and concurrence on ideas, are among the issues that need tackling. The guiding expectation is that the methodological tools of discourse analysis and interviewing will elucidate how the insertion of CSOs into both a network producing a unified body of expert work, as well as into the EU institutional order, influences the nature of that work.

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APPENDIX - Finance Watch member organizations

Austria
• Ecosocial Forum Europe
Belgium
• Centrale Nationale des Employés (CNE)
• Réseau Financement Alternatif
Denmark
• Danish Confederation of Trade Unions
EU
• Austrian Federal Chamber of Labour -Brussels Office
• Bureau Européen des Unions de Consommateurs (BEUC)
• CECODHAS Housing Europe
• European Trade Union Confederation (ETUC)
• Friends of the Earth Europe
• Oxfam International
• Rosa Luxemburg Foundation - Brussels Office
• Solidar
• Transparency International - EU Office (TI-EU)
• UNI Europa
France
• Attac France
• CCFD-Terre Solidaire
• Confédération Générale du Travail (CGT)
• Fédération CFDT des Banques et Assurances
• Fédération Européenne des Cadres des Établissements de Crédit (FECEC)
• Fédération nationale de la finance et de la banque (FFB CFE-CGC)
• FIDH
• Institut Veblen pour les réformes économiques
• Secours Catholique-réseau mondial Caritas
• UNSA Banques et Assurances
Germany
• Deutscher Gewerkschaftsbund (DGB)
• Foodwatch
• Heinrich Böll Stiftung
• ver.di (Vereinte Dienstleistungsgewerkschaft)
• VZBV (Verbraucherzentrale Bundesverband)
• Weltwirtschaft Ökologie & Entwicklung (WEED)
Italy
• Fondazione Culturale Responsabilita Etica
Norway
• Norwegian Confederation of Trade Unions
Spain
• Fundacio Seira
Sweden
• Nordic Financial Unions (NFU)
Switzerland
• Observatoire de la Finance
The Netherlands
• Stichting Onderzoek Multinationale Ondernemingen (SOMO)

(Finance Watch 2014b, p. 8)

United Kingdom
• ShareAction
• new economics foundation (nef)
• TUC/Unite
• World Development Movement
USA: Revenue Watch

Individual Members
Belgium
AYADI Rym
THYS Robert
France
CHAVAGNEUX Christian
COLIN Gregori
CRINETZ Michel
GEIGER Rainer
KLEINKNECHT Patrick
LAGET Philippe
LICHTEROWICZ Pierre
LIGER-BELAIR Philippe
LOUMEAU Philippe
MONNET François-Marie
PERRUT Dominique
REVALLIER Pierre
SCIALOM Laurence
SERVE Stéphanie
SIMON Claude
Germany
Calvi Stefan
FRIEDERICHS Karl
KÖHLER Wolfgang
LENZ Rainer
MARTIN Pablo
NITSCH Manfred
REINERS Suleika
SCHUMANN Harald
SCHWABE Hans-Joachim
Sweden
KELLERMANN Christian
Spain
SANCHEZ-PELACH Narcis
Switzerland
BOHR Bärbel
CHESNEY Marc
SANTI Michel
The Netherlands
VAN DEN BURG Ieke
United Kingdom
GRIFFITH-JONES Stephany
LINES Thomas

(Finance Watch 2014b, p. 8)