

Transnational Political Integration and the Populist Backlash

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There is a now-familiar argument, building on a large body of empirical observations regarding profound changes over the last several decades in the international political economy, which provides support for the idea of ever-deeper transnational or even global political integration. The argument unfolds along the following lines. Since at least the second half of the 20th century, the global economy has become ever more interdependent, with international trade making up an ever-growing share of the economy. These profound changes have also transformed some of the challenges that governments around the world face. On the one hand, policy externalities have exploded; decisions that national governments make affect people well beyond their jurisdictions. This constrains the scope of effective policy-making at the domestic level. On the other hand, there are some urgent issues that are by their very nature transnational in the sense of requiring international cooperation to be effectively addressed. Such issues include, to name just the most commonly invoked ones, the regulation of transnational migration or of the global financial system, the reduction of global greenhouse emissions, and the regulation of global trade. These are issues that even the most powerful nation-states cannot manage on their own and therefore call for international policy cooperation. However, it is widely assumed that such cooperation can be stable and fruitful in the long run only if backed by effective international institutions that are able to generate trust, reduce free-riding, and provide fora for policy development and the inevitable exercises of self-correction and adaptation. As global challenges proliferate, the need for transnational political integration under effective international institutions is bound to be more and more urgent as well.

In my view, this now familiar, almost commonplace picture is accurate in all its essentials. I would add only that from a moral cosmopolitan perspective, which I share, the moral reasons for establishing strong international organizations that foster the development towards global legal and political integration are not contingent on the empirically observable tendencies outlined in the previous paragraph. The mitigation of global socioeconomic inequalities (which are much larger than the domestic inequalities that are also exploding in much of the developed world) and the effective protection of human rights worldwide, to mention only two fundamental

cosmopolitan goals, would call for a robust set of global institutions even in the absence of global socioeconomic interdependence. The case for transnational and (eventually) global political integration is robust across different empirical contexts.

However, this general line of reasoning merely outlines some of the parameters of a desirable end-state, without saying too much regarding feasible or realistic transition paths to that state. This is not meant as a criticism; a reasonable case can be made that theorizing about the end-state has methodological primacy over the theory of transition. Be that as it may, a theory of transition is an independently worthy project of genuine interest. I will offer nothing of the sort here. I merely make what I take to be an intuitively plausible assumption about the transitional period, and then explore a way of thinking about some of the contributing factors to the current “populist wave” in this context. The assumption is this: for the foreseeable future, currently existing democratic states will be the leading actors in whatever progress we make towards further transnational integration. It will either happen with their leadership, or it will not happen at all; the chances of progress towards such integration contrary to the behavior of the major democracies of the world are vanishingly small. For that reason alone (and of course for many others), the democratic quality and attitude towards international integration of the world’s leading democracies should be of paramount concern.

It seems to me that the developments described in the first paragraph provide crucial context for appreciating some of the background of the current populist backlash, including in my own country, Hungary, which is frequently and correctly described as being a lead example of democratic erosion and backsliding. That backlash is sometimes suggested as a simple reaction to economic globalization, which to some extent it surely is. But in my view its link with the processes just outlined is somewhat more complex. The challenges of global scale mentioned above are surely felt everywhere, and so is the need for an effective institutional response to them. However, the requisite international institutions are as of yet insufficiently developed. We are in that unfortunate spot when national governments are no longer capable of managing the challenges on their own, and yet the existing international institutions are not yet capable of addressing them, either. One does not have to share any of the nationalist-populist sentiments that fuel the current backlash to share their sense of frustration with the currently existing resources of transnational governance. The shared point of agreement among proponents of further international integration, such as myself, and those who call for the retrenchment of national sovereignty above all else is that there is an urgent need to strengthen institutional capacities at some level. The key difference concerns, of course, the level of governance that should be strengthened.

Seen from this vantage point, thus, “international integrationists” and national populists could be understood as responding to the same phenomena, and to a shared diagnosis of institutional inadequacy, but offering radically divergent remedies. Needless to say, if the assumption that the management of global challenges necessitates the establishment of robust international political institutions is accurate, then the nationalist-populist remedy is fundamentally misguided. However, its misguidedness should not conceal the fact that it is, at least in part, a response to a reasonable diagnosis. Moreover, it is driven by an eminently sensible (if mistaken) impulse; most people, especially in the developed world with its nation-states going back to several centuries, have much more immediate experiences or historical memories about effective national

governments than with effective international institutions. Therefore, placing one's trust and hopes in the latter requires, for the citizens in the typical epistemic position, much more of an imaginative leap than viewing national governments as the obvious remedies for their current predicament. Furthermore, the current inadequacy of most international institutions can be doubly damaging, since they are not yet strong enough to rise to the challenges they are meant to address, but they are already powerful enough to be seen as limiting the power national governments, i.e. the only institutions that, in the mind of many, would be capable of addressing the issues under consideration. This then drives not simply skepticism but downright hostility towards international governance.

The main point of the last paragraph is that the comparative weakness of international institutions, especially in times of strain, is possibly self-reinforcing, i.e. it has a tendency of undermining the political conditions that would be necessary to strengthen them. Furthermore, there is an additional paradox in the proximity, since relatively sophisticated and robust forms of international political integration can make it easier for certain actors to sustain a nationalist-populist posture. I will use the example of Hungary to illustrate the latter point. Hungary has joined the European Union, the most evolved regime of international integration currently in existence, with overwhelming popular support. Close to 85% of those participating in the referendum about EU membership in 2003 voted in favor, and nearly a decade and a half later support for membership is regularly measured between 60 and 70 percent. (Satisfaction with the EU is much lower, under 50%). As a relatively poor member state, Hungary receives annual funds from the EU worth several percentage points of its GDP without which, according to credible calculations, its economy would be barely stagnating. Probably even more importantly, EU membership serves as a form of implicit guarantee for international investors that the country is safe to do business with. Additionally, of course, Hungary enjoys all the advantages of the single market—well over 70% of its exports are directed towards the EU. Arguably, without the direct and indirect benefits of EU membership, Hungary would be considerably less wealthy, safe and attractive in general.

Currently, these advantages serve mainly to buttress the political positions of the country's right-wing populist government, which since coming to power in 2010 has taken it towards a decidedly authoritarian direction. Ever since 2010, the government of Viktor Orban has been on a collision course with the EU, on account of its measures undermining or dismantling key practices of the rule of law, systematically discriminating against non-Hungarian businesses in some key sectors (finance, energy, media), and most recently because of its refusal to share any of the burdens of the refugee crisis unfolding since 2015. Not only that, since around 2015 the government has been engaging in constant and ever more explicit anti-EU propaganda. The paradox is that it is capable of maintaining most of its political support only through the benefits of EU membership, while at the same time being able to portray all of the nation's difficulties as the fault of shady and unnamed "Brussels bureaucrats" meddling in Hungary's internal affairs. This gambit is made possible by the fact that most of the benefits of EU membership are intangible and simply taken for granted (the rule of law, access to the single market), whereas the hostility can be easily directed towards specific measures that are seen as constraining national sovereignty, such as the "refugee quota system" under which Hungary is legally obliged to admit around 1,300 refugees. The EU, which is despite all its difficulties a reasonably well-functioning institution at the everyday level, is enabling through its own intangible benefits a posture of

hostility and uncompromising national sovereignty by one of its member states. (The structure of the situation bears similarity to the behavior of some US states that are among the largest beneficiaries of federal redistribution and yet which build their politics around anti-Washington hostility).

Without the EU's direct and much more significant indirect benefits, Viktor Orban's regime would likely collapse due to popular dissatisfaction or take a Turkey-style openly repressive and autocratic form to avoid electoral accountability altogether. Currently, it is able to enjoy all its advantages and harness them to maintain its soft-authoritarianism. One might be forgiven to think that this is an exotic and marginal phenomenon without broader implications. However, that could turn out to be too optimistic. Hungary's behavior may already be exerting system-wide effects in two distinct ways. First, it is attracting followers, such as the current far-right Polish government that is imitating Orban in rolling back the rule of law and attacking the independent judiciary. By giving each other their unconditional support, the two governments jointly make it impossible for the EU to apply any sanctions against each, since any such decision requires unanimity among the EU member states other than the one against whom sanctions are being considered. Second and possibly more importantly, Hungary's intransigent behavior is undermining the sense of community, trust and solidarity even among those member states that are committed to further integration and burden-sharing. They are also facing restive electorates whose patience is running short, and who do not appreciate the spectacle of (what they see as) their hard-earned tax money being handed over to poorer eastern neighbors unwilling to share the burdens of community. Their anger may well turn against the EU itself. Thus, a single bad actor may have profound systemic consequences in a period of general frustration with the EU and international institutions.

The illustrative example also serves to highlight a larger point. I have made the assumption above that it is overwhelmingly likely that if there is going to be significant progress towards international political integration in the foreseeable future, then currently existing major democratic states will play the leading role in that progress. But this also implies that the chances of such progress crucially depends on whether political support for it can be generated and sustained within those democratic communities. And that support, in turn, is vulnerable to the disruptive behavior of a few comparatively weaker states. In sum, the system of international institutions is currently in a precarious state; it is not sufficiently effective in producing tangible benefits to generate its own political support, and therefore it is dependent on social support within national political communities. Yet it is powerful enough to be the plausible target of nationalist-populist backlash. There is unlikely to be an easy or simple fix to this predicament. A prolonged period of muddling through towards a more effective international regime looks like the best scenario.