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Explaining the Leadership Vacuum

**Germany, the completion of the Banking Union and
arms deliveries to Ukraine**

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Abstract

While successful leadership in regional and international politics has been analysed and explained at great length, the reasons for its failure are still under-researched. Therefore, we ask in this paper how and why a leadership vacuum comes about. Drawing on rational-functionalist propositions, we argue that the emergence of leadership fails if the realisation of a collective goal requires the would-be leader to compromise their individual interests. Empirically, we apply this argument to Germany's role in the European Union (EU). While there is little doubt that Germany is in great demand to take the lead, the reasons for its frequent leadership rejection have so far remained in the dark – especially as recent research has shown that the German political elite would actually endorse a leading role for its country in the EU. Based on a fine-grained causal mechanism, the systematic collection and in-depth analysis of 220 media articles, and rigorous process tracing, we therefore compare Germany's role in two crisis policies: the completion of Europe's Banking Union – i.e. the European Deposit Insurance Scheme (EDIS) – and the supply of arms to Ukraine. The results demonstrate in detail how vested interests prevent the provision of leadership that would benefit all. Regarding Germany's role in Europe, the paper thus highlights why many of the leadership demands directed at the EU's largest member state might be misled. With regard to leadership research and practice in general, the paper provides an explanation for leadership vacuums in international politics and cautions against treating leadership as an altruistic sacrifice.

General note: Opinions expressed in this paper are those of the author(s) and not necessarily those of the EIF.

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Introduction

Successful leadership has been analysed and explained at great length, but why does it so often fail to emerge? Existing explanations stress the lack of demand for leadership on the side of the potential followers and/or the lack of supply by the potential leader (Friedrichs & Fellenz, 2023; Schoeller, 2019, pp. 27-49; Tallberg, 2006, pp. 17-39). However, the question is of particular interest in situations where the two usual suspects explaining (non-)leadership – the collective demand for leadership and the willingness of a capable actor to provide it – are obviously given. In other words, why do we see a leadership vacuum *even though* the demand for leadership meets the willingness to supply it?

In the European Union (EU), we are once and again confronted with exactly this situation. Although recent studies have somewhat challenged Jack Hayward's pessimistic assessment of a *Leaderless Europe* (Hayward, 2008; cf. e.g. Müller & Van Esch, 2020b; Tömmel & Verdun, 2017), the polycentric character of the EU and its high degree of institutionalisation make the search for leadership a difficult undertaking. With the community of states finding itself in a 'polycrisis' (e.g. Zeitlin & Nicoli, 2019), many demands for leadership are targeted at its supposedly most powerful member, Germany. All too often, however, Germany fails to meet the high expectations placed in it. Indeed, the reluctance of the EU's 'central power' (Münkler, 2015) to lead is widely documented. Rather than a leading power, Germany thus appears as a 'status quo power' in the EU (Becker, 2022; Daehnhardt, 2022; Schimmelfennig, 2021).

While there is little doubt that there is a great demand for leadership directed at Germany, the reasons for its frequent non-leadership are puzzling. As a recent survey among German political elite members has shown, Germany's abstention from leadership is not just the result of an inherent unwillingness to lead (Schoeller, 2023a). Instead the times of Germany's (in)famous 'leadership avoidance reflex' (Paterson, 1993, p. 10) are gone and Germany's political elites are in principle willing to provide leadership in the EU. Yet they fail (Schoeller, 2023a).

In this paper, we therefore search for the reasons for Germany's non-leadership in particular, and the EU's leadership vacuum in general. Drawing on a theory-guided research design, the results will not be limited to the EU but will be of general relevance to leadership theory and thus applicable to a wide range of leadership gaps in national and international politics. Based on a rational-functionalist theory of leadership, we argue that leadership cannot be considered an altruistic sacrifice by a powerful actor. Even if a powerful actor is in principle willing to meet the collective demand for leadership, leadership will not materialise if the collective goal

is not fully in line with the potential leader's individual interests. We apply this theoretical argument to two cases of German leadership rejection in the EU: the unrealised third pillar¹ of Europe's Banking Union – i.e. the European Deposit Insurance Scheme (EDIS) – and weapon deliveries to Ukraine.

The contribution of our paper is threefold. First, on a theoretical level, we contribute to research on leadership in regional integration and international politics by providing a theory-informed explanation for the absence of leadership despite a generally recognised need for it ('leadership vacuum'). In doing so, we also add to recent contributions on reluctance in regional and international affairs (Bulmer & Paterson, 2019; Destradi, 2018, 2023). Second, on a methodological level, we propose an original causal mechanism to trace the (non-)emergence of leadership and we engage in a systematic analysis of 220 media articles dealing with Germany's role in delivering arms to Ukraine and in debating EDIS. Third, on an empirical level, we address the under-researched phenomenon of 'leaderless Europe' and Germany continuing not to meet leadership demands in the EU. As a result, we argue that a collective demand for leadership that ignores the individual interests of the leadership candidate will remain unsatisfied.

We begin with an overview of the state of the art and identify the relevant gap(s) in the literature. This is followed by a section in which we set out our theoretical propositions. We then present our research design and methods, before we move on to our two empirical case studies. In the conclusions, we summarise and discuss our results, draw the empirical implications, and point to possible avenues for future research.

State of the art, gap in the literature and contribution

Summarising the state of the art in International Relations and beyond, leadership in international politics has been aptly defined as 'a process of interaction whereby one or more actors (the leaders) exercise asymmetric influence in attracting or negotiating the consent or acquiescence of other parties (the followers) ... in ways that facilitate collective action towards the achievement of a common purpose in a given community' (Eckersley, 2020, pp. 1179-1180). While there is a wide and fragmented literature on leadership in international politics (see e.g. Destradi, 2010; Kindleberger, 1981; Lake, 1993; Young, 1991), the *non*-emergence

¹ The 'three pillars' of the Banking Union are the Single Supervisory Mechanism (supervision), the Single Resolution Mechanism (resolution), and the unrealised European Deposit Insurance Scheme (insurance).

of leadership has remained strongly under-researched. Hence, Friedrichs and Fellenz are spot-on when they argue that ‘Leadership failure of states is conceptually underdeveloped and empirically understudied in International Relations’ (2023, p. 2).

With regard to the EU, in particular, the issue of leadership was neglected for a long time, even though early neofunctionalists had already recognised the importance of leadership for European integration (Lindberg & Scheingold, 1970, pp. 128-133). In his ‘logic of regional integration’, Walter Mattli (1999) considered the leadership of powerful states a crucial explanatory factor for regional integration, but he did not elaborate further on the conditions and mechanisms underlying leadership and its (non-)emergence. It was thus only in the first decade of the 2000s that Derek Beach (2005) and Jonas Tallberg (2006) presented rationalist leadership models to explain negotiation processes and dynamics in European integration. Since the EU entered a ‘polycrisis’, however, the literature on leadership in the EU has been mushrooming (see Aggestam & Bicchi, 2019; Aggestam & Johansson, 2017; Baracani & Santini, 2023; Degner & Leuffen, 2021; Deters & Zardo, 2023; Müller & Van Esch, 2020a; Schoeller, 2019, 2023a; Schramm & Krotz, 2023; Smeets & Beach, 2020, 2023; Tömmel & Verdun, 2017, to name but a few).²

Despite the abundant literature, what we observe in reality in the EU is much more the absence of leadership than successful leadership performance. To our knowledge, only one edited volume explicitly addresses the EU’s leadership *vacuum* so far (Hayward, 2008). This is a substantial gap in the literature, as existing research suggests that leadership by powerful states or institutions is crucial to the success of regional integration (Beach & Mazzucelli, 2007; Lindberg & Scheingold, 1970; Mattli, 1999). Hence, both leadership theorists and EU scholars should have a strong interest in studying not only the successful emergence of leadership and its effect, but also the absence of leadership where it is in high demand. This is precisely what we aim at in this article.

On a theoretical level, we thus contribute to leadership theory in international relations by providing an explanation for the occurrence of a leadership vacuum even in such situations where there is a collective demand for leadership and a powerful actor willing to lead. Moreover, we propose a fine-grained causal mechanism that can explain how the phenomenon

² Regarding Germany’s (non)leadership in the EU in particular, much of the debate has taken place in the journal *German Politics* (e.g. Helwig & Siddi, 2020; Szabo, 2018; Wendler, 2017; Wright, 2018).

of non-leadership comes about. This also addresses the largely under-researched phenomenon of reluctance in international politics (Destradi, 2017, 2023).

On an empirical level, we contribute to the growing research on leadership in EU politics (see above) by shifting the focus from the rare cases of successful leadership to the neglected phenomenon of ‘leaderless Europe’ (Hayward, 2008). Moreover, by providing two case studies of Germany’s non-leadership in the EU, we contribute to the literature on Germany’s role in the EU (e.g. Auer, 2021; Becker, 2022; Bulmer & Paterson, 2019; Schoeller, 2023a) and highlight why the many demands directed at the arguably most powerful member state in the EU might be misled.

Theory and causal mechanism

In order to study the absence of leadership, we start from a rational-functionalist theory of leadership. According to this conceptualisation, leadership can be seen as a response to collective action problems (see Beach, 2005; Schoeller, 2019; Tallberg, 2006). Road traffic, for example, constitutes such a collective action problem. Without prior rules, all actors would have the same goal (smooth traffic), but different preferences on which side to drive on. In this coordination problem, an actor who has the authority to determine on which side to drive (= the leader) and thus regulate the traffic could solve the problem. Hence, if not effectively regulated by institutions, a collective action problem can give rise to a demand for leadership, directed at an actor that has the material, institutional or ideational power resources to take the lead and overcome the common problem. In other words, a leader helps a group achieve a common goal (e.g. Burns, 1978, pp. 425-432; Eckersley, 2020, p. 1179; Kindleberger, 1981; Malnes, 1995, pp. 99-106; Nye, 2010, p. 306). If the demand for leadership meets a leadership offer by a powerful actor, leadership emerges (Schoeller, 2019; Tallberg, 2006).

In order to guide a group towards the achievement of a common goal, a leader has various strategies at their disposal (see Schoeller, 2019, pp. 37-40). In a coordination problem with distributional consequences (cf. the ‘battle of the sexes’-example in game theory), for example, a leader can facilitate joint action by acting as a broker – putting agreeable solutions on the agenda or organising side-payments –, setting a precedent through unilateral action (‘moving first’), or, if power resources permit, forcing single actors to comply with a certain solution. In a free-rider problem, by comparison, a leader can enable sustainable collective action by making a unilateral contribution to the common good and thus making a credible commitment

(‘leading by example’), offering positive incentives to followers, proposing procedural rules, or sanctioning free riders. Leadership strategies thus serve to either enhance or distribute the value-added of collective action (Beach, 2005, pp. 17-20; Tallberg, 2006, pp. 37-39).³

While functionalist leadership theory thus acknowledges that leadership is directed toward a common goal – e.g. stabilising the Economic and Monetary Union (EMU) or establishing the status quo ante in Ukraine – it largely ignores that leadership is no altruistic sacrifice (see Skodvin & Andresen, 2006, pp. 16-18). First, even if there is a common goal, shared by leader and followers, preferences of how to reach it may strongly diverge. This is the case in a coordination game with distributive consequences. For example, during the eurozone crisis, all member states shared the goal of stabilising EMU and thus avoiding a breakup of the currency union. However, while highly indebted member states in the south sought to achieve this common goal through solidarity measures at the European level (‘risk-sharing’), the so-called ‘frugal’ states in the north preferred austerity measures and structural reforms at the national level (‘risk reduction’). Germany took the lead only in risk-reducing measures, but prevented solutions based on risk-sharing as this would have entailed enormous costs for EMU’s largest ‘creditor state’ (Schoeller, 2020a). Second, even an efficiency-enhancing solution to a collective action problem without negative distributional consequences for the leader may come with individual costs on a completely different dimension. For example, an early commitment by Germany to provide joint financial support to Greece at the beginning of the eurozone crisis might have been an efficient way to stabilise the currency union and possibly even avert the crisis altogether (Jones, 2010), but it would have come at high electoral costs for the German government (Schoeller, 2019, pp. 62-63). Third, applying leadership strategies as such can be costly: Side-payments or unilateral contributions to a collective good involve material resources, proposals for common solutions require time and expertise, sanctioning reluctant followers may come with reputational costs, and so on.

Therefore, we argue that for leadership to emerge the specific demand for leadership (or the course of action required from the leader) must be compatible with the potential leader’s individual interests. More precisely, we rely on rational-functionalist leadership theory to propose a causal mechanism that explains how a collective action problem causes both a collective demand *and* a willingness to lead in the would-be leader, but still results in a

³ In addition, a leader can serve the common good by representing a group of actors in dealing with third parties (Schoeller, 2020b; Tallberg, 2006)

leadership vacuum (see Figure 1). Studying non-leadership – instead of the positive manifestation of leadership – comes with methodological challenges, though. This is particularly true from a set-theoretic (or process-tracing) perspective, which requires the conceptualisation of the outcome (non-leadership) in positive terms (Beach & Pedersen, 2019, pp. 25-27). Therefore, we conceptualise our outcome of interest as leadership vacuum, which is characterised by hesitation, reluctance, foot-dragging or obstructing behaviour by the would-be leader.

Following rational-functionalist propositions, the causal path to leadership starts from a collective action problem – and so does the mechanism leading to a leadership *vacuum* (Figure 1). In other words, without a collective action problem, no one would miss a leader and no actor would have to rebuff calls for leadership. Once actors are confronted with a collective action problem, be it a coordination problem with or without distributional conflict or a free-rider dilemma, they face the resulting status quo costs. These costs, which persist if the collective action problem is not solved, create a demand for leadership (Tallberg, 2006). The underlying rationale is that leaders can bring about and enforce Pareto-optimising⁴ solutions by employing their power resources in the form of strategies (Schoeller, 2019). In some cases, different solutions are already ‘on the table’, but it needs a leader to make a group opt for one of them. In other cases, it is the leader that devises and promotes a feasible solution (Beach & Mazzucelli, 2007).

In addition to the collective demand, there needs to be at least one actor that has the resources and is, in principle, willing to take the lead. Like the demand for leadership, the willingness to lead is caused by the status quo costs resulting from the collective action problem. Since these costs are incurred also by the potential leader, they function as an incentive to engage in possibly costly leadership strategies. If the demand for leadership and the basic willingness to supply it concur, the leadership task becomes concrete. The potential leaders now have to decide whether they are ready to take the necessary action to guide a group towards its collective goal, thus bringing the collective action to a higher level. If the potential leader concludes that there is a discrepancy between the collective value-added for all and its own particular interests, we argue that the latter will prevail. This does not mean that the common goal will therefore never materialise: rising status quo costs, the emergence of other leadership

⁴ A 'Pareto optimum' is a collectively optimal distribution of goods, in the sense that no actor can be made better off without making another actor worse off at the same time.

candidates or the elimination of veto players, for example, can enable collective action where it was previously not possible. It just means that the individual drawbacks of a collective solution can prevent powerful actors from taking the lead even if they were in principle willing to do so.

In summary, we argue that a collective action problem can give rise to both the emergence of leadership and a leadership vacuum. What makes the difference is the (mis)match between the common interest – i.e. the action needed to overcome the collective action problem – and the potential leader's individual interest. If we find such a discrepancy, we expect the individual interests to prevail and thus cause a leadership vacuum. Instead of leadership, we then observe hesitation, reluctance, procrastination, delaying, or obstructive behaviour by the actor called upon to lead. This theoretical proposition has far-reaching practical implications, as it means that demanding leadership without considering the would-be leader's individual and case-specific cost-benefit calculation is pointless.

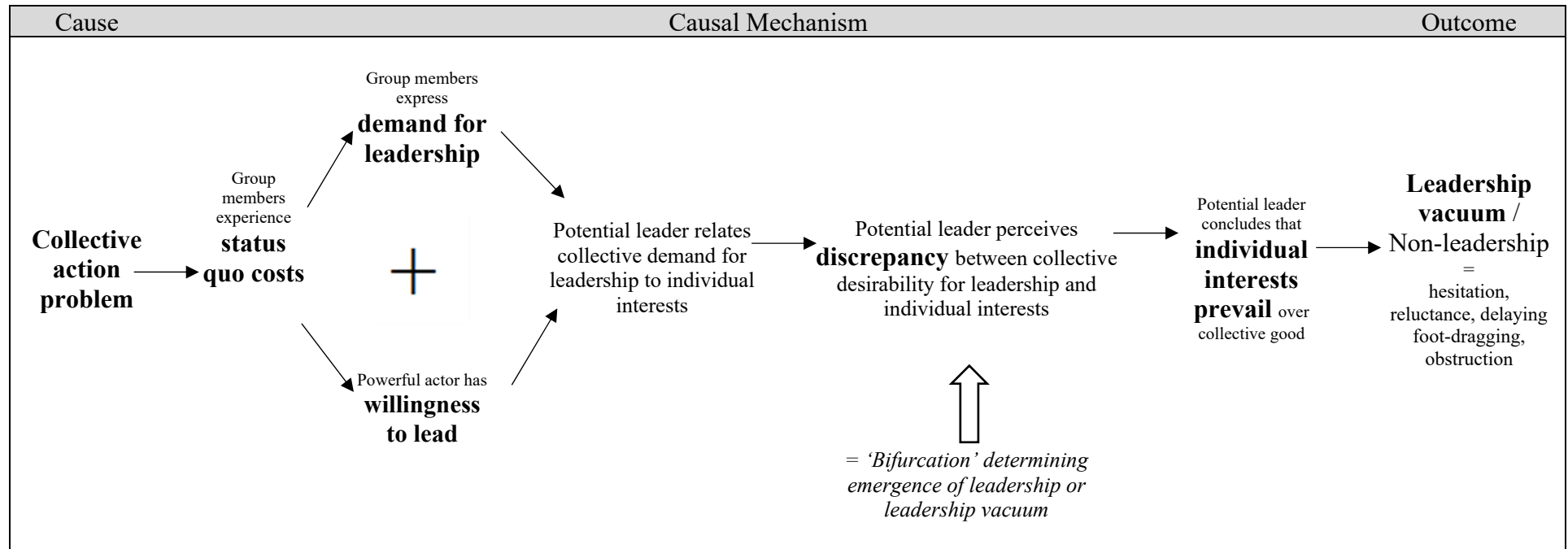


Figure 1: Abstract causal mechanism

Research Design and Methods

Starting from a rationalist theory of leadership and an untested causal mechanism, we engage in theory-testing process tracing (Beach & Pedersen, 2019). We do so in a structured comparative manner (see Beach & Smeets, 2023). This implies that we start with a ‘typical case’, in which the expected cause (EU collective action problem) and the outcome of interest (Germany’s non-leadership) are obviously given. In the field of Economic and Monetary Union, Germany’s foot-dragging stance in the pending completion of the Banking Union’s ‘third pillar’ – EDIS – is just such a case (see Howarth & Quaglia, 2018). Based on case-specific observable manifestations and their respective test strength, we then trace whether the theorized causal process has taken place as expected. In order to increase the external validity of our results, we compare the findings to another ‘typical case’ in another EU policy. This will be Germany’s hesitant stance in supplying weapons to Ukraine (see Handl et al., 2023; for empirical details on the two cases, see the empirical analysis below).

Process Tracing and Test Strength

Theory-testing process tracing starts from a theoretical conjecture connecting the outcome to be explained (e.g. leadership vacuum) with at least one possible cause (e.g. collective action problem).

At a theoretical level, the conjecture is unfolded into single causal steps that are connected in a deterministic and chronological sequence, thus building a causal mechanism (Beach & Pedersen, 2019, pp. 30-41; Hedström & Ylikoski, 2010). As opposed to intervening variables, causal steps do not have an independent existence but depend entirely on the occurrence of the preceding causal step. Instead of taking varying values, they are thus either given or not. As a consequence, causal steps merely transmit a causal effect to the outcome without influencing it themselves, whereas intervening variables modify the outcome based on their respective value.

At an empirical level, the single causal steps need to be translated into case-specific observable manifestations. These are the predicted ‘empirical fingerprints’ (Beach & Pedersen, 2019, p. 4) of a single causal step. Some of them are unique to a given causal step, i.e. if we find them, we can be sure that the causal step has actually taken place. In other words, they are sufficient for claiming causal inference. Such observable manifestations are called ‘smoking guns’. Other empirical fingerprints are not unique to a given causal step, but they occur with high certainty.

In other words, they are necessary to claim causal inference: if we do not find this empirical manifestation, our causal conjecture is disconfirmed. The respective metaphor for this type of evidence is ‘hoop’ (as the conjecture needs to jump through the ‘hoop’ to pass the empirical test). Finally, there can be empirical fingerprints that are neither necessary nor sufficient to claim causal inference, called ‘straw in the wind’, and such observables that are both highly unique (sufficient) and certain (necessary), hence ‘doubly decisive’ (Collier, 2011; Van Evera, 1997, pp. 30-34). While ‘straw in the wind’ is not only the weakest, but arguably also the most frequent type of evidence in social sciences, it still increases our confidence in a conjectured causal mechanism. In particular, a combination of multiple ‘straw in the wind’ observations can create a quite unique empirical signature for a given causal mechanism.

Table A1 in the appendix provides an overview of our causal mechanism, its observable manifestations, and their respective test strength.

Data collection

The data for our process-tracing analysis consists of 220 articles from the news platform POLITICO. Among those, 133 articles deal with Germany’s role in delivering arms to Ukraine, while 87 articles cover Germany’s role in the debate on EDIS. We set the starting point of our data collection for EDIS on 1 January 2015 and for arms deliveries to Ukraine on 24 February 2022 (= date of the Russian invasion), while we completed it at the time of writing in November 2023.

We chose POLITICO as data source because of their comprehensive and balanced in-depth coverage of EU matters and the well-functioning search engine on their website, which allowed for a semi-automated web-scraping of relevant articles.⁵ Through a process of trial and error, we arrived at search terms that best fulfilled two criteria: They returned a) articles of substantial relevance regarding our case selection, and b) an amount of articles that was feasible to code within the timeframe of the project. For arms deliveries, this meant searching for ‘Germany Ukraine war weapons deliver’, returning a total of 151 hits. 17 of these were published before the Russian invasion of Ukraine on 24 February 2022 and were therefore excluded, which, next to one duplicate article, resulted in a total of 133 articles to be coded. For EDIS, we used three

⁵ Other news sources that we considered were Agence Europe, Euractiv and Tagesschau. Agence Europe and Euractiv were left out because of technical restraints in searching or scraping relevant articles, whereas Tagesschau was not used in order to avoid any potential geographical or normative biases resulting from using a German news source.

different combinations of search terms, namely ‘deposit insurance’ AND ‘Germany’ (73 hits), ‘EDIS’ AND ‘Germany’ (17 hits), and ‘insurance scheme’ AND ‘Germany’ (64 hits). Subtracting 46 duplicates and 21 articles published before our cut-off date of 1 January 2015, this resulted in a final article count of 87.

Coding

We coded the data collected using the program MAXQDA. Paragraphs were coded based on a set of six predefined codes corresponding to the single steps of the proposed causal mechanism (see Figure 1). Each of these codes was divided into a set of sub-codes corresponding to the predefined observable manifestations of each theoretical step (see Table 1). To avoid a significant bias based on the subjective interpretation of journalists, opinions pieces were coded as non-relevant.⁶ Articles that were off topic, or on topic but without any codable sections, were also coded as non-relevant. A code for contra-indications or uncertainty was included for sections that would be discussed among the three researchers involved at the end of the coding process. Table 1 shows the final set of codes for arms deliveries and EDIS.

⁶ Note that, in contrast to discourse analysis, we use the data as a source of information on relevant facts as such, rather than a reflection of how people talk about, or interpret these facts.

Table 1: Codes

Arms deliveries	EDIS
<p>1. Collective status quo costs</p> <p>Security concerns</p> <p>Regional stability risk</p> <p>Electoral pressure to counter Russian aggression</p> <p>Deteriorating relationships: US (ext.)</p> <p>Deteriorating relationships: EU (int.)</p>	<p>1. Collective status quo costs</p> <p>Feared or actual financial instability</p> <p>Bank insolvencies</p> <p>Capital flight</p> <p>Reduced cross-border banking/market fragmentation</p> <p>Weaker trust in Euro</p>
<p>2. Collective demand for leadership</p> <p>Demand for Germany to deliver weapons</p> <p>Demand for Germany to coordinate weapons deliveries</p>	<p>2. Collective demand for leadership</p> <p>Demand for Germany to ‘unlock’ negotiations</p> <p>Demand for Germany to give up veto position</p> <p>Demand for Germany to provide compromise proposal</p>
<p>3. Individual willingness to lead</p> <p>Statements of willingness from German political elites</p>	<p>3. Individual willingness to lead</p> <p>Statements of willingness from German political elites</p>
<p>4. Discrepancy between collective desirability for leadership and individual interests</p> <p>German political elites weighing pro/contra</p> <p>German political elites pointing to dilemma</p>	<p>4. Discrepancy between collective desirability for leadership and individual interests</p> <p>German political elites weighing pro/contra</p> <p>German political elites pointing to dilemma</p>
<p>5. Prevalence of individual interests</p> <p>German political elites highlighting risks or costs</p> <p>German political elites projecting negative future scenarios</p> <p>German political elites explicitly referencing national interests</p>	<p>5. Prevalence of individual interests</p> <p>German political elites highlighting risks or costs</p> <p>German political elites projecting negative future scenarios</p> <p>German political elites explicitly referencing national interests</p>
<p>6. Leadership vacuum</p> <p>German political elites expressing hesitance, reluctance etc.</p> <p>Member states delivering weapons before Germany</p>	<p>6. Leadership vacuum</p> <p>German political elites expressing hesitance, reluctance etc.</p> <p>Germany blocking or vetoing EDIS</p>

Member states coordinating deliveries without Germany	Member states making efforts to coordinate EDIS or act as brokers
Member states complaining of German inaction	Member states complaining about German foot-dragging
Member states pointing to leadership vacuum	Member states pointing to leadership vacuum
Unsure/contra	Unsure/contra
Unsure/want to discuss	Unsure/want to discuss
Germany sending weapons first (initiator)	
Non-relevance	Non-relevance
Off topic	Off topic
On topic, but no codes	On topic, but no codes
Opinion piece	Opinion piece

Intercoder reliability

All articles were coded separately by two coders. An intercoder reliability test was run in MAXQDA to determine the agreement between the two coders. A common occurrence while coding was that certain observable manifestations of a given causal step could be coded with multiple subcodes. Therefore, all subcodes were collapsed into their six main codes before running the test. In addition, all articles coded unsure/contra by one of the coders were filtered out. The test was run at a document level, meaning that if a document contains a code, regardless of where in the document it occurs, it is counted as a match. In order to ensure that any discrepancies found stem from true disagreement, rather than simple oversight, each coder went through the data once more, focusing on every instance where the other coder had coded something they themselves had not. If the coders agreed they had just overseen the respective piece of evidence – often a sub-sentence occurring only once among many articles – they would code it as well; otherwise the article was left unchanged. The result was a relatively high intercoder reliability of 91.7% for arms deliveries and 81.6% for EDIS (meaning that in 91.7% / 81.6% of all code assignments the coders assigned the same code to the same article; the breakdown of the results for each code can be found in the appendix in Table A2). In order to obtain a consistent basis for the subsequent evaluation of results, the remaining discrepancies were discussed between all three researchers until agreement was reached (Table A3 in the appendix shows the final code frequency for each code).

EDIS

EDIS is the third pillar of Europe's Banking Union. A first proposal for its design and implementation was put forward by the European Commission in 2015. The overarching aim of this third pillar is to enhance the stability of the European banking and financial system by creating a common deposit insurance, covering savers in all countries equally. This should greatly reduce the risk of contagion in the case of a crisis in one country, by reducing incentives for capital flights or outright bank-runs.

Since 2015, Germany has blocked any substantial progress on EDIS at the political level. As member states cannot agree on EDIS, in big part due to Germany's resistance, we observe an unsettled collective action problem, and, in the form initially proposed, EDIS has become a dead project (Economist Intelligence Unit, 2023). Regarding Germany's role in particular, we see a pronounced veto player role rather than any attempt to take on leadership with a view to

completing the European Banking Union. In other words, the incomplete Banking Union combined with Germany's non-leadership leaves the EU with a leadership vacuum when it comes to providing greater financial stability and preventing future financial, fiscal, and economic crises.

The explanations as to why Germany has assumed this stance, however, are open to competing interpretations. The assessments offered in the literature differ. Ordoliberal convictions, distributional and moral hazard concerns, as well as specific interests stemming from the domestic banking sector have all been pointed out as important factors shaping government policy.

On a basic level, it is generally accepted that Germany's relatively sound banks and public finances reduce the individual gains it can expect from a fully-fledged EDIS. Rather than something Germany would ultimately benefit from, it is widely assumed that German banks would be net-contributors to such an instrument, asked to bail out depositors primarily in other countries (Howarth & Quaglia, 2018; Quaglia, 2019). The implications of this are not only an unwanted distribution of costs, but moral hazard concerns (Howarth & Quaglia, 2018; Tümmler, 2022).

Moreover, some view Germany's position as further hardened by a commitment to ordoliberal values, underscoring, for instance, the importance of aligning responsibility with liability in Banking Union more broadly (Schäfer, 2016). In a somewhat similar vein, Donnelly (2020) argues that Germany's position on EDIS is informed less by immediate distributional gains, than a broad attempt to reduce the risks in fragile banking and financial systems of other member states. This is seen in the context of a collaborative effort by an advocacy coalition of like-minded countries, seeking to reduce both their costs and risks by pursuing (ordoliberal) institutional change. One key argument here is that such an interpretation could explain why Germany's position has remained relatively stable, even in the face of proposals that would minimize immediate economic costs for Germany (Donnelly, 2020).

Another set of explanations featured prominently in the literature, highlights the importance of specific sectoral interests within the German banking system in shaping government preferences. As noted above, German banks have generally opposed EDIS for the simple reason that they would likely be net contributors in such a scheme, given that the likelihood of its activation is greater in other euro area member states (Howarth & Quaglia, 2018; Quaglia,

2019). This is particularly true for smaller savings- and cooperative banks, whose business models rely on well-funded, primarily ex ante, insurance schemes. This gave rise to obvious moral hazard concerns between different banking sectors and banking systems (Donnelly, 2018; Howarth & Quaglia, 2018).

Emphasizing the key role played by savings- and cooperative banks, both Tümmler (2022) and Howarth & Quaglia (2018) argue that the position on EDIS cannot be explained solely through moral hazard concerns over pre-emptive risk reduction. Instead, they highlight the unique legal and institutional status of the existing national deposit guarantee schemes (DGSs), which many savings- and cooperative banks and their associations sought to retain and protect. Through strong lobbying efforts and deep ties with politics (and politicians) at all levels, they are viewed as successful in influencing government policy in their favour (Tümmler, 2022).

In summary, the literature has so far focused primarily on either ideational or domestic-level factors, often referencing different moral hazard concerns, in explaining the German government's position on EDIS. However, such concerns can only partially explain Germany's consistent non-leadership in completing the Banking Union, as the already existing pillars provide for ex-ante supervision as well as a tested resolution mechanism. Problems of moral hazard should therefore not stand in the way of a common deposit insurance, which would complement rather than substitute existing ex-ante regulation. If we want to explain Germany's (non-)leadership position in completing the Banking Union, it is therefore necessary to consider also the interaction between pressures at the European level and individual German interests, and how this could shape the policy outcome. This paper seeks to address this gap.

The causal mechanism outlined earlier (Figure 1) shall be used to explain the leadership vacuum in completing the Banking Union and, in particular, how and why Germany fails to provide leadership despite there being a strong demand for it. It does so by laying out a conjectured causal chain consisting of six steps. The following section analyses the collected material through the lens of this causal chain. The evidence for each step, or lack thereof, is presented below.

Causal steps

Collective Status-quo Costs

The starting point for our conjectured causal chain is that there are some kind of collective status-quo costs arising from not having EDIS in place. Indeed, the data emerging from our media analysis contains evidence of such costs. 13 different articles in our selection, stretching chronologically from 2015 to 2022, refer to different costs and risks arising from the lack of a common deposit insurance.

The most commonly cited fear in the material is that the lack of a third pillar could lead to bank-runs, putting people's savings at risk. Then vice-president of the Commission, Valdis Dombrovskis in 2015 referred to EDIS therefore as ‘an additional safety layer to European depositors’ (POLITICO, 2015a). The notion of protecting depositors is of course intimately connected to the issue of overall stability of the banking system, which runs as a common thread in the material: ‘The deposit insurance is viewed by many as the linchpin of the EU’s planned Banking Union because it would significantly reduce the risk of bank runs in countries where financial institutions run into trouble’ (POLITICO, 2018b).

The perceived status-quo costs must also be seen in the context of the Eurozone crisis, which ultimately helped give birth to the 2015 EDIS proposal. Looking back on the crisis, former Greek finance minister George Papaconstantinou stressed the importance of implementing a common deposit insurance scheme. His comments are worth quoting at some length, as they capture the main points of concern shared by many actors, clearly illustrating the perceived status-quo costs:

‘The big negative in my mind is the missed opportunity to complete the Banking Union with a joint deposit insurance. In the hierarchy of things to do, I would have put that in first place. What caused the crisis to last as long as it did was the migration of deposits from the south to the north, and the banking system’s instability. There is no way we can pretend we can solve this problem without the European deposit insurance system.’ (POLITICO, 2018c)

The costs of EDIS’s non-existence have continued to spur discussions also more recently. Documented in the material, for example, is the transition of the Eurogroup president in 2020. The outgoing Mário Centeno specifically emphasized the importance of moving forward with EDIS, urging his successor Paschal Donohoe to pursue it in order to ‘ensure savers are protected from future financial crises’ (POLITICO, 2020).

Until today, EDIS is considered crucial in protecting both individual savers and the entire financial system, should another crisis hit Europe. As for instance an article of November 2021 states:

The fear is that these national guarantees could deplete in a full-blown banking crisis, like the 2008 financial meltdown, which forced governments across the bloc to help rescue lenders on the brink of collapse with public money. If another banking crisis erupts, people's savings could be at stake without EDIS in place. (POLITICO, 2021)

Taken together, the evidence gathered clearly shows that discussions surrounding the third pillar of the Banking Union are underpinned by the notion of status-quo costs. These costs or risks are articulated by many different actors. While much of the evidence found is sufficient to claim that the expected causal step has actually taken place (high 'uniqueness') – i.e., status-quo costs are actually arising from the lack of EDIS – we could not define any observable manifestations that would be necessary to claim causal inference (low 'certainty'). This leaves us with some 'smoking-gun' evidence, but without any 'hoop test' or 'doubly decisive' test to directly disconfirm our expectations.

Collective Demand for Leadership

The second step of the proposed causal mechanism stipulates that status-quo costs lead to a collective demand for (German) leadership. Indeed, such demands can be found in the empirical material. However, the individual statements must be seen in the context of Germany's already well-known reluctance to engage in any kind of risk-sharing, including EDIS. This means that the demands for leadership generally take the form of pleas, both implicit and explicit, to give up a veto-position. In total, 11 articles were coded as containing such or similar demands.

One illustrative example is the clash between Italy and Germany in 2016, precisely over the issue of EDIS and its implementation. The Italian prime minister at the time, Matteo Renzi, obviously wished for speedier progress with the third pillar and is reported as having 'lashed out' (POLITICO, 2016a) against Germany during an EU summit, while also rallying Portugal and Greece in attacks on Berlin. This highlights how other actors view German collaboration as pivotal to the success of the project, demanding from the country to assume responsibility.

Germany's reluctance to constructively engage with EDIS gave rise to headache not only in Italy, but also in other member states, as documented in our data collection. For instance,

French President Macron's plans for the Eurozone were described as dependent on getting Germany to 'lift its blockade' (POLITICO, 2017) on EDIS, while at the same time noting that this would likely prove to be a daunting task. Following the coding scheme, such material was coded as straw-in-the-wind evidence for a demand for leadership in the form of a call to give up a veto-position. In and of itself, it could be viewed also as a French attempt at leadership, but the context highlights Germany's particular and undeniable importance. This is exemplified by a quote of a French senior official stating that 'We have to move forward, we cannot wait forever, and we need our German partners to make progress' (POLITICO, 2018e). While such statements are neither sufficient nor necessary to claim that there has been a collective demand for leadership, they do increase our confidence that such a demand has actually been there ('straw-in-the-wind').

Beyond the capitals, it is reasonable to believe that similar demands were expressed in Brussels as well. In 2021, a new coalition government was voted into office in Germany, and this apparently raised some hope that the country would come to assume a less unyielding position on EDIS. As stated in our material, however, any such hopes were quickly squashed as the new government showed continuity with the traditional German position.

Some in Brussels had hoped that Germany's new coalition government — a center-left grouping of the Social Democrats, Greens and Liberals — might breathe some life into the EDIS debate. The coalition's manifesto, however, has made clear the new government has no plans to pursue EDIS as proposed. (POLITICO, 2021)

This further strengthens our understanding that there has been a consistent demand and wish for Germany to take a more constructive role concerning the implementation of EDIS, with other member states as well as EU actors hoping for more progress. The pattern is visible also in very recent material. Against the backdrop of stock-market turbulence in 2023, Eurogroup president Donohoe urged member states during a summit to 'implement what was agreed upon' (POLITICO, 2023a), a comment most definitely directed at Germany to give up its de-facto veto-position.

Due to the nature of the discussions surrounding EDIS as well as diplomatic practices and constraints, it is not surprising that we do not find more explicit public demands for German leadership in our data. Instead, such demands come primarily in the form of comments on Germany's indispensability to the process, or as pleas to stop blocking progress. In other words, there is evidence that member states have called for Germany to give up or soften its stance, in

order to unlock collective action and enable the community of member states to move on with EDIS. To be sure, such evidence is not ‘unique’ to a call for leadership, as giving up a veto position does not equal leadership, nor would the absence of such evidence disconfirm the conjectured causal mechanism (‘low certainty’), but it strengthens the plausibility that a collective demand for leadership has taken place.

Willingness to lead

The next causal step hypothesizes that Germany is in principle willing to assume leadership in issues of European integration and, in particular, in the field of EMU governance. From a theoretical point of view, such a basic willingness is the precondition for an actor to consider providing leadership at all. While it is hard to capture a country’s willingness to lead detached from a concrete policy issue through a media analysis, we know from a previous elite survey that German political elite members do acknowledge Germany’s special role in the EU and that there is a, at least in principle, willingness to lead (Schoeller, 2023a). German political elites are very well aware of Germany’s importance to the European project and broadly express their willingness to assume extended responsibility for it, including in the field of EMU.

Based on the available survey data (Schoeller, 2023b) we constructed a leadership-willingness index based on nine different leadership roles a country can assume in the context of regional integration. On a scale ranging from 1 (‘Agree that Germany should...’) to 5 (‘Disagree...’), the willingness of German political elite members working in the field of Economic, Monetary and Financial Policy to take a leading role in the E(M)U corresponds to 2.12 (Figure 2).

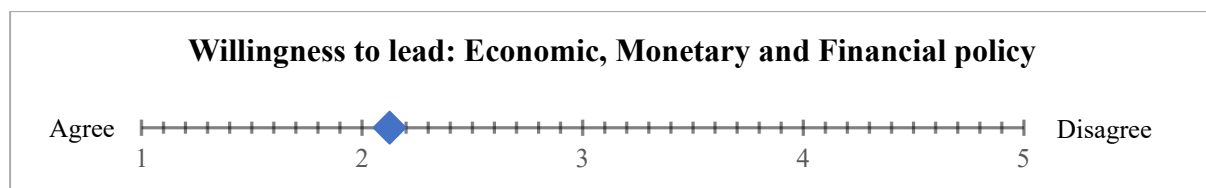


Figure 2: Index score for the willingness to lead among German political elite members working in the field of Economic, Monetary and Financial Policy

Such an explicit expression in the form of survey data can be taken as ‘smoking gun’ evidence and hence sufficient to claim that the relevant causal step – the basic willingness to take the lead – has actually been there. Of course, if we had not found such evidence, this would not have meant that the conjectured causal step did not take place. In other words, this evidence

greatly increases our confidence that Germany is in principle willing to take the lead in the field of EMU governance, but it does not lend itself to disconfirm our conjecture.

Discrepancy between collective desirability of leadership and individual interests

According to the proposed causal mechanism, we expect Germany in the next step to perceive a discrepancy between the collective benefits of leadership and its individual (national) interests, possibly observable in the weighing of different arguments for and against. As defined in the coding scheme, the evidence for this step is relatively weak. While there is abundant evidence of Germany blocking progress with reference to its individual interests, such expressions are usually not placed in direct opposition to the collective benefits of a common deposit insurance scheme.

This might have to do with the fact that EDIS has been strongly contested by German governments ever since the proposal was made public in 2015. This left Germany with only very little room for public discussions in the form of pro and contra. As (one of) the main opponents to the proposal, Berlin likely did not see much value in communicating the potential upsides of EDIS. Moreover, while such evidence would, if found, be a smoking gun, it is quite demanding to expect to find it in public political discourse. In this arena actors usually argue in favour of one position rather than carefully weighing pros and cons. With regards to future research, it might therefore be more promising to search for the relevant evidence through confidential interviews or background talks with decision-makers that are directly involved in shaping the policy issue at stake.

While the evidence for a perceived trade-off between the collective desirability of leadership and Germany's individual interests therefore is scarce, there is a notable exception in the form of an open letter published by then Finance Minister Olaf Scholz in the Financial Times in November 2019 (Scholz, 2019). Scholz begins by stating that the deadlock surrounding the European Banking Union needs to end, before raising three major points where progress is, in his view, crucial. The last point concerns EDIS, with Scholz noting the necessity of some kind of common European deposit insurance scheme, which would 'significantly enhance the resilience of national deposit insurance', further adding also that this is 'no small step for a German finance minister'. Given the timing and the wording of the statement, one would not be wrong in expecting a major policy change. But what at a first glance might look like a U-

turn, was in fact immediately followed by comments and conditions stressing continued national ownership and hence the differentiation between banks in different countries.

So, while Scholz acknowledged the collective desirability of a common reinsurance scheme and even ‘mimicked’ a leadership role (‘I am calling on the EU to act now’), he spelled out conditions that not only reflected German individual interests but also turned out to be unrealizable for other member states, most notably Italy, which would see its banks penalized due to large government debt holdings (Financial Times, 2019). Hence, what was read by many as a breakthrough or even as a leadership attempt made by Germany actually killed any further political progress on EDIS or any other joint reinsurance scheme. At the same time, this episode in the EDIS saga clearly exposes the discrepancy between the collective desirability of a joint (re)insurance scheme recognized by Germany and its opposing national interests.

Prevalence of individual interests

In this second to last step of the causal chain, it is expected that Germany’s individual interests prevail over the collective interests of the bloc as a whole. Observable manifestations of this could be accounts of Germany highlighting risks or downsides with EDIS, or actually blocking and delaying it with explicit reference to German individual interests. Applying our coding scheme, no less than 19 such passages were found in the media analysis.

In November of 2015, for instance, then finance minister Wolfgang Schäuble is described as having made ‘no secret of his opposition to the idea of mutualization of banking risk,’ adding also that ‘On this, I will be particularly stubborn’ (POLITICO, 2015a). As is evident from our analysis, statements such as this set the tone for the entire discussion surrounding EDIS for years to come.

What clearly emerges from the material is that Germany’s main fear is that the country will end up having to pay for or assume liability for other member states, perhaps most notably Italy. A description of the logic behind this stance is found in a 2018 article, lending smoking gun style evidence for this step in the causal chain:

Berlin continues to cite the weak state of Italian banks — weighed down with non-performing loans and holding too much of their own country’s sovereign debt — as grounds to delay steps to complete the Banking Union with a common deposit insurance scheme. (POLITICO, 2018d)

In a similar vein, the main objection is summed up in two other articles from 2018, stating that Germany is against measures that ‘could leave Germany on the hook for other countries’

(POLITICO, 2018b) and that there is a persistent belief that Germany needs to fend off other member states ‘trying to pick its pockets’ (POLITICO, 2018a). This sentiment was (and still is) shared with broad parts of the German population, leading to a situation in which ‘any hint that German taxpayers could end up footing the bill for other Europeans is met with immediate outrage and resistance’ (POLITICO, 2018e).

Understood as a kind of national or individual interest, this fear of having to pay for the alleged sins of others, seems to be one of the core reasons underpinning Germany’s position on EDIS. One article from 2021 interprets the situation along such lines, claiming that the political deadlock surrounding EDIS

stems from mistrust between the North and the South. Northern capitals fear that a shared deposit insurance scheme could put their banks on the line for southern savers, and they’re demanding that financial risks within the industry be defused before EDIS is introduced. (POLITICO, 2021)

For this step in the causal mechanism, the media analysis provides us with material that substantially strengthens our confidence that it indeed took place as hypothesized. Presented above is both straw-in-the-wind (low uniqueness) and smoking gun style evidence (high uniqueness). However, this kind of evidence is not necessary for claiming causal inference, meaning that our predefined observable manifestations increased our confidence in the proposed causal mechanism, but did not allow us to disconfirm it based on the empirical material.

Leadership vacuum

Arguments like those presented in connection to the previous step have in many cases been used to justify the opposition or outright blocking of progress regarding EDIS. In 2015, German chancellor Angela Merkel was, for instance, cited saying ‘The German position is that we reject a collectivization of deposit insurance [...] I made the German position clear again’ (POLITICO, 2015b). As is documented in the material, this almost immediately led to EDIS ‘being snarled up in both the Council and the Parliament’s economic affairs committee, due in large part to German objections’ (POLITICO, 2016b). In other words, Germany already from an early stage contributed to a sustained status-quo and has in fact been an obstacle to further progress, which could have reduced collective costs.

In 2019, POLITICO for instance writes that ‘breaking down German resistance’ (POLITICO, 2019) will be key for commissioner Dombrovskis’ work on the completion of the Banking

Union. The discussions dragged on, but it eventually proved impossible to get Germany on board even for watered down plans for a deposit insurance scheme, as described in a 2020 article:

The task of completing a long-sought Banking Union for the euro area, with a shared deposit insurance system, proved insurmountable during Centeno's two and a half years in the position. Northern European countries, such as Germany and the Netherlands, have remained reluctant to share financial risks with banks from their indebted southern neighbors. (POLITICO, 2020)

The stalemate continued and in a 2022 article, Germany is even described as responsible for previously 'killing' the Banking Union through its actions. In the same article, Finance Minister Lindner then insists that 'For Germany, a full European deposit guarantee is not up for debate' (POLITICO, 2022e). This quite remarkable statement shows that the German position has basically not moved at all, since the statements made by Schäuble in 2015.

In 2023, the Commission suddenly withdrew from its agenda a plan for tighter rules on bank bailouts. Commentators quickly assumed that this was the result of pressure from one of the member states, with Germany cited as the prime suspect. While Germany refused to take the blame, the 'indictment' contains several interesting passages:

Suspect No. 1: Germany. Germany has previous history. Berlin last year killed off an EU-wide deposit insurance scheme due to concerns over joint debt and bad flashbacks to the eurozone crisis [...] This time round, *Germany is likely to want an exemption for its politically sensitive protection schemes for cooperative and savings banks* [emphasis added], making it suspect No. 1. 'It seems clear it is to do with Germany, I don't know any other [member country] who made blocking concerns at this phase,' said one EU diplomat, who spoke on condition of anonymity because of the sensitivity of the discussion. (POLITICO, 2023b)

First of all, the quote further strengthens the picture of Germany dragging its feet or even outright blocking any progress related to EDIS. However, it also raises one issue, which is somewhat surprisingly missing in most of the gathered material. As pointed out in the literature (Howarth & Quaglia, 2018; Tümmler, 2022), Germany's very rigid stance on EDIS could at least partly be explained by the changes it might bring to already existing, well-funded, German deposit guarantee schemes. In short, the big fear in this regard is that funds from such national schemes would, in one way or another, be siphoned off to instead strengthen deposit guarantee schemes in other countries.

Although much of the material presented above qualifies only as ‘straw in the wind’, as statements emphasizing German individual interests are neither necessary nor sufficient for claiming that they also prevailed over the collective good, the data increases our confidence that the causal mechanism has actually taken place as expected.

All in all, the status-quo costs are widely acknowledged and there have been frequent calls for Germany to give up its veto-position and move forward with EDIS. The most abundant evidence in the data collection, however, concerns prevailing individual interests of Germany and the subsequent non-provision of leadership (or a leadership vacuum). The most important common thread in the material is Berlin’s perception that a fully implemented EDIS would come with additional risks and/or costs for Germany, and possibly German taxpayers, due to fragilities in other countries. Most such references are made against the backdrop of well-known moral hazard concerns, but at least one article also raises the issue of fear over Germany’s national deposit guarantee schemes. Since 2015, Germany has made sure that EDIS remains a dead project, despite the generally acknowledged need for the Banking Union’s third pillar.

Arms deliveries

The Russian invasion of Ukraine on 24 February 2022 and the ensuing war has presented the EU with a significant threat to its security order. A big topic since the invasion has been the delivery of weapons and military equipment to Ukraine. Especially for Germany, as the EU’s biggest member, the war has put a growing focus on their willingness to supply arms.

The issue of supplying weapons to Ukraine represents a two-fold collective action problem. First, it is a coordination problem with distributional consequences. The question is who should deliver how many weapons and when, but most agree that sending no weapons at all represents the worst outcome (see the ‘battle of the sexes’-example in game theory). The nature of the game means that the optimal outcome will unavoidably favour some parties over others. Second, arms deliveries to Ukraine are a ‘free rider’ problem: to avoid carrying more costs than others, e.g. in the form of Russian retaliation or simply in pure material costs, a member state might wait for someone else to take move first in delivering weapons.

Both collective action problems can be ‘unlocked’ through leadership. In the first case, a leader might coordinate the delivery of weapons and broker who delivers how much between the member states. Not every member state will be able to deliver weapons on their own terms, but

the worst outcome of failing to deliver any weapons at all is avoided. In the second case, a leader can lead through example by unilaterally sending weapons – acting as the ‘first mover’. In addition, a leading state can use its power to sanction ‘free riders’, thus avoiding insufficient deliveries and ensuring that the costs are distributed among member states.

Germany’s traditional foreign policy stance, and the announced *Zeitenwende* of the Scholz government (Scholz, 2022), provide important context for the analysis. Germany’s foreign policy has in the post-Cold War era been characterized by a focus on multilateralism and diplomacy and, importantly, by a pronounced containment regarding military armament and intervention (Bunde, 2022). In addition, Germany has traditionally focused on the development of political and economic ties with Russia, rather than following the more antagonistic stance of some of its European partners (Stent, 2022). The *Zeitenwende* speech from German Chancellor Olaf Scholz, given three days after the invasion of Ukraine in February 2022, apparently marked a departure from this traditional line in German foreign policy. Scholz announced tough sanctions on Russia, 100 billion euros to modernize the German armed forces, and a promise to spend more than the NATO-pledged 2% of GDP on defence (Scholz, 2022). In addition, Scholz promised to supply weapons to Ukraine, reversing a long-standing refusal to supply arms to war zones.

At the time of writing, the literature dealing with Germany and the Russian war in Ukraine is still very limited. Existing literature has thus far concentrated on explaining the historical context and policy contents of the *Zeitenwende* (Blumenau, 2022). While some have focused on assessing how far the implementation of the *Zeitenwende* has come (Stent, 2022), others have examined its implications for the future of European security politics (Bunde, 2022; Fix, 2022), and yet others have studied European countries’ reactions to it (Handl et al., 2023).

In that context, the topics of arms deliveries and Germany’s role in shaping a common response to the Ukraine war have remained understudied. A perceived hesitancy on Germany’s part to deliver weapons to Ukraine has been dealt with either as an example of a failure to implement the *Zeitenwende* (Stent, 2022) or as a future ‘credibility problem’ for Germany in the foreign policy realm (Bunde, 2022). To the best of our knowledge, however, there has not been any systematic review of the reasons or causal mechanisms behind Germany’s alleged reluctance to deliver weapons. Similarly, while some authors touch upon the topic of German leadership in connection with the war in Ukraine (Blumenau, 2022; Bunde, 2022; Fix, 2022), the reasons

and causal mechanisms underlying Germany's (lack of) leadership performance have remained in the dark.

Most explicitly, Driedger (2022) has pointed to a lack of theories to explain what he identifies as a repeating pattern of inertia and reactivity in German foreign policy. He argues that Germany tends to take a rather passive role in foreign policy, and to be a reactive rather than an active player. Further research and theorizing are therefore needed to better understand what might be causing this pattern (p. 146).

In line with what Driedger (2022) identifies, the coding and analysis of the empirical data in this paper leaves a clear impression (a more thorough analysis can be found at the end of this section): Germany has continuously shown reluctance, dragged its feet or straight out refused to send weapons. When it *did* send weapons, it has in many cases only done so after continuous demands from other member states. Neither has Germany taken on a coordinating role, but rather used the need for coordination as a reason to not act as a first mover, leaving actual coordination efforts to other member states like Poland. All in all, the data shows Germany taking a back-seat position on the issue of arms deliveries to Ukraine, relying on other member states to coordinate and deliver weapons in greater quantities and earlier.

The question then becomes: what causes the biggest EU member state, and in many ways a natural candidate for assuming leadership, to forgo this role and leave a leadership vacuum?

Following the causal mechanism outlined in Figure 1, we would expect events unfolding in something resembling this order: 1) EU member states recognize that the war in Ukraine represents a common risk for the European security order, perceive the high political, economic, reputational or electoral costs that come with it, and subsequently 2) demand that a powerful actor take leadership - whether Germany specifically or just in general - by coordinating weapons deliveries and/or by acting as a first-mover to address the emerging collective action problems. 3) To the extent that such a collective demand for leadership meets a willingness in Germany, at least in principle, to take a leading role in the EU's Common Foreign and Security Policy, the German political elite weighs the collective desirability for leadership against their individual national interests, and 4) concludes that the individual cost for Germany of taking on a leadership role in supplying arms to Ukraine outweighs the collective benefit. Hence, national interests prevail, and 5) a leadership vacuum arises.

The following section analyses the results from the collection and coding of 133 POLITICO articles on the topic of German weapon deliveries to Ukraine. Using a process-tracing method, we assess whether manifestations for each causal step can be found, and to what extent these represent evidence for the causal steps having taken place.

Causal steps

Collective status-quo costs

The full-scale war unfolding at the borders of the EU represents a more than obvious risk for the rest of the continent. Therefore, the nature of the related collective status-quo costs often remains implicit in the material that we analysed for our study. Nevertheless, of the 133 articles, nine were coded as explicitly referring to collective status quo costs. These nine provide sufficient evidence to illustrate the risk that the war poses to Europe. The focus is on the challenged European security order and the potential for Russian aggression to spread further west.

An article stressing not only the political and economic, but also the possible electoral costs, puts it this way: ‘Prolonged support for Ukraine will ultimately hinge on whether the European public understands the degree to which their own security is at stake’ (POLITICO, 2022b). NATO General Secretary Jens Stoltenberg, for example, stressed the security implications of the war in a statement made two days after the invasion: ‘Russia’s attack on Ukraine is more than an attack on Ukraine [...] it’s also an attack on the whole European security order’ (POLITICO, 2022k). Another article pointedly described the war as the ‘gravest threat to European security and democracy since World War II’ (POLITICO, 2022d).

Also German political elite members have pointed to the threat that Russia’s invasion represents to the European security order. German Chancellor Olaf Scholz, for example, is quoted saying that ‘The Russian invasion of Ukraine marks a turning point, [...] it threatens our entire post-war order’ (POLITICO, 2022h; see also the *Zeitenwende*-speech, given by Olaf Scholz the following day, 2022), and then German Defence Minister Christine Lambrecht stated in an interview that ‘Our values, democracy, freedom and security are being defended in Ukraine’ (POLITICO, 2022q).

In our case, the expressions of concern over the integrity of the European security order represents a so-called ‘smoking gun’, meaning that it is sufficient to claim evidence of the

causal step (status-quo costs) being there. This, together with the obvious fact that a war in Europe poses a risk to the rest of the continent, constitutes strong evidence to support the first causal step. The war in Ukraine comes with high status-quo costs for European countries and requires some sort of collective action. At the same time, we could not define any ‘hoop tests’ or ‘doubly decisive tests’ that would need to be passed in order to claim causal inference.

Demand for leadership

The second causal step in our proposed causal mechanism is a collective demand for leadership arising from the status quo costs experienced by a group of member states. To claim that a demand for leadership has taken place, we need to find evidence that at least some EU member states or institutions have demanded that another actor, or Germany specifically, take on a leading role in the process of supplying arms to Ukraine. This could include actions like putting policy solutions on the agenda, supplying arms unilaterally (leadership by example), coordinating common material contributions, or keeping laggards from free riding, among others.

Already during the build-up to the invasion, EU member states urged Germany to send weapons to Ukraine, as evidenced by this statement in a February 2022 article: ‘The decision [to send anti-tank weapons and anti-aircraft defence systems to Ukraine, on 26 February 2022] was an abrupt change in course, coming after Berlin clung to its initial position for weeks despite the rising Russian menace and pressure from EU and NATO allies’ (POLITICO, 2022h). As is also evident from the statement, Germany in the end did decide to supply Ukraine with some material – in this case anti-tank and anti-aircraft weapons – but only after holding off for some time and after repeated demands from allies. This pattern has repeated itself throughout the progression of the war, as demands for more and heavier weapon systems arose.

In total, 14 articles have been coded as containing evidence for demands for leadership. Some have come directly from single member states, such as France, Poland, Estonia, the Netherlands and Finland. Estonia’s Prime Minister Kaja Kallas, for example, voiced her demand for Germany to do more in a tweet showing a table of single country contributions to Ukraine relative to economic power - with Estonia topping the list and Germany at the bottom. The table was accompanied by the text ‘Our deeds speak louder than words. #ArmUkraineNow’ (POLITICO, 2022m). This was in April 2022, highlighting that despite the initial decision to

send weapons, Germany did not end up taking the lead in arms deliveries in the months following the invasion.

Poland has been particularly vocal about urging Germany to become more active, both in terms of delivering its own weapons and coordinating deliveries among member states as well as in allowing countries to send German-made weaponry like Leopard tanks to Ukraine. Germany is not only the biggest EU member state, but also a big exporter of weapons and weapon systems to allied countries. German-made weapons cannot be exported to third countries without German approval, putting them in a special position of power when it comes to allowing and coordinating weapons deliveries from member states to Ukraine. As the Polish Prime Minister Mateusz Morawiecki put it in January 2023:

‘Since Minister Pistorius denies that Germany is blocking the supply of tanks to Ukraine, I would like to hear a clear declaration that Berlin supports sending them [...] The war is here and now. ... Do the Germans want to keep them in storage until Russia defeats Ukraine and is knocking on Berlin’s door?’ (POLITICO, 2023f)

Similarly, a French official is reported to have told POLITICO that ‘Paris is turning the screws on Germany in the hope of extracting an agreement from Berlin to send Leopard tanks to Ukraine’ (POLITICO, 2023c).

Demands for Germany to send, and allowing the sending of, Leopard tanks have also come directly from EU institutions:

The European Parliament passed a nonbinding resolution urging Scholz to form an international coalition for sending Leopards ‘without further delay.’ And European Council President Charles Michel told MEPs: ‘The time is now. Ukraine needs more military equipment. I firmly support the delivery of tanks.’ (POLITICO, 2023h)

With Germany’s special position as both the largest EU member state and a big weapons exporter, and clear demands from both a variety of member states and directly from the European Parliament, we find strong evidence of the second step of the causal chain. Not only does it show a general demand for leadership, but demands aimed directly at Germany. The evidence found in our data therefore qualifies as ‘smoking gun’, as it is highly unique to a demand for leadership. In other words, the evidence found is sufficient to claim that the conjectured causal step has actually taken place. At the same time, none of the concrete demands (e.g. coordinating deliveries or unilateral action) could be defined *ex ante* as necessary

to claim that the causal step has taken place, as a demand for leadership can comprise many different roles (see theory section).

Individual willingness to lead

For leadership to emerge there needs to be not only a demand for leadership, but also a leadership offer. The latter requires the willingness, at least in principle, of a powerful actor to supply leadership (Schoeller, 2019). In our empirical material, we found relatively little evidence showing such a basic willingness to lead from German political elites.

In total, three statements by German Chancellor Olaf Scholz were coded as a basic willingness to lead. In August 2022, Scholz said he could ‘imagine, for example, Germany taking special responsibility for building up Ukrainian artillery and air defenses’ (POLITICO, 2022o). Later, at the Munich Security Conference in February 2023, he stated that: ‘We are doing all this in view of our increased responsibility and the higher expectations that our allies rightly place on Germany as the most populous and economically powerful country in Europe’ (POLITICO, 2023g). And finally, in a speech to the Bundestag a month later, Scholz is quoted as saying: ‘Germany acknowledges its responsibility for the security of Europe and the NATO alliance area, without ifs and buts’ (POLITICO, 2023d).

Part of the explanation as to why there is not more material in the coded articles is that we avoided coding statements that could be seen as intercoalition conflict, to avoid misinterpreting party politics as a general willingness to lead. This resulted in our omitting certain statements from high-ranking politicians of coalition partners that could otherwise have been seen as evidence. Moreover, in the context of European integration and EU politics, it is rather unusual that state leaders make general leadership offers detached from concrete policy issues.

Based on previous research, however, we know that there exists a basic willingness to provide leadership in the EU among German elite members. On the ‘willingness-to-lead’ index outlined above (Schoeller, 2023a, 2023b), the willingness of German political elite members working in the field of Defence policy and Foreign and Security policy to take a leading role in the EU corresponds to 1.73, clearly showing a general willingness to lead among the relevant political elites (Figure 3).

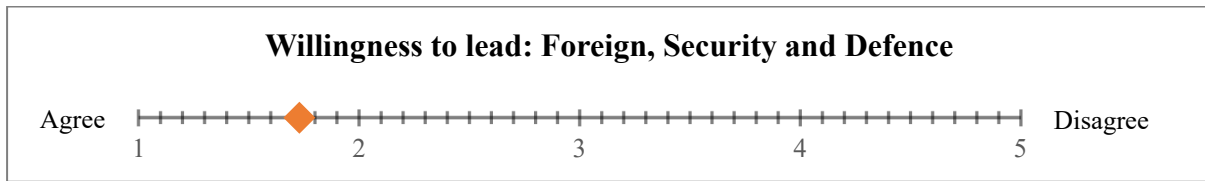


Figure 3: Index score for the willingness to lead among German political elite members working in the field of Defence, Foreign and Security Policy

While few, the statements given by Scholz can be categorized as ‘smoking gun’ evidence. Together with the willingness-to-lead index we thus have sufficient evidence to claim that the third causal step is in place i.e. that there is a principal willingness to lead among German political elites.

Discrepancy between collective desirability for leadership and individual interests

An important step of the causal chain explaining a leadership vacuum is that the leader weighs the collective desirability for leadership against its own national interests. It also proves to be one of the harder steps to find strong evidence for. This probably comes down to the nature of the step. Ideally, we would see German political elites publicly weigh the national costs and international benefits of Germany taking on a leadership role. These sorts of deliberations are not usually done in public political discourse, where actors promote *one* position rather than carefully weighing pros and cons.

Still, two passages have been coded as a discrepancy between collective desirability for leadership and individual interests. Both refer to statements made by German Defence Minister Christine Lambrecht. The first one is a direct quote from April 2022, on the topic of supplying Ukraine with heavy weapons:

‘We must not allow Putin to win this war of aggression. That is why it is so important to provide clear support for Ukraine. But we are reaching our limits because I have to and I will continue to ensure the defense of the country and the alliance.’ (POLITICO, 2022m)

In this statement the perceived dilemma of the German Defence Minister becomes clear: either send weapons to Ukraine, or focus on building Germany’s own military capabilities. The mention of NATO (‘the alliance’) here is convenient for Lambrecht, as it somewhat reframes the situation as a choice between two international commitments. Nonetheless, the mention of Germany’s own defence capabilities, and the fact that NATO commitments are, after all, the

result of national foreign policy decisions, provide evidence of a deliberation of collective leadership desirability versus national interests.

The pattern re-emerged in September 2022. At this point, Germany had already conceded to deliver anti-aircraft tanks and howitzers, with a promise of delivering air defence missiles in the near future. Lambrecht is quoted talking about Berlin's commitment to training Ukrainian soldiers and coordinating a system for repairing already delivered weapons in Poland:

However, Lambrecht's remarks stand in stark contrast to the fact that she has ruled out further significant deliveries of heavy weapons to Ukraine, arguing that the stocks of Germany's armed forces, the Bundeswehr, are depleted and that Berlin must hold back weapons to ensure its own defense capabilities as well as obligations within NATO. (POLITICO, 2022c)

Although few, these remarks provide some insight into the decision process in Berlin. It becomes clear that the question of sending weapons to Ukraine is seen as being at odds with Germany's own interests, that is, more specifically, (re)building the country's military capabilities and strengthening the Bundeswehr, as well as keeping up with NATO commitments.

There are other national interests that could play a role in the decision-making process, but which we cannot substantiate with evidence in our data for this specific causal step. Military retaliations from Russia in the case of weapon deliveries to Ukraine, for example, are not mentioned in direct contrast with the collective benefits of leadership. It does figure, however, as a German national interest in the next step. Other explanations that are missing in the empirical data is for example German dependency on Russian gas.

Nonetheless, at least two statements in the data provide direct evidence that German national interests have been weighed against the collective desirability for leadership, both relating to the specific interest of German military capabilities.

Prevalence of individual interests over collective good

As opposed to the discrepancy between collective and individual interests, the result of this deliberation process – namely the prevalence of individual interest and a leadership vacuum – is easier to pinpoint through a media analysis, as evidenced in the following two sub-sections. First, we conjectured that the potential leader (here Germany) concludes that its individual interests prevail over the collective good that could be reached through the provision of leadership. Of the 133 articles, 32 segments in 21 documents were coded as evidence of

individual interests prevailing over the collective good. The arguments given roughly fall into two categories: Securing German military capabilities and avoiding escalation and Russian retaliation.

Ensuring Germany's own military capabilities has already been mentioned in the previous step. It is cited frequently both by journalists and German political elite members as a reason for German reluctance to send arms:

But, Lambrecht stressed, Germany's stocks are depleted — a result of years of underinvestment. Berlin must hold back weapons to ensure its own defense capabilities until it can rebuild its forces [...] 'I would very much like to be able to give significantly more to Ukraine,' Lambrecht said. 'If the Bundeswehr had not been so cut up in the years before, that would have been possible. But this is now the consequence of this irresponsible saving.' (POLITICO, 2022q)

Put in simpler terms by an anonymous government representative: 'Germany doesn't have tanks to spare anyway' (POLITICO, 2022f). An extension of this argument is that sending weapons and weapon systems requires additional military personnel and resources to ensure the correct training in the use of these weapons and to maintain and repair them.

A second reason is the fear of Russian military retaliation, whether against Germany directly, as evidenced for example by German Vice Chancellor Robert Habeck refusing demands to send tanks on the grounds of 'concerns about becoming Russia's next target' (POLITICO, 2022i), or against the EU, NATO or Western countries in general. For example, 'Berlin has also suggested that supplying modern German tanks would be seen by Russia as an escalation of Western involvement in the conflict and could prompt a military reaction from Moscow' (POLITICO, 2022m). Olaf Scholz put it in even stronger terms in an interview in April 2022:

'I said very early on that we must do everything possible to avoid a direct military confrontation between NATO and a highly armed superpower like Russia, a nuclear power,' [...] adding that he would continue to strive 'to prevent an escalation that would lead to a third world war.' (POLITICO, 2022j)

It is not the only time the German Chancellor has drawn connections to world wars. In a May 2022 article, Scholz is reported to have said that he 'does not want to repeat the mistakes of Wilhelm II, the last German emperor, who played a key role in Europe's fatal descent into World War I in 1914' (POLITICO, 2022l).

The fear of escalation and retaliation is one of the most commonly cited arguments as to why Germany has been reluctant to send weapons and has surfaced every time there are demands

for more, or more advanced, weapon deliveries – whether that means anti-tank missiles, Leopard tanks or, more recently, fighter jets.

Once again, a pattern emerges: Demands for the delivery of a type of weapon are refused by Germany on the grounds of one of the two aforementioned reasons. Following this, another member state or a group of member states move to deliver the type of weapon, upon which Germany eventually follows suit after some time. Then another weapon type is being discussed and the process repeats.

All in all, we find strong evidence of the prevalence of individual interests over the collective good. As with the previous step, some potential reasons are not mentioned in the empirical material such as dependency on Russian gas or negative domestic electoral responses, but the ones that are provide a clear picture: Germany's national interests prevail over the demands for leadership.

Leadership vacuum

The result of Germany's individual interests is a leadership vacuum. Of the 133 articles analysed, 47 included sections coded 'leadership vacuum', making it the most frequently used code in the material. It is not difficult to find the sentiment that Germany has not taken on a leadership role in the delivery of weapons to Ukraine in the empirical data. The most pointed example of this is perhaps an article from 12 September 2023, sporting the headline: 'Ukraine is turning the tide against Russia — no thanks to Germany' (POLITICO, 2022p).

Segments coded as 'leadership vacuum' include instances referencing German political elites expressing hesitance or reluctance to send weapons; member states delivering weapons before Germany; member states coordinating deliveries without Germany; member states complaining of German inaction; and direct references to a leadership vacuum.

The most coded category is that of general German hesitancy to send weapons. Passages like this: 'German Chancellor Olaf Scholz is delaying a final decision over whether to give Ukraine high-end tanks for its battle against Russia, despite pressure from several other top officials' (POLITICO, 2022n) is a common occurrence throughout the material analysed. Words like *again*: 'After Scholz on Tuesday again shied away from supplying heavy weapons [...]' (POLITICO, 2022f) and *still*: 'Olaf Scholz, who [...] was still ruling out sending German tanks

to Ukraine,’ (POLITICO, 2022g) serve to stress the issue of German inaction as a pervading one.

Germany dragging its feet on the issue has led other member states to directly call them out on their lack of action, as evidenced for example in this passage: ‘officials from several EU member countries had expressed fury and disbelief that the German government dragged its feet on giving blanket permission for the supply of lethal weapons and ammunition’ (POLITICO, 2022h).

Even when finally agreeing to send one type of weapon, German political elites express reluctance concerning the next type of weapons system under debate: ‘While Scholz said this [pledging to send a first round of weapons to Ukraine] could also involve heavier weapons that “can be used in an artillery battle”, he again ruled out delivering German tanks like the Leopard or Marder, which Kyiv had repeatedly asked for, to Ukraine.’ (POLITICO, 2022a).

The reluctance is often paired with a reference to the need for coordination. Importantly, however, Germany is not presented as taking a lead in making such coordination efforts:

Scholz has been hesitant to send heavy weapons to Ukraine, arguing Germany should first reach a common line with allies before agreeing to send tanks. Habeck backed that approach on Thursday, saying, ‘it is right for Germany to act in unity with its partners. And this unity must be maintained at all costs.’ (POLITICO, 2022i).

Instead, Germany seems to take a back-seat position, waiting for other countries to move first: ‘Berlin initially hoped Italy step up, but ultimately agreed to do “a little more than would otherwise have been possible”, as Scholz put it last week’ (POLITICO, 2022l). German political elites sometimes even directly state their unwillingness to take on a first-mover role: ‘[Scholz] added: “I believe that this is precisely an issue where it would be a grave mistake for Germany to take a special role and a special path”’ (POLITICO, 2022n).

This reluctance has left coordination efforts for other member states to organize:

Polish President Andrzej Duda and Defense Minister Marian Błaszczak took the lead in building momentum and support in various capitals to apply pressure on Berlin, eventually announcing that Poland would send the Leopards to Ukraine with or without Germany’s sign-off. And this pressure from Central Europe was an important factor in Washington’s decision to lean on Germany and — in sending its own Abrams tank — leave Berlin no let-out. (POLITICO, 2023e)

In addition to fronting coordination efforts, member states such as Poland, Estonia, Latvia, the Czech Republic, or Belgium have all been reported as moving faster and more aptly in sending weapons to Ukraine than what Germany has mustered (see for example POLITICO, 2022c; POLITICO, 2022h).

The empirical data leaves a clear impression: Germany has not taken on a leadership role in the case of delivering weapons to Ukraine. It has continuously shown reluctance, dragged its feet or straight out refused to send weapons. When it *did* send weapons, it has in many cases only done so after continuous demands from other member states. Neither has Germany taken on a coordinating role, but rather used the need for coordination as a reason not to act as a first mover, leaving actual coordination efforts to other member states like Poland. All in all, the data leaves an impression of Germany having taken a hesitant and partly reluctant role on the issue of arms deliveries to Ukraine, rather than taking the lead. At the same time, our theoretical model contains clues as to how such a foot-dragging role may change into a leading role quite quickly. In particular, a rebalancing of costs and benefits in the German government, possibly triggered by a change in external factors, can align the collective desirability of a leadership role with Germany's individual interests. As the next elections in the United States approach and fears of a second term for Donald Trump grow, the German Chancellor's recent call for other EU member states to step up their efforts in supplying arms to Ukraine⁷ could be read as first sign of such a change.

Conclusions

Why does leadership fail to emerge even in cases where there is a collective demand for it *and* a powerful actor that is in principle willing to supply it? In this paper, we answer this question by stressing that leadership is no altruistic sacrifice. On the one hand, leadership is tied to a common goal from which everyone, including the leader, benefits. On the other hand, the employment of leadership strategies involves costs for the leader, as they require the use of material, institutional, or ideational resources. We argue that if the collective desirability of leadership and the individual interests of the would-be leader are at odds, leadership will fail to emerge.

⁷ See e.g. <https://www.politico.eu/newsletter/brussels-playbook/scholz-calls-on-eu-countries-to-arm-ukraine/> rev. 2 February 2024.

In other words, leadership lies precisely in the much-researched area of tension between collective benefits and individual costs. For states in a multilevel polity like the EU, the costs of leadership often originate at the domestic level – e.g. electoral costs or domestic veto players – whereas the collective benefits, and hence the demand for leadership, are located at the regional level. Due to such conflicting incentives in multilevel governance, we argue that regional integration is a particularly difficult environment for leadership to emerge (for additional reasons, see Hayward, 2008; Schoeller, 2019; 2023a, p. 1633).

Based on a rational-functionalist theory of leadership, we propose a causal mechanism to probe the plausibility of our argument and, more specifically, to trace how and why Germany has so far failed to emerge as a leader in the cases of EDIS and the delivery of weapons to Ukraine. While being an integral part of this task, it was not our primary aim to assess Germany's role in these two policy issues. Moreover, we abstained from making normative claims. Rather, we focused on the process leading to Germany's policy stance and, in particular, on the question of whether Germany's individual interests prevailed over the collective good. Both cases demonstrated the plausibility of our argument. EDIS as well as the delivery of weapons to Ukraine are collective action problems that cause status quo costs for all member states. At the same time, Germany has been willing to take the lead, at least in principle, in the pertinent policy areas of EMU and CFSP. It has also acknowledged the collective benefits of a common deposit insurance and arms support for Ukraine. However, when it comes to realizing these common goals, Germany has rejected a leading role due to its individual interests: while Germany has protected the privileges of its own banking system in the case of EDIS, it has sought to preserve its own defence capabilities in the case of arms deliveries. Additional individual interests, such as unfavourable distributional consequence in EDIS and the fear of retaliatory measures by Russia have added to Germany's reluctance.

While we found confirming evidence for all our conjectured causal steps, the quantity varied (see Table A3 in the appendix). Among all parts of the causal mechanism (i.e. excluding the outcome 'leadership vacuum'), we found most evidence for the prevalence of Germany's individual interests over the collective good. By contrast, the perceived discrepancy between the collective desirability of leadership and Germany's particular interests, which precedes the causal step 'prevalence of individual interests', has become least evident. This may have to do with the nature of the relevant observable manifestations, as in public political discourse actors tend to advocate for one position rather than carefully weighing up its pros and cons. For future

research, this implies that in-depth interviews may be a more suitable for assessing this causal step than a media analysis.

Obvious limitations of our findings regard their generalizability. While process tracing provides a high degree of internal validity, its external validity – here based on an N of 2 – is inherently low. However, since our causal mechanism is theory-based rather than derived inductively, we are confident that it applies to other cases of leadership vacuums in regional integration and international politics as well. The proposed method to find this out has been labelled ‘snowballing outward’ (Beach & Pedersen, 2019, pp. 129-144), which essentially means that the causal mechanism is first tested (and possibly revised) on very similar cases, then gradually moving on to more distant ones. Hence, in order to increase its external validity, it may therefore be advisable to first assess our conjecture with regard to (other) states in the context of European integration, and, if the causal mechanism still applies, continue with other actors (e.g. EU institutions), world regions and/or issues of international politics.

Finally, the question remains what our findings mean for Germany’s role in Europe in particular, and for the research and practice of leadership in international politics in general. Regarding Germany’s role in European integration and EU policy-making, our results highlight that many of the leadership demands directed at the EU’s ‘central power’ (Münkler, 2015) are misled as they ignore Germany’s individual interests. It is not sufficient to assume that the leader will also benefit from the achievement of a common goal. In addition, the would-be leader’s particular interests, often located at the domestic level, must not be at odds with the collective desirability of providing costly leadership. This implies that for many policy issues – ranging from EMU over migration through to CFSP – Germany is not the right leadership candidate in the first place. More generally, our paper thus cautions against treating leadership as an altruistic sacrifice, as this may result in nothing more than dashed hopes. This is true for both leadership research and practice in international politics. Of course, one may object that states do not always act rationally (in the sense of seeking to maximise their private gains under given constraints). If we assume (boundedly) rational states, however, we should formulate our demands for international leadership more cautiously, placing greater emphasis on the individual interests of the potential leader, and perhaps be more sceptical about the chances for political leadership in regional and international politics at all.

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Appendix

Table A1: Operationalization and observable manifestations of causal steps

Colour codes for observable manifestations:

- No colour: ‘straw in the wind’, neither necessary nor sufficient to claim causal inference
- **Red:** ‘smoking gun’, sufficient (but not necessary) to claim causal inference
- **Blue:** ‘hoop test’, necessary (but not sufficient) to claim causal inference
- **Green:** ‘doubly decisive’, sufficient and necessary to claim causal inference

<i>Theoretical causal steps</i>	Collective status quo costs (perceived by entire group / many group members)	Collective demand for leadership	Individual willingness to lead (by powerful actor)	Discrepancy between collective desirability for leadership and individual interests (perceived by potential leader)	Prevalence of individual interests over collective good (by potential leader)	Leadership vacuum
<i>Empirical causal steps</i>	EU member state governments experience high political, economic,	At least some EU member states demand that Germany take on leadership, e.g. by	German political elites are willing – in principle – to take on a leading role among EU	German political elites perceive a trade-off between the advantages of providing leadership	German political elites prioritize the national interest / emphasize the benefits of NOT	Refusal to lead by Germany (i.e. hesitation, reluctance, delaying, foot-

	electoral or reputational costs due to an unsettled collective action problem	putting policy solutions on the agenda, making greater material contributions to a common goal, going ahead unilaterally (leadership by example), brokering between member states, or representing them toward third actors	member states in the respective policy area	in the respective policy area and its individual disadvantages of doing so	responding to leadership demand	dragging, obstruction by German government)
<i>Observable manifestations (weapon deliveries)</i>	Security concerns; European peace order (= regional stability) at risk; electoral pressure to counter Russia's aggressive war; deteriorating	Demands (e.g. in the form of press statements, government declarations, speeches or position papers) for Germany to deliver	Expressions by political elites that Germany should take on a leading role in the EU's CFSP (e.g. interviews, survey data, press	German elites weighing costs (disadvantages) and benefits (advantages) of delivering (more) weapons; Political elites pointing to	Direct or indirect statements by government politicians or leading officials... - highlighting the risks or costs for Germany coming	Germany resisting demands for sending more or special weapons (generally or initially) Statements by government

	<p>relationships... (1) with US (external ally); (2) among EU MS (internal)</p>	<p>(more) weapons or a certain type of weapons; ... to coordinate the arms supply of EU member states to Ukraine</p>	<p>statements, declarations, speeches, position papers)</p>	<p>dilemmas or trade-offs in connection with weapon deliveries Concrete advantages/benefits: deterrence of Russia; upholding the European peace order = regional stability Concrete disadvantages/costs: escalation risk; economic and political consequences of strained relations with Russia (e.g. trade, security, stability); economic</p>	<p>with the weapons deliveries; - projecting negative future scenarios for Germany in case of delivering (more) weapons - justifying the non-delivery explicitly with German national interests</p>	<p>officials expressing hesitation, reluctance, or even outright opposition to delivering weapons Other member states delivering (a certain type of) weapons before Germany Other member states making efforts of coordinating arms deliveries (with Germany not engaging in such coordination efforts)</p>
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				costs and loss of own military resources; electoral costs (if acting against public opinion)		Representatives from other member states complaining about Germany inaction regarding weapon deliveries Representatives from other member states pointing to a leadership vacuum in the EU (or Germany's abstention from leadership) regarding weapon deliveries Timeline: Germany being later than other member states
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<p><i>Observable manifestations (EDIS)</i></p>	<p>Feared or actual financial instability (contagion risk); bank insolvencies; capital flights; reduced cross-border banking activity and market fragmentation; weaker trust in euro?</p>	<p>Demands (e.g. in the form of press statements, government declarations, speeches or position papers) for Germany to ‘unlock’ the negotiations; ... to give up its veto position; ... to provide a proposal for compromise</p>	<p>Expressions by political elites that Germany should take on a leading role in the EU’s financial and economic policy (e.g. interviews, survey data, press statements, declarations, speeches, position papers)</p>	<p>German elites weighing costs (disadvantages) and benefits (advantages) of EDIS; Political elites pointing to dilemmas or trade-offs in connection with EDIS</p> <p>Concrete advantages/benefits: Financial stability; lower risk of financial crisis; enhanced cross-border banking</p> <p>Concrete disadvantages/costs: German banks or tax payers becoming</p>	<p>Direct or indirect statements by government politicians or leading officials</p> <p>- highlighting the risks or costs for Germany coming with EDIS</p> <p>- projecting negative future scenarios for Germany in case of EDIS</p> <p>- justifying the blockade of / opposition against / delaying of EDIS explicitly with German national interests</p>	<p>Germany blocking/vetoing EDIS</p> <p>Statements by government officials expressing hesitation, reluctance, or even outright opposition regarding EDIS</p> <p>Other member states making efforts to advance EDIS or to act as brokers in negotiating EDIS</p> <p>Representatives from other member states complaining about Germany blocking EDIS</p>
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				liable for less solid banks elsewhere in the eurozone; disproportional risk exposure; political opposition/lobbying from German saving and cooperative banks; losing a stable national insurance scheme		Representatives from other member states pointing to a leadership vacuum in the EU (or Germany's abstention from leadership) regarding EDIS or the completing of Banking Union
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Table A2: Intercoder reliability tests

EDIS				
Code	Agreements	Disagreements	Total	Percent agreement
Non-relevance	33	5	38	86,84
1. Collective status quo costs	13	2	15	86,67
2. Collective demand for leadership	7	5	12	58,33
3. Individual willingness to lead	0	1	1	0,00
4. Discrepancy collective desirability – individual interests	0	0	0	0,00
5. Prevalence of individual interests	17	1	18	94,44
6. Leadership vacuum	23	7	30	76,67
Total	93	21	114	81,58
Arms deliveries				
Code	Agreements	Disagreements	Total	Percent agreement
Non-relevance	68	7	75	90,67
1. Collective status quo costs	6	1	7	85,71
2. Collective demand for leadership	10	1	11	90,91
3. Individual willingness to lead	1	1	2	50,00

4. Discrepancy collective desirability – individual interests	1	1	2	50,00
5. Prevalence of individual interests	19	0	19	100,00
6. Leadership vacuum	38	2	40	95,00
Total	143	13	156	91,67

Table A3: Code frequency (after discussing discrepancies and reaching full agreement between coders)

EDIS

Code	Coded segments	Documents
Non-relevance	88	88
1. Collective status quo costs	29	26
2. Collective demand for leadership	25	22
3. Individual willingness to lead	0	0
4. Discrepancy collective desirability – individual interests	2	2
5. Prevalence of individual interests	39	38
6. Leadership vacuum	75	56

Arms deliveries

Code	Coded segments	Documents
Non-relevance	148	148
1. Collective status quo costs	20	18
2. Collective demand for leadership	37	28
3. Individual willingness to lead	8	6
4. Discrepancy collective desirability – individual interests	4	4
5. Prevalence of individual interests	61	42
6. Leadership vacuum	141	94