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Article

Back to what future: leadership and instability in Europe in the New Cold War

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Abstract

Europe in the 1990s constituted a testbed for International Relations (IR) theory predictions. We compare the predictive power of Structural Realism and the Tsinghua School's Moral Realism in accounting for European outcomes following German reunification and the loosening of post-Cold War bipolar constraints. Some prominent structural realists anticipated intensified securitization, including hard balancing, nuclear proliferation, and even a great European war. Yet European leaders decided to bind a powerful reunified Germany in new institutions (monetary union) and did not hard balance against it. We argue that this outcome is best explained by Moral Realism's emphasis on political leadership as a core determinant of strategic preference formation that mitigates structural drivers. We then apply Moral Realism prospectively to current strategic "forks in the road," outlining sharply divergent outcomes for the European Union (EU): reform and relevance, or stagnation and marginalization under intensifying Sino-American strategic antagonism (the so-called "New Cold War"). We use two issues as litmus tests: European data and artificial intelligence (AI) sovereignty and a French-led nuclear umbrella. The pervasive diagnosis of the ongoing Europe's crisis as a "leadership deficit," calling for figures akin to Adenauer or de Gaulle to arise, resonates with our core finding: Leadership decisions, rather than purely structural dynamics, will determine Europe's destiny.

Introduction

In *The Struggle for Mastery in Europe*, Oxford historian A. J. P. Taylor advanced a somber thesis: the multipolar European order that emerged after 1848 rendered even prudent leaders powerless to prevent great-power war.[1] Following its unification in the 1870s, Germany, due to its geography, population, and, crucially, unmatched industrial capabilities, faced a stark

[1] A. J. P. Taylor, *The Struggle for Mastery in Europe, 1848–1918* (Oxford: Clarendon Press, 1954).

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strategic dilemma: pursue continental hegemony or suffer suffocating encirclement. Within Europe's volatile multipolar system, perpetually shifting alliances multiplied miscalculations, transforming the balance of power into a geopolitical pressure cooker. The explosion in 1914 ignited three decades of disastrous conflict that only concluded in 1945, when American and Soviet soldiers met at the Elbe, partitioning the continent and abolishing the strategic autonomy of the once formidable European empires.

Europe's subsequent decades of peace were born not of good statesmanship but of structural transformation.[2] Western European states surrendered their sovereignty to the U.S., by then an unquestionably rising superpower, while the East submitted to Soviet dominion. U.S. security guarantees suppressed the centuries-old and bitter Franco-German rivalry, while the U.S.-funded Marshall Plan set the foundations for recovery and the consequent European institutionalization. The "long peace" arose—a bipolar order cemented by Soviet-American nuclear deterrence.[3] As Kenneth Waltz, the founding father of Structural Realism put it, "living in the superpowers' shadow, Britain, France, Germany, and Italy quickly saw that war among them would be fruitless and soon began to believe it impossible. Because the security of all of them came to depend ultimately on the policies of others rather than their own, unity could effectively be worked for, although not easily achieved."[4]

In 1990, the year A. J. P. Taylor passed away, John Mearsheimer extended this structural prognosis to forecast Europe's future in a nascent post-bipolar world. With the Soviet Union on its path to the "ash heap of history,"[5] he predicted the return of multipolarity in Europe.[6] Mearsheimer argued that gradual US disengagement from Europe, combined with the Soviet Union's downgrade from global superpower to regional European power, would recreate the pre-1945 structural conditions that had once driven European states to great wars.[7] The familiar struggle for mastery would resume: a reinvigorated reunified Germany would alarm its western and eastern neighbors, pushing them to balance against it. Nationalism, the "gunpowder" of European civilization, would come sweeping back with a vengeance, as elites mobilized their publics for national defense. Nuclear weapons, a truly modern technology absent from the earlier struggle, would now become vital balancing tools of ultimate deterrence. Germany might itself go nuclear, with other states following; existing nuclear powers could even be tempted to launch preventive strikes to stop German atomic programs. In Mearsheimer's purely structural logic, Europe's post-1990 outlook was geopolitically ominous. "We would soon grow to miss the Cold War," he declared. "Hobbesian pessimism" about the EU's future became prevalent in the Realist academy.[8] For Mearsheimer, the post-1990 transition constituted social science's great

[2] For some structuralist Taylorian arguments about post-WII Europe, see A. J. P. Taylor, *Europe: Grandeur and Decline* (London: Hamish Hamilton, 1967); A. J. P. Taylor, *From Napoleon to Stalin: Comments on the Course of European History* (London: Hamish Hamilton, 1984).

[3] John Lewis Gaddis, "The Long Peace: Elements of Stability in the Postwar International System," *International Security*, Vol. 10, No. 4 (1986), pp. 99–142.

[4] Kenneth N. Waltz, *Theory of International Politics* (Reading: Addison-Wesley, 1979), pp. 70–1. The classic work on the stability of bipolarity is Kenneth N. Waltz, "The Stability of a Bipolar World," *Daedalus*, Vol. 93, No. 3 (1964), pp. 881–909.

[5] The phrase "ash heap of history" was used by Ronald Reagan in his Address to British Parliament, 8 June 1982.

[6] John J. Mearsheimer, "Back to the Future: Instability in Europe After the Cold War," *International Security*, Vol. 15, No. 1 (1990), pp. 5–56.

[7] Predictions about U.S. disengagement from Europe abounded in the early 1990s. Josef Joffe, "After Bipolarity: Eastern and Western Europe: Between Two Ages," *Adelphi Paper*, No. 247 (1989/90), pp. 75–6; Paul Huth, "The European Security Implications of the Dissolution of the Soviet Empire," *Bulletin of the American Academy of Arts and Sciences*, Vol. 45, No. 6 (1992), pp. 13–4.

[8] Jack Snyder, "Averting Anarchy in the New Europe," *International Security*, Vol. 14, No. 4 (1990), pp. 5–41. Though Snyder referred mostly to the post-Soviet space in Eastern Europe. As he argued, "deformities of multipolarity mean that small disturbances will reverberate into major clashes, and such disturbances are almost certain to result from the militarism and nationalism fostered by multipolar insecurity."

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test of Structural Realism—a theory positing that power distribution, not leadership, drives systemic outcomes.[9]

Yet the empirical record of the three decades following the Cold War contradicts structural-realist predictions. The U.S. did not scale back its security engagement with Europe. Crucially, Europeans did not balance against a reunited Germany; instead, they created institutions (most notably the Eurozone) to bind German power closely to the broader European welfare. And above all, Germany accepted this concession. No EU member state acquired nuclear weapons after 1990. The European Union itself did not collapse; instead, it attracted new members and emerged as a global normative power. Nor did nationalism surge; on the contrary, survey evidence consistently shows that Europeans increasingly identify both nationally and as Europeans.[10] Measured against Mearsheimer's own standard that credible theories in social sciences require predictive accuracy close to 70%, structural Realism's performance for the European case in the post-Cold War era registers near zero.

This article argues that leadership is the critical variable structural Realism overlooks. To test this, we employ a "forks-in-the-road" methodology examining pivotal decisions during Europe's post-Cold War critical junctures. The first and most challenging strategic fork (the one structural realists used to predict conflict in Europe) emerged with German reunification. Structural Realism anticipated hard balancing; instead, Jacques Delors, Helmut Kohl, and François Mitterrand crafted the Maastricht Treaty (1992), binding German power within the European Monetary Union (the Eurozone). Their leadership transformed a structural challenge into an engine of European integration. The second fork materialized during the Eurozone crisis (2008–16). Here, structural conditions—including the continuing U.S. security umbrella and the increasing economic dominance of the United States—favored fiscal integration, Maastricht's intended endpoint. But the European Central Bank (ECB)'s president Jean Claude Trichet's failed monetary policy, Angela Merkel's punitive austerity, and French President's Sarkozy's opportunistic maneuvering arrested progress, exposing how failed leadership can entrench fragility despite favorable structural conditions.

The 1992 European Monetary Union (EMU) case reveals Structural Realism's core limitation: it cannot explain (and it failed to predict) *why* Germany relinquished monetary sovereignty, *why* France eschewed hard balancing for uneasy institutional innovation. Structural realism is also unable to explain *how* the later crisis of the Eurozone (2009-2016) degraded solidarity (a foundational European value). Moral Realism resolves this by positioning leadership as the mediating variable between structure and outcome. Where Waltz saw states as billiard balls cliding with one another in an anarchic void, and Mearsheimer forecasted structurally deterministic recurrence of European wars, we instead see leadership as architectonic; that is, capable of designing strategic paths that mitigate structural challenges.[11]

The implications for strategic intellectuals and policymakers are profoundly normative. When structural conditions permit multiple equilibria (for instance Europe in the post-Cold War era), leadership may determine outcomes among those equilibria.[12] Moral Realism's incorporation

[9] Mearsheimer, "Back to the Future," pp. 9–10.

[10] National identities persist, but nationalism has not revived between 1990 and 2020. To be sure, the rise of populism with strong nationalist elements in Brexit Britain, Poland, Hungary, and even contemporary Germany could suggest a different picture than what Eurobarometer surveys indicate. Yet right-wing populism, despite its strong nationalist rhetoric, has not turned fundamentally anti-EU. In France, for example, Marine Le Pen has softened her anti-EU stance, gaining increased popular support by advocating reform rather than withdrawal. Viktor Orbán (the archetypal populist) has taken a similar approach. The deeper causes of Brexit trace back primarily to Britain's longstanding criticisms of the EU as an institution and the refugee crisis shock of the 2010s.

[11] For a persuasive argument on this see Daniel L. Byman and Kenneth M. Pollack, "Let Us Now Praise Great Men: Bringing the Statesman Back In," *International Security*, Vol. 25, No. 4 (2001), pp. 107–46.

[12] According to Yan Xuetong, over time, leadership can even create an entirely new path or equilibrium because it affects national growth differentials across great powers. Compare and contrast Gorbachev to Deng Xiaoping or FDR to Trump. Yan Xuetong, "Political Leadership and Power Redistribution," *Chinese Journal of International Politics*, Vol. 9, No. 1 (2016), pp. 1–26.

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of the leadership variable thus achieves superior predictive accuracy (compared to Structural Realism) while offering actionable insights: strategic advisors in 1990 guided by its logic would have advocated institutional binding over hard balancing, paving an integrationist path that would defy the hard-balancing logic of Structural Realism. A logic that could well lead to a self-fulfilling prophecy.[13]

To test our claims regarding the Tsinghua School's predictive power, the article proceeds in three steps. First, we compare and contrast the theoretical foundations of Structural Realism with those of the Tsinghua School of International Relations; that is, Moral Realism. Next, we test the Tsinghua framework's counterfactual predictive power, explicitly avoiding *ad hoc* arguments. We also evaluate competing explanations for European stability after 1990. One structural realist possibility is that unipolarity (hegemonic stability) might have had similarly stabilizing effects to bipolarity during the Cold War.[14] Another liberal and constructivist possibility is that interdependence and seven decades of democratic practices and institutionalized negotiations have fundamentally transformed the character of European relations, making the EU the first *sui generis* project of peaceful non-hegemonic integration in history.

In the final section, we apply the Tsinghua crystal ball to foresee the EU's future, showing how today's "forks in the road" and ongoing strategic debates could set Europe on sharply different trajectories: toward reform and continued relevance, or toward stagnation and marginalization in a world dominated by Sino-American hegemonic competition; that is, a return to bipolarity or what some scholars call a "New Cold War."[15] We focus on two dimensions that are crucial for the EU's competiveness and security: AI and data sovereignty, and a French nuclear umbrella covering the union. We argue that leadership decisions, made especially in Paris and Berlin will determine the outcome. This conclusion echoes Karl Jaspers's leadership-centric counsel of the 1950s: at earlier forks, European statesmen made wise choices that steered the continent safely through the Cold War and the first 15 post-Cold War years, expanding Europe's material weight and global influence (Adenauer's reconciliation, Mitterrand-Kohl's monetary integration).[16] The next 15 years, by contrast, were marked by misjudgments and mistakes: the Eurozone crisis' missed opportunity and Europe's inability to prevent the wars in Ukraine and Iran. It is therefore unsurprising that the popular refrain attributing Europe's crisis to a lack of leadership—and calling for a new Adenauer, Schuman, de Gaulle, or Chirac—captures the core intuition confirmed by our analysis: leadership decisions, not purely structural dynamics, will ultimately determine Europe's destiny.

[13] As this article focuses on Europe, we do not evaluate the other major hypothesis of structural realists in 1990 that the USA would disengage from Europe. Not only did the U.S. not leave Europe, but it actively expanded NATO and entrenched American primacy on the continent. Paradoxically, according to recent arguments by John Mearsheimer himself, arguments which notably contradict his earlier 1990 predictions, it was precisely this strategic decision to expand U.S. security presence in Europe that eventually triggered the continent's first major war since 1945 in Ukraine. It is evident, that the decision to expand NATO was taken by the U.S. president (Clinton) and contradicted the advice given by towering Russia experts like George Kennan and Paul Nitze. For those arguments, see Athanasios Platias and Vasilis Trigkas, "Ukraine and the Academy: One War, Many Theories," *China Quarterly of International Strategic Studies*, Vol. 10, No. 1 (2024), pp. 105–32.

[14] A concept going back to the classic work Charles P. Kindleberger, "International Public Goods without International Government," *American Economic Review*, Vol. 76, No. 1 (1981), pp. 1–13; Charles P. Kindleberger, *The World in Depression, 1929–1939* (Berkeley: University of California Press, 1986). The modern application on Europe being peaceful due to US pacifier rather than European democracy, see Sebastian Rosato, "The Flawed Logic of Democratic Peace Theory," *American Political Science Review*, Vol. 97, No. 4 (2003), pp. 585–602. For a major work on unipolarity, see Nuno P. Monteiro, *Theory of Unipolar Politics* (Cambridge: Cambridge University Press, 2014).

[15] There is a debate about the usage of the term "New Cold War" to describe the ongoing competition between China and the United States. In our definition, a Cold War is competition among great power under conditions of Mutually Assured Destruction (MAD). In such a strategic environment, grand strategy aims to attrit the antagonist in a prolonged twilight struggle. Athanasios Platias and Vasilis Trigkas, "Unraveling the Thucydides Trap: Inadvertent Escalation or War of Choice?" *Chinese Journal of International Politics*, Vol. 14, No. 2 (2021), pp. 219–55.

[16] Karl Jaspers, *The Origin and Goal of History* (New Haven: Yale University Press, 1953), pp. 76–7.

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The epistemological debate: *Predictability vs. Parsimony*

The epistemological debate about how to properly evaluate theories in the social sciences has been intense. As Albert Einstein reportedly quipped, "politics is more difficult than physics"—a reminder that political inquiry rarely affords controlled experimentation and clean refutation.[17] Yet the absence of laboratory tests does not preclude disciplined inference: theories can still be evaluated by how well they generate discriminating expectations and withstand probing empirical scrutiny. Complexity does not mean that humans cannot strive "to continuously improve their knowledge of the nature and patterns" of social relations.[18]

Epistemologists have pursued two distinct paths to evaluate theories in the social sciences. The first is inspired by Imre Lakatos, whose approach frames theories as research programs comprised of a "hard core" of assumptions and a protective belt of auxiliary hypotheses. In the Lakatosian framework, if a theory can successfully explain new phenomena by adjusting only the protective belt, it is considered progressive. Conversely, if a theory must continuously patch its hard core, it is seen as degenerative. Thus, the Lakatosian approach prioritizes explanatory power and the capacity of a theory to accommodate new empirical evidence without losing coherence. The second epistemological path, inspired by Karl Popper evaluates the predictive power of theories. According to this approach, only theories that make risky predictions which could be falsified count as scientific. If a theory prediction about the future is falsified, then the theory is probably wrong. If the prediction survives, then the theory has merit for future research and should be further refined.[19]

Some scholars argue that Structural Realism, judged by either Lakatosian or Popperian standards, appears weak or even degenerative.[20] Kenneth Waltz successfully addressed that criticism by arguing that, within a strictly Lakatosian perspective, Structural Realism remains a progressive theory. However, Waltz explicitly rejected predictive capacity as the primary criterion for theory evaluation, claiming instead that a theory's "ability to explain is more important than its ability to predict."[21] He emphasized that theories which are *prima facie* attempts to simplify reality capture trade-offs under conditions of *ceteris paribus*. For Waltz, Structural Realism explains how international structure "shapes and shoves" state behavior, without necessarily predicting state actions.[22] Yet, later in the same essay addressing epistemological critiques of Structural Realism, Waltz made predictions about states' actions which "spring naturally from Structural Realism."[23] To push back against empirical criticism that the European states did not balance the rise of Nazi Germany, he argued that the balance of power

[17] Grenville Clark in a letter to *The New York Times* (22 April 1955). Clark reported that, at a January 1946 conference in Princeton, someone asked Einstein why humanity could split the atom yet not devise the political means to keep it from destroying us.

[18] Xuetong Yan and Haixia Qi, "The Nature of Forecasting: The Predictability of International Relations," in Yan Xuetong, ed., *Inertia of History: China and the World by 2023* (Cambridge: Cambridge Scholars Publishing, 2019), p. 184.

[19] This is a strict criterion. The accuracy of forecasting for a theory should not be determined by the result of a single forecast but by a series of forecasting results over time. Yan and Qi, "The Nature of Forecasting," p. 187. Moreover, one needs to examine the causal mechanism leading to a prediction to ensure that correlation between variables is not spurious or accidental.

[20] John A. Vasquez, "The Realist Paradigm and Degenerative versus Progressive Research Programs: An Appraisal of Neotraditional Research on Waltz's Balancing Proposition," *American Political Science Review*, Vol. 91, No. 4 (1997), pp. 899–912.

[21] Kenneth N. Waltz, "Evaluating Theories," *American Political Science Review*, Vol. 91, No. 4 (1997), pp. 913–7.

[22] For a major exchange on Structural Realism and foreign policy, see Colin Elman, "Horses for Courses: Why Not Neorealist Theories of Foreign Policy?" *Security Studies*, Vol. 6, No. 1 (1996), pp. 7–53; Kenneth N. Waltz, "International Politics Is Not Foreign Policy," *Security Studies*, Vol. 6, No. 1 (1996), pp. 54–7; Kenneth N. Waltz, "Reflections on Theory of International Politics: A Response to My Critics," in Robert Keohane, ed., *NeoRealism and Its Critics* (New York: Columbia University Press, 1986), p. 175; Jack Donnelly, *Realism and International Relations* (Cambridge: Cambridge University Press, 2000), p. 127.

[23] Christopher J. Fettweis, "Evaluating IR's Crystal Balls: How Predictions of the Future Have Withstood Fourteen Years of Unipolarity," *International Studies Review*, Vol. 6, No. 1 (2004), pp. 83–5.

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eventually took place but it is not within Structural Realism's theory to predict *when* balancing occurs. In other words, the timing (the predictive horizon) remains indeterminate. This logic, however, creates another epistemological problem. By failing to specify a clear time horizon for his predictions, Structural Realism becomes unfalsifiable.[24]

In this article, we argue that Lakatosian and Popperian epistemological criteria can be reconciled by explicitly confronting the trade-off between theoretical parsimony (explanatory efficiency) and predictive accuracy. A theory's core must initially strive for maximal parsimony, clearly capturing causal relationships in probabilistic terms. For example, Structural Realism asserts that states typically balance against rising powers. Yet excessive parsimony—particularly reliance on a single explanatory variable—can lead scholars to overlook important outcomes. To remedy this shortcoming and to enhance predictive capacity, new explanatory variables must sometimes be integrated into the theoretical framework. Within the context of the Tsinghua School, in our interpretation, the quality of political leadership is precisely such a *mediating variable* positioned analytically between structural forces and empirical outcomes. Thus, as one student of IR has succinctly argued:

> in order to achieve balance between the parsimony of a spare theory and greater descriptive accuracy, a first-cut theory can be layered successively with additional causes from different levels of analysis focusing on domestic regime types, bureaucracies, and statesmen. The larger the domain of a theory, the less accuracy we expect . . . The domain of theory is narrowed to achieve greater precision. Thus, the debate between advocates of parsimony and proponents of contextual subtlety solves itself into a question of stages, rather than either-or choices. We should seek parsimony first, then add complexity, while monitoring the adverse effects this has on the predictive power of our theory: its ability to make significant inferences on the basis of limited information.[25]

After all, what is more problematic for a theory? "To clash with parsimony or to clash with reality?"[26]

IR has a profoundly normative aim; that is, to provide advice on strategy and policy in ways that advance a community's security and welfare. Predictive power is critically important because strategic advisors derive strategies based on expectations about future developments and tradeoffs between different sets of present actions.[27] As John Lewis Gaddis succinctly put it, "the role of theory has always been not just to account for the past or to explain the present but to provide at least a preview of what is to come."[28] One cannot be prescriptive without being at least implicitly predictive.[29] Consider a structural realist advising the French president in December 1990: she would likely recommend expedited internal and external balancing: "support economic self-sufficiency and strategically decouple from Germany. Fly to Moscow, London, and Rome, and forge a coalition to counterbalance a reunified Germany. Increase defense spending and prepare contingency plans for preventive air strikes against nuclear infrastructure if Germany attempts to acquire nuclear weapons unilaterally." These recommendations flow logically from Structural Realism's central emphasis on the distribution of capabilities and the need for declining states to balance against rising states.

[24] On the importance on testable forecasts and stipulating time, see Yan and Qi, "The Nature of Forecasting," p. 190.

[25] Fareed Zakaria, "Realism and Domestic Politics: A Review Essay," *International Security*, Vol. 17, No. 1 (1992), pp. 177–98.

[26] Fettweis, "Evaluating IR's Crystal Balls," p. 90.

[27] We thank Jack Snyder for this point.

[28] John Lewis Gaddis, "International Relations Theory and the End of the Cold War," *International Security*, Vol. 17, No. 3 (1992/1993), p. 10.

[29] Ibid, p. 9.

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In contrast, a moral realist advisor from the Tsinghua School would emphasize leadership's strategic credibility and the possibility of institutionalizing commitments into a framework of "trust but verify." Such an advisor would argue perhaps the following:

> France should take leadership in offering institutional frameworks through which reunified Germany could credibly signal peaceful intentions and demonstrate restraint from a position of strength. Provide Germany with a clear path to demonstrate its own strategic credibility and commitment to a Europeanintegration post-reunification. Replace explicit military balancing with institutions and political commitments that are costly to reverse. If Germany's leaders credibly commit, German reunification need not provoke hard balancing. We can live with it.[30]

This recommendation follows naturally from the Tsinghua School's theoretical assumption that credible, moral leadership can mitigate structural pressures.[31]

Therefore, when linking theory to practice, we argue that the increased complexity (and thus reduced parsimony) of the Tsinghua School is justified by its substantially greater predictive power relative to Structural Realism—namely, its prediction that the right kind of leadership could ensure that post–Cold War Europe would not exhibit hard balancing against Germany but instead proceed toward deeper integration via EMU. However, we do not argue that Structural Realism itself is a degenerative paradigm. Its core axioms about anarchy and self-help remain foundational. But Structural Realism is incomplete: its single-variable focus (polarity) cannot explain critical deviations (e.g., post-1990 European stability). The Tsinghua School acknowledges Structural Realism's theoretical contributions but emphasizes that incorporating leadership variables yields a theory with superior predictive capacity, thus the need to lower parsimony. Such a theory is more useful in the normative dimension of strategic advice. Incorporating leadership as a *structurally embedded variable* yields two fruits: *superior predictions* and *normatively effective strategies* (soft balancing over hard balancing).[32] The next section sets out explicit hypotheses from both Structural Realism and the Tsinghua School, testing them against the historical record of Europe's interstate relations following the collapse of the Berlin Wall.

Predictions based on theory

The triumphant moment of the Berlin Wall's collapse came to constitute the first major test for the European Community. West Germany was already the largest economy on the continent with industrial output well surpassing that of Italy, France, and the UK, the three other major European economies. A unified Germany would increase its population and, most importantly, further expand its economic preponderance over the rest of Europe. Given that the economy constitues the understructure of military power, a unified Germany would further increase its military potential. With the Soviet Union in its deathbed, it was evident across capitals in Europe in 1989 that a unified Germany would become by far the greatest power on the Old Continent.

European leaders outside Germany did not fail to understand the fearsome effect. "I love Germany so much that I am glad there are two of them," Italian Prime Minister Giulio Andreotti

[30] We thank Ke Meng for helping with this formulation.

[31] In a sense, International Relations as a science resembles medical science more closely than the natural sciences. Just as a physician works through inference—making diagnoses and prescribing therapies based on expected outcomes—an IR scholar similarly infers policy advice based on theories predicting state behavior and international outcomes. We thank Yan Xuetong for this point.

[32] Advice springing from Structural Realism in the 1990s would be the perfect path to a self-fulfilling prophecy. Germans would observe France's hard balancing and would respond accordingly.

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remarked during discussions about German reunification.[33] "We beat the Germans twice and now they are back" Margaret Thatcher remarked at the European summit in Strasbourg in December 1989. The Iron Lady feared that a united Germany, even one remaining in the North Atlantic Treaty Organization (NATO), would upset the postwar balance of power in Europe and risk reviving German nationalism. Thatcher rather preferred a looser confederation; that is, Germany would remain "two states in name, but closely allied" rather than a single, fully integrated nation. According to a reported message to the French ambassador in London in early 1990, Thatcher said that "France and Great Britain should pull together today in the face of the German threat."[34]

The French President François Mitterrand was no less outspoken. "A united Germany could make more ground than even Adolf had" Mitterrand seems to have told Margaret Thatcher on 20 January 1990.[35] During his December 1989 trip to Kiev, Mitterrand argued that Bonn should not push for prompt unification as this would "upset the political balance in Europe and have negative consequences for European integration." Further European Community (EC) integration, he argued, should precede "changing borders" (i.e., German unification).[36] Not only political elites but the public also saw German reunification with apprehension. In a public opinion poll conducted in September 1990, 62% of the French respondents believed that a reunified Germany "would dominate the European Community."[37] With fear about German unification being so vocally expressed across Europe from the tower to the square, the test for structural realist predictions seems easy to pass. Expectations about intense balancing seemed reasonable.[38]

Coding the hypothesis for Structural Realism

In "Back to the Future," John Mearsheimer used three core variables (two purely structural and one technological) as the basis for constructing predictions : polarity (number of major powers), the relative balance among the major powers in Europe (the degree of military equality), and the presence of nuclear weapons among major powers. By 1991, with the collapse of the Soviet Union and the reintegration of Germany, the old bipolar system in Europe had clearly disappeared. Moreover, German national power had significantly increased, making the European interstate system far more imbalanced. West Germany already had the largest army in Western Europe, and after unification, its military capacity expanded further, widening the gap with France, the UK, and Italy. Germany would indisputably become the greatest power in Europe, but without nuclear weapons, it would be left in a precarious position being coercible by those countries with nuclear weapons (the UK, France, and Russia).

Based on these three variables, Mearsheimer predicted that hard balancing would take place in Europe. European institutional structures would weaken, if not collapse. And as another

[33] Elisabetta Povoledo, "A Giant of Postwar Politics Is Mourned in Rome," *The New York Times*, 7 May 2013, https://www.nytimes.com/2013/05/08/world/europe/08iht-andreotti08.html.

[34] Luke Harding, "Kohl Tells of Being Battered by Iron Lady," *The Guardian*, 3 November 2005, https://www.theguardian.com/world/2005/nov/03/germany.past; Peter Alen, "Margaret Thatcher Was Horrified by the Prospect of Reunified Germany," *The Telegraph*, 2 November 2009, https://www.telegraph.co.uk/news/worldnews/europe/germany/6480413/Margaret-Thatcher-was-horrified-by-the-prospect-of-a-reunited-Germany.html.

[35] Anne-Laure Mondesert, "London and Paris Were Shocked by German Unification," *Calgary Herald*, 31 October 2009, https://web.archive.org/web/20091104100738/ http://www.calgaryherald.com/news/London+Paris+were+shocked+German+reunification/2168902/story.html.

[36] Michael J. Baun, "The Maastricht Treaty as High Politics: Germany, France, and European Integration," *Political Science Quarterly*, Vol. 110, No. 4 (1995), p. 614.

[37] Steven Kramer, "The French Question," *The Washington Quarterly*, Vol. 14 (1991), p. 86; Also see Dominic Lawson, "Saying the Unsayable About the Germans (An Interview with British Then-Secretary of State for Industry Nicholas Ridley)," *The Spectator*, 14 July 1990, pp. 8–10.

[38] On balancing and the high risk for war in multipolar systems, see the classic: Thomas Christensen and Jack Snyder, "Chain Gangs and Passed Bucks: Predicting Alliance Patterns in Multipolarity," *International Organization*, Vol. 44, No. 2 (1990), pp. 137–68.

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structural realist put it with certainty, "NATO's days are not numbered, but its years are. Some hope that NATO will serve as an instrument for constraining a new Germany. But once the new Germany finds its feet, it will no more want to be constrained by the United States acting through NATO than by any other state."[39] In such a security environment, nuclear proliferation would likely occur, as Germany would seek the bomb to counterbalance French and British nuclear arsenals. Overall, the post-1990 era in Europe was expected to be substantially more violent than the Cold War years of the so-called "Long Peace."

Coding the hypothesis of the Tsinghua School (Moral Realism)

The Tsinghua School of Moral Realism had not yet been established in 1990.[40] Its first conceptual foundations can be found in the work of its founding father, Yan Xuetong, particularly in his 2011 book *Ancient Chinese Thought, Modern Chinese Power*, his book *World Power Transition: Political Leadership and Strategic Competition* (2015), and in a series of journal articles that followed.[41] Two subsequent books—Yan's latest major works, *Leadership and the Rise of Great Powers* and *The Essence of Interstate Leadership: Debating Moral Realism*—offer the most comprehensive articulation of the Tsinghua School.

Moral Realism identifies leadership type—Inactive, Conservative, Proactive, and Aggressive at the domestic level and Humane, Hegemonic, Tyrannical, and Anemocratic internationally—as the independent variable shaping a state's grand strategy, which in turn determines the evolution of international order (distribution of power/polarity). Leadership, in Yan's framework, is therefore not merely a personality trait but a causal driver of strategic behavior, operating through the three moral metrics of credibility, benevolence, and propriety. Leadership morality shapes how states respond to structural pressures, whether rising powers can gain support rather than resistance, and whether regional orders stabilize or destabilize.

In applying Moral Realism to the post–Cold War European context, this article draws from the tradition of Classical Realism and adapts rather than revises Yan's theoretical core.[42] While leadership remains the ultimate cause of strategic choice, we conceptualize it here as an intervening variable situated between structural conditions and strategic outcomes. According to the Tsinghua School, structure matters, both because structural shifts create the menu of options, and because the quality of leadership morality affects the long-term evolution of national power (its rise or decline), thus shapeing polarity and the broader international system's propensity for war or peace. Thus, our approach of positioning leadership as an intervening variable preserves

[39] Kenneth N. Waltz, "The Emerging Structure of International Politics," *International Security*, Vol. 18, No. 2 (1993), p. 76.

[40] For a detailed genealogy see Yan Xuetong and Fang Yuanyuan, eds., *The Essence of Interstate Leadership: Debating Moral Realism* (Bristol: Bristol University Press, 2023), pp. 18–20; Feng Zhang, "The Tsinghua Approach and the Inception of Chinese Theories of International Relations," *Chinese Journal of International Politics*, Vol. 5, No. 1 (2012), pp. 73–102.

[41] Yan Xuetong, *Ancient Chinese Thought, Modern Chinese Power* (Princeton: Princeton University Press, 2011); Yan Xuetong, *Shijie Quanli de Zhuanyi: Zhengzhi Lingdao Yu Zhanlue Jingzheng* (*World Power Transition: Political Leadership and Strategic Competition*) (Beijing: Peking University Press, 2015); Yan Xuetong, "Upgrading the Paradigm of Leadership Analysis," *Chinese Journal of International Politics*, Vol. 17, No. 2 (2024), pp. 174–95; Xuetong, "Political Leadership and Power Redistribution," pp. 1–26. For a comprehensive evaluation of IR theories springing from China, see Peter J. Katzenstein, "Is There a Chinese School of IR Theory?" *Chinese Journal of International Politics*, Vol. 17, No. 3 (2024), pp. 222–41.

[42] For Yan's arguments on leadership as independent variable, see Yan Xuetong, "IR Moral Realism's Epistemology," *India Quarterly*, Vol. 76, No. 2 (2020), pp. 338–42. Yan at some point argues that moral Realism constitutes a dualist theory. Dualist in that it stresses both political leadership and a state's capability which objectively defines national interests, and then leadership shapes the very strategy to pursue those interests (in that sense, leadership seems to be an intermediary variable). There is a need for refinement and clarification. Yan Xuetong, *Leadership and the Rise of Great Powers* (Princeton: Princeton University Press, 2019), pp. 61–2. For a more comprehensive discussion on this, see Athanasios Platias and Vasilis Trigkas, "Moral Realism and Hegemonic Transition," in Xuetong and Yuanyuan, eds. *The Essence of Interstate Leadership*, pp. 113–42; Yuanyuan Fang, "A New Synthesis Among IR Theories? Moral Leadership in International Relations," *Chinese Journal of International Politics*, Vol. 16, No. 3 (2023), pp. 311–32.

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Yan's emphasis on agency while capturing how structural context shapes the constraints and opportunities leaders face. This analytical adjustment allows Moral Realism to avoid the never-ending debate over the "Great Man Theory." The central analytical task is therefore to examine how leaders interpret structural constraints, which strategic paths they prioritize, and in the case of the EU, whether their actions strengthen or undermine institutional cohesion.

Having identified leadership as the intervening variable, it is necessary to clarify how this article conceptualizes "leadership" as an analytical category within the broader theoretical framework. Leadership refers specifically to the strategic choices of senior political leaders—presidents, prime ministers, chancellors, or agents with convening power (such as the EU commission president)—who possess authority to commit states to binding international agreements and are able to mobilize support toward strategic goals.[43] To avoid conceptual ambiguity, references to "EU leadership" denote collective action by member-state executives, not an autonomous supranational entity.

We evaluate leaders according to Moral Realism's three indicators for leadership morality—credibility, benevolence, and propriety—and classify their behavior at critical junctures into two leadership types:

Progressive Leadership (PL): Leadership that enhances institutional cohesion by (1) making credible commitments to shared governance (credibility), (2) providing or enabling regional public goods (benevolence/solidarity), and (3) adhering to procedural propriety and norm-consistent conduct (propriety).

Regressive Leadership (RL): Leadership that erodes institutional cohesion through (a) refusal to undertake necessary commitments, (b) withholding or constraining public-goods provision, or (c) violating or undermining procedural and normative standards.

Using the analytical framework of Moral Realism, we construct a hypothesis for post-1990 Europe. Because leadership in Moral Realism acts as an intervening variable between structure and outcomes, a moral realist would argue in 1990 that the structural shift from Cold War bipolarity was important but the quality of leadership could significantly shape Europe's trajectory after German reunification. If German leaders, corrupted by newfound power, sought to dominate or even worse establish tyranny à la Nazi Germany, hard balancing by other states would likely follow. Institutions like NATO and the EU would consequently shatter. War could break out for all the reasons the structural realists expounded. The Tsinghua School does not outright reject the hypotheses of structural realists but rather makes them *conditional* on leadership choices and strategy.

However, if German leaders endorsed humane authority or soft hegemony, remained restrained, demonstrated credible commitment to shared institutions, provided European public goods from a position of strength, and respected procedural propriety, then balancing behavior would be tempered. Likewise, if France, Italy, and other EU states avoided attempts to encircle Germany and instead worked within European institutions—inviting Germany to demonstrate credibility—this would, in turn, reassure Germany and reduce fear of its containment.[44] In this scenario, a *virtuous cycle* could emerge, stabilizing a post-bipolar Europe and sustaining the long peace after 1990. Structure, according to Yan Xuetong, is not destiny. But it is up to leadership to design and deliver strategies that tilt the structural frame. Leadership morality (credibility, benevolence, propriety) could significantly alter Europe's trajectory post-German unification.

[43] We acknowledge the importance of parliaments in ratifying treaties. That's why we include the term "mobilization ability" through which executive leadership can influence national legislatures.

[44] The concept of the security dilemma would be relevant here. The classic work is Robert Jervis, "Cooperation under the Security Dilemma." *World Politics*, vol. 30, no. 2 (1978), pp. 167–214.

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But then how can we ensure that a Moral Realist hypothesis would be falsifiable? The Tsinghua School would predict that, because German chancellor Helmut Kohl and French President-François Mitterrand acted with both credibility and benevolence—embedding Germany inside EMU and other EU institutional structures—Europe would experience no hard-balancing against Germany and would instead see deeper integration. Observing any hard-balancing behavior or an institutional breakdown between 1990 and 2000 *even though* leaders strived to avert it would refute the Tsinghua School prediction.[45] To rephrase the Taylorian argument, rational or even moral European leaders pursuing sensible strategies would not be able to prevent the return of hard balancing in Europe, rising nationalism, nuclear proliferation, or even the catastrophe of great-power war.[46] European leaders, like figures in a Greek tragedy, would struggle to avert conflict, all in vain.

Overall, the two competing hypotheses for the future of Europe after German unification are: H1 (Structural Realism): Rising German power triggers hard balancing coalitions; H2 (Moral Realism): Credible leadership enables institutional binding.

The German question: the Maastricht Treaty and the Eurozone

Leaders across capitals in Europe were under intense strategic pressure to respond to the fearsome return of the German question in the early 1990s. At first, as argued earlier, the predominant view in Paris, London, and Rome held that a reunified Germany posed a rising security threat. Structural Realists observing French, Italian, and British leaders' reactions in 1989 and 1990 would see confirmation of their dire prognostications that post–Cold War Europe was ripe for war. However, these fear-inspired views began to soften as European leaders, particularly President François Mitterrand, sought novel strategic solutions to resolve the reinvigorated German question.[47]

Mitterrand—the leader and policy entrepreneur—saw a unified Germany firmly integrated within a robust European framework as a guarantee of peace. He pressed for the creation of the EMU and the introduction of a common currency, the Euro. A Germany bound more tightly into EU institutions would help France shape the reunified state's strategic orientation, or so the logic went. Under a monetary union, Germany would be embedded even more deeply in a supranational European institution, the ECB, which would manage monetary policy.[48] Unilateral German actions would thus be curtailed as a core tool of sovereignty; that is, monetary policy would be managed by an independent European institution. The cost of abandoning the EMU and returning to a national currency would be high for the German economy, so Berlin's

[45] It could be argued that binding Germany into a hard to reverse institution constitutes a form of soft balancing. We do not disagree with this formulation. However, the structural realist arguments in late 1980s and early 1990s did not predict soft balancing and institutionalization but a return to hard balancing and intense securitization, ever war.

[46] The decade-long horizon is a sufficient span to evaluate a theory's predictive power. See Fettweis, "Evaluating IR's Crystal Balls," pp. 79–81. Structural realists are agnostic about time horizons. They rightly reject pinpoint predictions such as "next Thursday State A will initiate a war" because that is too stringent a criterion for predictability in the social sciences. Yet, structural realists do not set any mid-to long-term thresholds for evaluating predictions. Such an approach makes their theory impossible to assess based on falsifiable predictions. In the case of Europe, 10 years (1990–2000) is a solid horizon. But even if we extend that to include post-1990s (i.e., 1990–2025), structural realist predictions still have not been realized. The Ukraine war, for instance, cannot be explained by the causal mechanism Mearsheimer described in his 1990 article. It was not an outcome of US disengagement from Europe, but rather an outcome of US's expansionism a position Mearsheimer has himself made in recent years. John J. Mearsheimer, "Why the Ukraine Crisis Is the West's Fault: The Liberal Delusions That Provoked Putin," *Foreign Affairs*, 18 August 2014.

[47] Baun, "The Maastricht Treaty as High Politics," pp. 609–10.

[48] Michael J. Baun, *An Imperfect Union: The Maastricht Treaty and the New Politics of European Integration* (Boulder: Westview, 1996).

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commitment to join the EMU carried long-term credibility.[49] The idea of a common currency was a novel one and much more ambitious than previous mechanisms of fixed exchange rates (such as those under the European Monetary System).[50] In a sense, the French president invited Germany to demonstrate its dedication to furthering European integration, delegating national sovereignty, and providing public goods.[51] He gave German leadership an opportunity to showcase credible restraint.[52]

The invitation to join the EMU was not easily accepted in Berlin. Delegating a core aspect of national power, that is, control over monetary policy to a supranational institution, was unprecedented. Though many countries in southern Europe saw the Eurozone as an opportunity to deal with endemic inflation, Germany did not lack price stability. Moreover, there was fear in Berlin that profligate governments in Rome and Paris would exploit German fiscal discipline to push for debt sharing and low interest rates, potentially undermining Germany's own long-term price stability. In fact, the French idea—supported by European federalists—was that monetary union would eventually pave the way for a fully-fledged fiscal union, since a monetary union could not function in the long-term without deep fiscal coordination among its member states. Some form of debt mutualization leading to fiscal federalism would eventually be achieved.[53] As Germany's minister for Europe, Günter Verheugen, put it, "Normally a single currency is the final step in a process of political integration. This time the single currency isn't the final step but the beginning."[54]

With the difficult step of fiscal union catalyzed by monetary union, the EU would be just half a step away from political federalization, and an all-powerful Germany would become deeply and irreversibly integrated into the European Union.[55] As the president of the European Commission Jacques Delors remarked in October 1989 (just a few weeks before the collapse of the Berlin Wall), the federalization of Europe was "the only satisfactory and acceptable response to the German question."[56] And at the 1989 Strasbourg summit, right after Germany had announced its aim to unify, President Mitterrand made it clear that Germany had to demonstrate commitment to EU integration by offering clear support to the EMU. "We are going to have to see how the Germans behave. But if they don't push ahead, there will be a terrible backlash in Europe," he warned.[57]

[49] Not only the economic cost would be high, but a decision by Germany to leave the EMU would signal an aggressive orientation that would invite sever backlash by other European states. Germany's pledge to a common currency was thus credible. This alleviated the security dilemma as France did not feel the urgency to counterbalance Germany with new alliances or higher defense spending. With the institutional entrepreneurship of the EMU, the risk of spiraling mistrust was significantly lowered.

[50] After the so-called Nixon Shock of 1971, European Community member states launched the "snake in the tunnel" system, which aimed to maintain exchange rates within agreed-upon margins. In 1979, this effort evolved into the European Monetary System (EMS), under which member states committed to exchange rate stability. It was only in April 1989 that the President of the European Commission, Jacques Delors, issued a report (commonly known as the Delors Report) outlining a roadmap to transform the EMS into an Economic and Monetary Union (EMU), essentially envisioning a single currency.

[51] Mitterrand also worked bilaterally to advance Franco-German axis with empowered treaty commitments. François Mitterrand, *De l'Allemagne, de la France* (Paris: Odile Jacob, 1996).

[52] On the importance of restraint in political leadership, see Athanasios Platias and Vasilis Trigkas, "Strategic Universality in the Axial Age: The Doctrine of Prudence in Political Leadership," *Strategic Analysis*, Vol. 46, No. 2 (2022), pp. 157–70.

[53] Daniel Wincott, "Federalism and the European Union: The Scope and Limits of the Treaty of Maastricht," *Revue Internationale de Science Politique*, Vol. 17, No. 4 (1996), p. 405; Richard Corbett, "The Intergovernmental Conference on Political Union," *Journal of Common Market Studies*, Vol. 30, No. 27 (1992), pp. 71–91.

[54] Quoted in Christopher Booker and Richard North, *The Great Deception: Can the European Union Survive?* (London: Continuum, 2005), p. 435.

[55] Wolfgang Wessels, "Rationalizing Maastricht: The Search for an Optimal Strategy of the New Europe," *International Affairs*, Vol. 70, No. 3 (1994), p. 449.

[56] On Jacques Delors' leadership qualities, see Ken Endo, *The Presidency of the European Commission under Jacquess Delors: The Politics of Shared Leadership* (London: Palgrave Macmillan, 1999).

[57] Baun, "The Maastricht Treaty as High Politics," p. 612.

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German leaders exhibited exemplary qualities of strategic empathy. They well understood the signals and the French strategy behind the EMU.[58] As a scholar has noted

> the German government in 1989-1990 was well aware of the suspicions and fears of its neighbors and was anxious to dispel them. Chancellor Helmut Kohl in particular was determined to show that German unification and European integration were not contradictory but instead complementary or mutually reinforcing processes. In addition, Kohl placed a high priority on maintaining positive relations with France as the basis for Germany's European policy. For these reasons, he viewed Germany's agreement to further EC integration and in particular monetary union as the price that had to be paid for gaining Europe's acceptance of German unification.[59]

German leaders nonetheless extensively negotiated two core aspects of the EMU, the constitutional agreement paving the path for the creation of the ECB and the criteria allowing EU member states to join the EMU. Regarding the ECB's mandates, Berlin insisted it could accept a fully independent central bank only if its founding document enshrined price stability as its sole objective. France, by contrast, was willing to accept a strong supranational central bank only if it had a formal obligation to consider growth and employment alongside price stability. Paris sought language in the treaty that would give the ECB some flexibility to respond to mild economic downturns. Germany vehemently opposed any mandate beyond price stability; German ministers and Bundesbank officials argued that if the new central bank were directed to balance multiple goals, inflation might reemerge. The compromise at Maastricht designated price stability as the ECB's exclusive mandate, relegating any reference to employment or growth to a secondary annex rather than the treaty's core articles.

Berlin's strategy was also to negotiate fiscal rules affecting the EMU. It pressed for a 3% fiscal-deficit threshold and a 60% national debt threshold that European Community member states needed to meet if they were to join the EMU. Paris was reluctant to accept the 3% ceiling on budget deficits and the 60% ceiling on national debt, seeking more fiscal flexibility (especially on deficits) so it could run countercyclical policy if economic growth slowed. Paris understood that an ECB with a single mandate for price stability would be unable to support low interest rates; thus, fiscal policy would be the only tool left to address aggregate demand weakness. German leaders, however, remained adamant. They insisted that only "hard," binding budget and debt limits could credibly guarantee price stability in a multi-country monetary union.

Negotiations on these issues involved intensive bilateral exchanges between France and Germany, particularly between their finance ministers, Pierre Bérégovoy and Theo Waigel with Mitterrand and Kohl being the final arbiters. Throughout much of 1991, France sought to relax the proposed fiscal rules, specifically the deficit criterion, whereas Germany consistently resisted, insisting on strict, binding conditions without escape clauses. Only in December 1991, after France ultimately accepted Germany's stringent fiscal discipline guidelines, did Germany agree to finalize the ECB's statutes. Securing French consent to this strongly anti-inflationary and fiscally disciplined framework was thus the most contentious and drawn-out component of the Maastricht negotiations.

To bypass the deadlock and reach an agreement, French and German leaders agreed on the above-mentioned fiscal criteria as criteria to screen entry into the EMU. It remained, however, vague how those criteria would be enforceable after entry. It was not until the adoption of the Stability and Growth Pact in 1997 at the Amsterdam Summit that the 3% deficit and 60% debt

[58] But as Baum notices, "in the weeks following the opening of the Wall, the Bundesbank and Finance Ministry – both already skeptical of monetary union plans because of the threat they posed to Bundesbank sovereignty – had begun to argue more forcefully that in view of the enhanced prospects for German unification, the timing for negotiations was not ripe." Baun, "The Maastricht Treaty as High Politics," p. 612.

[59] Ibid., p. 611.

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rules gained more formalized enforcement mechanisms. Yet, even then, enforcement remained essentially political rather than judicial, as decisions regarding sanctions against member states violating these thresholds depended on qualified majority voting within the European Council, not court rulings. Fiscal discipline in the EMU thus continued to rely significantly on a political process.[60]

One could argue that the French surrendered, allowing Germany to prevail in all aspects of the EMU negotiations. This is inaccurate. First, France avoided automatic legal enforcement of fiscal criteria (the process remained political). Second, Germany initially supported a relatively prolonged process of fixed exchange rates before moving to a common currency (the Euro). In return for French concessions on ECB mandates and strict convergence criteria (debt and deficit thresholds), Germany ultimately agreed to a faster transitional timetable that met France's demands for a swift move toward full monetary union which, as argued previously, would make a German fallback to monetary autonomy costly.[61] In other words, Germany credibly traded its monetary independence for the political payoff of French acquiescence to tight fiscal and inflationary rules. Lastly, Germany reiterated its commitment (declared in February 1988) to double its contribution to the EU's structural fund, underlining an important provision of public goods in support of a robust EU cohesion policy. In all, "the Treaty of Maastricht, like all major European treaties, was a political compromise" carried forward by courageous and entrepreneurial European leaders.[62]

Triumphantly, on 7 February 1992, in the Dutch city of Maastricht, Germany, France, Italy, and nine other European states signed the Treaty on European Union. Part Three, Title II of the treaty text was devoted entirely to the EMU. The euro was about to be born (the declared commitment was for 1997–99), Germany became more deeply integrated into the EU, and the fear of rising conflicts that had so intensely worried European leaders just a few years earlier evaporated. The political entrepreneurship of Europe's leaders, particularly that of French president François Mitterrand, European Commission President Jacques Delors, and German Chancellor Helmut Kohl, had resolved the pressing "German question" without war or hard balancing.[63] Taylor's geopolitical pressure cooker was not reactivated.

The effect of leadership on the peaceful resolution of the new German question is analytically attestable. Chancellor Kohl, seeing the fear Germany's reunification provoked across Europe, worked tirelessly to frame EMU as part of Germany's contribution to European peace and unity, leveraging the legacy of Adenauer.[64] In other words, Kohl acted out of a sense that to do what is right (reunify the country), Germany also had to behave in a way that was prudently acceptable to others. By committing Germany to the EMU, he established long-term strategic credibility on a pacifist path alleviating fear across European capitals. President Mitterrand's performance made him a master of the "strategy of indirection." He negotiated a technocratic roadmap and eventually transformed it into a politically irreversible commitment to monetary union,

[60] Both France and Germany ultimately breached the fiscal rules of the EMU.

[61] When Maastricht talks began in 1991, Paris wanted a quick launch date, while Bonn feared moving too fast would import inflation. Ultimately, Germany conceded to start the final stage of the European Exchange Rate Mechanism (ERM); that is the EMU by issuing of a common currency no earlier than 1997 (and no later than 1999), which was precisely the window France sought. As soon as Kohl pressed for reunification in March–April 1990, Mitterrand insisted on a guarantee that a reunited Germany would not retain the D-Mark indefinitely. Kohl told Mitterrand that Germany would enter a common currency "as soon as possible," effectively underwriting France's demand for a strict anti-inflation stance. Peter H. Loedel, "The Franco-German Monetary Partnership and the Future of the European Monetary Union," *Archive of European Integration*, https://aei.pitt.edu/6960/1/loedel_peter_h.pdf.

[62] Wincott, "Federalism and the European Union," p. 414.

[63] Femke Van Esch, "Why Germany Wanted EMU: The Role of Helmut Kohl's Belief System and the Fall of the Berlin Wall," *German Politics*, Vol. 21, No. 1 (2012), pp. 34–52. Kenneth Dyson, "Chancellor Kohl as Strategic Leader: The Case of Economic and Monetary Union," *German Politics*, Vol. 7, No. 1 (1997), pp. 37–63.

[64] Kenneth Dyson and Kevin Featherstone, *The Road to Maastricht: Negotiating Economic and Monetary Union* (Oxford: Oxford University Press, 1999).

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locking Germany into the EU. Consequently, the post-Cold War era did not produce the conflict that neorealists had anticipated. Instead, Maastricht set Europe on a trajectory toward deeper integration, marked by the deepening of EU institutions and the transfer of key policy responsibilities from national governments to supranational bodies. Europe subsequently enjoyed a decade of stability, solid economic growth, and emerged as a recognized normative power globally.

Structural Realism predicted instability, hard-balancing, rising nationalism, and institutional decline following German unification in 1990. However, European leaders paved a different path falsifying the predictions of structural realists. "Europe did not grow to miss the Cold War". The Tsinghua School's emphasis on the quality of leadership (strategic credibility, benevolence, propriety) scored much better in its predictive capacity. It did not preclude the ability of Europeans to strengthen institutions, reduce fear, and foster a common European identity. Clearly coded leadership decisions made at the critical fork-in-the-road challenge of German reunification match the outcomes predicted by Moral Realism far better than those predicted by Structural Realism, suggesting that Europe's trajectory depended fundamentally upon leaders' ability, not solely upon the system's structural frame.

Because the Tsinghua School emphasizes "propriety," leaders who signal from a place of ethical conviction (invoking historical responsibility or moral duty) generate stronger credibility than those who rely solely on material incentives. As a scholar has put it, "balance of fear considerations dictated that Germany pay a price for unification, the price being defined by the French as a reinforcement of the cooperative element in German hegemony."[65] The German national currency became "the victim of European, and in particular French, support for German reunification."[66] Clearly, "the Maastricht Treaty, therefore, can be understood as an exercise in high politics, with the primary motivations of the key players being broad considerations of national security and advantage rather than technical solutions to domestic economic and social problems (low politics)."[67]

By 1994, some structural realists observing the September 1992 and August 1993 crises adversely affecting the transition toward the EMU were skeptical of the EU's ability to initiate a common currency within the 1997–99 window. Yet another failed prediction: the Eurozone was officially established on 1 January 1999.[68]

Structural Realism's predictions failed.[69] Did leaders' credible, benevolent commitments actually prevent hard-balancing and foster deeper integration? Yes. Germany joined the EMU on schedule; no major Western power rearmed against it; successive treaties (Amsterdam, Nice, and the Stability and Growth Pact) moved forward. The Tsinghua hypothesis was corroborated by risky predictions that survived the empirical trial. Under Popper's falsificationist standard, the Tsinghua leadership-centric model outperforms Structural Realism for 1990s Europe: its risky, precise predictions were affirmed by the course of European integration.

Alternative explanation: the unipolar moment and the American Pacifier

A structural-realist critic could counter that the EMU does not demonstrate the triumph of individual leadership over structure. After 1990, Europe did not revert to the multipolar setting

[65] Thomas Pedersen, *Germany, France and the Integration of Europe: A Realist Interpretation* (London/New York: Pinter, 1998), p. 120.

[66] Peter Henning Loedel, *Deutsche Mark Politics: Germany in the European Monetary System* (London: Lynne Rienner, 2000), p. 26.

[67] Baun, "The Maastricht Treaty as High Politics."

[68] Walter Goldstein concluded that the treaty's fall-back date of January 1999 was almost certain to slip, and that Europe's integration path will become incremental and uneven. Walter Goldstein, "Europe after Maastricht," *Foreign Affairs*, Vol. 71, No. 5 (1992), pp. 117–32.

[69] Waltz himself defined a scenario of balancing via embedding Germany in institutions. This is an analytical stretch for his Structural Realist theory. See Waltz, "The Emerging Structure of International Politics," p. 70.

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Mearsheimer anticipated; instead, it remained embedded in a U.S.-led unipolar hegemonic order. Washington kept substantial forces in Europe acting as a pacifier. From this perspective, European leaders were able to bargain over the EMU only because a U.S. hegemon suppressed traditional power competition and reduced the risks of miscalculation. In short, structural realists would argue that achieving Maastricht was possible because of the permissive conditions of unipolarity, not the independent agency of political entrepreneurs like Mitterrand and Kohl.[70] There are two causal mechanisms that could explain Maastricht through the lens of U.S. unipolarity over Europe. The first mechanism relates to the effect of the American pacifier: Europeans felt reassured by the U.S. presence as a security provider and thus had the luxury of debating the German question at leisure rather than being forced into hard-balancing or hasty alliances. The second mechanism is that the U.S. itself wished for the EMU and thus nudged or even pushed the Europeans to initiate it. Both of these mechanisms collapse under the weight of the empirical record.

U.S. troops stabilized Europe in 1945 to 1989, yet no monetary union emerged.[71] So why 1992? It is evident from the Delors Report of 1988 that Europeans themselves saw a move toward a currency union as a crucial step for deeper integration. A monetary union would strengthen Europe's economic position and help it compete with the U.S. It would make the EU market more efficient by eliminating currency-exchange friction; deepen EU capital markets, narrowing the gap with the world's largest capital market, that of the U.S.; and, finally, challenge the hegemony of the U.S. dollar as the world's reserve currency—a position that allowed the U.S. to inflate its national debt over time, an "exorbitant privilege," as French President Valéry Giscard d'Estaing once called it.[72]

It is not apparent from European discourse between 1989 and 1992 (or even as late as 1999, during the euro's establishment) that U.S. unipolarity alleviated fear of a unified Germany or smoothed negotiations for the EMU. Franco-German bargaining over EMU concessions took place in a context where most leaders still believed a unified Germany could slip outside U.S. control. There was no certainty about the long-term U.S. presence in Europe, whereas there was certainty that a reunified Germany would widen the power gap between itself and other major European states. Moreover, Structural Realism clearly argues that states in a self-help system cannot rely on others for their security. Even if the U.S. were to stay, we should have observed some degree of hard-balancing against Germany.[73] We observed none.

If U.S. unipolarity did influence European leaders, it was in the sense of balancing U.S. power by using the Eurozone in a "two-level game" to resolve the German question within Europe (the domestic level) while empowering the European economy to compete with the unipolar hegemon—the U.S. (the external level).[74] Unipolarity could have created permissive

[70] In evaluating predictions of NeoRealism in 2003, Fettweis argues that multipolarity had not been reached until that date. The system was clearly unipolar. Fettweis, "Evaluating IR's Crystal Balls," pp. 90–2; Mearsheimer, however, insisted that the system post-1990 has been multipolar. Also see Christopher Layne, "The Unipolar Illusion: Why New Great Powers Will Rise," *International Security*, Vol. 17, No. 4 (1993), pp. 5–51.

[71] The idea that the U.S. presence and agency in Europe were the necessary conditions for integration post-1945 is not empirically valid. Though the U.S. encouraged the Europeans to cooperate, the process carried significant European agency as seen in a plethora of statements by the founding fathers of Europe. For a persuasive argument against the effect of the American pacifier, see Sebastian Rosato, "Europe's Troubles: Power Politics and the State of the European Project," *International Security*, Vol. 35, No. 4 (2011), pp. 77–8.

[72] These were all complementary goals to the main goal of binding a reunified Germany in costly to reverse institutions.

[73] Another way to see this is Greece and Turkey, which although both are NATO members, they nonetheless intensively balance against each other.

[74] Yet, even that seemingly structural argument is contingent on leadership. In previous historical cases, the Europeans had not grouped together to balance the U.S. but rather invited the U.S. to balance a geographically proximate power (Imperial Germany in World War, Nazi Germany in WWII, the Soviet Union in the Cold War). For an argument based on economic competition, see Geoffrey Garrett, "International Cooperation and Institutional Choice: The European Community's Internal Market," *International Organization*, Vol. 46, No. 2 (1992), pp. 538–9.

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conditions, but Franco-German statecraft exploited them. That explanation is not antithetical to the Tsinghua School's analytical framework seeing leadership as an intermediary variable.

The second mechanism, which is about the U.S. nudging or imposing the EMU, is even weaker. U.S. elites themselves were either disinterested or even opposed to the EMU. Opposition came from two streams: Europhobes and Europhiles. Europhobes thought that a common European currency would over time weaken the position of the U.S. dollar as the world's sole reserve currency. Moreover, any further EU integration was seen as a challenge to the U.S. unipolarity. A leaked draft of the 1992 Pentagon Defense Planning Guidance defined the U.S. political and military mission in the post-Cold War period as an attempt to "insure that no rival superpower is allowed to emerge in Western Europe, Asia or the territory of the former Soviet Union."[75] On the other hand, Europhiles thought that a monetary union preceding a fiscal union was a strategic gamble. Due to divergent economic cycles between core and peripheral economies in the Eurozone, it would be hard to find an optimal interest rate supporting simultaneously economies that were overheating and those with anemic growth.[76] Prominent U.S. economists and policymakers like Martin Feldstein and Paul Volcker warned publicly that the EMU might create more problems than it solved and could increase the risk of European divisions.[77] By the time the euro was launched in 1999, the U.S. had accepted the EMU as a reality and worked with the ECB on monetary and financial coordination. The U.S. opted for pragmatic cooperation with a European-led monetary integration process. It did not originally support it nor did it advocate it.[78] In all, U.S. preferences were ambiguous, not directive.

Another Structural Realist explanation is found in Sebastian Rosato's argument that small states accept losses of sovereignty in order to pool resources and balance against a great power; institutionalization follows from that strategic choice. In the early post-World War II (WWII) period, European leaders confronted both an acute Soviet threat and fears of US abandonment, conditions that, on Rosato's account, incentivized for integration. However, Rosato's logic did not hold in the early 1990s. Although anxieties about American commitment had not disappeared, the Soviet Union—the proximate existential threat—that underwrote the postwar bargain had largely receded. In that setting, EC member states did not deepen integration primarily to pool resources and balance an external power. Rather, the strategic logic was predominantly internal: to bind a reunified and increasingly capable Germany more tightly within European institutions.

Rosato downplays the significance of 1990s integration and is unduly dismissive of the EMU. Treating the Eurozone as a mere continuation of earlier monetary coordination misses the qualitative leap involved. Surrendering monetary sovereignty, one of the two principal instruments of macroeconomic management is not a decision states take lightly. The move to

[75] Patrick E. Tyler, "U.S. Strategy Plan Calls for Insuring No Rivals Develop," *The New York Times*, 8 March 1992, https://www.nytimes.com/1992/03/08/world/us-strategy-plan-calls-for-insuring-no-rivals-develop.html/.

[76] Overheating economies (strong aggregate demand) require high interest rates to deal with inflation, and economies with anemic growth (low aggregate demand) require low interest rates to deal with rising unemployment. For the European debate on the trade-offs, see George Alogoskoufis, Lucas Papdemos, and Richard Portes, eds., *External Constraints on Macroeconomic Policy: The European Experience* (Cambridge: Cambridge University Press, 1991); for the classic work on EMU as a suboptimal currency area, see Robert A. Mundell, "A Theory of Optimum Currency Areas," *American Economic Review*, Vol. 51, No. 4 (1961), pp. 657–65; Daniel Wincott, "Between Economic Union, Federalism and the Bundesbank," in Alan W. Cafruny and Glenda G. Rosenthal, eds., *The State of the European Community, Volume 2: The Maastricht Debates and Beyond* (Boulder: Lynne Rienner, 1993), pp. 257–74.

[77] Martin S. Feldstein, "EMU and International Conflict," *Foreign Affairs*, Vol. 76, No. 6 (1997), pp. 60–73; Martin S. Feldstein, "The Political Economy of the European Economic and Monetary Union: Political Sources of an Economic Liability," *Journal of Economic Perspectives*, Vol. 11, No. 4 (1997), pp. 23–42.

[78] As the US Treasury Secretary Robert Rubin put it in a 1997 speech before the official initiation of the euro, "We have no official position on whether Europe should have a single currency. That is a decision for the Europeans themselves."

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a single currency was neither automatic nor costless: it demanded sustained bargaining, major domestic adjustments, and decisive leadership—above all in Paris and Bonn.[79]

To be sure, some defensive realists accurately anticipated general peace in Western Europe, though they failed to foresee the EMU or the intense strategic debates over the "German question" during 1989–93.[80] Stephen Van Evera attributed Europe's stability to domestic transformations (receding militarism/hyper-nationalism) and U.S.-backed unipolarity, arguing that elites faced "less pressure from below" for foreign adventurism, while nuclear weapons reinforced deterrence. In his analysis, leaders operated in a domestic context that diminished incentives for war, while nuclear weapons further reinforced peace. Nonetheless, Van Evera acknowledged that these stabilizing conditions could deteriorate if Europe shifted toward multipolarity. Consequently, he recommended preserving a U.S. security presence, albeit in a slimmer forward posture, sufficient "to deter aggression and play the balancing role that it failed to play in 1914 and 1939."[81] Crucially, however, Van Evera's structural argument contained a critical leadership-centric caveat: stability depended not just on unipolarity *itself*, but on the quality and character of U.S. leadership. He warned that American power could exacerbate instability if exercised recklessly, urging "conscious effort to maintain national self-control." This implicit conditionality that *unipolar peace* requires *restrained hegemony* reveals a latent space for the agency of leadership within his structural framework. This insight raises prescient questions regarding contemporary U.S. policies toward Ukraine, Denmark, and the future of the transatlantic relationship.

For EMU, however, the relevant agency lay not in Washington but in European capitals. The monetary union was not the product of U.S. imposition under unipolarity; it emerged from intra-European political entrepreneurship and bargaining, and the desire to manage the consequences of German reunification through institutional design.

Residual non-realist explanations

The euro's genesis has spawned competing theoretical accounts, each exhibiting critical limitations when scrutinized against historical evidence.[82] Neoliberals argue that the euro emerged from the economic interests within member states that viewed monetary union as beneficial to their future. Moravcsik' argues that the southern industrialists which would lose the tool of competitive devaluation were outflanked by big banks in the south which would benefit from a harder currency. However, there is no clear causal mechanism or evidentiary basis demonstrating that economic interest groups inspired the executive leaders negotiating the EMU, the president of the EC, the German, Italian, and French leaders, and their close ministers and central bankers.[83] It is clear by process tracing that a small team of executive leaders initiated the process for the EMU (through the Delors Report, following a request from the Council) and that the leaders who made the crucial deal in 1992 openly referred to the need to

[79] Sebastian Rosato, *Europe United: Power Politics and the Making of the European Community* (Ithaca: Cornell University Press, 2011). As Rosato puts it, "Fearing that they might one day have to balance against the Soviet Union without U.S. help, the Europeans built an integrated economy." Rosato, "Europe's Troubles," p. 72.

[80] Defensive realism is best understood as a *neorealist modification* of Waltzian Structural Realism: it retains anarchy and relative-power incentives but treats balancing as contingent, conditional on variables such as the offense–defense balance and—especially in balance-of-threat logic—geographic proximity, offensive capabilities, and perceived aggressive intentions. Leadership can matter here by shaping signals, perceptions, and threat assessments, thereby affecting whether others interpret a rising state as dangerous and whether they choose to balance or bandwagon. Stephen M. Walt, *The Origins of Alliances* (Ithaca: Cornell University Press, 1987).

[81] Stephen Van Evera, "Primed for Peace: Europe after the Cold War," *International Security*, Vol. 15, No. 3 (1990), pp. 7–57.

[82] For a synopsis, see Hubert Zimmerman, "The Euro under Scrutiny: Histories and Theories of European Monetary Integration," *Contemporary European History*, Vol. 10, No. 2 (2001), pp. 333–41.

[83] This criticism is made in Zimmerman, "The Euro under Scrutiny."

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bind a more powerful Germany into the EU.[84] Economic efficiency was also cited but that was envisioned in an aggregate national economic perspective rather than sectoral.[85] And even if French and Italian Bankers supported the EMU, it is not clear that they prevailed over powerful industrialists in influencing political leaders. Overall, the problem with this neoliberal view is that it reduces grand strategy to transactional economics and fully ignores the architectonic power of leadership.

Another non-structural explanation of the EU's stability after German reunification can be found in liberal institutionalism. Simply put, the institutions of the EC were efficient in resolving differences between Germany and France. However, the fear in Paris was that the existing institutions in 1989 would not be capable of binding Germany with all its newfound power within a European path. It took political entrepreneurship to create a new institution as a response to the German question. This new institution was the ECB. The ECB was a *new* institution forged by leaders to resolve a novel threat and not a product of path-dependent functionality. The ECB became viable because German leaders realized that in order to avoid a return to hard-balancing, they had to demonstrate restraint and commit to the EMU. It was only after the explicit commitment of Germany to the institutional process of the EMU that other European leaders welcomed German unity, and voiced their confidence "that German unification … will be a positive factor in the development of Europe as a whole and of the Community in particular."[86] And even after the Maastricht Treaty had been signed and ratified, the Germans could have delayed the initiation of the euro but they did not. In fact, Kohl actively suppressed domestic opposition (mainly from the Bundesbank) to accelerate the initiation of the EMU, a decision reflecting *leadership*, not *institutional* determinism. As Yan Xuetong has argued "no political institution can automatically function without political leadership. Both interstate and domestic leaders have the political power to establish, maintain, or destroy institutions. Moral Realism hence regards leadership as the precondition for both the formation and sustainable functioning of institutions."[87]

Finally, there exists a constructivist framework that attempts to explain the creation of the Eurozone. After roughly four decades of collaboration, European elites had internalized norms and processes of cooperation.[88] Additionally, epistemic and technocratic communities had become enculturated within a common European identity, making the creation of the EMU a logical next step in Europe's integrative trajectory.[89] The logic, however, is problematic. If epistemic communities in Europe during the 1990s supported deeper integration after four decades of successful cooperation, why then did epistemic communities in the 2000s and 2010s fail so notably to advance the next stages of integration, namely, a European Fiscal Union and a European Security Union? Why did similar "collaborative norms" not prevent the 2003 Iraq War split or the Eurozone's prolonged crisis? According to the constructivist logic, Europeans should

[84] Executive leadership as the crucial force behind Maastricht became even more evident when the Danish referendum in June 1992 rejected the treaty and then Danish government mobilized to support a second referendum in September 1992 which delivered 51.05% for the treaty. French referendum had also a razor thin majority for the treaty. The idea was that the Euro was an "elite project." This corroborates the argument that leaders drove the EMU process.

[85] Another Liberal argument is that high interdependence creates convergent interests and incentives for states to advance wealth collaboratively. European states were more interdependent in 2009 than in 1989. But in 2009, the integration process faltered if not reversed. For interdependence as a driver of European integration, see Andrew Moravcsik, *The Choice for Europe: Social Purpose and State Power from Messina to Maastricht* (Ithaca: Cornell University Press, 1998).

[86] European Council, *Special Meeting of the European Council—Dublin, 28 April 1990: Presidency Conclusions* (Brussels: European Council, 1990), https://www.consilium.europa.eu/media/20474/1990_april_-_dublin__eng_.pdf

[87] Yan and Fang, *The Essence of Interstate Leadership*, pp. 196–7.

[88] The representative work is: Craig Parsons, *A Certain Idea of Europe* (Ithaca: Cornell University Press, 2003).

[89] Thomas Risse, "Social Constructivism and European Integration," in Antje Wiener and Thomas Diez, eds., *European Integration Theory*, 2nd Edition (Oxford: Oxford University Press, 2009), pp. 144–60.

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have become even more inclined toward cooperation following Maastricht, yet the empirical record does not support this claim. Furthermore, historical examples such as Yugoslavia and the Soviet Union demonstrate that even federal or quasi-federal entities with extensive bureaucratic and epistemic internalization of collaborative norms can nonetheless disintegrate rapidly when leadership fails to provide the necessary political cohesion and strategic direction. "Interstate norms are not automatically formed through state interaction."[90] To be sure, European identity has emerged not as a replacement for national identities, but as a layer added through socialization among elites. This process of elite cultural homogenization, however, remains contingent on political reinforcement to neutralize the entropy of nationalism.

The Eurozone crisis and RL

On 23 April 2010, Greek Prime Minister George Papandreou announced from the symbolic setting of the island of Kastelorizo that Greece would formally request financial assistance from the International Monetary Fund (IMF). This decision marked the country's surrender of fiscal sovereignty, as it agreed to implement a fiscal adjustment program jointly overseen by the IMF, the ECB, and the European Commission (the Troika). Papandreou's announcement came during the early phase of what would become the Eurozone sovereign debt crisis (2008–16). While the initial shockwaves were triggered by the collapse of Wall Street in 2007–08, the crisis soon engulfed Europe's banking sector and sovereign bond markets. Highly indebted Eurozone economies, particularly in the South, were hit hardest. Countries like Greece, Spain, Portugal, Ireland, and Italy saw their fiscal deficits widen sharply, while borrowing costs surged, as international investors lost confidence. Unable to access capital markets, these states faced a solvency crisis.

Crucially, had these countries not joined the Eurozone and retained monetary sovereignty, they could have responded with currency devaluation, allowing them to boost short-term competitiveness while designing structural reform programs. Devaluation would have bought time for structural readjustment without imposing immediate deflationary shocks. However, Eurozone membership meant that monetary tools including interest and exchange rate flexibility had been delegated to the ECB. Lacking an autonomous monetary response, these states were forced to pursue painful internal devaluation (cutting wages and public spending) amid deepening recession.[91] What compounded the crisis further was the ECB's policy stance. In July 2008, even as the financial crisis was unfolding, the ECB chose to raise interest rates, erroneously prioritizing inflation concerns over boosting demand. This move further tightened credit conditions across the Eurozone and exacerbated the vulnerability of deficit countries.

Unable to deploy monetary tools to support economic recovery, and in fact constrained by the disastrous policy choices of the ECB, heavily indebted Eurozone countries such as Greece faced an existential economic crisis. This crisis, however, did not merely affect peripheral European economies; it threatened the very survival of the Eurozone itself, the cornerstone of post–Cold War European integration and a project originally envisioned as a stabilizing framework following German reunification. The period from 2008 to 2016 thus constituted a major strategic fork-in-the-road for the European project. We argue that the decisions made by European leadership during this critical period were largely regressive, ultimately undermining the momentum of European integration. Rather than using the Eurozone crisis as an opportunity to deepen integration, particularly through fiscal federalization, as envisioned by Jacques Delors and François Mitterrand at Maastricht in 1992, European leaders chose a path of

[90] Yan and Fang, *The Essence of Interstate Leadership*, p. 194.

[91] This has become known in the economic literature as "shock doctrine." Naomi Klein, *The Shock Doctrine: The Rise of Disaster Capitalism* (New York: Metropolitan Books, 2007).

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punitive austerity and myopic crisis management.[92] These choices contributed directly to the rise of populism, a surge in Euroscepticism, and the long-term economic underperformance of the Eurozone compared to the U.S.[93] The political backlash we observe today across the EU marked by distrust in institutions and growing anti-integration sentiment can be traced in part to the missed opportunities and leadership failures during the Eurozone crisis.

One of the central dilemmas Eurozone leaders faced during the financial crisis was that allowing highly indebted member states such as Greece to default would have imposed severe losses on French and German banks, thereby threatening to destabilize an already fragile European banking system. In such a scenario, governments in France and Germany would likely have been forced to use taxpayer funds to bail out their domestic financial institutions—a deeply unpopular political option which would have probably ended the political careers of the French president and the German chancellor. An alternative course would have been to demonstrate solidarity and pursue partial debt restructuring for countries like Greece (deferring debt repayment), paired with support for economic reform and recovery.[94] This approach, however, would have likely entailed some form of fiscal transfers from surplus to deficit countries—again, politically contentious, especially in Northern Europe. Yet such a possibility had been implicitly foreseen by the architects of the Maastricht Treaty: that over time, economic divergences between members states of a currency union might necessitate mechanisms of fiscal solidarity. As discussed earlier, key figures like Jacques Delors envisioned fiscal federalization as the necessary next step to ensure the euro's long-term viability.

However, during the Eurozone crisis, German leadership supported by the ECB went to great lengths to block any move toward fiscal federalization. In moral realist terms, they effectively abandoned strategic credibility and solidarity—i.e., the responsibility of surplus countries to act as providers of public goods within a shared institutional framework (from which they benefitted in the first place)—and instead pursued a punitive approach centered on austerity for the deficit countries.[95] They also invited the IMF as a partner in managing the Greek program instead of opting for a fully European mechanism.[96] To be sure, this "shock therapy" strategy may have addressed short-term political pressure in Berlin and Paris but it undermined recovery in deficit countries and contributed to the overall anemic growth in the Eurozone.[97] Crucially, rather than reinforcing EU cohesion, it weakened both the normative and material foundations of the European project.[98]

The Eurozone crisis escalated in November 2011 during the G20 Summit in Cannes, when Greek Prime Minister George Papandreou, frustrated by what he perceived as a lack of European solidarity and the rejection of a progressive recovery plan for Greece, announced his intention to hold a referendum on the EU-IMF bailout package and the associated debt restructuring

[92] A structural realist might argue that the fiscal union itself was doomed because the EU states would never surrender their last vestige of autonomy; that is, fiscal policy. The surrender of fiscal sovereignty was not however the only path Eurozone leaders could have followed. A less punitive, pro-growth mix of policies allowing deficit states to reform and get back to fiscal sustainability was achievable without a fiscal union. We thank Elias Kastritis for this point.

[93] Adam Tooze, *Crashed: How a Decade of Financial Crises Changed the World* (New York: Viking, 2018).

[94] James K. Galbraith, *Welcome to the Poisoned Chalice: The Destruction of Greece and the Future of Europe* (New Haven: Yale University Press, 2016); Joseph Stiglitz, *The Euro: How a Common Currency Threatens the Future of Europe* (New York: W.W. Norton & Company, 2016).

[95] Mark Blyth, *Austerity: The History of a Dangerous Idea* (New York: Oxford University Press, 2013).

[96] This is a major blow to strategic credibility. Germany and France, the two major economies of the Eurozone and G7 countries were unwilling to initiate an autonomous European process.

[97] Eurozone GDP growth averaged 0.6% vs. 1.7% for the U.S. between 2008 and 2017. ECB, *Economic Structures Twenty Years into the Euro: New ECB Occasional Paper Series No 224* (Frankfurt: ECB, 2019).

[98] Eurosceptic parties doubled vote share from 15% to 30% by 2019. Pew Research Center, "Euroskeptics Are a Bigger Presence in the European Parliament Than in the Past," *Pew Research Center—Global Attitudes & Trends*, 22 May 2019.

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plan which Papandreou saw as punitive and anti-growth.[99] Given that Greek sovereign bonds were governed by Greek law, Athens retained the legal right to restructure its debt unilaterally. According to then–US Treasury Secretary Tim Geithner, who was present at Cannes, German Chancellor Angela Merkel reacted with visible emotion to Papandreou's announcement and appeared "shaken."[100] She, along with French President Nicolas Sarkozy, immediately summoned Papandreou to an emergency meeting on 2 November. Sarkozy, reportedly enraged, confronted Papandreou in what the *Financial Times* later described as a case of "psychological warfare," using emphatic gestures and sharp language to pressure the Greek leader. In the hours that followed, Merkel and Sarkozy appeared to work not only to dissuade Papandreou from proceeding with the referendum but also to undermine his political authority at home. By the time he returned to Athens, members of his own Socialist party were in open rebellion, with key figures including Finance Minister Evangelos Venizelos withdrawing support for the referendum. Papandreou was forced to cancel the referendum and resign shortly thereafter.

This episode marked a turning point in the EU's political evolution. For the first time in the Union's history, two powerful member states actively intervened to influence the domestic political process of another sovereign member, not through treaty mechanisms but through informal, coersive tactics. Rather than respecting the autonomy of a democratically elected government to make a sovereign and fully legal decision on a matter of national significance, German and French leaders opted for coercion, setting a precedent with negative implications for the EU's governance ethos.

Ultimately, Papandreou capitulated to Franco-German demands. What followed was the complete loss of Greek sovereignty. Greece restructured its debt in arduous conditions. Crucially, the law underwriting sovereign bonds shifted from Greek to English, thus making it impossible for the country to unilaterally restructure its debt in the future. Even worse, draconian austerity was imposed. In the crisis years, about 28% of Greek Gross Domestic Product (GDP) evaporated, an outcome unprecedented in the history Organisation for Economic Co-operation and Development (OECD). The country today (2026) has yet to reach the level of GDP it had in 2009. From an institutional perspective, the Eurozone only moved to create half-measures. There was no debt mutualization based on the principle of solidarity but rather a partial "European IMF" system at first with the European Financial Stabilization Mechanism and then with the European Stability Mechanism.[101] What is even more striking is that later in 2015 when Greece attempted once more to negotiate an exodus from the shock doctrine, the moral ethos of negotiations had regressed even further. As then-Minister of Finance Yiannis Varoufakis realized, discussions at the Eurogroup (the most important group constituted by the finance minister of the Eurozone) were not officially recorded.[102] Discussions were far from being amicable.[103] All the concepts of the moral realist school—that is, strategic credibility, solidarity, and propriety— that European leaders had followed in the EMU negotiations had evaporated.

[99] This IMF report is surprisingly critical of the IMF's own program. International Monetary Fund, *Greece: Ex Post Evaluation of Exceptional Access under the 2010 Stand-By Arrangement* (Washington: IMF, 2013), https://www.imf.org/external/pubs/ft/scr/2013/cr13156.pdf.

[100] Financial Times, "How the Euro Was Saved: Papandreou's Referendum Bombshell at Cannes," 11 May 2014, https://www.ft.com/content/f0869f0e-c9b1-11e3-baaa-00144feabdc0.

[101] Stiglitz, *The Euro*; Joseph Stiglitz, "Greece, Austerity, and the Failure of Economics," *Project Syndicate*, 8 July 2015, https://www.project-syndicate.org/commentary/greece-austerity-economic-failure-by-joseph-e--stiglitz-2015-07.

[102] Yanis Varoufakis, *Adults in the Room: My Battle with Europe's Deep Establishment* (London: Bodley Head, 2017).

[103] Yanis Varoufakis, *And the Weak Suffer What They Must? Europe, Austerity and the Threat to Global Stability* (London: Bodley Head, 2016).

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The failures of European leadership to use the Eurozone crisis as an opportunity for institutional reform empowering the next step of European integration—fiscal federalization—reverberated in the wider economic performance and the internal cohesion of the EU.[104] Not only did the Eurozone fail to recover after the Great Recession as fast or as solidly as the U.S., but populism became an established political force. To justify the shock doctrine, German political elites framed the Southern Europeans as lazy and frivolous, inviting angry responses from southern populists who depicted Germans as "Nazis." Lastly, the way leaders responded to the Greek decisions to hold referendums in 2011 and 2015 demonstrated a complete lack of propriety and of trust in democratic principles, thus further empowering the populist argument that the EU is an elitist institution detached from the concern of the *hoi polloi*.[105]

In 1989–99, European leaders pushed for progressive institutional reform and policy entrepreneurship in response to the challenge of German unification. In 2008–15, European leaders regressed, and instead of using the challenge of the Great Recession as a "Hamiltonian moment" for fiscal union—the one anticipated by Delors—they squandered it. In the 1990s and early 2000s, Europe saw solid growth and expansion; post 2010s, the EU lost a major member and recorded anemic economic growth. Where Kohl and Mitterrand opted for progressive reform and institutional innovation in 1992, their successors practiced regressive crisis management prioritizing short-term creditor and big bank interests over European solidarity. They refused to undertake necessary commitments, withheld public-goods provision, and violated procedural and normative standards.

To be sure, Eurozone crisis-management decisions were also shaped by intergovernmental bargaining (European Council, Eurogroup), supranational autonomy (ECB independence; Commission oversight), domestic constraints (Bundestag approval, Constitutional Court rulings, coalition politics), and treaty-imposed procedural rules (no-bailout clause, unanimity requirements). Therefore, attributing Eurozone crisis outcomes solely to individual leaders risks obscuring the complex multi-level governance architecture of the European Union. However, within this environment, Germany and France exercised agenda-setting power as the EU's economic and political heavyweights. Merkel's and Sarkozy's pressure on Greece, for example, derived from their inability to reinvigorate a Franco-German axis in accordance with the values of Moral Realism. A Merkel-Sarkozy decision to push for progressive reform even within institutional and procedural constraints could have delivered an alternative path shaped by solidarity and fiscal federalization.

Epistemologically, any leadership-centered explanation of European crisis management leading to reform or regression must specify which qualities or virtues of leadership account for success in some cases (Maastricht) and failure in others (2011 Eurozone crisis).[106] Crucially, leadership may be a dependent variable, shaped by structural forces such as leaders' formative experiences and enculturation or perceptions of existential threat. One plausible hypothesis is generational socialization: Leaders forged in post-World War II reconciliation (Kohl, Mitterrand) prioritized enlightened solidarity; later leaders (Merkel, Sarkozy), lacking this formative experience, defaulted to national short-termism.[107] Another possibility is threat perception: German reunification in 1989 was viewed as existential for France and Germany, whereas the sovereign-debt turmoil was not, thereby narrowing the space for grand bargains. In short, to

[104] Stiglitz, *The Euro*; Galbraith, *Welcome to the Poisoned Chalice*; Mark Weisbrot, *The Greek Economy: Which Way Forward?* (Washington, DC: Center for Economic and Policy Research, 2015).

[105] That belief might have contributed to the narrow anti-EU outcome of the 2016-Brexit referendum.

[106] Deborah Welch Larson, "The Role of Belief Systems and Schemas in Foreign Policy Decision-Making," *Political Psychology*, Vol. 15, No. 1 (1994), pp. 17–43; Joseph S. Nye, *The Powers to Lead* (New York: Oxford University Press, 2008); Xuetong and Yuanyuan, *The Essence of Interstate Leadership*, p. 13.

[107] We thank former EU commissioner Dimitris Avramopoulos for that point.

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further advance Moral Realism against Structural Realism, the former should incorporate—rather than ignore—systemic and perceptual effects on leadership formation and behavior. Identifying how structural context interacts with individual agency is therefore the next analytical step in theory refinement. In a sense, as one of the authors has argued elsewhere, Moral Realism could be positioned within the paradigm of Neoclassical Realism: systemic pressures create a menu of options, but leadership selects, and possibly, innovates beyond them.[108]

Alternative explanations for the Eurozone crisis: missed opportunity to further European integration

Competing theoretical frameworks illuminate important facets of Europe's post–Cold War trajectory but ultimately fall short when measured against counterfactual and temporal-variance tests. Institutionalism correctly emphasizes the capacity of rules and procedures to reduce uncertainty, yet it cannot explain why transformative institutional innovations—such as the EMU—emerged at particular junctures and not others. The creation of the Eurozone was not an outcome of institutional path dependence. It required political entrepreneurship and tough bargaining; by contrast, the failure to deepen integration during the Eurozone crisis occurred despite far stronger prior institutionalization. Institutions decrease uncertainty and incentivize cooperation, but they do not, by themselves, generate the strategic vision or political resolve required to further integration.

Constructivist accounts cannot explain why the same deeply socialized elites failed to advance fiscal union in the 2010s, or why norm-infused discourses of solidarity and reconciliation were replaced by narratives of fiscal austerity and national blame during the Eurozone crisis. If norms alone determined outcomes, then four decades of integration should have strengthened, not weakened, Europe's ability to respond collectively during the Eurozone crisis. The fact that norm-based cooperation collapsed precisely when it was most needed indicates that the activation and prioritization of norms are contingent on leadership, not automatic.

Neoliberal interdependence likewise clarifies why European states have material incentives to deepen integration, but it cannot account for the dramatic divergence between the early 1990s and the early 2010s. The degree of economic interdependence was far greater during the Eurozone crisis than at the time of German reunification. Yet in the former case, leaders were held hostage by national politics and were unable to push for solidarity. Interdependence explains why integration was economically desirable; it does not explain why leaders chose strategies that undermined this very interdependence after 2009.[109]

An attractive explanation for the divergence between the 1990s and the post-2009 period centers on collective action. Simply put, coordinating ambitious policy change was easier among the eleven states that launched the euro in 1999 (and even fewer between 1989–92, the crucial years of negotiations) than among the sixteen euro-area members by 2009, when the monetary union had already expanded and preference heterogeneity had grown. A parallel dynamic was visible in 2003 (after EU enlargement): the Franco-German effort to forge a unified European front against the U.S. invasion of Iraq could not overcome opposition from several Central and Eastern European governments, states that U.S. Defense Secretary Donald Rumsfeld famously labeled "New Europe." To be sure, more decisive Franco-German

[108] Platias and Trigkas, "Moral Realism and Hegemonic Transition." For a synopsis of realist typologies, see Feng Liu and Ruizhuang Zhang, "The Typologies of Realism," *Chinese Journal of International Politics*, Vol 1, No. 1 (2006), pp. 109–34; Yan, "Political Leadership and Power Redistribution," pp. 1–26.

[109] The Eurozone crisis led to a crisis of trust in EU economic governance, accelerating support for anti-establishment and Eurosceptic parties; where these forces entered government, or where incumbents could exploit the moment, they strengthened sovereignty-first agendas that raised political barriers to further integration.

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leadership might have produced a more coherent European position, but in 2003 both Paris and Berlin were unwilling to incur the costs of confronting Washington. And in 2009, French and German leaders were similarly unwilling to use the Franco-German engine to drive a credible shift toward fiscal federalism. Instead, Berlin anchored crisis management in a conditionality-heavy narrative of "discipline" and "moral hazard," mobilizing the new Eastern European states against the southern member states.[110]

Leadership thus emerges as the decisive variable because it helps explain variation across structurally similar junctures. After 1990, progressive leadership embodied by Mitterrand, Kohl, and Delors deepened institutional commitments and embedded German power within a shared European institutional framework. During the Eurozone crisis, by contrast, European crisis leadership, associated with Merkel, Sarkozy, and Trichet, responded to a crisis with a disciplinary approach centered on austerity and punitive conditionality rather than solidarity and institution-building, thereby weakening EU cohesion.[111] While structure and interdependence continued to condition the strategic environment, outcomes diverged sharply across these critical forks. Without rejecting methodological eclecticism, we therefore argue that a leadership-centered framework better explains why Europe moved toward institutional deepening after German reunification but toward fragmentation and stagnation during the sovereign-debt crisis—and why Moral Realism offers superior explanatory and predictive power relative to Structural Realism, Liberal, and Constructivist theories.[112]

The Crystal Ball of moral realism: the EU's future under intensifying Sino-American antagonism

From a purely structural standpoint, today's EU is a relatively constrained actor situated between two superpowers: the U.S., which remains its security provider, and China, whose scale and technological-industrial capacities increasingly make it an economic competitor. Structural constraints condition Europe's strategic options, but they do not mechanically determine Europe's response, particularly given the EU's internal heterogeneity and the divergent security and economic interests of its 27 member states. A moral-realist effort to anticipate Europe's trajectory over the next five to ten years therefore shifts attention to leadership, above all within the Franco–German axis that has historically served as the EU's principal agenda-setter and the locomotive of integration. How leaders in Berlin and Paris interpret national interest through a European frame—and how they manage their consequential bilateral relationship amid an emerging "New Cold War"—will shape whether the EU gravitates toward (i) a reinvigorated transatlantic alliance with the U.S., (ii) issue-specific hedging between the superpowers, or (iii) a more ambitious pursuit of strategic autonomy (the Union's declaratory preference). Analyzing the strategic priorities, convictions, and governing visions of German and French leaders is thus essential to forecasting Europe's direction in an era of intensifying Sino–American antagonism.

[110] Neil Irwin, "How Germany Prevailed in the Greek Bailout," *The New York Times*, 29 July 2015, https://www.nytimes.com/2015/07/30/world/europe/how-germany-prevailed-in-the-greek-bailout.html. The German Minister of Finance Wolfgang Schäuble acted as a new Donald Rumsfeld.

[111] Because leaders exhibit heterogeneous traits across issue areas, evaluation must be case-specific and juncture-specific, rather than an assessment of entire careers. For example, although Angela Merkel pursued progressive policies in areas such as refugee protection and the defense of EU institutions against populist threats, her specific strategy during the Eurozone crisis; that is, insisting on procyclical austerity, opposing fiscal federalization, and coercively constraining Greek democratic choices, constituted regressive leadership at a critical fork. Our analysis thus evaluates leadership at the moment where decisions shape long-term institutional trajectories.

[112] On methodological eclecticism and the importance of theoretical synthesis to advance more competent explanations of historical events, see the classic Peter J. Katzenstein and Rudra Sil, "Eclectic Theorizing in the Study and Practice of International Relations," in Christian Reus-Smit and Duncan Snidal, eds., *The Oxford Handbook of International Relations* (Oxford: Oxford University Press, 2008), pp. 109–30.

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Crucially, one dimension of European decline threatens to lock Europe into permanent dependency: its widening artificial intelligence gap with China and the U.S. The European Union's future geopolitical relevance and the viability of strategic autonomy hinge on its ability to narrow this AI gap with China and the U.S.[113] Yan Xuetong warns of an emerging binary era in which states will be divided into "AI haves and have-nots," with AI laggards facing dependency and strategic irrelevance.[114] Currently a distant third in AI capabilities, the EU suffers from a deficient Information and Communication Technology (ICT) ecosystem: its venture capital markets are underdeveloped, its unicorns outmatched (due to their inability to pay competitive wages for world-class AI talent), and its research centers fragmented. Without urgent reform, Europe risks not only diminished global influence but also deeper security dependence on a mercurial and increasingly imperial U.S., given AI's dual-use applications in defense and intelligence.

The first test for Franco-German leadership will thus be whether France and Germany can forge an ambitious pro-technology agenda to boost AI development amidst U.S. objections and internal resistance. On one front, Brussels must confront the dominance of U.S. tech firms in Europe's digital economy, risking transatlantic trade clashes if it imposes strategically protective measures.[115] On another, intra-EU disputes over investment distribution loom, with Germany and France likely championing rival hubs (Munich vs. Paris), while smaller states, such as Poland and the Baltics, may resist sidelining by aligning with U.S. initiatives and blocking EU reform toward data sovereignty. The single market could become increasingly fragmented.[116] The U.S. could further exploit Eastern European security dependencies to divide and rule over the EU.[117]

Historical precedents show that European leaders can overcome such challenges when strategic necessity aligns with moral leadership. The Airbus consortium in the 1970s, once dismissed as an unworkable compromise between French and German industrial interests, now rivals Boeing globally.[118] More recently, the GAIA-X cloud initiative proved that Berlin and Paris can still align their digital strategies.[119] If Franco-German leadership can apply these lessons to reform the EU's lagging AI sector, the EU may retain its strategic relevance in a world of Sino-U.S. geopolitical antagonism.[120] But the window for action is closing fast, and Franco-German leaders need to act promptly and decisively. Where Airbus required defying U.S. industrial

[113] Bertin Martens, "Catch-up with the US or Prosper below the Tech Frontier? An EU Artificial Intelligence Strategy," *Bruegel Policy Brief*, October 2024.

[114] Yan Xuetong "Bipolar Rivalry in the Early Digital Age," *Chinese Journal of International Politics*, Vol. 13, No. 3 (2020), pp. 313–41.

[115] The U.S. seems willing to go to great lengths to prevent European data and AI autonomy.

[116] For a general view on how the Single Market has been calibrated to deal with geoeconomics, see Anna Herranz-Surrallés, Chad Damro, and Sandra Eckert, "The Geoeconomic Turn of the Single European Market? Conceptual Challenges and Empirical Trends," *Journal of Common Market Studies*, Vol. 62, No. 4 (2024), pp. 919–37; Sebastian Heidebrecht, "From Market Liberalism to Public Intervention: Digital Sovereignty and Changing European Union Digital Single Market Governance," *Journal of Common Market Studies*, Vol. 62, No. 1 (2024), pp. 205–23.

[117] As A. Wess Mitchell, an insider of Trump's administration argues, without the US having control of the EU data economy, the US will be unable to compete with CHina. See A. Wess Mitchell, "Trump's Western Hemisphere Strategy and Geopolitical Rivalries," *Foreign Policy*, January 14, 2026, https://foreignpolicy.com/2026/01/14/trump-western-hemisphere-national-security-strategy-geopolitics-china-russia-venezuela-greenland-spheres-of-influence/.

[118] John Newhouse, *Boeing Versus Airbus: The Inside Story of the Greatest International Competition in Business* (New York: Vintage Books, 2007); Steven McGuire, *Airbus Industrie: Conflict and Cooperation in US-EC Trade Relations* (New York: St. Martin's Press, 1997); Kathleen R. McNamara, "Transforming Europe? The EU's Industrial Policy and Geopolitical Turn," *Journal of European Public Policy*, Vol. 31, No. 9 (2024), pp. 915–35.

[119] The U.S. has courted Nordic and Baltic states (already dependent on U.S. cloud providers) to resist GAIA-X mandates, offering alternatives like "Clean Network" partnerships.

[120] The European Investment Bank could be a powerful funding instrument in the AI dimension. The way it has supported Green infrastructure could be emulated in AI. See Daniel Mertens, Matthias Thiemann, and Peter Volberding, eds., *The Reinvention of Development Banking in the European Union: Industrial Policy in the Single Market and the Emergence of a Field* (Oxford: Oxford University Press, 2021).

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aerospace dominance, closing the AI gap demands confronting U.S. technological supremacy which is deeply embedded in the EU's data ecosystem.[121] This will be a *litmus test* of whether Europe's leaders today possess the audacity and transformative ambition reminiscent of the 1950s, 1970s, 1980s, and 1990s—eras when Europe staked claims to global leadership in pivotal techno-industrial sectors. Thus, could German and French leaders pool data resources as they once did for coal, nuclear energy, and aerospace? Could AI competitiveness catalyze a new wave of integration?

The second critical challenge confronting French and German leadership centers on reconciling deeply asymmetric defense capacities, both conventional and nuclear within an EU-centered security framework. Germany possesses significant fiscal space to increase military expenditure (and has announced plans to do so), while France, despite having Europe's most advanced indigenous defense industry, operates under severe fiscal constraints.[122] This divergence fuels strategic friction: Paris seeks German investment in French-led joint armament programs—such as the Future Combat Air System (FCAS) and the Main Ground Combat System (MGCS),—arguing that this is necessary to safeguard European technological sovereignty. Berlin, however, prioritizes rebuilding its own underdeveloped defense industrial base amid flagging competitiveness in civilian industry. Complicating this, U.S. pressure risks pushing Germany toward off-the-shelf American procurement (e.g., F-35 jets, Patriot systems)—a move Paris would perceive as undermining European strategic autonomy and deepening EU dependency on Washington.

The nuclear dimension exposes even deeper strategic faultlines. As the EU's sole nuclear power, France sees an opportunity to extend its deterrent to Eastern Europe—bolstering credibility against the perceived Russian threat while countering British efforts to divide the EU by pursuing bilateral security cooperation with Nordic and Eastern European states.[123] Yet, this French strategy faces twin hurdles: first, credible extended deterrence would require expensive modernization and expansion of France's nuclear arsenal, commitments likely to span over a decade.[124] Second, Germany faces a pressing strategic dilemma: wether to finance French nuclear capabilities (thus conceding strategic primacy to Paris in Eastern Europe, a region Berlin dominates economically) or pursue an independent deterrent—a politically sensitive prospect that Paris would likely object to. Already some German politicians have called for the latter option.[125] The nuclear debate is going to be intensely contentious; mishandled, it could irreparably damage the Franco-German axis and threaten the very survival of the EU.[126]

[121] Sarah Danzman and Sophie Meunier, "The EU's Geoeconomic Turn: From Policy Laggard to Institutional Innovator," *Journal of Common Market Studies*, Vol. 62, No. 4 (2024), pp. 1097–115.

[122] For the fiscal year 2024, France recorded a budget deficit of 7% of GDP and national debt of over 110% of GDP. German numbers were 2.5% and 64.8%, respectively. Put else, Germany would have to engage in deficit spending of USD 2 trillion on defense to simply match French national debt as % of GDP.

[123] "Macron starts biggest European nuclear shift since Cold War", Politico, 2 March 2026, https://www.politico.eu/article/macron-announces-increase-in-number-of-frances-nuclear-warheads/.

[124] There is a long-running debate in strategic studies over what makes extended deterrence credible, and whether counterforce capabilities strengthen credibility or instead undermine stability. Proponents of counterforce argue that a guarantor should field a sufficiently accurate, prompt, and flexible nuclear force (and the enabling ISR/C2) to hold an adversary's nuclear forces at risk, thereby improving damage-limitation prospects and escalation leverage; critics counter that counterforce requirements are operationally demanding, potentially crisis-destabilizing, and neither necessary nor sufficient for allied assurance, which may rest more on political resolve and survivable retaliatory capability than on disarming options. If the stronger counterforce claim were accepted, France's current force posture—structured primarily for national deterrence rather than sustained intra-war counterforce campaigns—would be an awkward foundation for an EU-wide umbrella absent major force-structure changes, potentially including expanded delivery systems and warhead stockpiles.

[125] Nette Nöstlinger, "German Conservative Leader Calls for European Nuclear Deterrent 'Independent' from US," *POLITICO*, 30 June 2025, https://www.politico.eu/article/germany-conservative-jens-spahn-european-nuclear-deterrent-independent-us/.

[126] Could French and German leaders emulate an institutional binding a la Maastricht and create a joint Franco-German nuclear command?

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The ongoing Sino-U.S. strategic competition and the reemergence of bipolarity have created a difficult predicament for the EU.[127] Unlike in 1990, when Germany was the rising power and France along with other European states sought a novel solution to balance it, today Germany and all European states are declining relatively compared with both the U.S. and China. Prognostications about Europe's future, however, cannot rest on structural determinism; they must account for the quality of leadership. Recent leadership failures in threat diagnosis and reform urgency render the outlook dire. While European elites increasingly frame China as the principal threat, the continent's most destabilizing crises have stemmed from decisions made in Washington not in Beijing. The Iraq War created a ring of fire around Europe that fed the rise of Islamic State of Iraq and Syria (ISIS) and the consequent refugee and terrorism crises that nearly collapsed Schengen. When EU leaders tried to oppose the war, U.S. Secretary of Defense Donald Rumsfeld divided Europe by framing the states supporting international law as "Old Europe," and the Eastern European States supportingthe invasion as "New Europe." The 2007 financial meltdown that undermined European economic stability and catalyzed the Eurozone crisis was made in the U.S., as Wall Street lobby groups pushed for financial deregulation. Even the War in Ukraine and the ensuing energy crisis, as well as the war in Iran according to renowned scholars, carry the U.S. footprint.[128]

Europe currently lacks leadership capable of diagnosing today's threats with moral clarity and decisively pursuing strategic autonomy.[129] Leadership is needed that can seize the structural challenge of a geopolitical bipolar world as an opportunity to forge a stronger union, making the EU an anchor of stability and a producer of global public goods at a moment when international institutions and norms are under severe strain. The public perceives this leadership vacuum: calls echo for "another De Gaulle, another Adenauer, another Kohl, another Chirac" to spearhead the overdue reform of Europe's economic structures and security priorities. Ironically, this leadership shortfall could vindicate John Mearsheimer's long-dismissed forecast of renewed European instability, though for reasons he did not foresee. Without reformist leadership, Europe's descent into geopolitical irrelevance or even intra-European conflict may become structurally overdetermined.

Conclusion: bringing leadership back into the future of the EU

One major theoretical challenge for Moral Realism is to analytically articulate the qualities of leadership required in the harsh and brutish world of international politics. This article has argued that European leaders must urgently reform outdated institutions and strategically leverage the structural challenges posed by the return of bipolarity and intensified great-power competition. Such a strategy would support the forging of a stronger union that autonomously navigates the geopolitical fault lines and promotes the well-being of Europeans. But treating leadership as a dependent variable is not an easy endeavor. Perhaps the point of analytical departure can be found in the foundational text of Political Realism, Thucydides' History of the Peloponnesian War.[130] It is there that Pericles incisively describes the core virtues of effective leadership:

[127] Pierre Haroche argues that the EU has already responded to this external structural pressure via the declaration of "geopolitical commission." However, we believe that it is way too early to evaluate how rhetoric will translate into action that supports integration and the wider European welfare. Pierre Haroche, "A 'Geopolitical Commission': Supranationalism Meets Global Power Competition," *Journal of Common Market Studies*, Vol. 61, No. 4 (2023), pp. 970–87.

[128] For a synopsis of the related literature, see Platias and Trigkas, "Ukraine and the Academy."

[129] Or if it is to decide a reinvigorated relationship with the U.S. then do from a position of strength demanding equality not subordination.

[130] For the important of leadership in Thucydides, and core concepts see Platias and Trigkas, "Unraveling the Thucydides Trap."

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> I hold that a city confers greater benefits on its individual citizens when it is succeeding as a whole than it does when the citizens flourish individually but the city fails collectively. A man can be doing well in his own affairs, but if his country is destroyed, he nonetheless falls with her; on the other hand, if he is faring badly while his country is faring well, then he is more likely to come through safely. Therefore, since the state can bear the misfortunes of individuals but each one of them is incapable of bearing hers, it must follow that all should rally to her defence . . . I think I am as good as any man at knowing what has to be done and communicating it. I also love my city and am above corruption. The man who can conceive a policy but cannot expound it might as well never have had the ideas, while the man who can do both these things but is unpatriotic is unable to speak out with the same loyalty; and if he has the loyalty too but cannot resist money, then for that one reason all the other qualities would be up for sale.[131]

Pericles begins by emphasizing communal primacy (philopolis) over individual interests, arguing that individual prosperity is ultimately inseparable from collective well-being. This principle reflects the qualities that characterized European founding leaders: devotion to Europe, not merely the narrow national identity. Applied to contemporary Europe, national leaders must recognize that the survival and prosperity of their own nations depend fundamentally on the success of the EU. The collective weight of the EU is what keeps its member states geopolitically relevant against behemoths like the U.S. and China. The collapse or slow decline of the EU would irreversibly harm all member states, while its flourishing would provide a resilient foundation upon which national prosperity can be built.

Pericles then refers to *phronesis*, that is, practical wisdom, as a leader needs to be able to see what needs to be done. This requires strategic foresight and critical judgment. European leaders today must cultivate these virtues in order to accurately interpret geopolitical dynamics, evaluate the strategic environment; and advance autonomy—particularly by recognizing and responding to destabilizing policies from *all* external powers, including traditional allies like the U.S., rather than fixating solely on China or Russia. Pericles then calls for *logos*, that is, rhetorical skill. It is not enough for a leader to have good ideas; the leader must also persuade and communicate effectively. In the case of Europe, the future integrationist strategies must be communicated effectively to national publics by their political leaders.[132] And lastly, Pericles calls for incorruptibility and love of honor.[133] The message is clear: A leader must possess integrity and resist bribery or the temptations of personal enrichment.

Choosing an extract from Thucydides to conclude a long piece inspired by the Tsinghua School of thought may look peculiar, given that the Tsinghua School draws intellectual inspiration from the pre-Qin strategic corpus. Yet, we are confident that all those virtues of leadership found in the short Periclean remarks would also resonate strongly with fifth-century BCE Chinese political philosophers. The virtues of good leadership are universal and transhistorical.[134] Do European leaders possess those virtues? Are they born with them or will they acquire them as they rise to the occasion? As in all theories of social science, answers are always imperfect.[135] But, one thing is for sure; while formidable structural constraints persist, the EU's

[131] Jeremy Mynott, ed., *Thucydides: The War of the Peloponnesians and the Athenians* (Cambridge: Cambridge University Press, 2013), p. 125.

[132] Those who understand that no European nation state alone is capable to navigate a new Cold war without the collective power of the EU.

[133] Connecting integrity directly to resisting foreign interference.

[134] The argument for a global IR theory is beautifully expounded in Peter J. Katzenstein, "The Second Coming? Reflections on a Global Theory of International Relations," *Chinese Journal of International Politics*, Vol. 11, No. 4 (2018), pp. 373–90; Platias and Trigkas "Strategic Universality in the Axial Age."

[135] One approach seeking predict leadership behavior is based on operational code analysis. See Gaddis, "The Long Peace," p. 9; Alexander L. George, "The 'Operational Code': A Neglected Approach to the Study of Political Leaders and Decision-making," *International Studies Quarterly*, Vol. 13, No. 2 (1969), pp. 190–222.

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future trajectory hinges critically on whether its leaders can nurture and exercise these Periclean virtues of statesmanship to reshape institutions, overcome internal divisions, and prudently manage the geopolitical fault lines of the New Cold War.

While this study has focused on Europe as a testbed for Moral Realism, the framework's core emphasis on leadership qualities applies far beyond the European context. In Southeast Asia, for instance, ASEAN's relative stability amid great-power rivalry can be partly attributed to the leadership and diplomatic craftsmanship of founding figures such as Lee Kuan Yew and Adam Malik, who prioritized regional solidarity over myopic national gains. In Latin America, divergent trajectories in regional integration—from MERCOSUR's stagnation to more pragmatic Pacific Alliance—similarly underscore the decisive role of leadership choices in shaping institutional resilience. Looking forward, the intensifying U.S.–China rivalry presents another promising arena to apply Moral Realism: the strategic decisions of Chinese and American leaders, framed by their ability to pursue domestic excellence and their commitment to providing global public goods, will likely determine whether the emerging bipolarity evolves into an intense Cold War or stabilizes into managed competition.[136]

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Conflicts of interest

None declared.

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136 See Platias and Trigkas, "Unraveling the Thucydides Trap"; Kevin Rudd, *The Avoidable War: The Dangers of a Catastrophic Conflict between the US and Xi Jinping's China* (New York: Public Affairs, 2022).

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