



Stefan Berger, Thomas Fetzer, ed.. *Nationalism and the Economy: Explorations into a Neglected Relationship*. Budapest: Central European University Press, 2019. 330 pp. \$65.00, cloth, ISBN 978-963-386-198-1.

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There is a dearth of literature on the intersection of economics and nationalism, a subject that was first broached in a pivotal 2005 collection edited by Eric Helleiner and Andreas Pickel, *Economic Nationalism in a Globalizing World*. A Google ngram search records the first use of the term “economic nationalism” in 1898, with a sharp peak in usage in 1938, after which it fell off by two-thirds by the mid-1950s. Stefan Berger and Thomas Fetzer have assembled a team of a dozen authors to tackle the question, through a mixture of literature reviews and case studies. They rightly argue that nationalism scholars tend to focus on state power and cultural representation at the expense of economics, while economists in turn largely overlook the question of nationalism. One strength of the collection is its interdisciplinary nature; one drawback is that most of the fourteen chapters focus on Europe (there is one chapter on land policy in Israel and one on the Chinese diaspora).

One of the central arguments in the book is that economic nationalism should be understood as a broader phenomenon than mere protectionism—the creation of tariff and other barriers to deter foreign trade and investment. Berger and Fetzer instead prefer Andreas Etges’s definition of “thinking and acting with regard to the nation as

an economic unit” (p. 90). Etges notes that one reason people associate nationalism with protectionism is that sectoral groups lobbying for tariff protection have often succeeded in framing their own narrow interests as the national interest.

In his review of the political economy literature, Fetzer notes that economic nationalism is typically tied to questions of protecting national security or the welfare state, seen as threatened by expanded foreign trade. In contrast, liberal nationalists (a term not used in the book) have long argued that participation in the liberal international order can be key to a nation’s long-run economic prosperity and hence power and prestige. This worked for Britain in the nineteenth century and the United States in the post-1945 world, and since 1991 it has become integral to the neoliberal thinking that dominates policymaking in most countries of the world.

Oliver Kuhschelm provides a handy review of the literature on consumption and national identity. Consumerism was traditionally treated as orthogonal to nationalism. The 1920s saw the rise of “buy national campaigns,” but it is unclear how effective they were in actually shaping consumer behavior or beliefs. Kuhschelm notes there is a tension between promoting “buy national” at home and promoting national goods in export

markets. He includes some references to Mexico and Japan but his main examples are Austria and Switzerland. Kuhschelm's chapter includes the only image in the whole book: an ad for Austrian wafers. This reflects a broader deficiency in nationalism studies: a preference for text over image, even though images have always been central to nationalist narratives.

Similarly, Mads Mordhorst provides a useful review of the rise of nation branding, a concept launched by Simon Anholt in 1998. Globalization has not made nations irrelevant; rather, it has shifted their narrative focus from internal community construction to external branding in the global marketplace. Originally, nation branding referred to the value added when marketing a product as from country X, but later it came to mean trying to promote an image of the nation itself. Mordhorst sees nation branding as a grab bag of marketing tools (also used to brand places and corporations), with scant regard for the historical context. There is little evidence that nation-branding campaigns have had any actual impact on perceptions of the country in question among target audiences (tourists, investors, etc.).

Harold James's chapter, "Visions of Europe," revisits the shift from culture to realpolitik in Germany after 1848 and the fusion of business and war in Krupp's Age of Steel. Economic determinism lived on in post-1945 Germany, now severed from its military role. The D-mark became central to German identity: as of 1988 only 20 percent wanted to give it up to join the euro (p. 74). James does not mention the argument—supported by subsequently released documents—that President François Mitterand forced Helmut Kohl to accept the euro as the price for German unification (which France had to approve as one of the four Allied occupying powers).[1]

Jacob Metzger's study of land ownership in Israel argues that the Zionist strategy was borrowed from Prussian colonization of the Poznan region in the 1890s. Prior to 1948, the Jewish National

Fund owned about half the Jewish land (about 10 percent of the total) and would not allow it to be sold to Arabs (p. 105). Metzger briefly surveys the land ownership regime in other nation-building projects, such as the Baltic states in the 1990s.

Zarko Lazarevic notes that economic disparities between Yugoslavia's regions marred the country since its inception in 1918. Decentralization to allow the diverse regions to pursue independent economic policies (as in the 1974 constitutional reform, which included the creation of six republican central banks) paved the way for the "nationalization" of the regional Communist parties (p. 128). The poorer regions were hit by the economic stagnation of the socialist bloc in the 1970s, and the author argues that the end of socialism elsewhere in Europe meant that the collapse of Yugoslavia was inevitable. The chapter would have benefited from the inclusion of some basic data on the economic disparities between the north and the south of the country. The author completely sidesteps the question of politics: there is no discussion about what happened in World War II, and Josip Tito's name is never mentioned.

Sergiu Delcea examines welfare policy as a tool of nation-building, using the case of 1930s Romania, where the state sought to promote the growth of an ethnically Romanian urban middle class. The 1921 land reform especially targeted estates owned by the German and Hungarian minorities), and the new higher education system mass-produced ethnic Romanian bureaucrats. However, Delcea does not explain exactly how the ethnic targeting of the insurance system worked in practice.

Vera Sceanovic argues that after 1989 in East Central Europe there was a convergence on acceptance of free trade and foreign investment, though there was a broad variety in the specific policies adopted in each country. Hungary and Estonia sold most of their industry to foreign buyers, while the Czechs, Poles, and Slovenes preferred vouchers and insider privatization. The

chapter focuses on the 1990s transition and only briefly touches on the 2008 crisis, which produced a nationalist backlash in Hungary.

Pal Nyiri's short but insightful chapter shows how Beijing has incorporated the Chinese diaspora into its modernization strategy, fusing appeals to patriotism with economic self-interest. Other nations, from Korea to India, have also "turned diasporas and migrants from suspect outsiders to vital elements of nation-building" (p. 243). This illustrates how nationalism and transnationalism are intimately connected.

Hagen Schulz-Forberg's contribution discusses efforts in the 1930s to develop a transnational network around liberal thinkers, such as Walter Lippman and Friedrich Hayek. This essay does not address economic nationalism per se but a failed liberal cosmopolitanism, so it sits rather uneasily alongside the other contributions.

In the concluding chapter, "Economic Europeaness," Fetzer notes that earlier conceptions of a European social market model have receded as countries moved in a more American neoliberal direction since the creation of a single market in 1993. Differences persist across the countries of Europe, both in institutional practices and elite perceptions. As a result, the promise of a European post-national model remains unfulfilled.

There is a reason for the paucity of works on economic nationalism: it requires mastering very different disciplines and promoting dialogue between them. This is hard to do. Even if one brings together scholars from different disciplines (in this case, mainly political scientists and economic historians), there is no guarantee that they will directly engage with the ideas and issues of each other's fields.

The focus on Europe is disappointing, given the vibrancy of current debates over economic nationalism in Brazil, China, India, Russia, and elsewhere. Moreover, the debate over the European model is constrained by the fact that none of the authors addresses the role of empire in the

trajectory of the various nationalisms.[2] The acquisition of empire was of course key to the economics and ideology of nationalism in the nineteenth century; and the loss of empire was central to nationalist agendas of the late twentieth century, and remains so to this day. This myopia reflects the tendency of much of the classic nationalism literature to focus on the building of the national community within the territory of a given (European) state.[3]

Another important phenomenon outside Europe is the rise of "resource nationalism" in oil and mineral producers from Indonesia to Venezuela. A Google ngram search reveals the first use of the term "resource nationalism" in 1955, peaking in 1978-82 during the second oil crisis, and then falling by two-thirds since then. There is a body of scholarly research on the topic of resource nationalism, none of it cited in the volume reviewed here.[4]

There is a lively new political economy literature, mainly coming out of the US, in which authors engage with important questions of the evolution of the nation-state system in the context of globalization. It would have been interesting to see this work brought into the debate over nationalism. In *The Globalization Paradox* (2012), Dani Rodrik in particular has some important insights into the dilemmas facing democratic governments trying to pursue national policies in an era of global flows of capital (and labor).[5]

The essays seem to have been written around 2014 hence do not pick up the wave of populism and economic nationalism that surged in 2016 with Brexit and the election of Donald Trump.[6] Part of the peril (and reward!) of studying nationalism is that it is constantly evolving—and *not* going away. Hopefully scholars in North America will follow the lead of Berger and Fetzer and rise to the challenge of explaining the reciprocal relationships between economic globalization and political nationalism through collaborative and interdisciplinary research.

Notes

[1]. “You Get Unification, We Get the Euro,” *Der Spiegel*, October 1, 2010, <https://voxeurop.eu/en/content/article/351531-you-get-unification-we-get-euro>.

[2]. There is passing reference to imperialism on pages 93 and 175.

[3]. Benedict Anderson writes about nationalism born in the periphery of empire but not about the role of empire in the identity of the British, French, etc. Benedict Anderson, *Imagined Communities: Reflections on the Origin and Spread of Nationalism* (London: Verso, 1983). Eric Hobsbawm’s work does directly address the interplay between nation and empire. Eric Hobsbawm, *Nations and Nationalism since 1780* (Cambridge: Cambridge University Press, 1991).

[4]. Ian Bremmer and Robert Johnston, “The Rise and Fall of Resource Nationalism,” *Survival* 51, no. 2 (2009): 149-58; and Paul Haslam and Paolo Heidrich, eds., *The Political Economy of Natural Resources and Development: From Neoliberalism to Resource Nationalism* (New York: Routledge, 2016).

[5]. See also Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (New York: Currency, 2012); and Joseph Stiglitz, *Globalization and Its Discontents* (New York: W. W. Norton, 2003).

[6]. There is a passing reference to these developments on page 190.

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