

The Dismantling of Rodrik's Trilemma in Europe

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Abstract

This past century has served as a testimony to an increased landscape of integration in the hopes of growth and stability, and the European integration project stands at the forefront. However, increased integration comes with various challenges and trade-offs. This paper discusses the intricate dynamics surrounding Dani Rodrik's Trilemma within the context of the European Union. In his book *The Globalization Paradox* (2010), the economist Rodrik asserts the impossibility of reaching a state where globalization, democracy, and national sovereignty converge at their fullest extents. Particularly in the EU, this trilemma manifests itself through the willingness of leaders to pool national sovereignty in certain policy areas and focus on democracy as well as globalization through increased economic interdependence. However, recently, the EU has been facing challenges in attempting to reconcile these conflicting principles due to shifting priorities from its Member States. This study explores the rupture of the trilemma's applicability in Europe through three interrelated case studies: declining democracy in EU Member States, specifically in Hungary, populist movements, and Brexit. Moreover, this paper assesses the implications of these events in the EU and the imperative that the organization take a decisive stance to maintain its foundations. With a growing trend for national sovereignty and nationally proposed decisions, it is clear that the future trajectory of European integration remains an important question.

Keywords: European Union, Democracy, National Sovereignty, Globalization

I. Introduction

Political scientists and economists have long debated the phenomenon of globalization. The undertakings of a globalized world are governed by various uncertainties in the shape of trade-offs. These trade-offs are multifaceted and aim to explain almost every aspect of the world. With changing paradigms in the geo-political sphere and a new world order, simplifications of a complex reality may lend themselves useful in explaining decisions taken by politicians. At the heart of this discourse lies Rodrik's Trilemma, a theory proposed by the Turkish economist

and Professor of International Political Economy at Harvard University Dani Rodrik. This trilemma of the world economy suggests that governments face trade-offs between democracy, national sovereignty, and global economic integration. He asserts that these three are impossible to achieve simultaneously nor fully.

Rodrik's Trilemma has been used widely to explore the different facets of globalization in different regions. This paper will focus on its applicability, or more specifically its rupture, in the context of the European Union.

II. What is Dani Rodrik's Trilemma?

It is in Dani Rodrik's book *The Globalization Paradox*, published in 2010, where one finds the theory that will serve as the basis for this paper. Therein, he postulates that policymakers face a trade-off between national sovereignty, hyperglobalization, and democracy. Between these three policy orientations, one must choose two, as it is impossible to achieve all three simultaneously and to their fullest extent.¹

To explain the internal debate that states face, he outlines three epochs of globalization to better describe the trilemma. In the 19th century, states sacrificed democracy in favor of the nation-state and globalization. This era of the gold standard (where the value of currency was based on a fixed amount of gold) set up rules for free capital flows. However, domestic policy was restrained when it came to pursuing objectives that were incompatible with pre-established principles. Thus, democracy was undermined as governments did not turn to the population for decision-making and did not respond to electoral pressures. In the second era of globalization during the post-WW2 period, the Bretton Woods regime meant a compromise of hyperglobalization. States were encouraged to find a balance between restrictions and the easing of capital flows and were also provided with the opportunity for national economic policy-making. While this statement might initially seem contradictory, Rodrik affirms that until the 1980s, the Bretton Woods regime allowed countries to pursue their own, potentially distinct

development paths. It encouraged countries to develop trade agreements with other countries but not a global network. It was a more individualist approach to more interdependence. The last option of the trilemma would be the undermining of the nation-state, which is the case of the European Union.²

This relationship is summarized graphically in the image below.

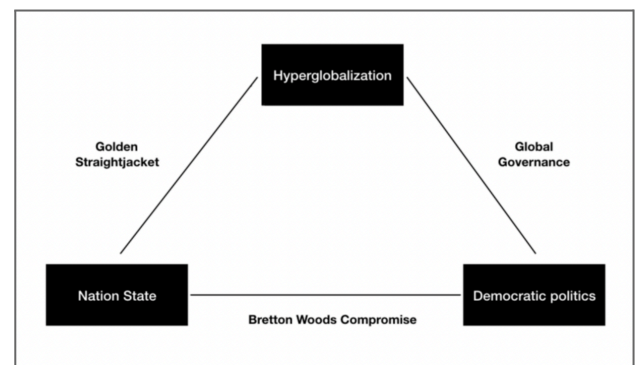


Fig.1. Diagrammatic representation of the Political Trilemma of the World Economy. Format by Caitie Doogan, in *Power and Digital Technologies: A Transdisciplinary Discourse*.

Therefore, as suggested: a state can be both sovereign and democratic but has to put globalization at bay (Bretton Woods regime). It can be democratic and hyperglobalized but then would have to cede its national sovereignty to a global or regional government (Global Governance). Lastly, it can be sovereign and globalized, but it would then have to compromise democratic governance (Golden Straitjacket).³ A very tenuous equilibrium exists between all three desired elements of world politics. Acting as if the attainment of all three is feasible makes for a world of disequilibrium.

¹The Globalization Paradox: Democracy and the Future of the World Economy. New York and London: W.W. Norton; 2011 pp. 368.

² Dani Rodrik, "Dani Rodrik: The Globalization Paradox." Interview by Miguel Krol and Jordaan Jochem. Room for Discussion. *Youtube*, November 3, 2017.

³ Marina Bolotnikova. "The Trilemma." *Harvard Magazine*. Harvard Magazine Inc. , 2019.

III. The European Union

A thorough representation of Rodrik's Trilemma and its associated challenges becomes apparent when examining the EU. While ceding a degree of sovereignty to a higher authority is not new, the EU has increased the stakes and undertaken a very ambitious endeavor. The Council of Foreign Relations suggests that "the EU represents an unparalleled experiment in balancing national and collective interests."⁴ One can thus observe a crisis of interdependence taking place at the foundation.

The European Union (EU), established in 1993 by the Maastricht Treaty, is a supranational organization that seeks to strengthen economic and political integration in Europe. This geopolitical entity was established as the successor of the European Community, an organization consisting of three economic associations, including the European Economic Community, which was aimed at trade cooperation and the reduction of tensions after WW2.⁵ Due to its ability to successfully oversee the realization of economic growth and provide regional stability, the EU has been able to steadily expand into a community of twenty-seven member states. There is a complex interrelation between the seven institutions within the EU, which can be divided by their financial, judicial, executive, and legislative functions.⁶

3.1 Economic Integration

As an economic union, members benefit from a single market involving the harmonization of trade rules across Member States. The Single European Act (1987) established a concrete framework for a European common market, eliminating internal barriers to trade (such as tariffs or duties) and unifying trade policies and regulations. This enhanced economic exchange as it created an extensive trading area guaranteeing the four freedoms of the EU, namely the free movement of workers, goods, capital, and services.⁷ The creation of a common monetary system, the Eurozone, further developed regional integration. As of today, twenty members have adopted the euro as their currency and abide by the Economic and Monetary Union (EMU) policies which has served as a stabilizing force in many countries. Trade liberalization, coordinated policies, and the adoption of a single currency has had robust growth effects. A study by the economist Harald Badinger suggests that "GDP per capita of the EU would be approximately one-fifth lower today [2005] if no integration had taken place since 1950."⁸

While the EU has indisputably allowed for financial growth in Europe, it presents various challenges. Economic interdependence means the exclusion of sovereign monetary and exchange rate policies, and hence the same monetary rules within countries of diverging production structures, a factor that has created countless domestic problems. Examples of this include the Eurozone Crisis

⁴ "The European Union: The World's Biggest Sovereignty Experiment." World 101, February 14, 2023.

⁵ "European Community." Corporate Finance Institute, November 22, 2023.

⁶ James McBride. "How Does the European Union Work?" Council on Foreign Relations, March 11, 2022.

⁷ Hellen Wallace et al. *Policy-Making in the European Union*. 8th ed. Oxford: Oxford University Press, 2020.

⁸ Harald Badinger. "Growth Effects of Economic Integration: Evidence from the EU Member States." *Review of World Economics* 141, no. 1 (April 2005): 50–78.

and the inability of Member States to adjust exchange rates and interest rates accordingly.⁹

3.2 National Sovereignty of Member States

Since its inception, the concept of sovereignty has been a matter of contention between the member states. In an international context, sovereignty means that a country controls what happens inside its border and adopts the non-interference principle in the internal affairs of other sovereign states.¹⁰ By definition, joining into a political or economic bloc requires a partial cession of sovereignty. While the twenty-seven Member States largely maintain their sovereignty and independence, they may combine certain aspects of it on issues of enhanced and mutual benefit.¹¹ The principle of ‘conferral’ is the guiding framework behind power-sharing and the delegation of decision-making in the EU as outlined in Articles 2 to 6 of the Treaty of the European Union (TEU).

EU Institutions and member states pool sovereignty in policy areas only where the member states have agreed to delegate authority to the Union. The conferral of competence, or the giving of authority, can be divided into exclusive (only the EU may act), shared (both EU and states) legislate, and supporting (institutions support, coordinate, or supplement Member States).¹² Some areas of exclusive competence include monetary policy, customs unions, trade, and international agreements; areas of

shared competence include defense and security, justice, agriculture, and energy; and areas of supporting competence include health, culture, and education, among others.¹³ This presents a system whereby a distinction between policy areas can be made and pooled sovereignty can effectively work. This structure balances national and collective interests while ceding a degree of sovereignty to the Union to do so.

3.3 Democracy

The European Union as an entity, and through its Member States, has strived for democratic principles, both morally and politically. In essence, democracy is the involvement of citizens in political decision-making primarily through regular general elections. It also encompasses some values that form the guiding principles of the EU, such as: “respect for human dignity, freedom, democracy, equality, the rule of law, and respect for human rights.”¹⁴ Accordingly, EU membership is exclusive to countries that adhere to a democratic rule of law, and hence all Member States are representative democracies. The structure of the EU’s governing body also ensures the promotion of democracy. For example, individual freedoms are protected by the EU Charter of Fundamental Rights, and elections of the European Parliament (EP), a key decision-maker in the EU, are open to every EU citizen.¹⁵

⁹ “EMU Facts Challenges and Policies - OECD.” OECD, 1999.

¹⁰ “What Is Sovereignty?” World 101: Understanding the International System, April 28, 2023.

¹¹ “The European Union: What It Is and What It Does.” The European Union, 2022.

¹² Karen Davies. *Understanding European Union Law*. 7th ed. New York: Routledge, 2019, page 27.

¹³ “Areas of EU Action.” European Commission. Accessed December 8, 2023.

¹⁴ Scheppele et al.. “Defending Democracy in EU Member States: Beyond Article 7 TEU.” In *EU Law in Populist Times: Crises and Prospects*. Cambridge University Press, 2020.

¹⁵ European Union, “Aims and Values.”

The rule of law, enhanced through numerous treaties democratically agreed by Member States, helps reduce judicial arbitrariness and guarantees high civil prosperity. In this regard, Member States have granted final jurisdiction to the Court of Justice on matters related to EU law and are judgments that should be acknowledged.¹⁶ The protection of civil liberties and democracy is therefore essential. A report by the Robert Schuman Foundation puts forth that “in the absence of a functioning democracy the Union and its Member States would lose their capacity to act and defend their interests, either via the upkeep of rules-based multilateralism or the projection of their values and standards that are emulated by others.”¹⁷

While it is important to acknowledge the significance of the democratic rule of law within the European Union and the debate between democracy and technocracy due to the democracy deficit, this paper will focus on the degree of democracy at the national level.

3.4 *The Dismantling of Rodrik’s Trilemma in the EU*

Through the dynamics of the European Union, one can see a clear manifestation of Rodrik’s Trilemma taking place at a regional level. The EU was built upon the notion of European interdependence and democratic principles, two of the vertices of Rodrik’s trilemma. As a result, by focusing on hyperglobalization and mass politics, member states have ceded national sovereignty. Liberal theorists will concur with this phenomenon, agreeing that state

sovereignty is eroded by economic interdependence.¹⁸ This reflects Rodrik’s proposal: not all three ‘vertices’ can be reached simultaneously and at full.

Nevertheless, with mounting economic and political pressures and a changing global landscape, the applicability of the globalization paradox in the EU is diminishing. While there are varying reasons for this occurrence, most converge in the disagreement over the direction of European integration. Although the EU Member States subscribe to the notion of an integrated Europe, they have different perspectives on the degree of such integration or the means by which it should be achieved.¹⁹

Three main pillars will be discussed in relation to Rodrik’s Trilemma, including populist movements, the decline in democracy of Member States, and Brexit. The notion of populism serves as a basis for many of the arguments presented, however, while the events which cause its arrival may be shared by countries, each situation to each country is unique and cannot be completely extrapolated to others. These cases exemplify the rupture and tensions of some vertices of the trilemma and the decisions made by some nations to prioritize some aspects over others.²⁰

IV. Populist Movements

¹⁶ “The European Union: What It Is and What It Does.” The European Union, 2022.

¹⁷ Eric Maurice. “European Democracy, a Fundamental System to Be Protected.” La Fondation Robert Schuman: Le Centre de Recherches et d’Études sur l’Europe, Novembre 30, 2020.

¹⁸ Janice Thomson. “State Sovereignty in International Relations: Bridging the Gap between Theory and Empirical Research.” *International Studies Quarterly* 39, no. 2 (1995): 213–33.

¹⁹ Davies, *Understanding European*, 20.

²⁰ Andrés Ortega. “The Demolition of Rodrik’s Trilemma.” Elcano Royal Institute, January 13, 2022.

Since 2010, and particularly after the financial crisis, European populism has been on the rise. Populism is a political approach that strives to appeal to ordinary people who feel that their concerns are disregarded by established elite groups.²¹ Particularly in Europe, populism draws strength from a backlash against the cession of national sovereignty to distant international bodies, which in essence, reflects opposition to hyperglobalization.²² Thus, a parallel can be drawn between populism and the dismantling of Rodrik's Trilemma in the EU. Populist governments and parties have internalized the trilemma, transmitting their desire to prioritize national sovereignty and popular democracy over deep economic integration.

Within this frame of reference, Rodrik suggests that political elites convinced the populace that democracy and a single market were conceivable without a change in national sovereignty. These empty promises are now the focus of the populist backlash against the EU.

Currently, populist governments are in power in Hungary and Czechia, and various right-wing populists have achieved electoral success in Austria, Italy, France, and Spain, to name a few. Populism is very present in the European political landscape, and most parties concur that increased globalization has threatened the livelihood of the state. As argued by political sociologist Larry Diamond, the four freedoms of the EU of goods, people, capital and services, have exacerbated the anxiety of voters, arguing that their integrity and sovereignty is being jeopardized due

to the former.²³ Immigration pressures from the Middle East and North Africa (MENA) region and the still ongoing refugee crisis have amplified these worries. Unfortunately, this has, to a large extent, driven an idea of a state defined in ethno-nationalistic and nativist terms.²⁴

In light of this, populist parties have severely criticized the EU for eroding the nation-state and democracy, highlighting that maintaining national sovereignty ensures control and domestic decision-making on quintessential issues like immigration and monetary policies, policy areas that should be decided by the people.

Firstly, there is a populist rhetoric against the democratic deficit of the EU. Some perceive populism as “an essential tension in democracy,” as means of legitimizing power based on the people.²⁵ European populists accuse the EU of a weak electoral mechanism and of being an exogenous political system that lacks the “legitimacy conferred by universal suffrage,” one that represents a dual threat to both the autonomy of a nation and to the interests of the populace.²⁶ Particularly right-leaning populists accuse the EU of distorting democracy through the inability of casting direct votes to the EU Institutions and share a doubtful approach to representative democracy.²⁷ In essence they argue that the EU's bureaucratic tendencies delimit the power of the people and that they aim to restore it.

²¹Jeffrey M. Carroll, “The Prospects of Populism.” *The Independent Review* 26, no. 1 (2021): 115–24.

²²William A. Galston. “The Rise of European Populism and the Collapse of the Center-Left.” Brookings, March 9, 2022.

²³Larry Diamond. “Illiberal, Nativist Populism: Is Economic Insecurity the Cause?” Stanford: Larry Diamond, April 17, 2018.

²⁴Marc Lazar. “European Populism, from Left to Right.” Institut Montaigne, October 11, 2021.

²⁵Yves Surel. Policy Brief. *The European Union and the Challenges of Populism*, June 2011.

²⁶Ibid, 4

²⁷Lazar “European Populism,” 2

Moreover, populists are keen on their desire to decide on matters of national interest, an idea that may fall into the political ideology of nationalism. This goes hand in hand with the notion of protectionism and doing what benefits the economic sector of their own country. For instance, Spain's right-wing populist party VOX outlined in their political program the policy of 'Producido en España' (produced in Spain). In it, they highlight the need to establish controls on all products of third countries, a policy that does not exclude the EU, and hence contradicts and rejects the EU as a whole.²⁸ A dissatisfaction with policy that may be contrary to the interests of the nation and the imbalance of free market benefits is a recurring issue. What benefits one does not benefit all.

Their point of view is quite coherent, considering the importance given to the nation-state since Westphalian times. If thought about more critically, globalization implies that sovereignty needs to become weaker, and thus, populist governments are reluctant to offer further competences to the Union.²⁹

Despite the desire for increased national sovereignty, and their vocal criticisms of European integration in its current form, many populists see the lack of practicality in leaving the EU. Instead, they have opted to influence EU policy and institutions from within. Many populists have realized the necessity of the EU, particularly after the pandemic and the stimulus packages, and have seen firsthand the difficulties that Britain has faced from leaving the EU. Even

though there no longer is a systemic rejection of the EU, there is a keen desire for a redirection of the Union.³⁰ In 2020, a joint declaration was issued by several EU populists, advocating for more national autonomy in the EU.³¹ As eloquently concluded by political scientist Yves Surel, the populist incentive in Europe is led by a confiscation of the "legitimate sovereignty of the people by appointed officials, asymmetry between economic integration and political mechanisms; connivance between supranational bodies and the dematerialized economy."³²

Furthermore, populism can be taken a step further in a dimension of Rodrik's Trilemma. More extreme versions of the populist agenda may lead to national sovereignty being achieved, but then a disregard for hyper-globalization and democracy would be more than evident. Moderate populism is not and should not be anti-democratic, however, extreme populism such as in the case of Hungary and Poland cannot be reconciled with democratic principles. What's more, illiberal populists are subject to a paradox: they demand more democracy in EU processes but simultaneously fail to comply with a democratic rule of law in their own nations.

V: Decline of Democracy in EU Member States

²⁸ Sandor Zsiros. "European Right-Wing Populists Join Forces to Rally against EU's Direction." *EuroNews*, July 5, 2021.

²⁹ Nathalie Brack et al. "Sovereignty Conflicts in the European Union" *Les Cahiers du Cevipol*, November 3, 2020.

³⁰ Maïa de la Baume "Orbán, Le Pen, Salvini Join Forces to Blast EU Integration." *POLITICO*, July 2, 2021.

³¹ Lazar "European Populism"

³² At an individual state level France's Front National suggested the renegotiation and restructuring of several EU treaties in order to make them more compatible with the notion of sovereign states. Surel, "*The European Union*"

The link between populism and a decline in democracy in Europe is quite evident. In the last decade, Europe has witnessed a concerning declining trend in democratic values. Democracy is supposed to be the premise of the framework of the European Union, a guarantee and a condition for membership. The values of justice, non-discrimination, solidarity, pluralism, and equality should be a commonality shared between all member states, as postulated in Article 2 of the TEU. However, some EU governments, namely those of Central-Eastern Europe, are distancing themselves from those values, as they “no longer define [their] aspirational horizon.”³³

The abuse of the rule of law, the deterioration of democratic principles, and the violation of human rights are most prominent in Hungary. In 2020, Varieties of Democracy Project and Freedom House published a report highlighting the surge in autocratization where they postulated that they no longer considered Hungary a liberal democracy and classified the nation as an electoral autocracy.³⁴ This notion is corroborated by the Economist Intelligence Unit Democracy Index of 2022, which considers that Hungary is now a ‘flawed democracy’.³⁵ These reports exemplify the significant decline of democracy in an EU Member State.

Since 2010, Hungary’s populist Prime Minister Viktor Orban, has pursued a series of drastic changes to the nation’s political system. He has “built a diffusely defective

democracy,³⁶ allowing blatant human rights violations, exclusions, and an anti-democratic rule of law. A trend has emerged whereby populist parties have overturned party systems and are beginning to alter the foundations of liberal democracy.³⁷ Core liberal institutions, such as civil liberties, political freedom, free press, and independent constitutional courts have also been weakened.³⁸

Below is a graphical representation of this occurrence. All lines, representing different variables including free and fair elections, civil society representation, media bias, freedom of academic and cultural expression, and government media censorship efforts have seen a concerning declining trend in just a mere ten years.

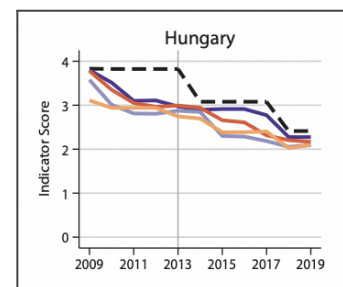


Fig.2. Diagrammatic representation of how autocratization unfolds, country example. Format by Harald Schörnig, in *V-Dem Institute Democracy Report 2020*.

Viktor Orban has been able to concentrate power in the hands of his party Fidesz and has provided inadequate protection for political and civil pluralism. Most concerning is the independence of the judiciary. As of 2019, reforms were adopted that have strengthened the role of Hungary’s highest court (Curia). According to

³³Scheppele et al.. "Defending Democracy."

³⁴Anna Lührmann et al.. Rep. *Autocratization Surges—Resistance Grows: Democracy Report 2020*. V-Dem Institute, 2020.

³⁵“The World’s Most, and Least, Democratic Countries in 2022.” *The Economist*, February 1, 2023.

³⁶Matthijs Bogaards “De-Democratization in Hungary: Diffusely Defective Democracy.” *Democratization* 25, no. 8 (June 25, 2018): 1481–99.

³⁷Lazar “European Populism”

³⁸Galston “The Rise of European Populism.”

Freedom House, the 2022 electoral victory of the Fidesz party was due largely to the systemic undermining of the independence of the judiciary, of the media, of NGOs, and of opposition groups. Legislative changes have also decreased political pluralism, as Orban has raised the vote threshold to enter the parliament.³⁹ Moreover, Hungary introduced a series of laws, including a media law (2010), a fourth amendment of the constitution (2013), and an anti-NGO Bill in 2018.⁴⁰ This clear subversion of the law and the endangerment of democratic values and processes should be a major cause of concern for the EU, a strong defender of these values.

As expected, the EU has severely criticized Hungary's governance and its anti-democratic agenda. Particularly, the EU Parliament has repeatedly condemned the systematic attempt by the Hungarian government to disregard European values and demands.⁴¹ Accordingly, since 2017, the European Parliament has conducted hearings on Article 7, which entails suspending certain rights from a member state. Consequently, in 2020, the European Court of Justice concluded that Hungary's legislation on asylum and the LexNGO laws violated EU legislation. It took 10 months for Hungary to withdraw the law, and despite this withdrawal, they introduced a new law dubbed LexNGO2021 that set up high administrative

hurdles for CSOs.⁴² The constant undermining of binding decisions and the lengthy processes of the EU exemplify the EU's constrained options in dealing with these pressing issues.

The continuous erosion of democracy is both a challenge to the legitimacy of the EU and a challenge to the duty of the organization to safeguard the values it was founded upon. The loss of commitment to democratic principles threatens the mere existence of the EU. The dismantling of Rodrik's Trilemma in the EU is hence more than evident. The problem: both the vertices of hyperglobalization and democracy are rupturing at once. This can only mean more instability in the future.

This subversion of democratic values does not limit itself to Hungary, but Poland and Czechia have also seen an increase in right-wing populism that has extended this trend. The good news for the EU, per se, is that the pro-EU parties have won a majority in the most recent Polish elections. The main opposition leader, Donald Tusk, has outlined his aim of rebuilding ties with the EU and unblocking frozen funds.⁴³ Hopefully, this new stage for Poland will encourage the incorporation of a more democratic rule of law and inspire other nations in the same region that have encountered democratic backsliding to do the same. Hence, a parallel can be drawn between the loss of democracy in the EU and the rise of populist political parties. Nevertheless, this is not to say that they are always coincidental, as in the case of Brexit.

³⁹ Yana Gorokhovskaia et al.. "Marking 50 Years in the Struggle for Democracy." Freedom House, March 2023.

⁴⁰ Theresia Smolka. "Decline of Democracy—the European Union at a Crossroad." *Zeitschrift für Vergleichende Politikwissenschaft* 15, no. 1 (2021): 81–105.

⁴¹ "MEPs: Hungary Can No Longer Be Considered a Full Democracy." *News European Parliament*, September 15, 2022. European Union.

⁴² Nóra Novoszádek. "LEXNGO2021 - A Look into Hungary's Lexngo2021 on Its First Anniversary." Hungarian Helsinki Committee, May 18, 2022.

⁴³ "Polish President Taps Outgoing PM to Form Government despite Lack of Majority." *France 24*, November 7, 2023.

VI: Brexit

As opposed to the more conservative approach from other EU countries, Britain took its conception of Rodrik's Trilemma a step further by deciding to leave the EU as a whole. The 'Leave' Campaign entailed three tradeoffs in the political globalization trilemma. Britain could have stayed in the EU and benefitted from the single market, avoiding any economic setbacks; they could restore national sovereignty through transferring power to the British Parliament from European institutions; or/and safeguard democratic principles by allowing the UK electorate to decide on all laws to which they were subject to. Ultimately, in 2020, the Brexit deal was made official and Britain left the European Union, a move that allowed them to focus on the two vertices of Rodrik's Triangle in a more concrete manner: national sovereignty and democracy.⁴⁴ For the interests of this paper, the focus will be placed on national sovereignty as a crucial reason for Britain leaving the EU. However, other important factors such as the enduring effects of the 2008 financial crisis and the unique English cultural identity are important to consider as well.

In the 2016 Brexit Referendum, 52% of British voters decided to leave the European Union, a decision that became effective on January 31, 2020. At the heart of the withdrawal was the value of national sovereignty. As highlighted above, laws and decisions on various policy areas were being made at the level of Brussels, without

⁴⁴ Funke, Michael and Doudou Zhong. "The Political Globalization Trilemma Revisited: An Empirical Assessment Across Countries Over Time." Discussion paper, The Bank of Finland Institute for Economics in Transition (BOFIT), Helsinki, 2020.

much say by British citizens. Conservative politicians exploited this lack of decision-making and attested that the British had lost their capacity to decide their own future. A conflict between nationalism and national policy became evident, and hence EU membership became a divisive force.

While there was no single reason for the invocation of Article 50 of the TEU, there are certain factors that can lend themselves to provide a concrete explanation. At a systemic level, there was a growing power gap and imbalance between voters and authority.⁴⁵ As Rodrik has suggested, legislation required to enforce a single market system has extended beyond what can be supported by democratic legitimacy. The slogan 'Take Back Control' was extensively used, implying a sense of rightful ownership on decisions of national interests.⁴⁶ As published in an official report named EU Exit, the British government emphasized the phrase: "take back control of our borders, our laws and our money, and protect our economy, our security, and our United Kingdom," to justify the importance of the deal.⁴⁷

Moreover, the British had particular trepidation about freedom of mobility and the strain that it was creating on public resources. A significant number of British voters wanted to take control of immigration.⁴⁸ This factor was

⁴⁵ Edward Gotham. "Brexit and the Future of the European Union." *Contemporary Issues in International Political Economy*, May 2019, 253–87

⁴⁶ Dr. Tim Taughton. "It's the Slogan, Stupid: The Brexit Referendum." University of Birmingham. Accessed December 8, 2023.

⁴⁷ EU Exit: Taking Back Control of Our Borders, Money and Laws While Protecting Our Economy, Security and Union (2018).

⁴⁸ As seen in Goodwin and Milazzo's Analysis (200x) of the role of immigration in the vote for Brexit suggests that 80% of Leave voters believed Brexit would reduce immigration and 55% of Leave voters were vehemently opposed to immigration.

capitalized upon by populist politicians, particularly the leader of UKIP, Nigel Farage. Furthermore, this correlated with deindustrialization. Many voters, predominantly white, believed that they were on the losing end of globalization due to trade competition and competition from immigration.⁴⁹ Being able to make their own decision on migration policies was also a driving force for the UK electorates.

Nevertheless, it is critical to emphasize that restoring democratic sovereignty over economic integration for Britain did not necessarily mean protectionism. As suggested by Economists for Brexit, the EU was a protectionist bloc that upheld high barriers to trade, particularly in manufacturing and agriculture. Brexit meant that Britain would be able to develop its own rules on trade, which were more to be more liberal.⁵⁰ Despite this, leaving the EU would reduce economic integration extensively, and until an alternative was achieved, it would be the variable sacrificed.

Brexit, in essence, came down to a fundamental choice: restore a government with full decision-making capacities, or follow decisions by a supranational organization ruled by the European Council that was not directly elected by the populace. And the citizens chose the latter.⁵¹

VII: Conclusion of Case Studies

⁴⁹ Edward Alden and James McBride. What Brexit Reveals About Rising Populism. Other. *Council of Foreign Relations*, June 29, 2016.

⁵⁰ Dani Rodrik. "Why Does Globalization Fuel Populism? Economics, Culture, and the Rise of Right-Wing Populism." *Annual Review of Economics*, 133-170, 13 (April 19, 2021).

⁵¹ Rodrik, Dani. "Brexit and the Globalization Trilemma." *Social Europe*, June 17, 2016.

Through these case studies, we can observe the existence of tensions, which portray Rodrik's Trilemma applicability in the European Union. Firstly, the resistance to globalization witnessed in the past decade is deeply rooted in the desire to regain control over national sovereignty. This directly reflects Rodrik's view - a nation cannot have all desired elements of world politics. Moreover, fractures of the vertices are becoming much more prominent due to the increasing levels of the de-democratization. The numerous treaties of the EU have set in motion a path of loss of control over issues of socio-economic importance and have encroached largely on areas of domestic policy-making.⁵² The concept of pooled sovereignty, as proven, is at the core of this tension. Consequently, as Rodrik suggests, undermining economic integration in the face of these pressures is inevitable.

Central to this argument is the question of how the EU should manage the issue of national sovereignty. From the cases of Poland and Hungary, we observe that the EU's role as the frontrunner of democracy is deteriorating. Populism has also taken ground in Europe. The nationalistic tones of the political parties have resonated with the populace of major European nations. EU populists are critical of the governing body, maybe not to the extent of leaving, but they have voiced their desire for more influence in policy-making. Regarding BREXIT, Britain was unable to reconcile a loss of sovereignty and European overreach and hence chose to leave. Therefore, the European Union has observed three possible courses of action: the member

⁵² Carmen E. Pavel. "The European Union and Diminished State Sovereignty." *Critical Review of International Social and Political Philosophy* 25, no. 4 (2022): 596-603..

states can choose to leave, they can have more influence over policy, or they can threaten the democratic foundations of the governing body. To be able to legitimize itself, it must learn to harmonize the interests of the nation-state with those of the Union more pragmatically.

VIII: The Next Step for the European Union

The gradual dismantlement of Rodrik's Trilemma in the EU poses some significant questions for the future of the organization. The overarching trend that can be observed through the analysis of the case studies is the emphasis on national sovereignty by EU member states. How the EU deals with this obstacle is complex and there is no unanimous consensus on how to do so. The EU now has a dilemma of its own: either opt for more political integration or less economic integration. Europe is in a very unbalanced integration process. It has gone through deep economic integration and is attempting to function without a symmetrical level of political integration. Moreover, the declining democracy of Member States and the pressures of states with domestically diverse socio-political ideals do not help in the matter.

One cannot strive too far from the reality of the situation. Moving back from a single market is not a feasible option, it would be too disruptive and costly.⁵³ Some experts, including Rodrik, conclude that the best way forward would be global federalism and the full undermining of national sovereignty. The benefits of globalization are undeniable and the democratic

commitment is undoubtedly the most advantageous out of the possible existing alternative systems. If one wants to maintain deep integration, the EU must pass functions of the nation states to the federal level.⁵⁴ However, I do not necessarily agree with this. The importance that is being placed on national sovereignty and the ability to decide on matters of national interest cannot be ignored. Member States are already reluctant to offer further competences to the Union, and hence, a federal Europe is not very realistic. In many, or I would say in most cases, national sovereignty and identity prevails. I think this approach is slightly too liberal and utopian.

As Rodrik suggests, the globalization strategy was flawed from the beginning as the notion became an end rather than a means. With the Bretton Woods system, increased trade and investment were used as a means of achieving domestic socio-economic goals. However, now, the priorities have shifted. Nations must align their objectives with the goals of trade agreements. Consequently, a re-alignment of a globalization strategy is needed. Additionally, the denial of the obvious does not help: the EU's viability depends on restraints on sovereignty.⁵⁵

Democracy is still one of the world's greatest achievements, and the EU has played a significant role in propelling its development. Complacency about democratic backsliding is imprudent. Leniency and inaction by the Union concerning autocratisation and de-democratization is not a recommended policy to

⁵³ Benoît Cœuré. "Taking Back Control of Globalization: Sovereignty Through European Integration." European Central Bank, March 28, 2018.

⁵⁴ Gábor Vigvári. "Governance in the European Union - Applying the Trilemma of Global Politics." Corvinus Research Archive, 2011.

⁵⁵ Dani Rodrik. "The Truth about Sovereignty: By Dani Rodrik." Project Syndicate, July 22, 2021.

continue. More strict institutional parameters are needed to ensure that Member States do not pursue 'national interest' as a façade for a nativist agenda and denigration based on ethnicity, religion, and race. This will cause internal EU ties to loosen and will impede progress in the Union. The EU must manage the trilemma pragmatically, adopting policies that stem from democratic principles and public discussion and negotiations to avoid backlash against their legitimacy.

IX: Conclusion

The Global-Political Trilemma introduced by Dani Rodrik provides us with a framework for exploring the current challenges that the EU is facing. The trilemma suggests that democracy, hyperglobalization, and national sovereignty cannot be achieved simultaneously, and only two of the three can be achieved at the same time and in full. The EU is a microcosm of this trilemma at a regional level, whereby they have chosen to prioritize democracy and economic integration and have put national sovereignty at bay.

While, at first, this choice was accepted, the changing geopolitical landscape has exposed some grievances of member states about this choice, and hence has led to the gradual rupture of the applicability of this trilemma in Europe. Populist governments are voicing their concern for their loss of sovereignty. Democracy has seen a decline in many Central and Eastern European countries. Brexit has shown that states are willing to leave the organization to recover the competences that they had ceded.

We cannot discern a single solution to an increasing emphasis on national sovereignty as it is a complex issue that requires a complex evaluation. Nevertheless, all the vertices fracturing simultaneously presents an unstable future. For the EU and the world to withstand this tension the EU must engage in a nuanced evaluation of the situation and accept that its strategy has to change. But what is clear is that a firm response is needed by the Union.

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