

National votes with international consequences.

A democratic threat to cooperation?

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Abstract

In recent years, there has been an increase in national votes – referendums and elections – whose outcomes not only affect domestic voters, but which potentially have significant negative consequences for citizens of foreign countries as well. Especially when such votes mandate a unilateral withdrawal from or non-compliance with mutually agreed international institutions, they present considerable challenges for international cooperation, democracy, and national sovereignty. How can stable international cooperation be maintained under the specter of election- or referendum-induced unilateral withdrawal or non-compliance? Is it democratic to allow such votes, even if many others who are affected by this decision do not get to vote? Is it undemocratic to not implement the wish of one people, if other parties to an international agreement are opposed? And is it legitimate for foreign policymakers to get involved in domestic election or referendum campaigns in an effort to try to avoid harm for their citizens, even if this conflicts with the norm of national sovereignty? Apart from these normative questions, practical questions about the effectiveness of different policy responses arise. This essay shows that in the context of such votes, it is impossible to maintain international cooperation, democratic principles and national sovereignty at the same time and discusses the challenges this presents for maintaining popular support for the institutions that underpin the contemporary global liberal world order.

Introduction: Challenging international cooperation from below

In recent years, we have increasingly seen national votes – referendums and elections – whose outcomes have had consequences not only for domestic voters, but also for citizens of foreign countries. The growing interconnectedness, interdependence, and joint membership of countries in international institutions means that voters even in small countries increasingly have the potential to cast votes that create externalities for citizens of other countries. While this development poses few problems when these externalities are positive, votes that create *negative* externalities abroad present considerable challenges for international cooperation, democracy, and national sovereignty.

The most prominent example for a national vote with negative externalities abroad is probably the UK's 2016 Brexit referendum. In a direct democratic vote on 23 June 2016, British voters decided to leave the European Union. This decision will not only have momentous consequences for the UK, but also imposes huge costs on the remaining EU-27 member states – whose citizens, however, had no say in the referendum. Other examples include the Greek 2015 bailout referendum, in which Greek voters rejected the conditionality associated with a new bailout package, a vote that risked a break-up of the Eurozone or two recent Swiss referendums, the 2013 initiative against mass immigration, and the 2016 implementation initiative, both of which mandated non-compliance with existing international treaties.¹ National elections increasingly also matter abroad. Here, the most prominent example is surely the 2016 US presidential election in which a decidedly isolationist candidate, Donald Trump, was elected president, with negative consequences for the members of a diverse set of international institutions ranging from NATO, the Paris climate agreement, to the UN. Other examples include the 2017 French presidential elections, in which a Le Pen victory was feared to destabilize the EU, or the 2014 Hungarian and 2016 Polish elections, which led to the establishment of governments which have turned non-compliance with core EU norms into policy. What all of these cases have in common is that they have challenged, in one way or another, existing forms of international cooperation. A unilateral withdrawal from or non-compliance with mutually agreed international institutions is, however, always negative for the other member states of the respective institution.

National referendums and elections that create negative externalities abroad present challenges for international cooperation, democracy, and national sovereignty. They challenge international cooperation, because they may lead to an unravelling or roll-back of international institutions. They raise questions for democracy, because one set of voters uses democratic means to take decisions that strongly affect others as well – who for their part do not get a say. Should such votes be allowed? Is it undemocratic to not implement the wish of one people if other parties to an international agreement are opposed? These questions, in turn, present challenges for the concept of national sovereignty. If other countries are negatively affected by certain voting outcomes, is it legitimate for foreign policymakers to get involved in domestic election or referendum campaigns?

Taken together, these referendums and elections thus provide a focal point for the challenges and trade-offs between international cooperation, democracy, and sovereignty inherent in the political trilemma of the global economy (Rodrik 2000; 2011). A domestic vote

¹ The bilateral treaty on the free movement of people between the EU and Switzerland in the former case, and the European Human Rights Convention in the latter.

that has negative consequences abroad cannot be implemented in a way that preserves international cooperation, democratic principles in all countries involved, and national sovereignty at the same time. This presents policymakers with considerable normative and practical challenges about how to respond to such votes abroad – both before the referendum is held and, if its outcome negatively affects the country, in its aftermath. This essay discusses these challenges and highlights the difficulties associated with this challenge to the liberal world order from below.

When foreign votes matter: Should policymakers intervene in foreign campaigns?

Faced with a foreign vote that could generate negative externalities at home, the best scenario for policymakers is for this voting outcome not to occur. Domestic policymakers thus have a strong preference for foreign voters to vote in favor of continued integration or in favor of a candidate or party that support the mutually agreed international arrangement. This creates incentives for them to get involved in what would normally be regarded domestic politics: the election or referendum campaign.²

Such an involvement can take various forms. Foreign policymakers can try to coax voters to vote in line with the foreign country's interests. They also sometimes very explicitly support a certain choice or candidate – recall Angela Merkel's public support for Emmanuel Macron in the 2017 French presidential elections, for example. But foreign policymakers can also take a more aggressive stance, for example by warning, or even threatening, voters about the negative consequences of the undesired voting outcome. Finally, they can actively intervene – be it overtly, such as European policymakers did in the run-up to the 2015 Greek bailout referendum when they cut off Greece from additional financing during the referendum campaign - or covertly, as in the Russian interventions in the 2016 US presidential elections. Increasingly, foreign involvement in domestic campaigns also occurs in more decentralized forms via social media (Sevin and Uzunoğlu 2017).

Such foreign interventions in domestic elections or referendum campaigns raise both normative and practical questions. In normative terms, foreign interventions in domestic referendum and election campaigns, especially in its more active forms, violate the principle of non-interference in domestic affairs and thus conflict with national sovereignty. Yet, as democratically elected leaders, foreign policymakers are tasked to represent the interests of their citizens. From this viewpoint, interventions in a foreign campaign with the intention to protect the country's own voters from harm may be legitimate. These normative questions about the legitimacy of foreign campaign interventions are difficult to resolve.

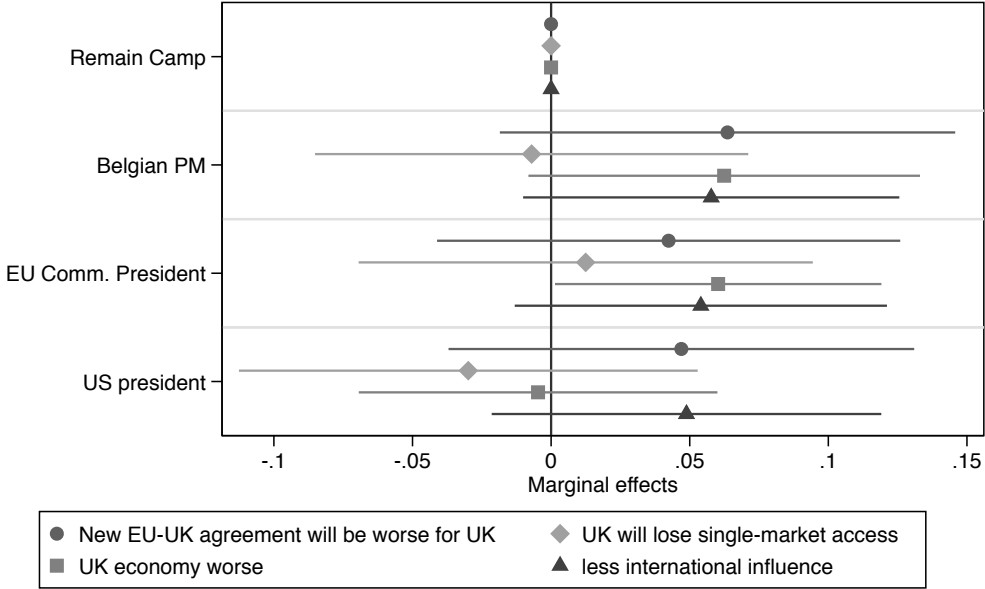
Beyond questions of legitimacy, foreign policymakers interested in intervening in foreign elections also face practical obstacles regarding the credibility, effectiveness, and costs of such interventions. Because foreign policymakers act in the interest of their own country, their interventions in domestic election campaigns may not be taken seriously by domestic voters (Walter et al. 2018). Moreover, they can also backfire if voters perceive them as an

² Such direct foreign interventions in domestic elections have been rare among Western democracies, but were more common during the Cold War and still are much more common in developing country elections (see for example Corstange and Marinov 2012; Levin 2016).

undue interference in domestic affairs (Shulman and Bloom 2012). As such, foreign interventions may not be very effective.

Figure 1: Survey Experiment: Effects of threats by different foreign actors on expectations

In the run-up to the referendum, there have been many different arguments about what would happen if the UK were to leave the EU. For each of the following scenarios, how likely do you think that this scenario will come true if Britain votes to leave the EU in the referendum?



Note: Controlling for gender, age, social grade, education, referendum vote intention

To illustrate this problem, consider the 2016 Brexit campaign in the UK: Because of the large risks that Brexit would cause for the European integration project, the EU and EU-27 policymakers had a strong interest in a ‘remain’-outcome in the referendum. Yet, they were rather hesitant to get too strongly involved in the Brexit campaign because it was feared that such interventions would strengthen, rather than weaken, the ‘Leave’-camp (Glencross 2016). But evidence collected during the campaign also illustrates the difficulties for foreign policymakers to have any effect on expectations, beliefs, and vote intentions in such a setting. Figure 1 shows the result of a survey experiment that I conducted in Britain about two weeks before the referendum.³ After being informed that following a Leave-referendum outcome, Britain and the EU would have to negotiate an agreement about their future relationship. Respondents were randomly given one of four different treatments, in which a domestic (The Remain Campaign) or a foreign (the Belgian Prime Minister, the President of the EU Commission, or the US president) had “warned that the EU will only sign such an agreement if it makes Britain worse off compared to where it stands now.”⁴ Respondents were then asked about their expectations about a potential post-Brexit world, such as whether such an agreement would make the EU and the UK better or worse off, whether the UK would lose access to the EU’s single market, whether such an agreement would leave the UK worse off economically, or whether the UK would have less influence in international negotiations than as an EU member. Figure 1 shows how difficult it is for foreign policymakers to sway public

³ YouGov online poll, fielded on June 7, 2016, N=1778.

⁴ A fifth control group were not given any warning. Adding the control group in the analysis does not substantively change the results presented below.

opinion in such campaigns. Although warnings by foreign policymakers, especially EU actors, tended to make respondents more pessimistic, most these effects were not statistically significant.

One way for foreign policymakers to increase the credibility of their interventions is to send costly signals about their determination not to accommodate a voting outcome that would harm their own citizens (Walter et al. 2018). To be effective, however, these signals have to carry considerable costs, without any guarantee that this investment will pay off. A prominent example is the campaign leading up to the 2015 Greek bailout referendum, in which Eurozone policymakers intervened to an unprecedented degree. Not only did they threaten that a No-vote would lead to Greece's exit from the Eurozone, they also underlined their determination not to accommodate such a vote by refusing to extend the existing bailout agreement for a few days or to increase emergency liquidity assistance to Greek banks. These decisions forced the Greek government to close the banks, to impose capital controls and to become the first developed country to default on an IMF loan in the middle of the referendum campaign. The costs of this signal were immense, not just for Greece, but also for the other Eurozone governments. The economic damage these decisions inflicted on the Greek economy at least doubled the amount Eurozone governments ultimately had to invest in a third bailout package for Greece. And this investment did not even pay off. Although the bank closure swayed about 10% of Greek voters away from a no- towards the yes-vote desired by European policymakers (Walter et al. 2018), this intervention ultimately did not succeed in changing the referendum outcome in favor of a cooperative outcome.

Overall, this discussion shows that intervening in other countries' election or referendum campaigns is a tricky path for policymakers, both for practical reasons and for legitimacy concerns.

When the damage is done: Responding to votes that create negative externalities abroad

Equally tricky, though somewhat more within the conventional international relations realm, is the question of how to respond to a foreign election or referendum outcome that creates negative externalities abroad. A vote that mandates that the country should unilaterally not comply with or withdraw from an existing international institution, for example, will leave the other members of the institution worse off when this unilateral decision is implemented as intended by the country's voters. However, the actual outcome of such a vote, and hence also the exact costs and their distribution, depends on how the remaining states respond to the referendum country's withdrawal or non-compliance.

The continuum of possible reactions is large. One strategy for governments is to accept the foreign election or referendum result as legitimate and to accommodate the democratically expressed wish of the other people, e.g. by granting the exceptions demanded in a non-compliance referendum or by maintaining wide-ranging post-withdrawal cooperation with the leaving state. The advantage of this strategy is that it does not politicize or antagonize voters in the voting state further, and allows the other governments to salvage as many of the existing cooperation gains as possible. It also limits the short-term disruptions caused by a disintegrative vote to the greatest possible extent. Several examples for governments pursuing this strategy exist. For example, following the election of Donald Trump

as US president, Canada and Mexico have agreed to renegotiate the NAFTA agreement, and the EU has not yet acted strongly against the erosion of the rule of law in Poland and Hungary, implemented by newly elected governments, even though these developments mean that both countries no longer fulfill core requirements for EU membership. The problem with the accommodation strategy is twofold, however. First, any international agreement is the outcome of a negotiation process in which each member makes concessions to arrive at a solution that is mutually beneficial overall. A unilateral adjustment of an agreement along the wishes of one member state therefore leaves the remaining member states worse off than the status quo. Second, by giving the referendum country preferential treatment, the accommodation strategy carries the risk of political contagion. If compliance is no longer necessary to enjoy the benefits of a cooperative agreement, or if countries can unilaterally improve their position by partially or fully withdrawing from an institution while still enjoying many of its benefits, other countries might start to similarly opt out from those parts of international institutions which they dislike. By encouraging disintegrative tendencies in additional member states, an accommodation strategy thus risks undermining the long-term stability of the international institution.

On the other end of the spectrum is the refusal to accommodate the voting country's democratically expressed wish to unilaterally change the rules of the game. This strategy denies the foreign government the ability to have the cake and eat it at the same time. By taking a hard, non-accommodating stance in the disintegration negotiations, the remaining member states can make non-compliance or withdrawal so costly for the voting country that it turns into a highly unattractive option. A prominent example of a non-accommodation strategy is the EU's stance towards Greece in the debt negotiations that followed the 2015 bailout referendum. Although Greek voters had rejected the conditionality attached to a potential third bailout in the polls, Eurozone policymakers did not accommodate this wish of the Greek people but instead presented the Greek government with a stark choice: either accept an even harsher bailout package, or leave the Eurozone. This strategy carried the risk that the Eurozone might break apart, but faced with the choice of Grexit, the Greek government ultimately decided to give in and to accept conditions dictated by the other Eurozone members.⁵ By tying the benefits of cooperation to a full compliance with the international institution's rules, policymakers can push some of the costs and trade-offs back on to the voting country. A non-accommodation strategy raises the probability that the voting state itself will reconsider its bid to not comply or withdraw from an international institution and prospectively helps to discourage similar initiatives in other member states. However, this strategy also carries a non-trivial risk of a complete breakdown of cooperation, at very high costs for everyone involved. If negotiations fail, this strategy can result in a full loss of the mutual benefits of cooperation.

The question of how to respond to a democratically-supported push for disintegration on part of another countries once more raises challenges for democracy, sovereignty, and international cooperation. Is it undemocratic not to implement the democratically expressed wish of (one) people? Or is it undemocratic to implement a policy that produces negative

⁵ Another example for a non-accommodation strategy is the EU's reaction to Switzerland's referendum vote in 2014 to restrict immigration and subsequent decision not to extend freedom of movement to nationals of a new EU member state (Croatia) in violation of its bilateral treaties with the EU. The EU retaliated by barring Switzerland's access to the new Horizon 2020 research program, which eventually succeeded in convincing the Swiss parliament not to implement the referendum and to honor its obligations enshrined in the bilateral treaties

externalities for others without asking them about it? The fierce criticism of the EU's "undemocratic" response to the Greek bailout referendum, embodied in the hashtag #thisisacoup, illustrates the appeal of the first position. The hashtag made the round on twitter after Greece had been forced to accept a third bailout package in the post-referendum negotiations with harsh conditionality, the very thing Greek voters had rejected in the referendum. It stood for the idea that by not accommodating the Greek referendum vote, the remaining EU member states had shown a disrespect for democracy. Voicing the second view, several Eurozone policymakers emphasized that they had been elected to represent their own citizens' and not Greek voters' interests, and that their citizens would be worse off if a Greek vote could force them to accommodate their demands.

Such votes also present challenges with regard to national sovereignty: Because the actions and interests of the other states influence the ultimate outcome of a non-cooperative vote, the voting state no longer has full control over the final outcome. Although a state can take the sovereign, unilateral decision to withdraw from or not comply with certain international rules, it cannot dictate the other states' response. This highlights the limits of sovereignty in an interconnected world and the trade-offs associated with international cooperation.

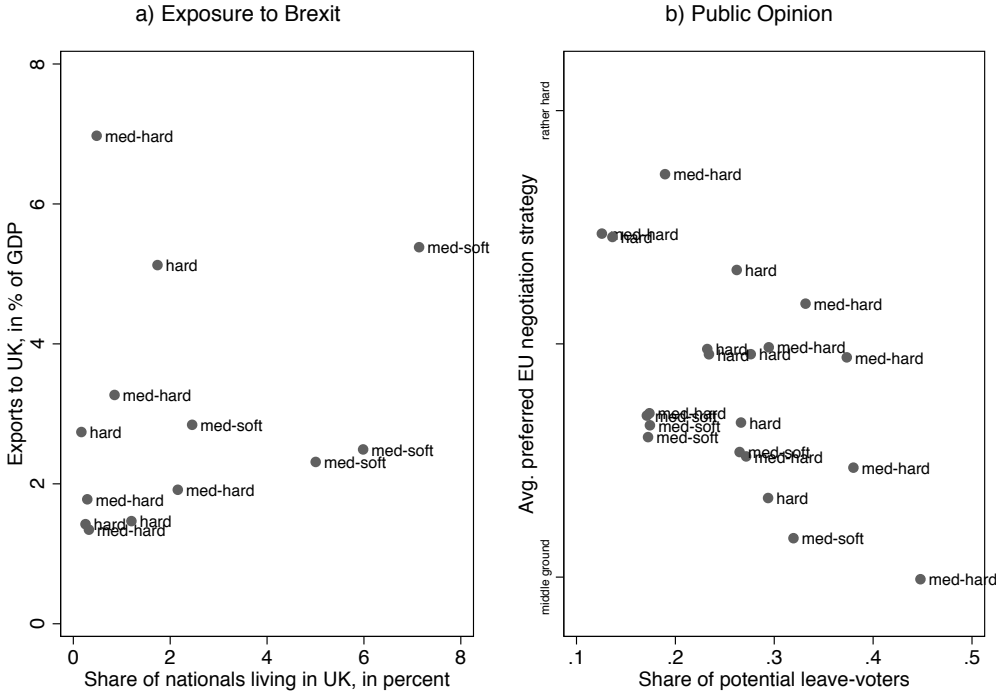
Finally, responding to such a vote also presents challenges for international cooperation. An accommodating strategy effectively weakens or even dismantles existing international institutions. It may also incentivize other countries to try the same and embolden integration-skeptic parties in other member states (de Vries 2017; Walter et al. 2018). As such, an accommodating strategy risks to undermine international cooperation in the long run by upending the delicate balance and compromises that underpin most international agreements. At the same time, not accommodating runs the risk of eroding support for the international institution if it is seen as not respecting sovereign and democratic decisions. Moreover, if negotiations fail, the fallout from a breakdown of cooperation is potentially huge, not just in economic terms but also in terms of fueling national resentment and mistrust that would complicate future efforts at renewed cooperation.

Against this backdrop, it is not surprising that there has been considerable variation in responses to democratically-based bids by one member state to withdraw from or not comply with the rules of an international institution. While there has been relatively little push-back against Donald Trump's decision to withdraw the US from the Paris Climate Accord or Hungary's increasing non-compliance with EU rules, for example, Greece's and Switzerland's demands to accommodate their referendum votes have been met with much more opposition.

Research examining and explaining this variation is quite limited so far, but some observations stand out: First of all, the choice of strategy depends on the relative bargaining power of the concerned parties. Mexico and Canada have pushed back against Trump's efforts to renegotiate NAFTA in the US's favor much harder than against his decision to leave the Paris accord. This is not only because they are more directly affected, but also because their economies' tight integration with the US economy gives them leverage vis-à-vis the US. In Europe, the EU is engaging with the UK's wish to leave the EU, whereas it refused to even officially open negotiations about a potential treaty change with Switzerland. This partly reflects the fact that the UK has a much larger economy and is more deeply integrated with the EU-27 countries than Switzerland. At the same time, there is also considerable variation

in the Brexit-approach among the remaining EU member states, which can partly be explained by their exposure to the consequences of a hard or soft Brexit. Figure 2a shows that those countries with large diasporas in the UK, whose voters are vulnerable to a breakdown of negotiations, are taking a softer stance.⁶ In contrast, the importance of the UK as an export market plays only a small role. This is not so surprising if one considers that the UK has much more to lose from a breakdown of trading relations than each of the EU-27 member states.

Figure 2: National Brexit-exposure, public opinion, and National Brexit-negotiation positions



Second, the response by the other countries will be shaped by public opinion in the remaining member states. It is much easier for policymakers to take a hard line against a democratically based decision abroad if this is supported by their voters at home. In contrast, taking a hard line is much more difficult, when voters at home worry about the legitimacy of not accommodating the foreign voters' democratically expressed wish and/or of infringing on the other country's sovereignty. Another concern in the public opinion realm is the level of contagion risk. The higher the risk that an accommodative stance will encourage further disintegrative tendencies in one of the remaining member states, the less likely will the other countries accommodate the voting state. Figure 2b illustrates the role of public opinion in the Brexit negotiations.⁷ It shows that countries differ in their Brexit-negotiation positions based

⁶ Data on national Brexit positions is based on assessments by the Economist Intelligence Unit (The Economist 2017). Data on exports to UK and nationals living in the UK are from Eurostat. Data on nationals living in the UK is only available for 13 countries. Imports from UK likewise are a bad predictor of EU-27 Brexit negotiation positions.

⁷ Online poll, July 2017, working-age respondents (18-65), N=9371 (EU-27). The average preferred EU negotiation strategy is the mean answer of a country's respondents on the question "How do you think that the EU should approach the exit negotiations with the UK? The EU should take a very hard / somewhat hard / middle position

on their voters' preferred Brexit-negotiation strategy and the share of potential 'Leave'-voters at home. Those countries whose voters are on average most amenable to pursuing a softer line in the Brexit negotiations and who at the same time face only a small contagion risk at home have been taking relatively softer stances.

A final source of variation lies in the level of conflict with norms of democracy and national sovereignty that a non-accommodating stance implies. Resistance against unilateral changes to commonly agreed agreements to the advantage of the voting state ("cherry-picking") is likely to be considered much more legitimate than actively punishing a member state for democratically backed non-compliance with certain norms of an international institution. In fact, non-compliance with international institutions is not unusual and harsh reactions to minor non-compliance cases are rare (Tallberg 2002; Börzel et al. 2010; Simmons 2010). But the EU's muted response to the deterioration in democratic principles in Hungary and Poland illustrates how difficult decisive action can be even in cases in which democratically elected governments violate fundamental treaty provisions (Kelemen and Blauburger 2017). In contrast, non-cooperative referendum votes have been met with much more forceful opposition. There has been virtually no accommodation in the negotiations following the Swiss and Greek referendums, for example, and even in the negotiations about the terms of Brexit, the remaining member states are taking a very hard stance. Referendums are transparent, visible and politicized events (De Wilde and Zürn 2012) that pit the interests of one state clearly against those of the others. Under these circumstances, a non-accommodative stance is likely to be seen as much more legitimate.

A democratic threat to the liberal world order?

The recent successes of populist parties, candidates, and initiatives have often been based on a common narrative: that by being more assertive in international relations and putting the nation's interest first rather than accepting compromise, voters' prosperity, national sovereignty, and democratic quality could be improved. Upon closer inspection, however, these promises have proven to be built on quicksand. Successes at the domestic polls have been met with resistance abroad. Renegotiating international agreements has proven difficult, if not impossible, and has sometimes forced populist governments to concede that the status quo is better than what they could achieve. Although these setbacks have decreased the appeal of such messages to some extent (de Vries 2017), they still garner considerable support.

This paper has demonstrated that populist attempts to unilaterally change the rules of international cooperation have not failed because of poor negotiation skills, but because they invoke a central trilemma in international relations: Rarely do the trade-offs between international cooperation, democracy, and national sovereignty (Rodrik 2011) move into the spotlight more prominently than when one country votes on an issue in which other countries equally have a large stake.

/ somewhat soft / very soft line". The share of potential leave voters is the share of respondents who answered that they would probably or definitely vote to leave the EU if their own country were to hold a referendum on leaving the EU today.

Yet the failure of populist promises to materialize bears its own risk. When governments tasked with implementing populist referendum outcomes have not been able to deliver the promised lands of milk and honey, they have been decried by populists as incompetent or unwilling to implement the will of the people. Resistance of foreign governments against one country's wishes for unilateral change has been condemned as a lack of respect of democracy. And because intergovernmental bargaining tends to take place between a relatively small number of few government officials behind closed doors, its outcomes have often been characterized as elitist decisions by bureaucrats who have lost touch with normal people.

There is thus a risk that the failure of populist initiatives breeds even more resentment and feeding ground for populists. Dealing with this democratic threat to the liberal world order is no easy task. It is important, but not easy, for policymakers to communicate clearly the trade-offs and constraints under which they operate. They also need to straddle the rope between accommodating too much and risking contagion on one hand, and accommodating too little and risking backlash on the other. Only one thing is certain: it is impossible to ignore this challenge to international cooperation from below.

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