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International Substitutes for Impotent States

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CONTAINING POST-SOVIET NATIONALISM:
INTERNATIONAL SUBSTITUTES FOR IMPOTENT STATES

Jack Snyder

Summary

Extreme forms of aggressive nationalism emerge when states lack the institutional capacity to meet three central challenges of modernization: democratization, marketization, and the creation of effective military institutions. In the face of such failures, nationalist movements intensify their demands for a more effective state to meet those challenges.

Today, the weak successor states to the USSR are facing precisely these challenges. History and theory suggest that their failure will provoke the emergence of extreme forms of militant nationalism. The international community, in particular its multilateral institutions, might be able to avert this outcome by helping to strengthen the institutional capacity of these states. There is a danger, however, that international institutions might actually hasten the emergence of extreme nationalism by providing too little assistance, while imposing highly restrictive conditions that hamstring the states' ability to meet policy challenges.

The study supports these arguments by drawing on diverse theoretical literature on modern nationalism and by reference to historical and contemporary case studies.
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The revival of aggressive nationalism, defying the much heralded liberal end of history, presents a challenge to the conventional wisdoms of both scholars and journalistic commentators on current affairs. In the popular view, intercommunal enmities among the peoples of the former Soviet empire have been seething since time immemorial; Moscow's collapse simply took the lid off and allowed the pot to boil over.¹ In contrast, scholars of nationalism almost universally condemn this interpretation, arguing that allegedly "primordial" national sentiments are in fact of recent origin and that militant ethnic movements are a response to contemporary conditions.²

But such scholars themselves express puzzlement at the nationalist revival in the former Soviet empire. Eric Hobsbawm, who has written the most recent comprehensive treatise on nationalism, sees the current outbreak as anomalous, a throwback to an earlier era when militant nationalist sentiments were essential to constructing an effective national state. Nationalistic states are ill-adapted for dealing with contemporary problems caused by the growth of transnational economic and cultural interconnections, he says, and so the current revival of
militant nationalism can only be the last gasp of an archaic social practice.3

Hobsbawm has the argument exactly backwards. The nationalist revival is happening precisely because states are finding it hard to manage contemporary social transformations. In the modern era, people have correctly understood that an effective state is a prerequisite for defending their economic and security interests. The most militant, aggressive nationalist movements arise when the state is failing to carry out those tasks, spurring people to create such a state.

Today, nationalism is flaring up where old states have collapsed and where mobilized populations are consequently demanding the creation of effective new states. The problem is that many of the new states lack the institutional capacity to fulfill these popular demands. Their borders and sovereignty are in doubt; their armies are in disarray; their economies are out of control. These shortcomings only redouble the intensity of nationalist sentiments, as militants demand the creation of a strong national state to manage social problems.

Since today’s new states are ill-equipped to deal with the social forces giving rise to the nationalist revival, a variety of international institutions must leap into the breach, acting as a substitute or supplement for their weaknesses.4 However, the international community must make sure that its efforts have the effect of shoring up state
institutions, rather than hamstringing them with draconian conditions and humiliating them with perceived slights to their sovereignty.

There are three policy options for the West along these lines: a best case, a worst case, and a lesser evil. In the best case, the international community would play a very active role in concert with reformist post-Soviet leaderships in remaking economic institutions and in underwriting security settlements. In this scenario, political conditions and economic discipline would be firmly imposed, but heavy bankrolling from the international community would soften the blow.

In the worst case, the West would offer a small, yet strict program of outside support: small amounts of assistance for structural economic adjustment, little or no peacekeeping or security commitments, while requiring extreme budgetary austerity and spotless performance on democracy and human rights. This risks limiting the policy options of ruling reformers, while doing too little to provide international substitutes for their institutional weaknesses. Without basic market institutions in place, for example, the requirement to leap instantly to free-market democracy may simply produce chaos. Such conditions could lead to sharply intensified nationalism, spurred by demands to create a stronger, more militant, more ruthless state to meet society's unmet economic and security needs. As of this writing, Western policy is teetering between the best
case and the worst case, due to uncertainty about the level of support that will be provided.

Finally, there is the lesser evil, a "second worst" option rather than a second best. If the international community is unwilling or unable to substitute adequately for missing domestic institutions, then reformist politicians will probably be forced to adopt the full range of home-grown substitutes that backward, rapidly modernizing states traditionally adopt: extensive protectionism, active industrial policy carried out by an interventionist state, nationalist-populist rhetoric to shore up tenuous legitimacy, and in some cases military mobilization to hedge against security threats in an unregulated international anarchy. International institutions and Western states will find it hard to tolerate these expedients, even in limited doses. But absent the best case, it will be better for responsible reformers like Russian President Boris Yeltsin and Ukrainian President Leonid Kravchuk to use these tools than to forsake them and be replaced by nationalists of a more militant variety.

In the remainder of the article, I will draw on the history and theory of nationalism to try to gauge the intensity of the problem, to validate my argument about nationalism and state capacity, and to explore the idea of using international institutions as a substitute for missing state capacities.
Risk factors for aggressive nationalism

How acute will the nationalist revival become, and what forms will it take? Former President Richard Nixon, never one to undersell his case, argues that a shortfall of Western aid to the former Soviet Union could unleash an aggressive, authoritarian, nationalist backlash against liberal democracy and painful market reforms. However, if nationalism is likely to be a weak force, or limited in scope, then the extraordinary efforts suggested in my "best case" would be unnecessary, while the dangers of the worst case might be illusory. To gauge the degree of the problem, two methods might be used: that of extrapolating from current trends, and that of deduction from historically-grounded theory.

The method of extrapolation suggests that nationalism will be troublesome, but in a limited way. So far, the most intense nationalist conflicts have been geographically limited. Nationalist passions are fueling armed conflicts in Yugoslavia, the Caucasus, and Moldova -- areas where politically mobilized ethnic groups are geographically intermingled. Because co-ethnics of neighboring states -- Albania, Hungary, Romania, Russia, and Ukraine -- are in harm's way, there is some chance that these local conflicts might spread.

Less acute but more portentous are the incompatible sovereignty claims of Russia and Ukraine over Crimean territory and residual military forces. This rivalry has
had an episodic character, with each side advancing and then partially retreating from dangerous threats and claims. So far, extreme nationalists have had limited success in exploiting the conflicts for political gain. Russian Vice President Aleksandr Rutskoi has laid claim to the Crimea and has backed the self-proclaimed "Dniester Republic" against Moldova, but as yet the political impact of these demagogic tactics has been limited. Rutskoi’s public opinion approval ratings rank below those of Yegor Gaidar, Yeltsin’s economic tsar. Extreme nationalist demagogues like Vladimir Zhirinovsky attract marginal electoral support. Mainstream politicians like Yeltsin’s main political adviser, Gennadi Burbulis, have moved only cautiously to project a stronger Russian nationalist image. The military is at present too weak and divided to act forcefully on behalf of such a program. By extrapolation, one view of the nationalist threat might be just more of the same: isolated communal wars in a few small states; prickly, but manageable prestige spats among some of the larger states.

Nevertheless, the plausibility of the Nixon nightmare cannot be judged simply by extrapolating from current events. We need to draw on history and theory to help us imagine what post-Soviet politics might be like if unemployment hits 25%, no economic upturn is in sight, borders and military assets remain contested, and a string of resource-rich non-Russian enclaves within the Russian Federation vote for independence. Simple extrapolations
would have often failed to predict some of the major outbreaks of aggressive nationalism in the past. In 1930 a nationalist Japanese government was voted out of office in part because of it condoned the Japanese military's strongarm tactics towards northern China; a year later, suffering increasing economic stress, Japanese popular opinion lauded the naked conquest of Manchuria. Likewise, in 1846, Richard Cobden's pacifist Anti-Corn Law League dominated middle class British opinion; by 1852, a combination of working class uprisings and Russian threats triggered an out-pouring of nationalist feeling from those very same constituencies, culminating in the Crimean War. To assess the likelihood of such discontinuities in hypernationalist sentiment, it is necessary to go beyond extrapolation from "leading indicators" into the realm of historically-grounded theory.

Does such an approach warrant more alarmist predictions? Contemporary social science identifies a number of risk factors for intense outbursts of aggressive nationalism. The bad news is that all of the major ones -- democratization, state-building, marketization, and mass communications -- are now at work in post-Soviet societies. The good news is that these same social processes, if properly channeled, can also lead to benign, liberal outcomes.

Before discussing these risk factors, it is necessary to pause for some definitions and qualifications. I will
be evaluating explanations for nationalism in general, and
also explanations for what John Mearsheimer calls
hypernationalism. By nationalism, I mean the doctrine,
together with its political movement, that a purportedly
distinctive people should rule itself in its own state.13
For hypernationalism, I follow Mearsheimer's definition:
"the belief that other nations or nation-states are both
inferior and threatening and must therefore be dealt with
harshly."14 Nationalism per se can be a positive force,
providing a normative basis for collective action toward
group tasks.15 It can also be a force for conflict, when a
group's claims to statehood conflict with those of other
groups residing in the same territory. Hypernationalism is
always a destructive force that can lead to conflict well
beyond the incompatible statehood claims of intermingled
groups. I am especially interested in identifying the
conditions that give rise to hypernationalism among the
great powers, since that is a main worry behind scenarios
such as the Nixon nightmare.

For this reason, in the following discussion I draw
especially on theory and history pertinent to the
nationalism of the great powers, whose military potential
affords them the opportunity to indulge in grandiose errors
that lesser states rarely consider. This may bias me toward
a restricted number of pre-nuclear historical instances,
whose distinctive features are not fully parallel with those
of the contemporary great powers in question, Russia and
Ukraine. To guard against this bias, in the following discussion of the risk factors for nationalism and hypernationalism, I supplement and qualify the historical cases with more recent examples. I also discuss some cases of small-power nationalism, because of the danger that the great powers will become drawn into such conflicts in a spiral of unilateral interventions and counterinterventions.16

Democratization

The kind of nationalism that carries significant political force has always been associated with increases in the proportion of people who play a role in politics. Indeed, since its earliest appearance in Britain and France, modern nationalism has been bound up with the idea that the people should rule through their national state.17 Often nationalist doctrine has featured the claim that old elites were selling out national interests and that mass groups knew how to pursue those interests more forcefully.

The first modern British nationalists in the 1750s argued, for example, "that England's vital affairs were in the hands of hardened [aristocratic] Francophiles, addicted by both taste and fashion to the superiority of the national enemy," says historian Gerald Newman. Consequently, these elites had failed to take "the road to national greatness" through "the global expansion of British trade and the total destruction of . . . French economic and military power."18
As a result, William Pitt, "the Great Commoner," came to power on the heels of French military victories, which seemed to validate the nationalists' charges against the Francophile elite. From this time down through the Crimean War, middle class nationalists who sought to expand their participation in government claimed that the aristocratic elite was lax and inept in creating effective national power, whether military, economic, or ideological. The French revolution, however, encouraged the old elites to try to turn the tables on the middle-class radicals: they, not the aristocracy, were now tagged with being the stalking horse for the French enemy, as Edmund Burke argued.

This pattern was reiterated in a more intense form in other states, where pressure for popular political participation mounted more abruptly. In Wilhelmine Germany, old elites tried to use nationalism to split apart working class and middle class proponents of political change, while counting on imperial successes to demonstrate the aristocracy's continued ability to govern. But middle class groups turned these arguments against the Junker ruling class, contending that the aristocratic army was too small and national diplomacy too conciliatory to meet the international threats that the old elites themselves had conjured up. A similar dynamic played itself out in Japan, with radical populists exploiting the military and
nationalist issues that the more cautious genro elite had themselves promoted.\textsuperscript{23} 

Today similar patterns are appearing in some of the Soviet successor states. Former communist elites, where they have clung to power, have tried to out-nationalist the nationalists in order to establish a new basis for their popular legitimacy. Thus, Kravchuk has successfully preempted the Rukh movement's monopolization of the national issue by standing firmly for Ukrainian independence and sovereign rights. As a result, Rukh has been split in two, with the more moderate half backing Kravchuk.\textsuperscript{24} Likewise, Serbian President Slobodan Milosevic and the Yugoslav army maintained the political position of old elites by exploiting the nationalism issue.\textsuperscript{25} In Azerbaijan former President Ayaz Mutalibov was ousted for his insufficient vigor in coopting the nationalist agenda of the Popular Front.\textsuperscript{26} 

Though democratization often goes hand-in-hand with the rise of nationalism, that does not mean that well-institutionalized mass democracies are extremely nationalist. On the contrary, they have been among the milder nationalist states. The United States and Britain have had their jingo patriotism, but compared to German-type hypernationalisms, theirs has not reached such self-destructive intensity.

The problem lies not in democracy per se, but in the turbulent transition to democracy. In full-fledged
democracies, median voters usually have the information and the power to punish leaders whose reckless foreign policies impose excessive costs on them. The prototype is William Gladstone’s successful Midlothian campaign against Benjamin Disraeli’s imperial policy. Subsequent examples include the election of proponents of imperial retrenchment in Britain after the Boer War and in the United States after the Vietnam War. In Wilhelmine Germany’s proto-democracy, however, mass political participation had a different effect. All men could vote for representatives to the Reichstag, but their votes did not determine who led the government, the army, or the foreign ministry. To increase their political impact, people had to join extra-parliamentary pressure groups like the Agrarian League or the Navy League, which were organized by various factions of the elite. These organizations all tried to outbid each other in using nationalism to justify their parochial concerns in terms of the national interest. In short, mature representative, party, and press institutions have tended to act as a check on the more extreme forms of nationalism; conversely, expanded political participation without those institutions can yield a clamorous contention of elite and mass interest groups, using nationalism to create a smoke-screen of illusory public-spiritedness.

The political institutions of the Soviet successor states are likely to involve a good deal of voting and appeals by politicians for popular support. However, these
democratic activities will be carried out in a context of weak political parties, manipulative political machines in many localities, and plebiscitary referenda on vaguely worded resolutions. All of this makes it doubtful that the moderating influence of the median voter will prevail.

However, this does not necessarily mean that Wilhelmine or Weimar-type outcomes will emerge from the post-Soviet proto-democratic process. In Latin America, for example, flawed and unstable democracies have rarely given rise to the kind of hypernationalism that leads to foreign aggression. The Argentine junta's attack on the Falklands/Malvinas, an attempt to shore up the regime's prestige in the face of pressure to democratize, closely recapitulated the pattern of Wilhelmine social imperialism, but this has been the exception rather than the rule. Often, Latin America's flawed democracies have lacked the minimum of internal cohesion that is necessary for a policy of social imperialism to increase, rather than decrease support for the regime. Among the post-Soviet cases, the Transcaucasian states can probably exploit national conflicts to strengthen their authority, whereas the rulers of Russia and Ukraine might only weaken their position through a divisive strategy of this kind.

State formation

As Charles Tilly puts it, "war made the state, and the state made war," and together they both made nationalism.
In Europe’s turbulent early modern era, national states pushed aside empires, city-states, and mercantile leagues because they were better at mobilizing people and resources for war. Modern warfare required rulers to bargain with their populations, to give them a stake in their state in exchange for revenue and military service. War and the constant threat of war also reminded a people of the value of the military protection that the state provided, and so war attached popular loyalty to the state.

The creation of fifteen new states amidst the anarchy of the former Soviet Union raises the question of whether this process of state-formation is about to be replayed. In Baku, at least, the process is well underway. The speeches in the Azerbaijani Parliament during the March 1992 ouster of moderate, former Communist President Mutilibov read as if Tilly were their ghost-writer. Critics charged that Armenia was winning the war in Nagorno-Karabakh because Mutilibov’s regime had been too weak to create a national standing army and to create strong fiscal structures to pay for it. Mutilibov and his cronies should stand aside, they said, and let new elites, more closely tied to popular national groups, forge a social consensus behind a new, war-making state.\textsuperscript{34} The political platform of Abulfez Elchibey, elected Azerbaijan’s President in June 1992, featured the reconquest of Nagorno-Karabakh and the creation of a standing army and a national currency to achieve that end.\textsuperscript{35}
In vastly more muted form, the face-off over the Crimea and the Black Sea fleet has some of the same elements: the jealous sovereignty of new states, the rallying of supporters through the specter of foreign competition, and the agglomeration of military power as the constitutive act of statehood. Still, there are many forces working to prevent a general replay of the Tilly dynamic, including nuclear-induced caution, the economic cost of Western disapproval, and the dim view of big-stick diplomacy among Russia's "new thinking" post-Brezhnev elite.

Marketization

Outbursts of aggressive nationalism correlate strongly with historical instances of rapid industrialization, the introduction of market forces into non-market or regulated market economies, and the disruption of local markets due to integration into world markets with radically different relative prices. In such conditions, nationalism may play a number of political roles. Entrepreneurs may use nationalism to knock down barriers to the creation of national markets, as in Bismarck's Germany or revolutionary France, or to promote the expansion of international markets, as in Palmerston's Britain. Market forces may trigger nationalist reactions if, as in contemporary Bohemia and Slovakia, some ethnic groups benefit while others are hurt. And insofar as complex economies require a homogenization of culture to ease transactions,
marketization may spur a Darwinian struggle to see which culture survives as the economic lingua franca.³⁸

The most virulent form of economic nationalism has come in response to the populist demand for state protection from the pain of adjusting to unregulated markets. Wilhelmine nationalism, for example, was stoked by the backlash from farmers, artisans, and shopkeepers, who demanded protection from the disruptive impact of world capitalist interdependence on their traditional market niches.³⁹ As Karl Polanyi’s Great Transformation argued, the turn toward hypernationalism and fascism in the first half of the twentieth century stemmed from the incompatibility of mass-suffrage democracy with the adjustment shocks of laissez-faire economics.⁴⁰ Under the gold standard, for example, countries facing an imbalance of payments had no choice but to deflate their domestic economies, creating severe unemployment. Once the working class obtained the vote, this sort of routine shock therapy was hard to sustain politically. In particular, the Great Depression sparked a revolt against laissez-faire economics, giving rise to the political management of markets either by Keynesian or fascist methods.⁴¹

The relevance of this precedent for the Nixon nightmare can hardly escape notice. In Russia, the interests who are most likely to suffer from the Yeltsin-Gaidar shock therapy are attempting to create a nationalist-protectionist coalition. Arkady Volsky, who as head of the Russian Union
of Industrialists and Employers claims to represent firms accounting for 65% of 1991 industrial output, wants to replace Gaidar's free-market policies with a more "managed transition to the market." Backed especially by heavy and military industrialists, Volsky's organization advocates a continuation of budget-busting soft government credits for industry, only gradual increases in energy prices, little foreign borrowing, no cut-rate foreign buyouts of Russian assets, and a reestablishment of economic ties with non-Russian republics. Overt nationalists like Rutskoi generally urge similar policies.42

Volsky claims that rustbelt workers will back his policies. He threatens a joint labor-management strike if cutbacks in industrial subsidies force massive layoffs. Strikes did not become more frequent during the first three months of Gaidar's shock therapy, but in this initial phase unemployment remained low.43

Of course, painful marketization will not necessarily create a backlash groundswell for a nationalist-protectionist coalition. Sometimes economic liberalization programs survive politically. More often, they degenerate into stop-go cycles that oscillate between the equally intolerable poles of liberalization and continued state subsidies.44 Even when liberal reforms fail outright, militarily aggressive nationalism does not necessarily prevail in their stead. That outcome has been typical only for great powers, especially Germany and Japan, whose
military potential allowed them to imagine conquering the resources needed to achieve autarky and thus buffer themselves from unregulated world markets. Conceivably, Russian nationalists might attempt to use force to reintegrate some of the former Soviet autarkic sphere.

It should be stressed that there is no connection between successful market economies and hypernationalism. Advanced market societies deeply integrated in the international division of labor are among the most benign, moderately nationalist states. As with democracy, the problem is not markets per se, but the absence of well developed institutions that subject markets to political control. Since the ugly days of the unregulated gold standard, advanced capitalist states have developed Keynesian economic methods, corporatist bargaining practices, and international mechanisms like IMF loans that even out the costs of market adjustments. The lesson of history and theory would seem to be that marketization produces hypernationalism in inverse proportion to the effectiveness of the political institutions, both domestic and international, that are available to manage the process. Beware the invisible hand.

Mass communications, intellectuals, and national myths. Nationalism is not merely a product of rational economic and security interests; it is also a result of shared national conceptions and myths, which highlight, invent, and
emotionally supercharge people's motivations for national loyalty. Contrary to the popular view, nationalist consciousness is usually of recent origin and is highly malleable, depending on transitory circumstances and on the ideas that people are exposed to. As part of the twin processes of modernization and state-building, intellectuals and state bureaucrats exploited the penny press, public education, military service, and the extension of the railways to reshape parochial, traditional mentalities into a nationalist mold. This malleability suggests that even Balkan-style conflicts might be corrigible given the right influences, but also that hypernationalism might be induced where it is not now present.

People who have not studied the origins of national consciousness often assume that national ethnic identities preceded the formation of modern states. Consequently, they see nationalism as a demand to bring political boundaries into line with primordial ethnic, cultural, and linguistic categories. More frequently, the facts are the reverse. As Eugen Weber's Peasants into Frenchmen shows, French national identity and cultural uniformity was in large measure the recent result of active state policy. Likewise, many seemingly quaint and traditional ethnico-cultural markers turn out to be anything but primordial. The Scottish kilt, for example, was never worn by lowland Scots until the late eighteenth century, when an English clothier redesigned a
rude highland garment, which was adopted as a symbol of the progressive Scottish Enlightenment.\textsuperscript{49}

In some cases, of course, ethnic consciousness can be traced back to the primordial past of a traditional society -- its mythologized homelands and battles, its glorified cultural traits, its skewed chronicles of ancient grievances.\textsuperscript{50} This is more frequently the case in Eastern Europe, where mass political awareness preceded the formation of identity-shaping states, as contrasted with Western Europe, where strong states homogenized their polyglot peoples.\textsuperscript{51} Even in the East, however, modern intellectuals and state-builders reinvented ethnic myths to hype a modern national consciousness.\textsuperscript{52} Historians of South Slav and Transcaucasian nationalism, whose squabbles are always called "ancient" in the Western press, insist that these societies' national sentiments are largely the product of the last hundred years of war, economic change, and state-building.\textsuperscript{53} Political scientists argue that even more recent changes profoundly affected national allegiance: the Soviet policy of creating ethnically-identified and ethnically-staffed political units; the nationalist incentives for intellectuals and politicians in these republics; the republics as the "default" unit of political loyalty when the center collapsed; and the fact that in Yugoslavia and the USSR the first key elections were regional, not nationwide.\textsuperscript{54}
By overemphasizing the primordial character of nationalism, Western commentators often overrate the role of irrational ethnic hatred in nationalist enmities and thus underrate the ability of policy changes to mitigate conflict. For example, Russian and Ukrainian national conflict has very little to do with ethnic rivalry. Most Russians in Ukraine and in Crimea voted in favor of Ukrainian independence. In doing so, they voted for the state that, at that moment, seemed more likely to protect their personal interests, irrespective of its titular ethnic calling card. Nevertheless, state policies can intensify ethnic anxieties where they had been muted. After Kravchuk’s statements inviting Tatars to return to their ancestral Crimean homeland, an April 1992 opinion poll reported that 69% of the Crimea's Russians preferred to return to Russia.

As with democratization and marketization, this malleability of national feeling contains both good news and bad news. It means that Western-oriented intellectuals holding the levers of state power in Russia and Northeastern Europe have a good chance of inculcating their liberal ideas and aspirations, assuming that such ideas retain some credibility after a year or so of shock therapy. But it also means that nationalist ideologues may find it easier than we think to exploit economic crisis and frictions among newly sovereign states.
State effectiveness as the decisive risk factor

As we have seen, nationalism stands at the intersection of a variety of social transformations. The decisive factor in shaping their outcome is how effectively the state deals with the challenges that give rise to nationalism. Nationalism has been a dominant theme of the modern age because the national state proved to be the form of social organization that best met the multiple challenges of fighting wars, organizing and regulating efficient markets, creating institutions to tap popular energies, and creating unifying myths to replace the tarnished ones of traditional society. But some states have met those challenges much more effectively than have others, with sharply differing consequences for the course of nationalism in those states.

States that have effectively met the challenges of democratization, marketization, military security, and national identity have engendered patriotic loyalty. Occasionally this has taken the shape of an overbearing self-regard. Such states have not, however, exhibited the kind of obsessive, self-destructive aggressiveness that John Mearsheimer calls hypernationalism. Britain and the United States historically, together with the advanced democracies in more recent times, are examples of the moderate nationalism of effective states.

It is the ineffective states that have descended into hypernationalism. Failure of the state to manage any one of the major transformative challenges normally triggers an
intensification of nationalist consciousness and political activity. Defeat in war normally mobilizes demands for a renovation of state power along more popular, more efficient, more authentic, more "national" lines. This has held true for Napoleon's victims, for Hitler's constituents, and for today's popular front in Baku. The notable exceptions were West Germany and Japan after World War II, when the democratic victors preempted nationalist demands by creating an effective state and embedding it in an effective international institutional order.

Failure to buffer the population from market turmoil has also triggered nationalist demands on the state. Sometimes this has simply taken the form of protectionism, but in great powers like Germany and Japan it took the form of demands for imperial expansion to achieve political control over the resources needed to achieve autarky. Usually, nationalists have demanded not just a change in policy but a change in the form and the capacities of the state, so that it would better be able to deliver economic security.

Finally, failure to provide effective representative institutions to meet the challenge of democratization has also led to hypernationalism. Politically excluded middle classes typically attacked the old state as a fetter on national power, and the old elite often reacted with a policy of social imperialism, to demonstrate that a political opening was not needed to enhance national
prowess. Or in other cases, politically excluded ethnic
groups demanded national independence. But as Juan Linz's
survey data for the Basques and Catalans shows, once
included in a working democratic order that fulfills their
needs, their hypernationalism dissipates. 60

It is worth underscoring that this argument runs
directly counter to much conventional wisdom. It turns on
its head the view that hypernationalism has been associated
with the "strong states" of late-developing societies like
Germany, Japan, and Russia. Indeed, such societies
developed hypertrophied war machines and centralized
economic institutions. But much of their frantic state-
building was a form of compensation (or what Alexander
Gerschenkron calls a substitute) for decentralized economic
and social institutions that Britain developed spontaneously
during its more gradual modernization. 61 Despite this
compensation, the "strong states" of the late developers
remained ineffective relative to the extremely difficult
tasks they faced.

In particular, these states lacked adequate integrative
institutions capable of striking a bargain among diverse
social interests, ranging from landed aristocrats to a
modern workers' movement. The much vaunted German state had
no effective mechanism for enforcing compromises among the
interest groups that all clamored for protection by the
state. 62 Contrary to conventional wisdom, Germany and the
late developers became nationalist not because their state
institutions were too strong, but because they were ineffective and nationalists demanded that they be strengthened. Japan’s radical young officers, Italy’s fascists, and pre-revolutionary Russia’s Octobrists all shared this motive for nationalism.63

Simply holding elections was insufficient in itself to correct this institutional incapacity. Though Weimar Germany was a formal democracy, political parties retained their Wilhelmine character as representatives of very narrow interests, which they were unwilling and unable to compromise in the interests of long-run system stability. Though some late Weimar state leaders like Kurt von Schleicher attempted economic policies that might have worked, they lacked the authority to impose those policies on business, agriculture, and workers. "The crisis of the last years of the Weimar Republic," says David Abraham, "stemmed in large part from the inability of the state to organize the interests of the members of the dominant classes in an autonomous fashion, going beyond partial interests."64

Likewise, my argument qualifies the view that hypernationalism is the result of indoctrination of a defenseless population by the propaganda resources of an overwhelmingly strong state. Katherine Verdery’s excellent study of nationalism in Ceausescu’s Romania shows, for example, that ideological indoctrination failed to work unless ideology entered into a real (and uncontrollable)
dialogue with its targets. German hypernationalism was precisely the result of one-upmanship in the out-of-control dialogue between mass nationalists and their would-be state manipulators. Similarly, Balkan hypernationalism before the world wars was recklessly promoted by desperately weak state leaders, not strong ones.65

Contrary to conventional wisdom, the antidote to hypernationalism in Russia today is not to tear down the central state and replace it with a decentralized, self-regulating market society. All societies need effective state institutions to meet the challenges of modernity, including the creation and regulation of a market economy. This is especially true of backward societies, where the state must provide many of the institutions that society itself lacks. On the heels of 70 years of state socialism, it seems peculiar to argue that the Russian state needs to be strengthened, but that is indeed what must be done. At present, the Russian state lacks minimal state capacities. It is unable even to collect tax revenue reliably, which along with warmaking is the primary hallmark of effective state power. If our theories and history of nationalism tell us anything, they suggest that if the Russian state stays this weak, nationalists will soon arise with the irresistible demand that extreme measures be taken to strengthen it.

But what type of state capacity is needed, and how can it be created?
Types of state capacity

Institutionalist theory points to a number of capabilities that the state needs to meet the challenges of modern market society, as well as some capacities that the state should deprive itself of. First, states need to create and enforce efficient property rights, so that the activities of self-interested individuals will contribute to the creation of wealth, not just its redistribution. For the Soviet successor states, this means the wholesale creation of commercial laws and enforcement agencies, as well as breaking up monopolistic economic units that can use their power in markets or in politics to extract resources without creating wealth.

Second, states need to be able to extract resources from their constituents in order to provide collective goods, like military defense or transportation networks, which private actors lack the incentive or the resources to provide. For the Soviet successor states, like many developing countries, investment in improving basic infrastructure for communications and transportation is a prerequisite for developing the private sector. The state must play a leading role in this task.

Third, especially in backward societies, the state may need to play a major role in creating institutions that reduce the costs and risks of transactions. Even in fully developed market societies, the state underwrites or
regulates the banks, stock exchanges, and commodity markets that permit capital to flow to its most efficient uses and that allow buyers to locate sellers efficiently and with some expectation of fair dealing. In post-Soviet economies, where such institutions are still in their infancy and where opportunistic business practices are the norm, the state will probably have to play an even greater role in creating and regulating such institutions.

Fourth, democratically accountable states inevitably face the task of managing problems of structural adjustment, phasing out obsolete economic activities in a way that minimizes the social costs of adapting to the market. Beyond this, some of the most successful capitalist states, Japan and the newly industrialized countries of East Asia, have used state intervention to support infant industries, promote savings, and create comparative advantages more lucrative than raw materials and cheap labor. Indeed, successful late developers have almost always given a leading role to the state in guiding economic policy. If so, this means that the state must dispose of significant resources for subsidizing economic activity, redirecting investment, and creating a social safety net for the losers in the adjustment process.

But there is a catch 22. Institutionalist theory also suggests that the state, while achieving the power and autonomy to carry out its necessary tasks, must also persuade social actors that it will not use its power
arbitrarily to usurp their property or change the rules of the game in midstream. Without such assurances, actors will shy away from long-term economic commitments that would leave them vulnerable to expropriation. Especially given the track record of Russian state authority, this is a serious concern.

To solve this problem, the state can voluntarily tie its own hands by surrendering powers to a representative legislature. Douglass North and Barry Weingast argue that a key turning point in England's development came when King William irrevocably surrendered the Crown's confiscatory powers to Parliament, allowing the state to attract more private loans for war-making and economic development at lower rates of interest. But at present Russia's legislature remains heavily influenced by old-school industrialists. In these conditions, surrendering authority to the legislature would mean giving the rent-seekers and subsidy-grubbers control of the economic reform. Nor is this necessarily just a quirk of the anachronistic make-up of the Russian parliament. The main argument against state-led industrial policy in the developing world is exactly that it tends to fall into the hands of inefficient vested interests. If so, greater state accountability leads to failure, not success.

These considerations suggest the attractions of an opposite model, where the credibility of the reformist state resides in the technocratic skills and strategic vision of
autonomous state bureaucrats. East Asian bureaucracies, MITI in Japan and its counterparts in Korea, have arguably approximated this ideal.\textsuperscript{71} Admittedly, even in these cases, some scholars argue that state intervention in markets either did little that market incentives alone would not have done, or that intervention merely opened the door for special interests.\textsuperscript{72} Still, insofar as the strategy of insulated government experts has been effective, its success has been attributed to various preconditions: the country's egalitarian starting point, which minimized the role of vested interests; the exclusion of labor from political influence; the absence of concentrated industry to lobby for state protection; the country's privileged niche in the international economy; high foreign threats, which justified state autonomy in economic decisionmaking; and/or the values and \textit{esprit de corps} of the bureaucrats themselves.\textsuperscript{73} In Russia, many of these favorable conditions for successful, state-led industrial policy would appear to be absent.\textsuperscript{74}

In short, any state, but especially a backward state, faces the conundrum of strengthening its power and autonomy in order to play its necessary role in economic development, while at the same time limiting its capacity to use that power arbitrarily or to have it captured by special interests. One way to increase the likelihood of squaring this circle is to gain assistance from international institutions. They not only help create market institutions and give credits for infrastructure and adjustment
assistance; equally important, by imposing rational conditions on their assistance, they help the state to tie its hands credibly vis-a-vis the special pleading of its constituent interest groups and its own usurpations. Arguably, the IMF can be a functional substitute for William and Mary’s parliamentary commitment.

International substitutes for the weak state

Let me summarize the argument to this point: Nationalism will be a prevalent feature of world politics as long as states are the preferred form of social organization. Nothing about the post-cold-war world suggests that states are on the wane. On the contrary, everybody wants to have a state to represent his or her interests. Even those who want to integrate more fully into the international division of labor understand that having a disciplined national economic policy is the prerequisite step. And even the European Community, far from challenging the basic principles of the state system, has been striving to take on the features of a federal state.

Since states will remain the principal players in world politics, it is important to help them be effective at managing the challenges of democratization, marketization, and military security. If they are ineffective, history and theory suggest that hypernationalism will arise to demand a more potent form of the state. History also suggests that backward societies are normally forced to use state power as
a "substitute" for the underdeveloped institutions of their civil societies, especially in the economic sphere. Typically this hypertrophy of the state fails to meet the challenges of modernity: either it brings with it an authoritarian form of politics that thwarts democratization, or it encourages special pleading by efficiency-killing lobbies, or both.

For the modernizing societies of the former Soviet empire, a different substitute should be sought -- namely, international institutions. Mirroring the post-1945 strategy for bolstering the remade German and Japanese states, international institutions should be deployed to strengthen the hand of these states in managing the transformative challenges they face. This means not only pumping in cash and laying down conditions, but doing so in ways that strengthen the state.75

For example, the IMF must make sure that the conditions attached to its aid do not unduly constrain the state from carrying out what in most developed states is normal industrial policy.76 Backward, marketizing states like Russia need fiscal discipline to establish a sound currency, but they also need to deploy state capital as a substitute for undeveloped private capital markets. Russian farmers, lacking commodity futures markets or free-market sources of loans, needed budget-busting state loans this spring to buy seed corn.77 In light of Russia's unreliable revenue-collecting ability, such funds can come only from
international subsidies, domestic budget deficits, or both. If the international community provides too little aid, while imposing too much discipline, hypernationalists are likely to succeed in their demands for a more interventionist state to protect them from the economic ruination stemming from integration into world markets.

In this eventuality, the question becomes one of the lesser evil. Arguably, it is better for Yeltsin, Gaidar, and Russia’s liberal democrats to manage a tactical retreat from ultra-disciplined shock therapy themselves than to fall from power and have the Rutskois and the Volskys implement their version of nationalist military-industrial policy. Indeed, throughout the spring of 1992, Yeltsin felt compelled to keep two irons in the fire: radical liberalization to maintain IMF support and continued industrial subsidies to defuse domestic critics of shock therapy. To avoid playing into the hands of Yeltsin’s opponents, the international community ought either to help fund economic adjustment costs more liberally, or else it should be prepared to tolerate the concessions that Yeltsin must make. Neither on economic nor on political grounds is it reasonable to expect Yeltsin to rely on the long-run efficiency of the unaided invisible hand.

On questions of military security and sovereignty, similar principles must be applied. For example, if Ukraine seems unduly assertive in its national claims, this stems not from confident swagger, but rather from its own self-
doubts about the solidity of newly won sovereignty. Claims on the Black Sea fleet, foot-dragging on denuclearization, resistance to Crimean self-determination, and insistence upon a self-defeating degree of economic independence have been motivated largely by the symbolic politics of the assertion of national independence. If the international community worked to shore up that uncertain sense of independent status, each of these specific issues would become more amenable to compromise. Conversely, heavy-handed international pressures on Ukraine to speed the pace of denuclearization, for example, are likely to be counterproductive, because they will reinforce Ukrainian doubts about international recognition of their sovereign rights.

The international community can also head off hypernationalism by helping vulnerable states deal with their security problems without turning into garrison states. It may be too late for this in the Caucasus, but in principle a stronger international effort of mediation and peacekeeping in the Karabakh dispute might head off the militarization of the Azerbaijani state. Once again, the general principle is that effective international institutions must try to "substitute" for ineffective states in order to head off hypernationalist demands for extreme state-strengthening measures.

Finally, there is the question of how the international community can act directly to support the development of
democratic institutions and civil rights. Everyone will agree with proposals to train post-Soviet elites in the practical ways of the democratic process. Many will agree that associating Eastern militaries with NATO, at least loosely, will create incentives for a stable pattern of civil-military relations. Likewise, nobody doubts that international support is implicitly linked to good behavior on civil rights, and that this has had salutary effects. Throughout Eastern Europe, potential nationalists understand that any excesses would leave them open to the charge that they had closed the door to Europe.

Where people will differ is how strictly and explicitly progress on democratization and human rights should be linked to economic aid and international recognition. The analysis in this paper implies a warning against excessive attempts to impose humiliating petty tutelage over the policies of the Soviet successor states. Especially states like Russia and Ukraine, which are working hard to create a national identity based on citizenship rather than ethnicity, should be given considerable latitude in handling regional separatist demands. For example, Ukraine has successfully defused potential ethnic frictions with most of its neighbors. Of all the states containing Hungarian minorities, Budapest considers Kiev's record the best, even though concessions to Hungarian autonomy were resisted by ethnic hard-liners in the Rukh. Pursuing a civic, state-oriented policy, Kravchuk has patched up ethnic squabbles
with states that he is courting as allies. Likewise, his firm stance against Russian claims reflects concerns about state sovereignty, not a policy of ethnic domination. Under these conditions, detailed dictation by the international community would only show up the weakness of the state and play into the hands of hypernationalists who would seek to strengthen the state’s hand in pursuit of the wrong goals.

This does not mean, however, that the international community should turn a blind eye to cases like Milosevic’s Serbian expansionism or former Georgian President Zviad Gamsakhurdia’s assault on the Ossetians. There, concerted pressure from the broader international community is indicated so that a hypernationalist reaction is not triggered among the aggressor’s threatened neighbors.

**The advantages of multilateral approaches**

In carrying out the international role in shoring up the weak post-Soviet states, multilateral approaches have several advantages over the efforts of individual Western states.82

One reason to prefer multilateralism is that existing international institutions have greater expertise in the required tasks than do individual states. UN peacekeeping capabilities are unsurpassed.83 The IMF has vast experience in evaluating economic reforms and running stabilization programs. Indeed, many of the existing international economic organizations, like the IMF and the World Bank,
were designed expressly to support the Keynesian adjustment policies of weakly institutionalized liberal democratic states after 1945, so these institutions should be highly appropriate to the present task.

Second, multilateralism has the advantage of coordinated policy. Whether in the economic or the security sphere, multilateralism increases the likelihood that states will be held to a single, coherent standard of conditionality. It also magnifies the leverage effect of issue linkage if everyone is levering together through a multilateral instrument.

But the most important reason for preferring multilateral approaches is to minimize the dangers of coercive state-to-state bargaining. However unpleasant it may be to knuckle under to IMF conditionality, it is still more humiliating to bow before the conditions imposed by another state. Moreover, the kind of conditions to be imposed are likely to be different under multilateralism. For example, the IMF demands discipline in pursuit of the collective purpose of economic stabilization, whereas Japan bargains for national advantage in the return of the northern islands.

Likewise, peacekeeping and military interventions are likely to be more acceptable if carried out for collectively approved purposes under multilateral auspices. The activities of interventionist "lone ranger" states are much more likely to foster a nationalist backlash, both in the
occupied region and among on-lookers who worry that the intervening state will exploit the situation to its own benefit.

Conclusions

Any approach to European security must focus in large measure on the management of the greatest potential threat to Europe's peace: a nationalist revival in the states of the former Soviet empire. Whether this threat takes the extreme form of Nixon's fascist Russia or the lesser forms that are already emerging, the key to averting hypernationalism lies in the ability of states to manage the challenges of marketization, democratization, and military security. Since post-Soviet states lack the wherewithal to meet these challenges on their own, the international community -- and especially its multilateral institutions -- must supplement their lagging state capacity.

Skeptics about a major effort through international institutions to avert a nationalist resurgence make two errors. First, they underestimate the potential dangers, relying on extrapolations from the relatively moderate state of Russian nationalist sentiment in early 1992, before economic turmoil works its full effects, and from the present disarray of Russian military power. There are numerous historical examples, however, of abrupt accelerations of hypernationalism. Moreover, Russian military power has often been quickly reconstituted in the wake of
political turbulence -- after the Crimean War and after the 1905 and 1917 revolutions.

Second, skeptics deny that the international community can make much difference in the face of massive economic dislocation and intractable ethnic hatreds. This ignores the overwhelming evidence that ethnic conflicts are in many cases highly malleable in the face of changing economic and security incentives. It also applies an improper yardstick for measuring success. To dampen the nationalist revival, IMF assistance does not necessarily have to produce an economic miracle. Rather, it must provide Russia's relatively popular, relatively liberal President with enough additional leverage to help him stay in power while making modest progress down the road of reform.

If the international community fails to do this, or if it unwittingly undermines local states by imposing upon them a humiliating and ineffective petty tutelage, history suggests that hypernationalists will successfully advance demands for a stronger state to protect society from the ensuing social turmoil. If so, these states are likely to be more authoritarian, more militarized, and probably more aggressive.


12. Good surveys of contemporary scholarship on nationalism can be found in Anthony Smith, *Theories of Nationalism*, 2d ed. (London: Duckworth, 1983); Anthony Smith, *The Ethnic*
Revival (Cambridge: Cambridge University Press, 1981); and Hobsbawm, Nations and Nationalism.


28. For qualifications and further evidence, see Snyder, Myths of Empire, pp. 49-52, 154, 158, 209-210, 303.

29. Eckart Kehr, Economic Interest, Militarism, and Foreign Policy (Berkeley: University of California Press, 1977); Snyder, Myths of Empire, chapter 3.

30. Timothy Colton, "Politics in the Republics: Prospects for Stable Democracy," in Colton and Legvold, After the Soviet Union, distinguishes between "proto-democracies" like Russian and Ukraine, where elections have been reasonably fair and contested, and "pre-democracies" like the Central Asian states, where elections have not been truly competitive. See also the various reports compiled by the U.S. Commission on Security and Cooperation in Europe, including Elections in the Baltic States and Soviet Republics (December 1990); Referendum in the Soviet Union (April 1991); Referendum on Independence and Presidential Election in Uzbekistan (January 1992).


36. For background, see David Blackbourn, *The Peculiarities of German History* (New York: Oxford, 1984), pp. 176-190;


43. Hanson and Teague, "Industrialists," pp. 2-4.


45. William Carr, *Arms, Autarky and Aggression: A Study in German Foreign Policy, 1933-1939* (London: Edward Arnold,


59. Barnhart, chapter 3.

60. Linz and Stepan, "Political Identities and Electoral Sequences," pp. 128-130; on the general point, see also Rothschild, *Ethnopolitics*.


62. For discussion of this dynamic, see Wehler, *The German Empire*. 


California Press, 1987), chapters 5 and 6, on the merits of presidential systems and for variations on proportional representation.


75. Reports on reform of the Soviet economy by international economic institutions show that, in principle, the need for more effective state institutions is well understood. See, for example, *International Monetary Fund,*

76. For a variety of views on this dilemma, see Christopher Clague and Gordon Raussen, eds., *The Emergence of Market Economies in Eastern Europe* (Cambridge: Blackwell, 1992), especially the essays by Peter Murrell, Ronald McKinnon, Mancur Olson, Janos Kornai, and Anne Krueger; see also the special issue of *The Journal of Economic Perspectives*, Vol. 5, No. 4 (Fall 1991) on the former Soviet bloc.

77. Some might argue, however, that private institutions would have been able to provide loans if agricultural products were not underpriced.


