**Explaining the leadership crisis in the EU: agency, structure and the struggle between hegemonic projects**

Simon Bulmer,

University of Sheffield

[S.Bulmer@sheffield.ac.uk](mailto:S.Bulmer@sheffield.ac.uk)

&

Jonathan Joseph,

University of Sheffield

[J.Joseph@sheffield.ac.uk](mailto:J.Joseph@sheffield.ac.uk)

Paper for the EUSA conference, Denver, 9-11 May 2019

Draft: not for quotation

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**Introduction[[1]](#endnote-1)**

The European Union (EU) has been enduring a challenging period. The President of the European Commission, Jean-Claude Juncker (2016), has characterized the situation as a ‘polycrisis’. The EU struggled to overcome the Eurozone crisis over the period from 2009, and divisions emerged between the northern creditor and southern debtor member states of the Euro. The influx of refugees in 2015 created a further major challenge at the EU’s external borders and for the internal ‘Schengen’ free movement regime. Attempts to find an enduring solution in the face of an East-West cleavage have been unsuccessful and new divisions opened up following appointment of a populist-right wing coalition in Italy in June 2018. Brexit, the ‘rule of law’ challenges in Poland and Hungary, and an arc of instability arising from geo-political contestation with a resurgent Russia, increasing authoritarian rule in Turkey and the turmoil of the Middle East and North Africa have compounded matters. Finally, the Trump presidency has placed question marks against the kind of liberal economic and political international order represented by the EU. The crises have created important challenges for the EU.

In this article we explore how leadership did (or did not) emerge to resolve the Eurozone and refugee crises, using a comparative case-study method. Leadership in the EU is a complex process, ‘best understood as a collective and reciprocal interaction among (multiple) leaders and their followers’ (Müller and van Esch 2019: N). Our distinctive approach is to connect leadership with wider contestation across society between what we term hegemonic projects. We are therefore concerned with the importance of building coalitions of support at EU/Eurozone level amongst wider political forces as a necessary stage in the exercise of political leadership: a step that is essential in the EU due to its complex multi-levelled and multinational character.

Our research objectives are, first, to develop an account of leadership that embraces a wider understanding of the relationship between agency and structure. Distinctive to this approach is the link between leadership and consensus-building at the EU level and reliance on support amongst wider society at the domestic level. Bridging this transnational-domestic divide has become essential to understanding leadership in the post-Maastricht period, with the erosion of the permissive consensus and the correspondingly increased domestic constraints on European elites (Hooghe and Marks 2009). We thus look at how the necessary consensus-building stage of leadership is enabled and constrained by its positioning within wider structural and institutional environments. Second, we use this approach, which is based on insights from critical integration theory (CIT—see Bulmer and Joseph 2016), to explain the two crises. Specifically, we explore why a consensus was eventually forthcoming in the Eurozone case but not in the refugee crisis.

Our argument develops as follows. First, we offer preliminary reflection on the crises and how they have been understood in the EU studies literature. We then consider the crises in terms of our understanding of leadership. Then we unpack our analytical approach. We understand leadership as being dependent on the interplay between competing ‘hegemonic projects’ from across the EU. The paper explores how competing projects at EU level are derived from underlying social processes that find their principal expression in domestic politics. Then follows the empirical part of the paper, where we apply this approach to interpret the Eurozone and refugee crises. In concluding we consider how our analysis highlights the contrasts between the two crises.

**The crises in the EU studies literature**

Both the Eurozone and refugee crises can be understood as failures in existing EU policy regimes (e.g. see Jones et. al. 2016 on Eurozone; Scipione 2018 on migration). In the case of the Eurozone crisis the design of the Maastricht regime of Economic and Monetary Union (EMU) had failed to incorporate sufficient fiscal surveillance mechanisms or economic shock-absorbers to withstand the pressures of the financial markets. The migration crisis entailed a challenge to two different but related policy regimes. The Dublin Regulation provided the rules for managing asylum and refugees. However, as that came under challenge with large numbers of refugees in 2015, the Schengen regime for passport-free travel in turn came under threat and had at times to be suspended.

The failure of policy regimes is only one way of understanding the two crises, however. We argue that macro-social changes—e.g. globalisation, financialisation, population movements arising from political turmoil or increasing global inequality—need to be intrinsic to the explanatory account. These macro-social changes had important impacts across European society, making the two crises keenly felt amongst domestic political actors, extending beyond political elites.

In the case of the Eurozone it was both sovereign debt (for instance, Greece) and bank instability (for instance, Spain) that were major factors in the crisis. It is easy to present the financial markets as anonymous actors ‘out there’ but they are intrinsic to the Eurozone. By proceeding to monetary union, ‘the combination of freedom of capital movement with the removal of exchange-rate risk encouraged rapid integration of financial markets ….The outcome was increased vulnerability of *all* member states to financial market contagion’ (Dyson 2017: 72 italics in original).

In the case of the EU migration policy regime, as Geddes has noted (2008: 3), ‘International migration should not be viewed as some kind of external challenge to the European state system and the EU’. International migration has been closely linked to European integration and has spurred it on at times, notably when the Dublin system was set up in the early-1990s, at a time when the most proximate source of refugees was former Yugoslavia.

Common to both of the crises was their perceived impact on wider forces beyond governments. The eurozone crisis impacted on publics within creditor and debtor states alike. The situation was highlighted by the ‘blame games’ over the causes of the eurozone crisis between Germany and Greece (Sternberg et. al: 19-82). A prominent aspect of the eurozone crisis was the diversity of capitalist systems, with a fundamental division between export-led economies, primarily in northern Europe, and demand-led economies, primarily in the south (Hall 2014; Johnston and Regan 2016). This division was not just a matter for governments and political economists but extended out into industrial relations systems and wider socio-economic structures. The costs of the eurozone crisis—whether those falling on publics in debtor states where harsh expenditure cuts were needed or the risks perceived by taxpayers in the creditor states in setting up rescue mechanisms—were again widely felt in domestic politics.

By contrast, the refugee crisis divided states not just by how directly linked they were impacted by transit routes and by their willingness to take in refugees. It also played right into the emerging political cleavage in domestic politics over identity politics. Once again fundamental divisions were opened up and began to impact on elections in the protagonist member states.

There is a burgeoning EU studies literature on both crises, although comparative studies are less well represented. Furthermore, they are chiefly oriented towards testing out the explanatory value of integration theories such that the implications for understanding leadership are less evident.

Schimmelfennig (2018) emphasizes that variation in the levels of transnational interdependence and supranational capacity between the two policy areas explains why institutional path-dependence led to a strengthening of the Eurozone but not of the Dublin/Schengen regimes. From an intergovernmentalist perspective Biermann et. al. (2019) argue that differences in states’ preferences resulted from different exposures to negative externalities. In the Eurozone crisis they identify a ‘chicken game’, enabling creditor states to force through a reform around the preferences of Germany. By contrast in the refugee crisis they identify a ‘Rambo game’, whereby the states least affected (especially some central European states) blocked change to the existing, failing policies. Börzel and Risse introduce the postfunctionalist theory of Hooghe and Marks (2009) into their examination of integration theories. They argue (Börzel and Risse 2018: 102), that politicization impaired ‘an upgrading of the common European interest in the Schengen crisis’. Yet they concede that postfunctionalism failed to explain how and why deepening of integration took place in the Eurozone case. What is striking in all of these analyses is that, ‘the almost exclusive reliance on the familiar concepts of integration theory narrows the view on what is deemed relevant and in need of explanation’ (Joerges and Kreuder-Sonnen 2017: 126).

How do we set about the task of exploring the interaction between leaders and followers in this article? First, influenced by critical realist ontology we seek a more holistic approach to understanding the two crises. We eschew simplifying leadership to testable hypotheses in favour of highlighting the complexity of aligning leaders with followers. Thus, while we agree with the idea of identifying causal mechanisms to explain how an actor in a position of power influences political outcomes (see Schoeller 2019), we argue that such mechanisms only exist in an open context where they interact with other (sometimes counter-) mechanisms and processes. This means that such mechanisms are not simply identifiable through their exercise and that we need to look at the wider social context that enables and constrains leadership, and confers certain powers on certain actors and produces context-dependent outcomes (Sayer 2010).

Second, we seek to offer an explanation that gives due account of structure, by which we mean the macro structures rather than EU institutions. One of the difficulties with explaining the crisis through integration theories is that they deploy a different type of social ontology where wider social structure, in keeping with rationalist understandings of international relations[[2]](#endnote-2), is reduced to exogenous processes (external shocks). Interdependency is understood in the rationalist sense of systemic pressures inducing calculating behaviour, rather than in the more social and historical sense of wider social relations outlined here. A clear difficulty with the rationalist approach is that it loses sight of the impact of the changing world on the citizens whose legitimacy is needed by those offering leadership. By considering the domestically-rooted transnational struggles associated with the crisis, our account is consistent with a critical political economy approach (van Apeldoorn and Horn 2019).

Thirdly, in keeping with our understanding of the structure-agency question, we argue that a richer account of social structure is needed, rather than switching attention away from it. We do this through an account of competing ‘hegemonic projects’, understood in relation to institutional and macro-social structures, but embodying specific agential interests and understandings. Following critical realism, (Bulmer and Joseph 2016; Joseph 2002) we argue that hegemony forms the bridge between structure and agency and helps us understand the necessity for leadership and the factors that may weaken it at EU level.

Fourthly, our approach places greater emphasis on the role of domestic politics. The link between leadership through agency at EU level and the need for support domestically is often underplayed. Yet, in the continuing absence of a European demos, acceptance of policy solutions at the domestic level remains key to their success. We emphasize ‘the bottom-up’ because we see the hegemonic projects as requiring a base of support and degree of legitimacy. This base is predominantly at the domestic level, while attempts to provide leadership at the EU level are hampered by a lack of social embeddedness. This follows the argument found in some neo-Gramscian literature that global or transnational leadership has to be based on configurations that have their anchorage in forces of political and civil society. For Gramsci, leadership has an essential moral and ethical dimension and must be able to justify a particular course of action and mobilise resources accordingly (Gill 2012: 14). We regard this moral dimension as intrinsic to the individual hegemonic projects (below) and as clearly evident in public discourse on the two crises.

Finally, we explore the role of German leadership in relation to the two crises. However, by contrast with some studies of German leadership (Schild 2019; Schoeller 2016), we argue that it is enabled or constrained not only in relation to what goes on at EU level but also by processes of hegemonic contestation and struggles for leadership at the domestic level.

**Leadership and critical integration theory**

The leadership studies literature offers some important arguments in favour of a collective and reciprocal view of leadership. Goals should be mutually desired by both leader and followers and they are likely to be achieved through influence and persuasion rather than coercion (Müller and van Esch 2019). This corresponds to our Gramscian view of hegemony as requiring consent as well as coercion. The leadership studies approach argues that the legitimacy of a hegemon rests, partly, on a transactional exchange between leaders and followers. Again, we agree, but emphasise the need to look at the conditions that enable or constrain this, or that render the exchange effective or ineffective.

Looking only at the interaction of leaders and followers implies an overly intersubjective ontology. Thus the main insight that CIT takes from critical realism is to emphasise a stratified social ontology, which we understand in relation to practices, institutions and wider social structures. Thus leadership is always socially located and should be seen as an emergent process that is mediated by various social and institutional structures as well as by the process of hegemonic contestation. This gives leadership its particular character and means that the outcome is never the straightforward consequence of a single process. In contrast to rationalist approaches, leadership is always context-dependent with outcomes that go beyond the actions and intentions of particular groups of people.

To better understand the dynamics of social context, we develop a three-way relationship between agency, as expressed through hegemonic projects, the European institutional structure through which this agency is filtered, and wider macro-structural conditions that influence both agency and institutions. Too often integration theory focuses on the symptoms of crisis rather than the causes. Hence we distinguish between the macro-structural processes where we locate the initial causes of the two crises and the institutional structures that mediate them. The macro-level is understood as the underlying causes and contexts for integration. This includes the global economy, financial infrastructure, growing economic inequality, the geopolitical and strategic context, new securitization processes, the changing role of the state, changing state–society relations, the shift to new forms of governance, developments within civil society, and demographic change. Drivers such as these are key macro-level features that shaped the two crises but typically external to other accounts.

The EU institutional framework is characterised by multi-level governance and complex, fluid and overlapping jurisdictions of governance. In this view the EU at any time represents the instantiation or outcome of struggles driven by macro-social processes mediated by the internal dynamics and path dependencies of the institutional structure. It is in this difficult context that leadership must operate.

Finally, and most relevant to this article, we look at the role of agency. Rather than understanding agency in terms of rational actors, game theory and the effect of exogenous shocks, we suggest that agency and the question of leadership should be considered in relation to the wider macro-context, the dynamics of institutional structure and the need for domestic legitimacy. Agents seek to offer policy leadership in accordance with interpretations of wider structural changes, such as developments in the global economy or the general trend towards new forms of governance. However, there is an immediate issue of whether they act in a manner that is effective in the EU’s institutional framework, or whether they can access it effectively. The EU institutional structure is an important potential obstacle or facilitator that bears upon the fulfilment of agents’ intentions.

CIT considers crises and integration together as part of a complex social and political process. We address this by using the notion of hegemonic projects. Using hegemony is an apt way to combine a focus on leadership with an emphasis on the conditions under which it takes place. A focus on hegemonic projects looks at attempts by the leading groups to mobilise support in favour of a far-reaching programme of action. Gramsci’s approach emphasises that leadership is never automatically given and that even the economically dominant groups are required to put forward a programme of action and to defend it against rival challengers. The exercise of leadership and the balancing of interests take place across the multiple terrains of politics, the economy, civil society and the state. Groups must exercise significant leadership in such areas before they can become hegemonic (Gramsci 1971: 57).

The notion of hegemonic projects helps us focus on the combination of economic and non-economic factors. As Jessop notes (1983: 100), they are typically oriented towards a broad range of issues, not only economic relations but issues in the fields of civil society and the state, and must thus take account of a broad range of social groups. In the politicized nature of the post-Maastricht EU tracking the contested positions of member governments to cleavages within the member states is essential because of the demise of the ‘permissive consensus’ that previously enabled elite autonomy at EU level. For so long political elites were given a large measure of discretion over European integration and in EU policy-making. In the post-Maastricht period, and especially in the crisis decade of the 2010s, divisions have become much more manifest. As Hooghe and Marks (2018) have noted, cleavages of the kind identified in party systems by Lipset and Rokkan (1967) have become exposed as dividing lines across the EU.

In exploring these divisions and the competition over the direction of the EU we identify five projects that have shaped integration over recent decades.[[3]](#endnote-3) We use the terms deployed in neo-Gramscian analysis by Buckel (2011: 643–644; see also Kannankulam, 2013; analogously from a normative approach, see the ‘polity-ideas’ in Jachtenfuchs et al., 1998). The projects should be understood heuristically, that is as simplifications of the contours of more complex and nuanced contestation.

It is not controversial to suggest that the dominant hegemonic project influencing the EU is a neoliberal one that reflects particular capital interests (see van Apeldoorn, Drahokoupil and Horn 2009; van Apeldoorn and Horn 2019; also Gill 2012: 4-8 in the context of global leadership). Advocates of this position, include certain governments and business interests pushing for EU competitiveness in global trading and production, liberalization of the single market and EU external trade policy and reducing the EU regulatory burden. The neoliberal project has been forced into compromise on some issues, incorporating more rules-based ordoliberal arguments that found expression in the design of Economic and Monetary Union (EMU).

While the neoliberal-ordoliberal project is dominant, it faces significant challenges from competing projects. One of these is a national-social hegemonic project promoted by various centre-left and trade union advocates (see also the ‘left intergovernmentalists’ in Ryner 2019). In opposition to the neoliberal project, the aim is the preservation of strong social systems at member-state level, assured through maintaining a more interventionist nation-state role to facilitate domestic redistributive outcomes. This position motivated some of the southern European opposition to the austerity turn during the Eurozone crisis.

A third hegemonic project is national-conservative and brings together political forces resisting further integration. Its base of popular support comes from those perceived to have lost out from globalization and who are resistant to cosmopolitanism and immigration. It has grown significantly during the crisis, reflecting the rise of Euro-scepticism as well as reaction to the two crises. Fourthly, a pro-European social-democratic hegemonic project continues to press for a ‘social Europe’. This project sees the EU level as optimal for managing the effects of globalisation. It has been championed recently by Yannis Varoufakis and the Democracy in Europe Movement (DiEM) 2025 (see also Ryner 2019). A fifth hegemonic project is a left-liberal one that focuses on human rights, women’s rights, cosmopolitanism and environmentalism. European integration is supported from an idealistic standpoint, while also being subject to critique when it fails to live up to the normative standards of a rights-based outlook.

Leadership within the EU is dependent upon the ability to find consensus amongst these competing projects. We thus understand EU leadership as an emergent outcome of domestically-grounded, competing hegemonic projects mediated through the institutional structure of the EU. If one project predominates, or if compromise between projects is possible due to the importance of the issue or the balance of interests, the prospect for leadership in the EU is greater. Equally, where hegemonic projects diverge and contestation between the different interests, ideas, identities and values blocks agreement, the necessary consensus for the provision of leadership is absent. This, in our view, provides greater specificity in explaining the crises, providing a less rationalist and more socially grounded explanation of the factors, processes and contradictions involved.

**Analyzing the crises through critical integration theory[[4]](#endnote-4)**

Eurozone crisis

The Eurozone crisis had a complex set of origins: in the huge amount of credit lent by some EU banks; in the resultant credit booms in a number of Eurozone states (including Greece, Ireland and Spain); in ineffective fiscal governance; in the lack of a firewall between banks and sovereigns; and in an intergovernmental political system that gave creditor states important power resources when it came to finding solutions (see for instance Tooze 2018: Chapter 4). The solutions in the near term comprised: rescue arrangements for the debtor states, along with supervision from the troika; a strengthened fiscal surveillance policy regime; a system of European banking surveillance (still incomplete – see Dyson 2017: 60-61); and ongoing discussion of governance reforms. Yet, it was the intervention of the President of the European Central Bank (ECB), Mario Draghi, in his July 2012 ‘whatever it takes’ speech and the subsequent Outright Monetary Transactions programme that eventually brought stability to the financial markets.

The leadership challenge within the EU/Eurozone was substantial. The situation was unprecedented: there was neither a script nor treaty provisions to address the evolving crisis. Indeed, there was a ‘no bail-out clause’ (Article 125, TFEU) and a prohibition of the monetary financing of member states’ debt (Article 126, TFEU) that constrained solutions. Governments had ceded control over financial markets through liberalization.

Who were the candidates able to offer leadership? In the absence of treaty provisions the Commission president was poorly placed. The President of the European Council, Herman Van Rompuy, was dependent on finding agreement amongst member states. Historically, France and Germany had been the most influential states in steering the direction of the EU (Krotz and Schild 2013). Yet their respective economic philosophies had different origins (Brunnermeier et. al. 2016: 56-82). Agreement would not only be needed across states with strongly divergent interests. It would require consent from voters, many of who were experiencing weakening labour rights and wage stagnation.

Germany was to play a leading role, as the member state with the strongest economic fundamentals (including a current account surplus of + 5.6 per cent of GDP, 2011), as the biggest contributor to rescue funds, as a source of influential policy ideas, as a veto player, and as a state whose banks were exposed at the start of the crisis through loans to southern Europe (Bulmer and Paterson 2019: 167-200; Schild 2019; Thompson 2015).

Politically, Germany had a strong hand to play because of Chancellor Merkel’s eminence amongst EU leaders, and this was to grow as other leaders lost office at elections or were pushed aside amidst the crisis, e.g. Italian premier Berlusconi in 2011. Nevertheless, the leadership of Merkel was hesitant, and attentive to domestic politics on top of her generally cautious approach to politics (Wiliarty: 2008: 85; see also van Esch and Swinkels 2015: 1216-7). Merkel had to be responsive to key players at home: the influence of Finance Minister Wolfgang Schäuble, coalition partners (the economically conservative and pro-business Free Democratic Party, FDP, from 2009-13 and the Social Democrats thereafter).

What does CIT bring to an account of leadership during the Eurozone crisis? First, we need to consider the wider structural forces in European political economy. The foregoing financial crisis revealed the dangers of globalisation and financialisation for domestic economic management. Although the consequences were unevenly distributed across the EU, they had brought sizeable government interventions in banks, significant impacts on macro-economic performance and specific effects such as plummeting house prices in Ireland. Hodson notes (2015: 176) that in October 2008 EU states set aside €2 trillion to rescue banks; that GDP fell in Germany in 2009 by 5.1 per cent; and Irish government borrowing rose by 30.8 per cent of GDP in 2009. Such gyrations were unsettling for governments but with consequences for the everyday political economy of EU citizens. Financial markets had been de-regulated between member states but with limited re-regulation at EU level.

Tackling the Eurozone crisis presented some fundamental challenges. A systemic one was identified by McNamara (2015), namely that amongst currency unions the Eurozone was distinctively ‘disembedded’ from the necessary social and political underpinnings to assure secure foundations. Scharpf (2014: 3) noted that in seeking to ‘save the euro at any cost’ the European authorities ‘deeply, directly, and highly visibly intervened in the lives of millions of citizens and in the economic, social, and institutional fabrics of “debtor states”’. The crisis proved highly divisive between creditor and debtor states and also triggered political re-alignment in some states, e. g. the emergence of SYRIZA in Greece.

In the wake of the financial crisis there was ‘a global backlash demanding fiscal consolidation and … fiscal sustainability’ (Tooze 2018: 321). This mantra chimed well with Germany’s ordoliberal economic orthodoxy of markets bound by rules (Dullien and Guérot 2012; Cardwell and Snaith 2018). Chancellor Merkel and Finance Minister Schäuble were outspoken in presenting the Eurozone crisis as arising from fiscal profligacy (Young 2014: 280). The rules of fiscal governance would have to be strengthened—fiscal rules that Germany had itself breached 2003-5. These ideas, along with an unwillingness to share the burden of debt (a veto on ‘Eurobonds’), were dominant in German discourse and served to frame the Eurozone policy debate (Crespy and Schmidt: 1095-6).

Given these macro-structural circumstances, securing political leadership in the EU was a formidable challenge. Interests, ideas, identities and values were all at stake and most firmly embedded at the member state level. They played out in the contestation between competing hegemonic projects, which connected to different models of political economy across the Eurozone (see Hall 2014). For structural reasons, Germany, was eventually able to play a decisive role in projecting an ordoliberal hegemonic project, even if it did so with reluctance (Paterson 2011).

The ordoliberal project predominated because of the absence of an effective rival both in the EU and domestically. There was no obvious defender of a more solidaristic social democratic project, whether a national or supranational variant. Debtor states were not in a position to advance such a model. France scarcely offered an alternative after Hollande’s election and that was too late. Arguably the clearest rival project to the ordoliberal one was collapse of the system, which would have brought incalculable economic consequences. This predominance, facilitated by the power asymmetries between creditor and debtor states, explains both why leadership was achieved as well as the austerity basis on which it was realised. Support came from other creditor states such as the Netherlands, Finland, Austria and, under Sarkozy, France.

Moreover, given that Germany had placed a decisive imprint on the original design of EMU (Dyson and Featherstone 1996), EU institutional structures facilitated reforms in this vein rather than wholesale reform amidst a crisis (cf. Schimmelfennig 2018). Key components to the ordoliberal project were a strong commitment to monetary stability and fiscal conservatism (‘sound money’), self-reliance and concerns about moral hazard (debtors needed to take charge of their own destiny) and resolute rejection of Eurobonds or anything resembling a ‘transfer union’ through veto power. The burden of adjustment was placed on debtors.

By using delaying tactics till the crisis was systemic in character, and then underlining strict conditionality in the rescues of debtors, the German government was able to push through its approach from May 2010. The re-design of EMU largely reflected German preferences, with support from Sarkozy. Fiscal rules were tightened through the introduction of a balanced-budget rule, a debt-brake for states exceeding the 60 per cent debt-to-GDP threshold, and other German-inspired compliance mechanisms that were required to have strong legal standing (Bulmer and Paterson 2019: 175-200).

From a CIT perspective, Germany’s ability to provide leadership in the Eurozone crisis was also dependent on the alignment of political forces at domestic level. In particular, the rules-based ideas of ordoliberalism were influential (Dullien and Guérot 2012) with sufficient support and legitimacy among the most important actors. Timothy Garton Ash (Handelsblatt 2012) highlighted that Berlin had to be attentive to the ‘four big B’s’: the populism of the tabloid *Bild Zeitung*; dissent in the Bundestag (the German parliament); the reluctance of the Bundesbank, Germany’s central bank; and rulings from the Bundesverfassungsgericht (the Federal Constitutional Court). These were all real concerns, representing both politicization (*Bild* and the Bundestag) and more technocratic interventions by institutions with real prestige and public support in Germany (and the scope to fuel politicization). The ordoliberal hegemonic project was thus rooted in German domestic politics and expressed the Gramscian concern with providing answers to domestic problems as the moral or ethical basis for leadership. The federal government in Berlin could only agree to a solution at Eurozone level if it met these concerns.

With this account we highlight that politicization need not be a constraint on integration (cf Börzel and Risse 2018); that institutional path-dependency requires agency, namely the Berlin government (Schimmelfenning 2018), and a reliance only on games between governments omits why the positions were adopted in the first place, namely domestic stipulations (Biermann et. al 2019). The alignment of domestic forces allowed for Germany to provide policy leadership by combining its diplomacy, structural power, veto and shaping power.

Refugee crisis

The origins of the so-called refugee crisis also have complex origins: global inequality; political instability and civil war, especially in Syria; ongoing divisions within the EU over migration policy; and increasing domestic politicization of the issue. The crisis reached its acute phase in 2015 because of the sheer volume of refugees and irregular migrants crossing primarily to Greece as an entry point to the EU via the Balkan route. Eurostat (2017) reported asylum applications spiking at about 1.3m in 2015 and 2016 arising from the Syrian civil war, although countries of origin remained very diverse and there were other access points, notably Italy. With migration responsibilities divided between the EU and member states, and the latter responsible for most policy implementation, this was a major leadership challenge.

By contrast with the Eurozone crisis only limited policy reforms were possible due to greater divisions between states. Efforts at leadership had limited effect due to the failure to compromise between hegemonic projects at domestic and EU level, and none predominated. The most successful response arguably was the EU’s agreement with Turkey, signed in March 2016, which stemmed the net inflow of migrants.

The EU’s policy regime on migration is highly uneven (Hampshire 2016; Scipioni 2018).[[5]](#endnote-5) At the heart of the EU’s Common European Asylum System (CEAS), established in 2003, is the Dublin Regulation. Its key principle is that an asylum seeker must register in the first arrival member state to avoid ‘asylum shopping’. The CEAS also regulates consistent application of procedures across the EU and how ‘protection’ is granted. Yet the system can become subject to breakdown if states at the frontline, particularly Italy and Greece, are overwhelmed with arrivals. When this occurs, as in 2015, it puts at risk the separate passport-free Schengen zone, triggering some re-introduction of controls.

The leadership challenge was twofold. First, how should the EU respond to the humanitarian emergency of migrants fleeing the Syrian civil war? Second, how could the mixed policy regime be reformed in the face of diverging interests on the part of arrival states, putative destination states, non-affected and transit states (see also Biermann et. al.: 255-7)? Furthermore, what started out as a humanitarian crisis evolved into one that raised issues of internal security and identity, thus playing into right-wing anti-immigration and Eurosceptic discourses (Makarychev 2018: 747). Owing to the ‘mixed competences’ a leadership response would be necessary both from the European Commission and the member states (or European Council).

In reality, it was Chancellor Merkel, displaying none of the reluctance evident at the start of the Eurozone crisis, who intervened first after only consulting her Austrian counterpart. Her ‘we can cope’ statement (FAZ 2015) at her annual summer press conference at the end of August 2015 was welcoming and encouraging for refugees. The intervention suggested Germany playing the role of Europe’s liberal hegemon: a lonely one, as it transpired (Benner 2016). Later, in September, the European Commission proposed legislation to re-distribute 160,000 refugees.

These efforts at leadership failed as they did not command legitimacy across the EU. The Czech Republic, Hungary, Slovakia and Romania voted against the EU legislation to redistribute refugees but were overruled in a qualified majority vote. Poland joined the opponents after October 2015 elections. Furthermore, the legislation was poorly implemented. Eventually it was Chancellor Merkel’s diplomacy with Turkey, which produced some success by effectively outsourcing the issue to Ankara in return for financial support. Whilst the numbers of refugees via the Balkan route declined greatly, the flow from North Africa remains a problem. The continuing rise of populist parties, notably the populist centre-right Italian government, installed in summer 2018, has kept the crisis in the headlines.

What does CIT bring to explaining leadership during this crisis? First, it is important to underline that the macro-structural causes of the crisis lie with global inequality, political instability and human rights abuses across Africa, the Middle East, central Asia and elsewhere. By contrast, the EU is perceived as a beacon of hope in terms of rights and the prospects of a better standard of living.

Moreover, within EU states an ‘identity turn’, had begun to transform politics. The traditional left-right political cleavage had been joined by a ‘transnational cleavage’ that was fuelled by the Eurozone and then the refugee crisis (Hooghe and Marks 2018: 116-8). This societal response to macro-structural change, reflected in public opinion, impacted on the different responses of member governments, making it very to difficult to achieve a consensus between hegemonic projects. Once again, ideas, identities and values—all most firmly embedded at the member-state level—were at stake.

Whilst member-state positions have been adduced to their interests (see Biermann et. al.), here we deploy the contestation between hegemonic projects to explain the limited policy response that arose. Chancellor Merkel’s August 2015 intervention suggested endorsement of a left-liberal hegemonic project supporting humanitarian goals and a cosmopolitan stance. It was a response from a state where nationalism remained taboo in large parts of society for historical reasons. Yet the lack of widespread consultation with other EU states was problematic. Similarly, the European Commission (and Germany’s)

preference for a re-distribution formula for refugees found no great resonance across the EU. Many refugees had arrived at their preferred destination state.

Aligned against the initial German position most obviously was Prime Minister Orbán in Hungary. His reponse reflected a national-conservative hegemonic project that is highly sceptical about the transfer of powers to the EU but also about multiculturalism. Hence this hegemonic project is unsuited to offering leadership that entails the further integration that was needed to patch up the policy regime or to support Merkel’s approach. The emergence of a central European block endorsing this broad position proved a major obstacle to Germany, the Commission or any state developing the necessary leadership at the EU level. All this despite Orbán and Merkel both being national party leaders in the European People’s Party. Moreover, given the two projects’ different ethical positions, it was no surprise that Orbán criticised Merkel’s ‘moral imperialism’ (Deutsche Welle 2016). No compromise could be found between these two projects. The only legislative response, which favoured the left-liberal project, had little effect due to poor implementation.

Moreover, Merkel’s leadership was not only obstructed at the transnational level but her support for the left-liberal project began to be undermined domestically. At the German ‘frontline’ of the refugee flows, the Bavarian state government was strongly critical of the Berlin government’s policy. Governed by the Christian Social Union, the (more conservative) sister-party of Merkel’s CDU, and part of the federal coalition, its Minister-President, Horst Seehofer, voiced criticism from Munich of Merkel’s policy. In March 2018 he became federal interior minister in Berlin, further challenging Merkel’s liberal position.

Moreover, from early 2016 German public opinion began to move away from the initial welcoming approach. The rise of the Alternative for Germany (AfD), originally an anti-Euro political party but opportunistically aligning with the national-conservative project, and having secured strong results in March 2016 state elections, prompted the Berlin government to adjust its position through a series of measures, such as increasing the number of ‘safe countries’ to which refugees could be returned. The AfD’s breakthrough in the September 2017 federal elections, resulting in it being the leading opposition party after a new grand coalition was installed, weakened all parties in the government and entailed the insertion into Berlin politics of a national conservative project in Germany. Merkel’s resources for leadership on this EU issue declined domestically and at EU level, resulting in stalemate.

The rising support for the national conservative project resulted in deadlock within the EU and weak prospects for policy leadership. No consensus could be forged across the hegemonic projects except to externalise the policy issue through the deal with Turkey or largely unsuccessful attempts to halt refugee flows within North Africa.

**Conclusion**

Our research objectives were to address the question of leadership through examination of two crises and the reasons for their different outcomes. We did this through the use of CIT, viewing the question of leadership through the notion of competing hegemonic projects that are initially emergent from domestic politics, from which they draw their base of legitimacy and support. CIT balances the role of agency (understood through hegemonic projects and the ability to offer leadership), with an account of the EU’s institutional structure (and its weaknesses), and wider macro-structures and tendencies. The three need to be seen together in a dynamic relationship.

We criticised the literature on the crises for its tendency to reduce the macro-level to interdependence and exogenous shocks. We contrast this with our understanding whereby macro-structures are seen as providing the complex social context within which agential projects emerge and with which they might engage or conflict. In this sense, these conditions are not just impacting on projects and causing them to change, but are conditioning of them in the first place. Our structure-agency approach emphasises the constant interplay between structures and agents, with hegemonic projects as a possible mediating point that links different interests to programmes of action in the context of structural crises and other dynamics (Bulmer and Joseph 2016: 2).

CIT also emphasises the role of the EU’s institutional structures. In part the weakness of response to the crises is located at this level where both the EMU fiscal surveillance regime and the Common European Asylum System were found wanting. The response to the crises differed because of the greater commitment to retaining the euro and the leadership—initially reluctant—that was offered by Germany and its ordoliberal-inspired hegemonic project. The depoliticized core institutional role of the ECB—recalling the importance to settling the financial markets of its president’s ‘whatever it takes’ speech (European Central Bank 2012)—can be contrasted with the much weaker governance capacity offered inside the Dublin/Schengen regime. We can contrast the use of rescue funds as side-payments that helped the resilience of the Eurozone, but that were only used in the refugee crisis (until summer 2018) to find an *external* solution: side-payments to Turkey.

In accounting for the crises and the emergence of different outcomes, we developed the notion of competing hegemonic projects rooted in domestic politics. We looked at how these are emergent at the EU level and noted how a more coherent ordoliberal project was able to become hegemonic in response to the Eurozone crisis while there was little scope for the predominance of a hegemonic project in response to the refugee crisis. In the first case German leadership was essential in finding a solution. This was enabled by the already dominant ordoliberalism in domestic politics. In the refugee crisis there were too many competing interests and ideas and with the national conservative position gaining strength, there was little chance for an emergent hegemonic project across the EU.

Hegemonic projects give prominence to ideas, interests and identity. Greater focus on specific issues of fiscal stability eventually made leadership in the Eurozone crisis possible, assisted by the separate role of the ECB. However, while agreement on ordoliberalism made it possible to deal with the Eurozone crisis, the austerity focus (neglecting principles of solidarity and cohesion) might, paradoxically, have made it more difficult to deal with the refugee crisis. The Eurozone crisis raised questions of trust among the public and created winners and losers, thus impacting on the public’s response to the refugee crisis and creating a backlash that contributed to support for the national conservative hegemonic project. To summarise, the leadership based on self-reliance in the Eurozone crisis may have weakened the solidarity needed to achieve an agreed hegemonic project in relation to the refugee crisis.

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1. Acknowledgement. [↑](#endnote-ref-1)
2. I.e. variants of neorealism, neoliberal institutionalism, interdependency and regime theory. [↑](#endnote-ref-2)
3. We use the term project as a stylized way of highlighting struggle for hegemony between different visions of the European project. [↑](#endnote-ref-3)
4. Acknowledgement. [↑](#endnote-ref-4)
5. We set aside the freedom or movement within the EU (part of the single market), although there was separate controversy over that, particularly in the UK’s 2016 referendum on EU membership. The migration regime is also incomplete because member states wanted to retain control over ‘regular’ (i.e. economic or family migration). [↑](#endnote-ref-5)