



POWER SHIFT: TOWARDS GERMANY HEGEMONY IN THE EUROPEAN UNION?

Prof. Simon Bulmer*

**Department of Politics
University of Sheffield**

Boğaziçi University-TÜSİAD Foreign Policy Forum

Research Report

DPF 2015-RR 02

CONTENTS

<u>Introduction</u>	<u>3</u>
<u>European politics, integration and the 'new intergovernmentalism'</u>	<u>5</u>
<u>Dissecting German power in the EU</u>	<u>8</u>
<u>Towards German hegemony?</u>	<u>13</u>
<u>Exploring the character and sources of German power</u>	<u>14</u>
<u>Conclusion: Drawing a balance on German power in the EU</u>	<u>25</u>

*This paper draws on work being conducted with William Paterson for a co-authored book, *Germany and the European Union: Europe's reluctant hegemon*, Palgrave Macmillan, forthcoming 2016. Research was conducted in autumn 2014 in Berlin at the Stiftung Wissenschaft und Politik and the Kolleg-Forschergruppe 'The Transformative Power Of Europe', Free University of Berlin with funding from the German Academic Exchange Council. I am grateful for the support offered for my research.



Boğaziçi Üniversitesi - TÜSİAD Dış Politika Forumu
Boğaziçi University - TÜSİAD Foreign Policy Forum



Introduction

Over the period since its emergence in 2010 the Eurozone crisis has shaken some of the fundamental assumptions relating to European integration. Might the EU disintegrate? Has the European Union (EU) lost its sense of community and solidarity that for decades seemed intrinsic to its character? Is monetary union without political union simply unsustainable? Questions such as these have struck at the heart of the European integration project.

So has another: has Germany become the EU's new hegemon? A central component of supranational integration at the time of its origin with the 1950 Schuman Plan for the European Coal and Steel Community was the pooling of sovereignty in order to 'tame' German power.¹ And yet a quarter of a century after its unification German power no longer looks tamed. On the contrary, during the Eurozone crisis the question of German power has become a growing concern. The issue had been salient throughout the crisis but came to a head in early July 2015, after Greece had failed to meet its end-June deadline for loan repayments to the International Monetary Fund (IMF). German Finance Minister Wolfgang Schäuble proposed that Greece should take a 'timeout' from membership of the Eurozone as well as transferring €50 bn of its state assets to a Luxembourg trust in preparation for their privatization.² This flexing of Berlin's muscles put German hegemony into the centre of European political debate.

Jürgen Habermas, the eminent German philosopher and sociologist was critical in his reaction:

The German government thereby made for the first time a manifest claim for German hegemony in Europe – this, at any rate, is how things are perceived in the rest of Europe, and this perception defines the reality that counts. I fear that the German government, including its social democratic faction, have gambled away in one night all the political capital that a better Germany had accumulated in half a century ...³

¹ For analysis using this terminology, see P. Katzenstein (ed.), *Tamed Power: Germany in Europe* (Ithaca, NY: Cornell University Press, 1997).

² The Schäuble paper is available at <http://www.spiegel.de/media/media-37108.pdf>, accessed 16th July 2015.

³ 'Jürgen Habermas's verdict on the EU/Greece debt deal – full transcript', *The Guardian*, <http://www.theguardian.com/commentisfree/2015/jul/16/jurgen-habermas-eu-greece-debt-deal>, accessed 23rd July 2015.

The Italian Prime Minister's reported reaction to the German proposal was 'enough is enough'.⁴ The timeout plan was abandoned but the episode damaged Germany, the EU and the Franco-German relationship, while further dividing creditor states against debtors and seemingly demonstrating the predominance of German-led austerity policies. Schäuble himself, however, was terse in his ex-post diagnosis: 'There is no German dominance'.⁵

This paper explores whether a power shift has occurred in the EU. Is the German government simply offering leadership to meet a gap in the EU's political system? Or is there an emergent dominance of Germany in the EU?

In order to address these questions the paper is organized in five sections. The first explores the contemporary EU. It explores whether the greater diffuseness of a 28-member state EU and a shift towards a form of governance identified as 'new intergovernmentalism' have helped create conditions for Germany's growing power. Secondly, the paper dissects power in the EU. How do member governments exercise it; what are the checks and balances? Answering these questions offers an initial review of German power. Thirdly, the paper considers the forms the hegemony can take: whether as leadership or domination. Fourthly, the paper looks at the character and sources of German power in the EU. On the one hand, it is important not to 'read off' German power from a single example, namely the Eurozone crisis. Important though that case is, there are many other policy areas across the EU. Consequently, a more balanced evaluation is needed. On the other hand, what are the domestic sources of German power? A range of domestic actors and institutions—from public opinion to the Federal Constitutional Court—are part of the political system whose support is essential for the domestic legitimization of German power in the EU. Are changing domestic circumstances leading to more assertiveness by the Berlin government or constraining it? Fifthly, a balance sheet is drawn including consideration of the implications of the findings for the EU.

⁴ 'Italiens Premier Renzi gegen Schäuble: "Genug ist genug"', *Spiegel Online*, 12 July, <http://www.spiegel.de/politik/ausland/griechenlandkrisematteorenzikritisiert-deutschlanda1043273.html>, accessed 14 July 2015.

⁵ 'Spiegel Interview with Wolfgang Schäuble "There Is No German Dominance"', *Spiegel Online*, <http://www.spiegel.de/international/germany/interview-with-german-finance-minister-wolfgangschaeuble-a-1044233.html>, accessed 22nd July 2015.

European politics, integration and the ‘new intergovernmentalism’

A necessary but not sufficient condition for German hegemony is that the EU permits it. To be clear, the whole purpose of supranational integration was to prevent the recurrence of one state dominating Europe in the manner of Nazi Germany. Nevertheless, the driving forces behind integration have been subject to change over the postwar period. Most strikingly the end of the Cold War brought to an end the principal contextual condition for integration over four decades from the 1950s. It changed the aspirations of European integration towards addressing new foreign policy and internal security challenges, initially through two additional ‘pillars’ of policy cooperation created under the Maastricht Treaty. The enlargement of the EU from 15 to 28 states met an historic challenge, although creating a more diffuse set of interests and risking a more cumbersome process for reaching decisions where unanimity/consensus was either the rule or the accepted practice. The consequences of these steps were significant, since they weakened the traditional Franco-German motor that had provided much of the dynamic for integration over a period of half a century.⁶ The consequence has been to contribute to a trend towards a rather ‘leaderless Europe’.⁷

German unification was itself integral to the changes associated with the end of the Cold War. Although the process of EU enlargement without a formal accession (i.e. the integration of the former East German into the Federal Republic) was achieved quite straightforwardly, the emergence of Germany as the most populous member state rather unbalanced its status alongside France, Great Britain and Italy as one of the ‘big four’. Fears of growing German power at this stage were misplaced, since the domestic challenge of aligning the East with the economic, political and legal standards of the Federal Republic presented significant domestic challenges for the unified state. Nevertheless, the Maastricht Treaty proposals for monetary union were promoted by federal chancellor Helmut Kohl in order to provide reassurance to France and other states of Germany’s ongoing commitment to integration. France hoped that the creation of EMU would bring improvement to the existing circumstances where the decisions by the German central bank, the Bundesbank, were followed by other member states in the European Monetary System. As Jacques Attali, President Mitterrand’s international adviser, later put things, ‘the Maastricht Treaty was a

⁶ On the Franco-German relationship and integration, see U. Krotz and J. Schild, *Shaping Europe: France, Germany and Embedded Bilateralism from the Elysée Treaty to Twenty-First Century Politics* (Oxford: Oxford University Press, 2013).

⁷ J. Hayward (ed), *Leaderless Europe* (Oxford: Oxford University Press, 2008).

complicated operation with a simple objective: to abolish the D-Mark'.⁸ Viewed in 2015 this hope that France would secure greater control over monetary policy looks to have been unsuccessful.

Beyond these Cold War-related changes to integration, the governance of the EU has been subject to significant change in the post-Maastricht period. One set of analysts has argued that there is a post-Maastricht pattern of 'new intergovernmentalism'.⁹ They identify six characteristics of this period: a search through deliberation for consensus in EU decision-making; a decline in the integrationist aspirations from within the supranational institutions; a preference to delegate authority to new types of bodies rather than the European Commission; the growing impact of domestic politics on EU decisions; a blurring of lines between 'high' and 'low' salience politics; and a pattern of disequilibrium in the EU.

New intergovernmentalism has been subject to criticism, notably as to whether it really is so 'new', whether it characterises just certain key policy areas rather than all domains of the EU, and as to its theoretical robustness.¹⁰ Nevertheless, a more nuanced account that accommodates advocates of new intergovernmentalism and its critics would run as follows. The more that the EU has moved into the integration of 'core state powers', such as foreign and security policy, the imperfections of Eurozone design and the need for stronger fiscal policy, immigration and internal security, the more that domestic politics have become salient and that protracted deliberation in the European Council has been necessary in order to secure agreement that meets common needs while being acceptable to domestic political constituencies. One of the paradoxes of the 'new intergovernmentalism' in the EU is that these circumstances hold

⁸ Quoted in D. Marsh, *Europe's Deadlock: How the Euro Crisis Could Be Solved – and Why It Won't Happen* (New Haven: Yale University Press, 2013), p. 81.

⁹ C. Bickerton, D. Hodson, and U. Puetter, 'The New Intergovernmentalism: European Integration in the Post-Maastricht Era', *Journal of Common Market Studies*, 53:4 (2015), pp. 703-22. See also C. Bickerton, D. Hodson, and U. Puetter, *The New Intergovernmentalism: States and Supranational Actors in the Post-Maastricht Era* (Oxford: Oxford University Press, 2015).

¹⁰ See F. Schimmelfennig, 'What's the News in 'New Intergovernmentalism'? A Critique of Bickerton, Hodson and Puetter', *Journal of Common Market Studies*, 53:4 (2015), pp. 723-30; also S. Bulmer, 'Understanding the New Intergovernmentalism: Pre- and Post-Maastricht EU Studies', in C. Bickerton, D. Hodson and U. Puetter (eds), *The New Intergovernmentalism: States and Supranational Actors in the Post Maastricht Period* (Oxford: Oxford University Press, 2015 forthcoming).

despite the fact that the Lisbon Treaty advanced supranationalism by conferring additional powers on the European Parliament, turning it into a co-legislator on most of the legislative business of the Union.

In the same post-Maastricht time-frame, the permissive consensus that characterised public attitudes during the earlier decades of integration has broken down.¹¹ Instead there is a 'constraining dissensus' that has been evident in successive rejections of proposed EU treaty changes, starting with the Danish rejection of the Maastricht Treaty itself and perhaps underlined most strongly when two founding states, the Netherlands and France, rejected the Constitutional Treaty in 2005. The momentum of this popular dissent on integration has developed into a growing tide of Euroscepticism that has taken different forms across the EU. It found particular expression in the May 2014 EP elections, at which approximately one-third of the MEPs elected could be considered to be against the mainstream pro-EU position.

A further key feature of the post-Maastricht EU has been the growth of differentiated integration, illustrated in that treaty by the British and Danish opt-outs from monetary union. This trend has gathered pace notably through further practice of differentiated integration in justice and home affairs, such as the British and Irish opt-outs from the passport-free Schengen Zone. When combined with the growth of Euroscepticism manifested in the United Kingdom Independence Party and in the Conservative Party itself, differentiated integration has placed the UK on the sidelines of the EU. This situation has been further reinforced by the Conservative government's commitment to seek reforms of its relationship with the EU ahead of a referendum on future membership.

What does this all mean for the pattern of governance in the EU and the role of Germany in it? In short, EU governance has become more diffuse than ever. Multiple policy responsibilities, 28 sets of interests, 28 sets of public opinion, varying sets of participating states and shifting options for alliances between member states have created major challenges for its governance. On the one hand, much routine decision-making takes place following a supranational pattern, with the Council of Ministers and European Parliament co-legislating in

¹¹ L. Hooghe and G. Marks, 'A Postfunctionalist Theory of European Integration: From Permissive Consensus to Constraining Dissensus', *British Journal of Political Science*, 39:1 (2009), pp. 1-23.

regard to Commission proposals. The scope for Germany—or indeed any other member state—to wield power is limited by the decision-making rules. Under these circumstances supranationalism fulfils the expectations placed in integration at the outset: of providing a new form of politics transcending the nation-state.

It is on matters of strategic policy-making and crisis-resolution in relation particularly to core state powers where the European Council comes into play as the institutional focal point. This is where government heads must work together through deliberation in the style of new intergovernmentalism to find a consensus, while being accountable to the particular constraining dissensus that holds in their domestic political context. The position of President of the European Council, reformed under the Lisbon Treaty, does not extend to one of offering real leadership. It is consequently in this institution where the opportunity for member state influence generally and from Germany in particular is at the greatest.

Policy crises require solutions and it has fallen to the European Council to try and broker them. The ongoing Eurozone crisis, the migratory flows into southern and south-eastern Europe from the turmoil in north Africa and the Middle East, the British wish to reform its relationship with the EU, climate change negotiations, the Ukraine crisis: the scale of problems to be confronted by the government heads is sizeable. Thus it is on ‘core state’ issues such as these that the opportunity exists for Germany to wield power. I now turn to the ways in which power and influence can be exercised in the EU context.

Dissecting German power in the EU

How can member states exercise power in the EU? Two important initial observations are that power can be exercised in positive and negative ways: as shaping power or as coercive or veto power. Both these are especially relevant to Germany. For many years what was notable about Germany was its use of shaping power, exercised jointly with France, to influence the agenda of European integration. From monetary integration through foreign policy cooperation and justice and home affairs, Germany (with France) played an important role in shaping the EU policy profile. Institutionally it has advanced summitry while also ensuring the EU respects intra-state power, i.e. its own internal federal distribution of power, by advocating solutions such as respect

for subsidiarity.¹² Germany has been arguably the foremost ‘shaping power’ in the EU, albeit often in conjunction with France (see below).

The more self-confident post-unification Germany has been noticeably more willing to exercise coercive or veto power. An example of coercive power would be the stipulation of conditions in return for agreeing to other measures. Thus, the German suggestion that Greece should take a ‘timeout’ from Eurozone membership has to be understood as using coercion as part of a wider package of conditional assistance to Greece. Germany’s entire approach to tackling the Eurozone crisis has entailed an approach based on conditionality. Thus, ‘debtor states had to draw the necessary consequences and institute credible reform programmes to preserve the Eurozone’s long-term stability’.¹³ This step was regarded in Berlin as the pre-requisite to agreeing any rescue packages. Instances of Germany deploying veto power in the EU would include the decision to abstain in 2011 on UN Security Council Resolution 1973 and thus ensure no common EU position could be adopted in relation to creating a ‘no-fly zone’ over Libya;¹⁴ or the unwillingness to countenance the use of Eurobonds as a mechanism of debt solidarity during the Eurozone crisis.

As a separate observation from distinguishing between the ways of exercising power it should be noted that these two examples relate to unilateral moves by Germany and contrast with ones taken jointly with France. Historically Germany had eschewed unilateral action. Writing in 2000 Bulmer, Jeffery and Paterson noted:

Searching for unilateral or confrontational episodes in German European diplomacy, one is struck by the way in which the Federal Government has succeeded in avoiding isolation in Brussels, with only the question of the recognition of Slovenia and Croatia in 1991 as an exception’.¹⁵

That example related to Germany’s announcement that it would recognize the two new states before a commission tasked with checking the conditions for

¹² See S. Bulmer, ‘Shaping the Rules? The constitutive Politics of the European Union and German Power’, in Katzenstein, *Tamed Power*, pp. 49-79.

¹³ See S. Bulmer, ‘Merkel, Draghi and Tsipras’, SPERI Comment, 15 February 2015, <http://speri.dept.shef.ac.uk/2015/02/05/merkel-draghi-tsipras>, accessed 30 August 2015.

¹⁴ A. Miskimmon, ‘German Foreign Policy and the Libya Crisis’, *German Politics*, 21:4 (2012), pp. 392-410.

¹⁵ S. Bulmer, C. Jeffery and W. Paterson, *Germany’s European Diplomacy: Shaping the regional milieu* (Manchester: Manchester University Press, 2000), p. 6.

recognition, as stipulated by the European Community, had actually issued its report on whether they had been met.¹⁶ Against the backdrop of the break-up of Yugoslavia and amidst the EU's push to create a Common Foreign and Security Policy, this action had particular salience at the time. It was different from the later decision, under Chancellor Schröder in 2003, not to support military intervention in Iraq. On that occasion France under President Chirac shared the German government's position, reducing German exposure. In addition to a greater willingness to use coercive or veto power, Germany has become more willing to deploy it unilaterally and has done so on several occasions during the Eurozone crisis.

What are the mainsprings of German power in the EU? Economic and political resources, along with ideational factors are amongst the key sources. A major resource for German influence in the EU is its economic and political weight.¹⁷ The German economy is the largest in the EU. It has been accumulating significant trade surpluses—both within the EU and globally—over recent years. It is the leading trade partner of most other EU member states. It has maintained labour competitiveness through moderate wage increases and the so-called Hartz reforms in the 2000s. Its public debt, while high by its own standards, is low compared to its EU peer group. All these characteristics place it as by some distance the leading economic power, symbolically reinforced by the January 2012 downgrade of France's credit rating. That Germany is the largest contributor to the EU budget adds further weight to its negotiating power on EU spending issues.

Politically Germany commands other resources. It is clearly the largest member state by population. Whilst its geo-strategic importance at the frontline of the Cold War no longer obtains, it holds an important geographical role as the leading northern European state with close links to several states of central Europe for whom Germany is a vital political and economic interlocutor. When the Franco-German partnership works, as it has done for much of the period of integration, it has been successful in both securing integration as well as securing deals on major policy issues.

¹⁶ See B. Crawford, *Power and German Foreign Policy: Embedded Hegemony in Europe* (Basingstoke: Palgrave Macmillan, 2007), pp. 70-82.

¹⁷ For a snapshot of data during the Eurozone crisis, see S. Bulmer, "Germany and the Eurozone: Between Hegemony and Domestic Politics", *West European Politics*, vol. 37, no. 6 (2014), pp. 1244-63.

On a more personal level, Chancellor Merkel, who has been at the head of three different coalitions since 2005, is the pre-eminent political figure in the EU. Her particular brand of statecraft has ensured re-election in a way that has eluded her counterparts in other member states. Domestically, while German European policy is becoming politicized this is against a background of a pro-European consensus amongst the two leading parties since the mid-1950s and of Euroscepticism being at the margins (see further below). This consensus provides the federal government with political authority on European policy initiatives. Germany's credibility as a negotiator is further supported strongly by its history of consistency in policy. France and Italy cannot muster the political weight of Germany and the UK has marginalized itself by opt-outs and the wish to renegotiate its membership terms.

The economic and political authority of Germany is underpinned by ideational resources. In particular, its government was particularly influential in the negotiation of EMU in the 1990s.¹⁸ The rules of EMU institutionalized the Bundesbank model of price stability and central banking. They included a 'no bail-out clause' and prohibited the ECB from monetary financing of Eurozone states' public debt. They prescribed the continued surveillance of fiscal discipline through the Stability and Growth Pact (SGP), backed up by the Excessive Deficit Procedure. EU states wished to emulate the counter-inflationary record of Germany and willingly signed up for an EMU that was strongly influenced by German ideas on fiscal and monetary policy. Ideas, therefore, represent another key means of exercising power in the EU.

A final 'take' on power in the EU is to note that it can be articulated through different channels and these are relevant to the case at hand. The most obvious channel is the intergovernmental bargaining in the European Council and the Council of Ministers. The European Council has been the key venue through which Germany has articulated shaping power, whilst coercive and veto power have been advanced through both bodies. As already noted, influence in these institutions can be augmented through the development of bilateral partnerships, as has been demonstrated historically through the Franco-German relationship.

¹⁸ See K. Dyson and K. Featherstone, 'EMU and Economic Governance in Germany', *German Politics*, 5:3 (1996), pp. 325-55.

Influence can also be reinforced by successfully linking with the mainstream party families of the European Parliament. This principle is demonstrated negatively by David Cameron's decision to withdraw the Conservative Party out of its EP alliance with the European People's Party. The consequence has been to close off a set of political opportunities for his European diplomacy. The German parties of government of all recent colours remain well integrated with the political groups in the EP. Bearing in mind the powers that the EP has in the EU's law-making, forging complementary political alliances in that institution can be an important complement to bilateral alliances in the Council.

This form of negotiation through diplomacy is distinct from a separate means of building influence, namely through shaping the EU's policies and structures in a way that reflects domestic practice and interests ('institutional export'). That was what happened with the German imprint on EMU. However, Germany's longstanding strategic approach to shaping the EU extends beyond EMU. The development of European foreign policy cooperation (EPC) was supported by, and important to, West Germany. At a time when its own diplomatic opportunities were restricted due to the Nazi legacy—e.g. in relations with Israel—and due to the Cold War and the consequent limitations on relations to Eastern Europe, EPC offered clear benefits to the German government.

Germany was a frontrunner in environmental policy because it needed to introduce greater regulation in response to the rise of the Green Party. Nevertheless, it wanted to see environmental standards introduced Europe-wide in order to avoid its export sectors being disadvantaged. Germany was also a strong advocate of policy cooperation in justice and home affairs due to having the greatest number of borders of any member state and its exposure to new internal security challenges once the iron curtain was removed.¹⁹

German influence through institutional export has thus been very significant over the shape of the EU. The European Council is the key arena for exercising agenda-setting power, since that institution determines the EU's strategic development. The consequence of success in shaping the EU is to place

¹⁹ See S. Bulmer, 'Shop till you drop? The German executive as venue-shopper in Justice and Home Affairs?', in P. Bendel, A. Ette and R. Parkes (eds), *The Europeanization of Control: Venues and Outcomes of EU Justice and Home Affairs Cooperation* (Berlin: Lit Verlag, 2011), pp. 41-76.

a significant imprint on the resultant policies in a way that makes operating within the resultant policies much more congenial.²⁰

Finally, the economic strengths identified earlier represent a third strand of power: structural power. Germany's export performance is not a direct instrument of diplomacy, by contrast with the other two ways of exercising power. Nevertheless, it is an important supporting factor. Volkswagen, Allianz, Daimler and BMW are amongst the world's leading companies.²¹ Similarly, the independent Bundesbank is independent of government but has had an influence on the EU. The Bundesbank was a major contributor to Germany's strong counter-inflation record in the period prior to the single currency. It was the esteem of this monetary policy that led to the Deutsche Mark being the de facto anchor currency of the European Monetary System's Exchange-Rate Mechanism in the 1980s and 1990s. The Bundesbank's counter-inflationary performance was a major reason for EU states seeking to emulate its structures in the European Central Bank. German power and influence thus extend beyond the diplomatic toolkit of government to include independent bodies and underlying structural economic power that are not part of rule-shaping and day-to-day intergovernmental negotiations.

Towards German hegemony?

Taking the different forms of power and influence together enables a picture of any member state's power in the EU. Whether the evidence presented on Germany thus far amounts to hegemony is another matter. Hegemony can be interpreted in different ways: as leadership or domination. The latter has negative historical connotations for Germany because of the Nazi period. It explains why protestors in Greece during the Eurozone crisis have sometimes portrayed Chancellor Merkel with a Hitler moustache. It also helps explain why German academic audiences become agitated when the term hegemony is used (as the author has experienced!). Leadership, by contrast, is regarded as a more positive quality. It is less feared. In 2012 the then Polish Foreign Minister declared in Berlin, 'I fear Germany's power less than I do its inactivity'.²² However,

²⁰ See Bulmer, 'Shaping the Rules?'

²¹ They are all in the top 50 of the Forbes Global 2000 in 2015: see <http://www.forbes.com/global2000/list/>, accessed 28 September 2015.

²² Quoted in 'Spiegel Interview with Polish Foreign Minister "We Want To See the Euro Zone Flourish"', 16 May, online at: <http://www.spiegel.de/international/europe/poland-s-foreign-minister-explains-why-his-country-wants-to-join-euro-zone-a-833045.html> (accessed 30 July 2015).

the dividing line between positive and negative connotations of German power is quite fine and is often in the eye of the beholder. In northern Europe German power is regarded in a much less problematic way than in the debtor states of southern Europe, indicating the way in which hegemony requires consent from ‘the led’.

In reviewing the insights of the various strands of academic literature on hegemony Bulmer and Paterson identified several conditions that need to be met in order to make a case for hegemony.²³ A first general requirement is for the hegemon to have sufficient material sources of power. Secondly, the hegemon needs to have consent and conferred legitimacy from its partners if it is to sustain the role over a significant time-period. Thirdly, the hegemon needs to enjoy domestic consent for playing this role.

Beyond these general conditions it is important to note that hegemony can be exercised in different ‘sites’. This observation is pertinent because hegemony might only apply to one policy domain, namely EMU. Hence it is necessary to explore different ‘sites’ of policy before reaching wider judgements.

The actual means of exercising hegemony can follow two directions or a mix of them, namely through providing international public goods or through providing a dominant set of beliefs, typically accompanied by a dominant discourse. In exploring the empirical evidence of German hegemony, therefore, these considerations need to be taken into account.

Exploring the character and sources of German power

In this section I first explore what might be called the ‘most likely case’ of hegemony, namely in the Eurozone, but then look across other EU policy domains and assess whether consistent evidence relating to German power is available from them. Secondly, I explore what support is offered from German domestic politics and institutions for Germany playing a leadership or hegemonic role in the EU.

Sites of German hegemony

The Eurozone crisis is the obvious starting point for examining German power in the EU. As already noted, Germany played a key role in the shaping of the Maastricht design of EMU. Of course, with hindsight the design had shortcomings

²³ S. Bulmer and W. Paterson, ‘Germany as the EU’s Reluctant hegemon? Of economic strength and political constraints’, *Journal of European Public Policy*, 20:10 (2013), pp. 1390.

in relation to fiscal coordination. Moreover, the effectiveness of such instruments as did exist to monitor debt levels, notably the Excessive Deficit Procedure, was to prove inadequate. In 1998 155 German economists warned that the transition to Stage 3 of EMU was coming too soon because they felt that the consolidation of public finances across the EU was insufficient and labour markets lacked the necessary flexibility.²⁴ Yet Germany was not always the paragon of good behaviour itself. It is sometimes forgotten that in 2002-5 Germany (and France) exceeded the 3 per cent maximum threshold for budget deficits under the Excessive Deficit Procedure, thus failing to set a good example for other Eurozone states. These two large member states succeeded in blocking a Council decision on the application of sanctions. Gerrit Zalm, the Dutch Finance Minister at the time, predicted that Eurozone members would 'pay the price of French and German fiscal incontinence'.²⁵

The continuing Eurozone crisis has had several different stages. The first was its outbreak in 2009/10, arising from the need for the (first) Greek rescue. A series of further rescues was necessary but rather than consider each of them it is more instructive to consider the re-design of EMU that took place from 2010 in order to put in place fiscal surveillance measures and sanctions. A third component of the crisis was to create a Banking Union with a view to providing greater resilience and isolation from sovereign debt for the domestic banking sector in Eurozone states. Finally, the failure of Greece to meet repayments to the IMF in mid-2015 and the need for a third rescue drew attention to the persistence of the crisis, highlighting that the austerity medicine might make the patient sicker than at the outset.

With the outbreak of the crisis the German government was rather slow to act. At first it considered the revelations about the true size of the Greek deficit to be a matter for Athens. As the scale of the problems mounted and the systemic nature of the crisis became evident through turmoil in the financial markets Germany reluctantly recognised the need for a rescue. Chancellor Merkel insisted in particular that the IMF be part of the rescue.

German leadership can scarcely be seen in action during this first phase. There was no decisive action from Berlin. Rather the scale of the crisis was

²⁴ See O. Issing, *The Birth of the Euro* (Cambridge: Cambridge University Press, 2008), p. 19.

²⁵ See B. Crawford, *Power and German Foreign Policy: Embedded Hegemony in Europe* (Basingstoke: Palgrave Macmillan, 2007), p. 139

allowed to develop before Germany was prepared to intervene. A background factor was that hostile tabloid press coverage of the Greek situation coincided with the approach of the 9 May 2010 state elections in Germany's most populous state, North-Rhine Westphalia.²⁶ Erik Jones has argued in his paper 'Merkel's folly' that the delays resulted in a significant increase in the cost of the eventual rescue as well as allowing the crisis to gain momentum that later resulted in contagion to other states.²⁷ Ulrich Beck identified 'the art of hesitation as a means of coercion' as part of the chancellor's diplomacy on the crisis, termed by him 'Merkiavellianism'.²⁸

The official position of the German Finance Ministry, by contrast, is that the federal government was not prepared to act until it was clear there was a systemic threat and, further, that Greece had accepted the necessary conditions for a rescue to be offered.²⁹ In this phase EU action was dependent on Germany's engagement but Berlin was criticised for reluctance and hesitance to act. This pattern corresponds to Paterson's notion of Germany as a reluctant hegemon.³⁰

The second phase of the crisis attended to the Eurozone fiscal rules that were deemed to need reinforcement to ensure the single currency's resilience. First, Germany made clear that the mutualisation of debt through 'Eurobonds' was unacceptable. Instead, and with some support from French President Sarkozy in 2011, during the 'Merkozy' period of bilateral coordination, a set of measures was agreed that largely reflected German preferences. Fiscal rules were tightened, for instance through the introduction of a balanced-budget rule (like that introduced domestically within Germany); a debt-brake for states exceeding the 60 per cent debt-to-GDP threshold; and other compliance mechanisms that were required to have constitutional-legal standing. These measures were achieved through EU legislation as well as the so-called Fiscal Compact.³¹ The French desire for measures to help economic growth, articulated

²⁶ Merkel needed her Christian Democrat party to win the elections in order to retain a working majority for the coalition government in the upper house of parliament, the Bundesrat. She was unsuccessful.

²⁷ E. Jones, 'Merkel's Folly', *Survival*, 52:3 (2010), pp. 21-38.

²⁸ U. Beck, *German Europe* (Cambridge: Polity), p. 52.

²⁹ Interview, Federal Finance Ministry, Berlin, 13 November 2014.

³⁰ W. Paterson, 'The Reluctant Hegemon? Germany Moves Centre Stage in the European Union', *Journal of Common Market Studies*, 49:Annual Review (2011), pp. 57-75.

³¹ Formally the Treaty on Stability, Coordination and Governance, signed in 2012 by all EU states except the United Kingdom and the Czech Republic.

after President Hollande's election in May 2012, had little substantive impact on Eurozone policy. Nevertheless, their lack of influence made crystal clear that the Franco-German relationship had become unbalanced with Germany taking the lead-role.

The rule-based nature of the Eurozone measures reflects the prevailing pattern of Germany's postwar economic philosophy of ordoliberalism. Unlike neoliberalism, ordoliberalism does not reify the efficient working of economic markets. Instead it prescribes a set of rules to bring about market 'order' (Ordnung). Rules such as those mentioned come direct from the ordoliberal toolkit. The transfer of ordoliberal rules to the Eurozone represented a further round of Germany deploying 'shaping power'. The resultant impression once the policy is put into effect is that the rules are those of the EU. However, the historian Mark Mazower reminds us of the German jurist Carl Schmitt's observation that 'the hegemon's power lies in its ability to set norms'.³²

Germany was certainly the most influential state in shaping the rules. Confronted by domestic criticism in public opinion and in parliament as well as the hawkish views of the Bundesbank (see below), the Berlin government forced through the strengthening of ordoliberal measures to shore up the single currency. By taking this line it was able to align with domestic political opinion and the Bundesbank to legitimise and reinforce its Eurozone diplomacy.

The negotiations on Banking Union were rather different in nature. The objective was to break the vicious circle between sovereigns and banks. The detailed negotiations took place through the regular EU policy-making process, thus reducing the scope for Germany to act as a veto power and introducing other players such as the European Parliament. Epstein and Rhodes identify instances where the Commission and the European Central Bank were able to isolate Germany in the negotiations.³³

³² M. Mazower, 'Berlin's outdated devotion to rules harm's Europe's union', *Financial Times*, 3 August 2015.

³³ R. Epstein, R and M. Rhodes, M. (2014), 'International in Life, national in Death? Banking Nationalism on the Road to Banking Union', Working paper no. 61 (Berlin: Free University KFG The Transformative Power of Europe), http://userpage.fu-berlin.de/kfgeu/kfgwp/wpseries/WorkingPaperKFG_61.pdf. accessed 31 August 2015.

The German government sought to emphasise the ordoliberal principles of self-reliance and avoidance of moral hazard. It also sought to ensure that Germany could not be expected to bail out the banks of other states. Thus the banking resolution fund will be resourced by the banks themselves, but only from 2025. In the meantime, it remains to be seen if the provisions of the BU are adequate to cover a major crisis. As regards hegemony, while Germany was able to ensure some of its interests were reflected in the resultant legislation, the EU served its original purposes. Specifically, the supranational processes limited the scope for one state to secure its interests. This situation contrasts with the opportunities for Germany to place its imprint on policy as occurred under the prevailing pattern of 'new intergovernmentalism' in the first two previous phases of the crisis.

The third Greek rescue saw a return to new intergovernmentalism in the summer of 2015. Key decisions were taken by the finance ministers of the Eurozone and by the heads of government in the European Council. Finance Minister Schäuble's proposal of a Greek timeout from the single currency represented perhaps the starkest use of coercion as part of German insistence on strict conditionality for a further Greek rescue. The clear contrast between the advocacy of the timeout by the largest member state with the parlous finances of the target state, Greece, led to criticism of German policy from voices like Habermas from within Germany and from critics from outside like the Italian prime minister (see above). The question of German hegemony received widespread discussion, was condemned in some quarters, and may make future Eurozone negotiations more problematic. Nevertheless, it is important to recall that this is the only instance of the four considered where German hegemony is the clear analytical conclusion. And, it should be noted, the timeout proposal was not in fact deployed.

So much for analysis of the Eurozone crisis but what of other policy areas? Is German hegemony in evidence in such cases? Two other contemporary crises are worth considering: Ukraine and the refugee crisis.

In foreign policy Germany has traditionally not played a leading role, far less that of a hegemon in the EU. Its foreign policy has been closely associated with playing the role of a 'civilian power'.³⁴ It could not intervene out of NATO

³⁴ On the concept of civilian power, see S. Harnisch and H. Maull, 'Introduction', in S. Harnisch and H. Maull (eds), *Germany as a Civilian Power? The Foreign Policy of the Berlin Republic* (Manchester: Manchester University Press), pp. 1-9.

area until a ruling of its Federal Constitutional Court in 1994. Interventions have been limited in nature, notably to Kosovo and to Afghanistan. In the latter case German forces were deployed but under strict parliamentary constraints and they were not as exposed to the same dangers as their American and British counterparts. Along with France and other states, Germany refused to undertake intervention in Iraq in 2002/3. It also refused in 2011 to intervene militarily in Libya.

The Ukraine crisis in 2013-14 has presented the Berlin government with new challenges. The actions of Putin's Russia in annexing the Crimea and in destabilising eastern Ukraine and eventual war in Donbass have created concerns across central and eastern Europe, including amongst states with close relations with Germany in the EU. The German government has had to consider its economic relations, including the close energy reliance of Germany on Russia that was strengthened under Chancellor Gerhard Schröder. Even so, Chancellor Merkel has demonstrated a willingness to overrule Germany's economic interests as part of taking a firm political line against Russia. Key meetings with Russia have been undertaken with the participation of President Hollande, demonstrating a willingness to underline the importance of the Franco-German relationship in the face of the difficulties it has faced during the Eurozone crisis.

In its actions on the Ukraine Germany is in a quite different position compared to the Eurozone crisis. The resources that underpin its authority on economic policy are not matched in foreign policy, not least because the German military suffer from operational and financial limitations. More generally, the Nazi dictatorship has had an enduring effect on German elites and the public alike in placing military action as the very last resort once all the non-military options consistent with being a 'civilian power' have been exhausted. On the other hand, German willingness to sacrifice its own economic interests in order to put pressure on Russian actions has sent a clear signal about the German position. So, whilst Germany has been put into a position of leadership in European foreign policy that has not been seen before, the use of civilian power and economic sanctions means any suggestion of playing a hegemonic role lacks credibility. It is also highly problematic to secure domestic legitimacy for playing a leadership role in foreign policy.

The 2015 refugee crisis has placed the Berlin government in a different light again. It is worth stepping back a little from the immediate crisis in the late summer of 2015. Barely 12 months earlier EU interior ministers were tackling a slightly different refugee problem, largely arrivals via Italy. There were concerns

that the Italian authorities were not registering asylum claims and refugees were moving north and seeking asylum elsewhere. The response of Interior Minister de Maiziere was clear. The Dublin Regulation—whereby asylum should be claimed in the state of entry into the EU—was to be maintained. But it should be accompanied by a quota system fairly to distribute those seeking asylum across the EU states.³⁵ Germany and Italy were amongst the states receiving steeply increasing application numbers and they were concerned at the uneven burdens that ensued. In October 2014 the numbers seeking asylum in Germany had risen by 60 per cent on the previous year. Eastern European states were amongst the opponents to the quota system favoured by Germany.

The figures of some 203,000 applicants in 2014³⁶ were becoming dwarfed in 2015 with figures of 160,000 said to have arrived in August alone. It was against the background of new refugee flows fleeing from the Syrian civil war via sea and land, entering the EU via Greece and, later on the route, Hungary. Chancellor Merkel's response—at her annual summer press conference at the end of August—to the desire of so many of the refugees to travel to Germany was 'wir schaffen das' (we can cope). This response alongside the condemnation of right-wing extremists, including attacks on refugee housing, gave her the moral high ground in the EU. It also revealed an uncharacteristic willingness on her part to take a pro-active policy stance. This kind of 'leadership by example', contrasted significantly with some of the policy measures advocated from Berlin under the Eurozone crisis because of the striking commitment to burden-sharing. The apparent 'green light' to further refugees to flee Syria led to considerable rancour in eastern Europe, most dramatically Hungary, where a border fence was under construction. Merkel's declaration indirectly contributed to the near-term collapse of the Dublin regime on asylum as well as resulting in the short-term restoration of passport controls at some Schengen zone borders. Eastern European states such as Slovakia and Hungary were overruled in the Council.

While there has been domestic support for welcoming refugees, there has been growing resistance as well. The impact of large numbers of refugee arrivals prompted particular problems of manageability in Bavaria. CSU leader and

³⁵ 'Widerstand gegen de Maizières Pläne zur Flüchtlingsquote', *Die Zeit*, 9 October 2014, at <http://www.zeit.de/politik/ausland/2014-10/eu-fluechtlinge-quote-streit>, accessed 28 October 2015.

³⁶ See Eurostat asylum statistics, http://ec.europa.eu/eurostat/statistics-explained/index.php/Asylum_statistics, accessed 28 September 2015.

Bavarian Minister-President Horst Seehofer criticised Merkel for circumventing EU asylum rules by allowing refugees in Hungary to travel to Germany. ‘That was a mistake that will be with us for a long time. I don't see a way to put the cork back in the bottle’.³⁷ Whether Chancellor Merkel is able to maintain a public consensus around her leadership role in the crisis remains to be seen. The costs of managing the refugee flows are sure to place considerable pressure on Germany's self imposed budget rules. German moral leadership has prompted division with partners and severe resource problems domestically

Across the broader range of supranational EU policy areas day-to-day policy follows the new intergovernmentalist mode much less. The EU institutions, especially when following what is called the ordinary legislative procedure formally offer no more power to German policy-makers than to those of France, Italy and Britain. That is not to say that Germany may not have played an upstream ‘policy-shaping’ role. However, the EU institutions retain important characteristics that can be traced back to the birth of integration, namely their ability to prevent the emergence of a hegemonic power in Europe.

To summarise this overview of policy areas, it is clear that the Eurozone crisis has thrown up instances where Germany has played a leadership role and one of dominance too. It has the economic resources to do so as well as possessing in ordoliberalism an economic philosophy that has proven to be influential in both the (incomplete) Maastricht design for EMU as well the one that obtains today. At the same time as the concerns at German hegemony gathered pace, whether expressed by demonstrators on the streets in southern Europe or, in the case of the 2015 SYRIZA government, in diplomatic confrontation. Outside the case of the Eurozone crisis there is evidence of Germany being willing to shoulder the burdens of a leadership role. Berlin's greater awareness of the expectations of leadership has come from a range of post-Cold War developments. The Foreign Ministry's own foreign policy review—Review 2014—offered an opportunity to take stock. It concluded that Germany had to act more clearly and strategically in the international arena, including in European foreign policy.³⁸

³⁷ ‘The Breaking Point? Germany's Asylum System Struggles to Cope’ Spiegel Online, 11 September 2015, at <http://www.spiegel.de/international/europe/german-asylum-system-stretches-to-breaking-point-a-1052546.html>, accessed 28 September 2015.

³⁸ See the conclusions of Review 2014 in *Krise, Ordnung, Europa – Schlussfolgerungen aus dem Review-Prozess* (Berlin: Auswärtiges Amt, 2015), at

Domestic support for German hegemony?

I now turn to whether domestic politics and the institutional context support a shift towards more leadership or, indeed, towards playing the role of Europe's hegemon. In a democratic state there needs to be clear correspondence between the chosen foreign and European policy role at government level with the wider wishes of the public. In Britain the reaction to successive military adventures in Afghanistan and Iraq has contributed to a much greater unwillingness to engage in such military deployments at present, as evidenced by the 2013 parliamentary vote against intervention in the Syrian crisis. For Germany the circumstances are turned on their head: is there public support for playing the larger role of regional leader or hegemon?

In broad terms a pro-European consensus continues to hold amongst the German political parties. The main parties—the Christian Democratic Union (CDU) and its Bavarian counterpart, the Christian Social Union (CSU), together with the Social Democratic Party (SPD)—are part of this consensus, as is Alliance 90/The Greens. The main critique of the EU comes from die Linke, the Left Party, which has significant representation in the eastern states of Germany and whose origins can be traced to the Socialist Unity Party of East Germany. Its electoral significance is insufficient to make a policy impact.

The emergence of Alternative for Germany from 2013 introduced a further Eurosceptic voice into politics, although it did not succeed to enter the Bundestag in the federal elections of that year. It has, however, been successful in entering several state parliaments and securing representation in the European Parliament. The party comprises two strands: one of opposition to the Euro (but not the EU); and another of right wing nationalism. How this particular combination will work out over the longer term remains to be seen but the key point here is that the party does not oppose German membership of the EU. The Free Democrats (FDP), part of the federal coalition from 2009-13, had a brief flirtation with Euroscepticism before failing to secure sufficient votes to enter the 2013 Bundestag.

What then of party attitudes on specific instances of leadership or hegemony? The situation with the Eurozone has been interesting because of

http://www.auswaertiges-amt.de/cae/servlet/contentblob/699336/publicationFile/202924/Review_Abschlusserbericht.pdf, accessed 1 September 2015.

there being dissenting Bundestag deputies in the two main parliamentary groups, CDU/CSU and SPD. The pattern during the 2009-13 CDU/CSU/FDP coalition was one of parliamentary ‘super-majorities’ in favour of the (German-inspired) EU rescue measures and the reforms to the Eurozone’s institutional rules. Nevertheless, on several occasions the coalition was unable to secure sufficient support from its own ranks and thus needed votes from SPD deputies in order to secure the passage of legislation and resolutions.³⁹ What this situation underlined is that while a pro-Euro consensus held, dissenting Bundestag deputies kept the government on its toes.

Timothy Garton Ash summarised well the situation facing Merkel during the second phase of the Eurozone crisis. She was unable to act alone in the EU, having to deal with the ‘four big B’s’: the populist tabloid newspaper—Bild Zeitung—as well as the interventions of the Bundestag, the Bundesbank and the Bundesverfassungsgericht (the Federal Constitutional Court (FCC), see below).⁴⁰ Only by following a policy of exporting German rules of self-discipline to the Eurozone could Berlin satisfy domestic constituencies.

German public opinion no longer has the permissive consensus that allowed successive governments to take popular support for granted in the earlier years of integration. Nor has it become Eurosceptic like, say, its British counterpart. Nevertheless, the abandonment of the D-Mark was unpopular and the German public becomes strikingly more cautious about the EU where tangible costs are involved. The tabloid press’s presentation of Eurozone rescues as entailing thrifty and hard-working Germans bailing out feckless southern Europeans on generous pensions played to a ready audience and increased the pressure on the government.

Once again the specific circumstances of the Eurozone are rather distinctive because of the array of political and institutional pressures directing the government towards taking a firm line on debtors: both at the point of rescue and in trying to construct a more robust Eurozone system. The Eurozone crisis

³⁹ See A. Wimmel, (2013b), ‘Fachliche Expertise und abweichendes Verhalten bei Abstimmungen zur Euro-Krise im Deutschen Bundestag’, *Zeitschrift für Politikberatung*, 6(3-4), pp. 125-136.

⁴⁰ T. Garton Ash, ‘Wir brauchen eine europäische Geschichte’, 16 June 2012, <http://www.handelsblatt.com/politik/international/timothy-garton-ash-wir-brauchen-eine-europaeische-geschichte/6755112.html>, accessed 1 September 2015.

entailed the significant involvement of the Bundesbank and of the FCC in influencing the policy pursued by the Berlin government.

Growing unease began to emerge amongst German central bankers during regarding the politics and policy of the ECB. Two personnel developments in 2011 were illustrative of this. First Axel Weber, the President of the Bundesbank and expected candidate for the presidency of the ECB resigned. Later in the year ECB chief economist (and former Bundesbank deputy president) Jürgen Stark resigned his position. Weber's successor at the Bundesbank, Jens Weidmann, adopted a different tactic. He was openly critical of those ECB practices that did not fit Bundesbank 'heritage'. ECB president Mario Draghi's policies of Outright Monetary Transactions and Quantitative Easing are amongst the policy moves that Weidmann has opposed, sensitising a German audience in the process. The Bundesbank has thus found new influence in German European policy during recent years.

Working in the same way a series of challenges by German politicians, lawyers and economists before the Federal Constitutional Court have also gained public attention, and not just in Germany. Law suits have questioned the legality of the Eurozone rescues, the domestic decision-making modalities, as well as of the validity of ECB policy moves. The federal government has had to do its utmost to avoid adverse judgments by the FCC.⁴¹ It has done so by indicating to its Eurozone negotiating partners that there is no real alternative to its policy proposals. They would be both politically unacceptable in Germany and most likely unconstitutional as well.

This combination of factors—the four 'B's' as well as the long-standing guiding principles of ordoliberalism—has contributed greatly to the momentum behind German negotiating positions during the Eurozone crisis. Domestic politics have thus reinforced the government's position and, consequently, the resultant accusations of hegemony.

The Eurozone, however, is rather an exceptional case in this regard. In foreign policy public opinion acts as a drag on the federal government playing a leadership role. The Nazi legacy has instilled a strong anti-militarist tendency in public opinion, which acts as a constraint on German policy at the EU level. In short, owing to domestic constraints it is difficult to see Germany taking on the

⁴¹ The rulings have, however, necessitated the federal government to strengthen consultation of the Bundestag in subsequent Eurozone-related decisions.

kind of leadership role—or indeed a hegemonic one—that would cause concern amongst other EU states. A civilian power is an unlikely hegemon. Thus, whilst Review 2014 has recognised that a more strategic approach to policy is needed, Berlin is going to have to devote considerable attention to ‘managing’ public opinion if it is to become the leading foreign power on the European stage. British and French acquiescence would also be needed. The management of public opinion in connection with Germany’s leading role in meeting the refugee crisis is another challenge to be faced.

Instances of Germany playing a veto or coercive power role comparable to blocking Eurobonds are infrequent but the domestic political circumstances may be worth noting. For instance, the German states (*Länder*) have on occasion blocked EU policy developments on the grounds that their domestic competences should be preserved. Institutional checks and balances such as the federal system were incorporated into the German Basic Law as a reaction to the centralisation of power under the Nazis. Ordoliberalism itself derives from a particular reading of German monetary turmoil particularly during the Weimar Republic (but not taking into account the write-down of 60 per cent of German foreign debt at the 1953 London Debt Agreement!). Historical and institutional legacies arising from such a potent experience as the Nazi dictatorship can give rise to inflexibility in European diplomacy. Above all, it needs to be recalled that there are strong elements of de-concentration and decentralisation in the German Basic Law. They work against playing an international leadership role.

Conclusion: drawing a balance on German power in the EU

Since unification Germany has gradually become a more self-confident state. It has been willing to use the language of national interests and jettison some of the exceptionalism of its Cold War diplomacy. Following reforms in the 2000s and the turmoil of the financial crisis its economy has performed comparatively well. Its very strong export performance is especially striking. But does all this result in a ‘power shift’ in the EU?

In one sense it does. Economic performance matters and the divergent fortunes and economic interests of Germany and France are striking and likely to endure for some time. The divergence came to light during the Eurozone crisis and marked out Germany as ‘number 1’ in the EU. The consequence is an

increase in expectations placed upon Germany's role in the EU. It creates a situation where Germany is perceived as 'leader by default'.⁴²

Yet this paper suggests that there is a real risk of overstating the power shift. First, Germany always was influential on the design of EMU. Consequently, Berlin's solutions to the EMU design faults simply follow through the logic of the Maastricht design. EMU was largely an ordoliberal project from the outset despite France's efforts to secure a more growth-oriented 'economic government'. The Eurozone crisis has made the predominance of German rules much more evident. And it has also demonstrated how much the single currency has benefited Germany owing to its ability to maintain labour market competitiveness.

Secondly, there is little evidence that the power exerted by Germany in the Eurozone crisis is part of a wider trend evident in other EU policy areas. Angela Merkel's moral leadership over the 2015 refugee crisis has been divisive with partners and has caused some damage to EU policies. However, the refugee crisis may come with substantial financial and political costs at home. Germany is struggling to come to terms with the expectations placed upon it to offer leadership in foreign policy. Its postwar domestic institutions and political culture have developed in a way that militates against playing such a role. Finally, in an organisation such as the EU consent is needed from partners if Germany is to play such a leadership role or becoming a hegemon. It is true that Britain's current European role as something of a spectator has created a void. Similarly, France may be constrained by the approach of the 2017 presidential elections. Nevertheless, Germany can only play the role of a hegemon if its leadership is matched by acquiescence and followership across the other EU member states as well as legitimation at home.

⁴² See J. Janning, 'German foreign policy and the EU: Leader by default?' (Berlin: European Council on Foreign Relations, 2015).

Boğaziçi Üniversitesi-TÜSİAD Dış Politika Forumu

Boğaziçi Üniversitesi

Kuzey Kampüs, Kuzey Otopark Binası

Kat: 1, No: 118, 34342 Bebek, İstanbul

Telefon ve Faks: (0212) 359 7156

E-posta: dpf@boun.edu.tr

Web: www.dispolitikaforumu.com

Boğaziçi University-TÜSİAD Foreign Policy Forum

Boğaziçi University

Kuzey Kampüs, Kuzey Otopark Binası

Kat: 1, No: 118, 34342 Bebek, Istanbul, TURKEY

Telephone and Fax: +90 212 359 7156

Email: dpf@boun.edu.tr

Web: www.dispolitikaforumu.com