Explaining Political Leadership
The Role of Germany and the EU Institutions in Eurozone Crisis Management

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Abstract

Why and how do composite actors such as states or international institutions emerge as political leaders? Moreover, once in charge, how do they influence policy or institutional change? What are the conditions for successful leadership? These questions become particularly relevant in times of crisis. However, there is no political science theory that explains the emergence and the impact of leadership when exercised by composite actors. In the context of the Eurozone crisis, we observe that neither Germany, which is the actor most frequently called upon to assume leadership, nor any of the EU’s institutional actors have emerged as leader under all circumstances. Instead, we find three different outcomes: no leadership, failed leadership, and successful leadership.

This thesis develops a theoretical model to explain this variation and to address the stated gap in the literature. Building on rational-institutionalist assumptions, it argues that leaders can help a group to enhance collective action when there are no, or only incomplete, institutional rules to do so. Thus, especially in times of crisis, leaders can act as drivers of policy or institutional change. However, they emerge only if the expected benefits of leading exceed the costs of it, and if the potential followers suffer high status quo costs. A leader’s impact on the outcomes, by contrast, depends on its power resources, the distribution of preferences, and the institutional constraint.

The model is applied to Germany’s role in the first financial assistance to Greece, the proposal to establish a so-called ‘super-commissioner’, and the shaping of the Fiscal Compact. Moreover, the attitude of the European Commission and the European Parliament towards the issue of Eurobonds as well as the European Central Bank’s launch of the Outright Monetary Transactions are analysed on the basis of congruence tests and rigorous process-tracing. These within-case analyses are complemented by a cross-case comparison in order to enhance the external validity of the results. The analysis draws on 35 semi-structured elite interviews conducted at the German Ministry of Finance, the European Central Bank, the European Commission, the Council of the European Union, the European Parliament, and two Permanent Representations in Brussels.
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Bio

Magnus G. Schoeller is a PhD Candidate in Political and Social Sciences at the European University Institute (EUI). In 2012, he obtained a Master degree (M.A.) with distinction from the University of Tübingen, Germany, and in 2013 a Master of Research (MRes) from the EUI. His research interests cover issues of decision-making and political leadership during the Eurozone crisis, the Franco-German relationship in Europe, and the empowerment of the European Parliament in the Economic and Monetary Union. Parts of his research appeared in the Journal of European Public Policy and Global Policy. Alongside his dissertation-related research, he has been involved in a research project financed by the European Parliament and led by Professor Adrienne Héritier on "The European Parliament as a driving force of constitutionalisation".