

# No Capitalism Without Nationalism

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## Abstract

Most theories of nationalism labelled as 'modernist' tend to overlook the fact that the phenomenon to which they vaguely refer as 'Modernity' is defined by a single, very precise and consistent socio-economic system, that of capitalism. However, this fact makes nationalism and capitalism, rather than nationalism and 'Modernity', practically congruent. From this perspective, the essential question that arises is whether the emergence of these two was a spontaneous but compatible and useful coincidence, or nationalism was capitalism's deliberate invention? In the capitalist era, society has become merely a resource whose existence enables functioning of the market. Such a society must destroy all traditional communal ties on which the maintenance of traditional society was based, so that the principles of reciprocity and solidarity be replaced by the procedures of asymmetric economic exchange. Once the procedures of asymmetric economic exchange become the central principle of human relations, society stops functioning as a whole and becomes sharply divided into two parts – a well-organised and tightly-structured network of self-interested individuals permanently striving for perpetual economic gain and a shapeless mob of socially dislodged labour permanently striving for mere survival. The incessant widening of the gap between the two strata makes capitalism's essential principle of endless accumulation of capital socially unsustainable. For, rapidly urbanised masses, forced into selling their labour below the minimal price, contain a permanently present insurrectionary potential that might threaten stability of the entire system. So, bridging that gap without actually changing the structure of society becomes the paramount task for the system trying to preserve its mechanism of incessant exploitation of labour and limitless accumulation of capital. Therefore, the system has to introduce a social glue that is tailored to conceal, but also to cement, the actual polarisation of society. At the same time, this glue is designed to compensate the uprooted masses for the loss of their authentic identities by replacing these with a single artificial one. This multi-purpose invention is an abstract concept of absolute social unity, named "the nation", based on the assumption that those who are located on both sides of the gap, no matter whether they are on the exploiting or exploited side, automatically share the same equal rights, same common interests, and same identity.

**Keywords:** nationalism; capitalism; liberalism; neoliberalism; globalisation.

## Introduction

Most theories of nationalism labelled as ‘modernist’ tend to overlook the fact that the phenomenon to which they vaguely refer as ‘Modernity’ is defined by a single, very precise socio-economic system, that of capitalism. Even those authors whose works contain some references to capitalism in the context of nationalism’s emergence actually never employ the notion of capitalism as a whole, but rather only its arbitrarily chosen aspects (Gellner – industrialisation, Anderson – print-capitalism, Nairn – uneven development, etc.). Gellner’s theory is probably the most comprehensive among them, in terms of aspects of capitalism it has emphasised, to a great extent having grasped the inner logic of this very system. Gellner’s theory of nations and nationalism claims that modern societies’ “need for homogeneity” was induced by their need for economic growth, with this imperative having been the central driver of the processes of industrialisation.<sup>1</sup> According to Gellner, the logic of industrialisation required social homogenisation, and that homogenisation was performed by nationalism. However, industrialisation itself was, rather, a part of the broader project of the introduction of capitalism, the system whose need for accumulation of private profit on the individual level (rather than an abstract need for economic growth on the societal level) was not necessarily evenly entwined with industrialisation. Industrialisation was only a fraction of capitalism’s development, one that emerged following the already-achieved national homogenisation of those societies which had already introduced capitalism as their exclusive model of economic relations. This homogenisation was accompanied by the accumulation of capital and potentials for the economic growth of these societies, and it was these two that eventually induced industrialisation, rather than the other way round. Therefore, the essential question is whether the emergence of capitalism and nationalism was a spontaneous but compatible and useful coincidence, as implied in Gellner’s theory, or nationalism was capitalism’s deliberate invention?

### **Nationalism and capitalism: an accidental or causal relationship?**

Accumulation of wealth was present in all pre-capitalist systems. However, the purpose of such accumulation was to provide socio-economic and military security and fix social hierarchy, while the economy’s purpose was to sustain society as a whole and each of its parts. Accumulated wealth was not used to generate more wealth. More wealth, such was the ruling concept, could in principle be accumulated only through acquisition of material goods, primarily in the form of feudal rent or as a plunder in military conquests. Although unequal exchange was the very basis of trade in all epochs, trade was still far from the centre of economic activity in pre-capitalist epochs. However, capitalism built a mechanism which made unequal exchange self-perpetuating, so as to make accumulation of capital perpetual and limitless.

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<sup>1</sup> Gellner 1983: 44.

Perpetual accumulation of wealth through institutionalised procedures of unequal exchange of goods, followed by their overwhelming commodification, indeed, the commodification of all the things in people's lives, is the invention of the capitalist system, and it is an essential fact about capitalism.<sup>2</sup>

In the capitalist era, society has become merely a resource whose existence enables functioning of the market. From this perspective, society was perceived as a double source – of labour force, necessary for production, and of consumption power, necessary for setting the mechanism of the market into motion. Thus, society was transformed into an extension of the market. Prior to capitalism's emergence, the economic system was a mere function of social organisation. In other words, economy was embedded in social relations. With the arrival of capitalism, social relations have become embedded in the economic system.<sup>3</sup>

The market society, once established, tends to destroy all social relations which are not subject to the laws of the market. In order to install the self-interested individual as its only structural element, such a society must destroy all traditional communal ties on which the maintenance of traditional society was based, so that the principles of reciprocity and solidarity must disappear from all human relations and be replaced by the procedures of asymmetric economic exchange. Once the procedures of asymmetric economic exchange become the central principle of human relations, society stops functioning as a whole and becomes sharply divided into two parts – a well-organised and tightly-structured network of self-interested individuals permanently striving for perpetual economic gain and a shapeless mob of socially dislodged human beings permanently striving for mere survival, ready to sacrifice all links with other human beings in order to provide for their own subsistence. Indeed, a permanent production of a mob of the propertyless and powerless becomes the main precondition for

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<sup>2</sup> Capitalism's propensity for permanent accumulation was probably best encapsulated in Joseph Schumpeter's definition of capitalism as "a form or method of economic change": "Capitalism, then, is by nature a form or method of economic change and not only never is but never can be stationary. And this evolutionary character of the capitalist process is not merely due to the fact that economic life goes on in a social and natural environment which changes and by its change alters the data of economic action; this fact is important and these changes (wars, revolutions and so on) often condition industrial change, but they are not its prime movers. Nor is this evolutionary character due to a quasi-automatic increase in population and capital or to the vagaries of monetary systems of which exactly the same thing holds true. The fundamental impulse that sets and keeps the capitalist engine in motion comes from the new consumers' goods, the new methods of production or transportation, the new markets, the new forms of industrial organization that capitalist enterprise creates. [...] The opening up of new markets, foreign or domestic, and the organizational development from the craft shop and factory to such concerns as U.S. Steel illustrate the same process of industrial mutation – if I may use that biological term – that incessantly revolutionizes the economic structure *from within*, incessantly destroying the old one, incessantly creating a new one. This process of Creative Destruction is the essential fact about capitalism." (Schumpeter 2003: 82-83)

<sup>3</sup> "The market pattern, on the other hand, being related to a peculiar motive of its own, the motive of truck or barter, is capable of creating a specific institution, namely, the market. Ultimately, that is why the control of the economic system by the market is of overwhelming consequence to the whole organization of society: it means no less than the running of society as an adjunct to the market. Instead of economy being embedded in social relations, social relations are embedded in the economic system. The vital importance of the economic factor to the existence of society precludes any other result. For once the economic system is organized in separate institutions, based on specific motives and conferring a special status, society must be shaped in such a manner as to allow that system to function according to its own laws. This is the meaning of the familiar assertion that a market economy can function only in a market society." (Polanyi 2001: 61).

depressing the price of labour, so as to keep the cost of production low enough and thereby make profit high enough for those striving for perpetual gain.<sup>4</sup> In other words, the poverty of the labouring class was the main condition for capitalism to come into being, but also for it to continue to remain economically viable.

From the very beginning, market society was designed as globally encompassing, since capital was projected as globally movable.<sup>5</sup> At the same time, labour was to be kept in its place, hierarchically and spatially. Such an arrangement was reinforcing the asymmetry of the existing unequal distribution, so as to allow capital's unimpeded global circulation and, at the same time, its additional advantage over labour. Keeping labour in its place, horizontally, in terms of geographical space, and vertically, in terms of political and social hierarchy, was a task that could only be performed by one all-embracing institution, namely, the state. The state was therefore functioning as a horizontal container, keeping labour immobile within its borders, and at the same time as a vertical container, keeping labour below and capital above on the political and economic scale. Thus the market in the capitalist system has never been truly self-regulating; indeed, its very existence has always been regulated by the state: both capital's and labour's position, including property relations as such, have always been determined by state-imposed laws and controlled by state administration.<sup>6</sup>

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<sup>4</sup> In the words of one of the contemporary witnesses of capitalism's rise: "Poverty is that state and condition in society where the individual has no surplus labour in store, or, in other words, no property or means of subsistence but what is derived from the constant exercise of industry in the various occupations of life. Poverty is therefore a most necessary and indispensable ingredient in society, without which nations and communities could not exist in a state of civilization. It is the lot of man. It is the source of wealth, since without poverty, there could be no labour; there could be no riches, no refinement, no comfort, and no benefit to those who may be possessed of wealth." (Colquhoun, Patrick. 1815. *Treatise on the wealth, power, and resources of the British empire*. London: Joseph Nawman; New York: Johnson Reprint, 1965. Cited in Perelman 2000: 23).

<sup>5</sup> "The orthodox teaching started from the individual's propensity to barter; deduced from it the necessity of local markets, as well as of division of labor; and inferred, finally, the necessity of trade, eventually of foreign trade, including even long-distance trade. In the light of our present knowledge, we should almost reverse the sequence of the argument: the true starting point is long-distance trade, a result of the geographical location of goods, and of the 'division of labor' given by location. Long-distance trade often engenders markets, an institution which involves acts of barter, and, if money is used, of buying and selling, thus, eventually, but by no means necessarily, offering to some individuals an occasion to indulge in their propensity for bargaining and haggling." (Polanyi 2001: 62). Wallerstein's core-periphery theory starts from similar assumptions: "In the real world of historical capitalism, almost all commodity chains of any importance have traversed [...] state frontiers. This is not a recent innovation. It has been true from the very beginning of historical capitalism. Moreover, the transnationality of commodity chains is as descriptively true of the sixteenth-century capitalist world as of the twentieth-century. How did this unequal exchange work? Starting with any real differential in the market, occurring because of either the (temporary) scarcity of a complex production process, or artificial scarcities created *manu militari*, commodities moved between zones in such a way that the area with the less 'scarce' item 'sold' its items to the other area at a price that incarnated more real input (cost) than an equally-priced item moving in the opposite direction. What really happened is that there was a transfer of part of the total profit (or surplus) being produced from one zone to another. Such a relationship is that of coreness-peripherality. By extension, we can call the losing zones 'periphery' and the gaining zone a 'core'. These names in fact reflect the geographical structure of the economic flows." (Wallerstein 1996: 30-31).

<sup>6</sup> According to Kevin A. Carson, "No system of exploitation, including capitalism, has ever been created by the action of a free market. Capitalism was founded on an act of robbery as massive as feudalism. It has been sustained to the present by continual state intervention to protect its system of privilege, without which its survival is unimaginable. The current structure of capital ownership and organization of production in our so-called 'market' economy, reflects coercive state intervention prior to and extraneous to the market. From the outset of the industrial revolution, what is nostalgically called 'laissez-faire' was in fact a system of continuing state intervention to subsidize accumulation, guarantee privilege, and maintain work discipline." (Carson 2001).

Yet, despite the corrective mechanisms such as social services, the incessant widening of the real gap between the two strata made the endless accumulation of capital socially unsustainable. Rapidly urbanised masses, dislodged from the rural environment and traditional ties in which they had previously been embedded, and then forced into selling their labour below the minimal price, contained a permanently present insurrectionary potential that might have threatened stability of the entire system. Their resentment was certainly caused by poor material conditions in which they lived. But, even more so, it was generated by the lack of both ontological security and identity they were permanently experiencing in their newly-constructed urban life, the life that was all concentrated around, and focused on, wage labour and reduced to a struggle for mere survival. This resentment could not have been alleviated by any palliative measures, nor even by any systemic ones like social services, as long as the existence of the permanently widening gap was dominant as the structuring factor of society, the society postulated as an extension of the market.

So, bridging that gap without actually changing the structure of society became the paramount task for the system trying to preserve its mechanism of incessant exploitation of labour and limitless accumulation of capital. Therefore, the system had to introduce a social glue which was tailored to conceal, but also to cement, the actual polarisation of society. At the same time, this glue was designed to compensate the uprooted masses for the loss of their authentic identities by replacing these with a single artificial one, thereby giving them back an illusion of their lost ontological security. This multi-purpose invention was a purely abstract concept of absolute social unity, based on the assumption that all those who are located on both sides of the gap, no matter whether they were on the exploiting or exploited side, automatically shared the same equal rights, same common interests, and same identity.

Once implemented, this concept of absolute social unity was assumed to form an entirely new entity, *the nation*, consisting of all state's subjects, who were thereby promoted into *citizens*. Citizens assembled into the nation were defined as self-determining and self-governing, by which the nation acquired the same attributes, and *vice versa*: the nation was defined as self-determining and self-governing, by which its citizens acquired the same attributes. Put together, the nation and citizens were defined as the bearers of the ultimate self-determining and self-governing power, that of *sovereignty*. The state of which they were part was defined as their own, and so was the state's sovereignty, by which the state was re-defined as *the nation-state*. A potential discontent of the exploited masses was thus contained in the most efficient way, by making them believe that they are equal in rights with the exploiting elites, and that they all share common interests and identity with the latter, in other words, that they are all the same. By defining the nation and its citizens as the bearer of the nation-state's sovereignty, this concept practically made the exploited

masses loyal to the nation-state by definition, and thereby made them loyal to the capitalist system as such. Instead of government's intervention to keep the classes together, and yet in a hierarchical order, a new entity, the nation, was introduced to keep them psychologically united and yet hierarchically fixed. Although this invention has been perceived as a pan-European phenomenon, there is no doubt that its origins need to be linked with the countries of capitalism's birth and rise, namely England and then France, while its spread across Europe is also to be linked with these countries' subsequent pan-European hegemony.

The nation, as an artificial community, was introduced as a multi-purpose social glue at the point when the resentful uprooted masses, cut off from their previous communal ties due to the new type of economy in which individual self-interest was put in the position of absolute domination over all social relations, became a potential threat to this very system. The nation provided an illusion of embeddedness to the new *homo economicus* who was deprived of his traditional environment. *The citizen* and *the nation* were introduced to convey the idea of the self-governing individual and self-governing society, as the concurrent elements of the self-regulating market. The nation was also constructed as a bridge between two divergent market principles, the principle of harmony and self-regulation, as the market ideal, and the principle of competition and conflict, as the market reality. It was designed to bridge the class divide on the level of appearance, create an image of social harmony in the market-torn society, and replace a divisive class identity by a unifying national one.<sup>7</sup> In historical reality (if not in classical political economy), appropriation, and then accumulation, of capital equals expropriation of labour. Therefore, permanent appropriation requires permanent expropriation. In capitalist society, nationalism is necessary as a counterbalance to permanent appropriation and therefore permanent expropriation, in order to create an illusion among those who were deprived of both identity and property that they *are* (the nation) and that they *possess* (the nation-state). Their imagined membership in the nation becomes a way of their voluntary submission to the capitalist exploitation, that is, submission to the wage relationship.<sup>8</sup> And, just as feudal elites had once invented capitalism to preserve their privileged social positions, so did their capitalist successor-elites invent nationalism to achieve the same goal. Nations and nationalism have been offered as a Trojan Horse by the strong to the weak: by accepting the gift, adopting the classification of nationals, the masses embrace the idea of inclusion into the system as providing the promise of

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<sup>7</sup> Liberalism's and capitalism's Holy Bible, written by Adam Smith (1776), wears the title *An Inquiry Into the Nature and Causes of the Wealth of Nations*; suggesting that the wealth accumulated and owned by private capitalists should be perceived as the wealth belonging to entire nations. This logical fallacy, used originally by Smith, has remained capitalism's ultimate source of legitimacy. On the other hand, the theory by Friedrich List (1841), articulated primarily in the book *The National System of Political Economy* and labelled as *economic nationalism*, advocating the collective economic development of entire nations rather than the enrichment of individual accumulators of capital, has totally been neglected in the real-capitalist world, despite the fact that List subscribed to capitalism as a type of economy no less than Smith.

<sup>8</sup> Perelman 2000: 151.

equality of opportunity and commonality of interests, presumed to be embodied in the nation; yet, by doing so, they also cement their status in the economic hierarchy through acknowledging the legitimacy of endless economic exploitation to which they are thus inevitably exposed.

### **Nationalist movements and national revolutions: historical and geopolitical implications**

We have already discussed the advantages for accumulators of capital created by the nation-state on the intra-state level. Containing the labouring classes within the geopolitical unit of nation, while using the ideology of nationalism to make them believe that they are in possession of sovereignty and that they are equal in promised rights and opportunities with the accumulators' elite, is what constitutes a potential advantage for those whose capital and goods are freely moving across the boundaries of nation-states. In other words, nation-states serve as containers which limit the movement of labour, keeping it in its place, both vertically and horizontally, leaving money and goods free and unlimited in their endless transfers within the global market. Functioning that way on the intra-state level, augmenting the advantage of accumulators of capital against the labouring classes, nation-states function in a similar way on the interstate level, too. However, the advantage they are augmenting is not the advantage of core nation-states: the advantage which nation-states are augmenting is the advantage of the capitalist elites which operate in the absolutely transnational mode, across the boundaries of any state.<sup>9</sup> Indeed, these elites tend to be located within the core nation-states, such as England and France in the 18<sup>th</sup> and 19<sup>th</sup> centuries, or England/Great Britain and the United States in the 20<sup>th</sup> century. However, the nation-states in which they are located serve as a mere façade for their transnational operations, whose primary goal is to accumulate more capital in their private pockets, rather than in state treasury. In that sense, state mechanisms, including its military component above all, serve the purpose of exerting pressure on both domestic populations and those states which hesitate or reject to open up for unimpeded movement of capital and goods controlled by these elites.<sup>10</sup> This logic also explains why great wars in which these core nation-states participated ended the way they did, with geopolitical reshuffling whose consequences were always very similar: creation of new nation-states. It also explains why these wars were fought, in the first place. As an example of such wars, we may take World War I and its outcome in the form of the Versailles Conference, with creation of a number of new

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<sup>9</sup> The best examples of the state's position in relation to private entrepreneurs would be the Dutch East India Company and the British East India Company, whose private enterprises had priority over state-controlled trade. Indeed, the Dutch and British states practically served as extensions of these companies, which also possessed their own private fleets and armies.

<sup>10</sup> Probably the best example is the two 'Opium Wars' with China (1839-42, 1856-1860), when Great Britain used its military machinery to forcefully open up the Chinese borders for unimpeded import of opium produced by British private entrepreneurs in the British colony of India.

nation-states that replaced the Habsburg Empire (Poland, Czechoslovakia, Hungary, Austria, Yugoslavia, Romania). After World War II, a number of colonies controlled by the two most powerful European countries, Great Britain and France, were also transformed into nation-states, whose newly-born national elites remained strongly linked to the elites of their former colonial masters.

So far, we have delineated several potential usages of nation-states in the capitalist interstate system and the capitalist intrastate market. There is one more specific usage of this form of state, and that usage is purely geopolitical. Nation-states replaced city-states and empires as capitalism's favourite form of state.<sup>11</sup> In this sense, the nation-state as a concept clearly played an important geopolitical role, having introduced a series of new states in Central, Eastern and Southern Europe, in the course of the 1848 Revolutions, during the unification of Italy in 1870 and Germany in 1871, and at the end of the World War I. The defeats of the Napoleonic conquests also pushed France back from imperial to the nation-state format. It is not difficult to comprehend that all these geopolitical shifts, with both petty and large states having been replaced by the mid-sized nation-states, generated a significant benefit for one of those trade-expansionist states, namely England/Great Britain, which had already developed its global colonial empire, due to the strength of its navy and size of its maritime trade. Now, with mid-sized competitors on the continent, Great Britain possessed a significant advantage over them and its type of capitalism, based on the world-economy under control of private capital, clearly prevailed.

However, all that was surpassed by the gigantic geopolitical shifts that took place in Latin America in the 19<sup>th</sup> century, in which Britain's direct maritime and colonial rivals, huge absolutist empires with large colonial possessions and mercantilist economies, the kingdoms of Spain and Portugal, dissolved in a series of national revolutions into a number of new nation-states, which thereby became part of the British-dominated interstate system as an adjunct of the capitalist world-economy.<sup>12</sup> The Latin American national revolutionaries, from Simón Bolívar to José de San Martín, had initially proclaimed a *constitutional limitation on royal absolutism* as their ultimate political goal. However, in the series of uprisings and wars launched against the empires of Spain and Portugal, they eventually achieved a much more ambitious goal, that of total

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<sup>11</sup> In Balibar's words. "The privileged status of the nation form derives from the fact that, locally, that form made it possible (at least for an entire historical period) for struggles between heterogeneous classes to be controlled and for not only a 'capitalist class' but the *bourgeoisies* proper to emerge from these – state bourgeoisies both capable of political, economic and cultural hegemony and *produced* by that hegemony. The dominant bourgeoisie and the bourgeois social formations formed one another reciprocally in a 'process without a subject', by restructuring the state in the national form and by modifying the status of all the other classes." (Balibar/Wallerstein 1991: 90)

<sup>12</sup> Argentina, Venezuela, and Chile proclaimed independence from the Spanish Empire in 1810; Paraguay in 1811; Uruguay in 1815; Peru and Mexico in 1821. Gran Colombia proclaimed independence in 1819, but in 1831 dissolved into Venezuela, Ecuador, and Colombia (at that time Colombia also included Panama, which became an independent state in 1903, when it seceded from Colombia). Brazil proclaimed independence from the Portuguese Empire in 1822. Bolivia gained independence from the Spanish Empire in 1825. Having been recognised as independent, the newly founded states had to construct their respective national identities without any references to some distinct historical or ethnic identities.



independence for the territories they ceded, due to an unambiguous political support they received from Great Britain. The motive of fighting absolutism, predominantly dispersed in the Catholic empires, thus became the initial political vehicle in the expansion of global power of the capitalist elites centred in London. However, the global thrust towards “liberation of nations” was possible only as a consequence of the intensive spread of the network of nationalist movements and the very ideology of nationalism, usually put under the cover of the universalist ideology of liberalism and struggle for democracy and people’s rights.

A similar development took place after the Cold War, when communism was defeated and replaced by the capitalist system. But, what is more significant, the Soviet Union was not left to survive as a geopolitical unit: similarly to the Austro-Hungarian Empire, it was carved up and its remaining republics were transformed into nation-states. The Soviet socialist republics, although not constituted as nation-states (most of them had been constituted along ethnic lines, but their constituent principle was that of socialist republics, not that of nation-states), were simply proclaimed as such and their federation was dissolved in accordance with the Wilsonian principle of “self-determination of peoples”, with the creation of a number of nation-states (Russia, Ukraine, Belarus, Estonia, Lithuania, Latvia, Moldova, Georgia, Armenia, Azerbaijan, Kazakhstan, Uzbekistan, Tajikistan, Kyrgyzstan, Turkmenistan). What is even more striking in this enterprise is the fact that the United States and NATO, as the Cold War victors, did not mind leaving the Soviet atomic weaponry intact, so as to surrender it to Russia, as the self-proclaimed successor of the Soviet Union. What mattered more than dismantling the Soviet atomic arsenal was to dismantle the Soviet Union in such a way as to redesign both Russia and other Soviet republic as nation-states and thereby make them compatible with the capitalist world-economy. The end of the Cold War, just like the end of the World War I, demonstrated that no states other than nation-states had a chance of survival, so as to be included into the world-economy.

### **Nationalism and globalism: nationalism as a product of historical liberalism, globalism as a product of neoliberalism?**

The ideology of liberalism, which inspired these nationalist movements and revolutions on the conceptual level, has mostly been interpreted in a twofold way – as a revolutionary and pro-democratic ideology applied to the political level and as a radically free-market oriented ideology applied to the economic level. Most of contemporary theorists do not see the link between these two levels and often claim that there are actually “two liberalisms” – “political liberalism” and “economic liberalism”. However, liberalism has always been a single doctrine which advocated a specific interaction between nation-states and the global free market, so as to stimulate

free global flow of capital and goods in accordance with the pattern explained above.<sup>13</sup> On the economic level, it meant the expansion of the capitalist world-economy; on the political level, the expansion of the nation-state system; on the geopolitical level, the expansion of British power.

Within the liberal ideology, nations are the prescribed units, assumed to rise to the level of collective liberty by seeking their own states; also, by becoming members of their respective nations, individuals are assumed to rise to the level of their own liberation. Of course, for the individual to be liberated in such a way, all his traditional allegiances had to be broken down. However, in order to prevent the individual's feeling of dis-embeddedness and hence maintain the efficiency of the system, a new allegiance, one to the nation, had to be fabricated for each and every individual within the system.

In historical liberalism, the concept of popular sovereignty assigns inherent sovereignty to an abstract and arbitrary population unit, labelled the nation. In order to project that concept onto the societal level, the system introduces a political ideology, labelled nationalism, which starts with a universalist assumption that every arbitrary unit of population which proclaims itself a nation is inherently sovereign and therefore has the intrinsic right to create its own state. The system of the capital accumulators' rule is thus legitimized as the concept of the rule of the people: on one side, the cadres of the system are rewarded by founding and leading positions in the movements seeking to create states along the lines of national identity; on the other side, the majority of the population are by definition adopted into these state-seizing movements provided that they express loyalty to the concept of national sovereignty and thereby loyalty to the capitalist system itself. Political legitimization through the process of nation-building, played out in the 19<sup>th</sup> century in the core states (England and France) thought the process of expansion of suffrage, was first replicated on the European level in the period 1848-1914, and then expanded through the breakup of large empires in the World War I, which paved the way for the Wilsonian concept of national self-determination as a must-have replica of the universal suffrage on the global level: just as every individual had to become a member of the nation and vote, every part of the world had to be recreated as a 'self-determining' nation and included into the capitalist world system. Wilsonianism reached its peak after the fall of the Communist bloc: the dissolution of the Soviet Union, Yugoslavia and Czechoslovakia along the ethno-national lines was the direct consequence of the return of capitalism into this part of the world. The rise of aggressive ethno-nationalism in this part of Europe was directly proportional to the accumulation of capital and the rising gap between social

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<sup>13</sup> As Polanyi outlines, "Every war, almost, was organized by financiers; but peace also was organized by them. [...] While nationalism and industry distinctly tended to make wars more ferocious and total, effective safeguards were erected for the continuance of peaceful business in wartime." (Ibid.: 14)

layers in the newly-created nation-states: the more aggressive accumulation of capital, the more aggressive nationalism.

### **What is the future of capitalism, and what are the features of its post-globalist form?**

The dominant narrative at the beginning of the 21<sup>st</sup> century was *globalism*, a theory advocating that the existing transnational bonds, created and developed by the global capitalist elites, will inevitably generate a single global economic and political space, in which nation-states would no longer be relevant. As an acceptable public image of *neoliberalism*, the leading ideology of Anglo-Saxon capitalism at the end of the 20<sup>th</sup> and the beginning of 21<sup>st</sup> century, globalism advocated the idea of the world shaped by a total application of free-market principles, in which states with their customs and trade tariffs would be removed forever, so as to enable the growth of a unified global economy. Indeed, many self-declared neoliberals and globalists claimed that the era of the nation-state was over, and that, if there should be some form of state in the world, that could only be a single global state with a single global government, in charge of a consistent global implementation of free-market principles.<sup>14</sup> Moreover, they sometimes declared that the era of state was over and that the global self-regulating market would shape the world without any political power standing in its way.<sup>15</sup>

However, in the second decade of the 21<sup>st</sup> century, nationalism returned robustly to the political scene in Europe, especially in the former communist countries of Eastern Europe (Hungary and Poland above all, as well as Ukraine, Armenia, Azerbaijan, the Baltic countries, Bulgaria, Romania, Croatia, Slovenia, Serbia, Montenegro, Macedonia, Bosnia-Herzegovina), but also in the United States, Great Britain and India. The policies of *America First* and *Brexit*, introduction of ethno-religious, exclusively Hindu nationalism in India, together with the comeback of the well-known extreme-right nationalism in both Western and Eastern Europe – they have all demonstrated that the globalist dismissal of the nation-state was not only premature, but rather totally misplaced.

### **Why globalism has been replaced by nationalism?**

There is one important structural reason why the globalist vision had to allow the current return of the nation-state, accompanied by nationalism in a more robust form. This reason is contained in the nature of the neoliberal economy, whose primary goal – the unlimited enrichment of the richest layers of the capitalist elites through sharp reduction of taxation rates and the ultimate thrust towards the economy based exclusively on financial speculation – effectively resulted in the ever-widening

<sup>14</sup> Probably the most famous book promoting this point of view is Francis Fukuyama's *The End of History and the Last Man*, 1992.

<sup>15</sup> For example, see Albrow 1996, Ohmae 1990 and 1995, Reich 1991.

gap between these elites and the rest of society. This gap was made even wider as a consequence of the 2008 economic crisis, itself caused by the character of the neoliberal economy, once the speculation bubbles it had generated were brought to an implosion.<sup>16</sup> In the former communist countries, the gap was made particularly visible due to the rising disappointment of the masses following the introduction of the capitalism-proper under the guidance of the neoliberal doctrines, bringing about a rising instability of their would-be liberal-democratic regimes. Finally, the gigantic migrant crisis at the end of the second decade of the 21<sup>st</sup> century was also triggered by the neoliberal motive of a borderless world; in many European countries, it has first created an unmanageable mass of the pauperized migrant population, and then an unbridgeable gap between those who would use the state machinery to catalyse the former's assimilation and those who would use the same machinery to bring about the former's expulsion.

### **A new form of nationalism, or an extension of the traditional one?**

Under these radicalized conditions, the well-known recipe for making a society entertained with the idea of absolute unity and loyalty to the state and the system, that of nationalism, had to be reinvented and implemented in a more vigorous form, this time commonly labelled *right-wing populism*. Just as *fascism* and *Nazism* were introduced in the period between the World War I and World War II, when the economic depression worsened the living conditions of the poorest layers of society and further widened the gap between the top and the bottom, so was right-wing populism introduced as a cure for the rising unsustainability of the gap-torn system.<sup>17</sup> However, just like fascism and Nazism, the contemporary right-wing populism is conceptualized simply as a more robust form of nationalism, implemented in those societies where the widening of the socio-economic gap has become so dramatic as to increase the danger of labour-socialist tendencies that might become a threat to the system. The principle is simple: the more aggressive exploitation, the wider the gap; and then, the more robust nationalism required, as a solution that engages the potentially revolting masses with the ideology of absolute allegiance to the idol of nation, behind which the very system of exploitation is safely hidden.

### **Nationalism's relationship with democracy and authoritarianism**

If the widening of the gap happens to go beyond the point of reparation, so that the crisis develops into a systemic one, then nationalism in a common form, no matter how aggressive it may be, cannot serve as the only cure. Then it has to be implemented in the form of a lasting authoritarian or totalitarian regime, in which the

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<sup>16</sup> On 'disaster capitalism', see Klein 2008.

<sup>17</sup> For a detailed disaggregation of an 'extremism of the centre', see: Fritz 1987.

rebellious tendencies among the masses are going to be suppressed in a double-key, with nationalism imposed, rather than proposed, as the only dimension of human existence. Although nationalism in its common forms tends to be articulated through the structure of liberal-democratic regimes, whereas the right-wing populism, fascism and Nazism in principle appear in the form of authoritarian or totalitarian regimes, this difference is not fundamental, as many scholars would have it.<sup>18</sup> The difference is rather like the one between management and crisis-management: just as a business crisis requires a type of concentrated managing authority that promotes a single source of decision-making power that shall not be distracted by other sources of decision-making power characterizing non-crisis management, so does a major or global economic and political crisis require a single decision-making authority that shall not be distracted by democratic procedures and multiple sources of decision-making authority. The number of sources of decision-making power is a formal, rather than fundamental, difference; what is fundamental is the symbiosis of capitalism and nationalism in all these types of regimes, be they liberal-democratic or right-wing authoritarian or totalitarian: in all of them, the idol of nation, as a façade that cements the capitalist system, is put in the position of worshipping.

### **Geopolitical implications of nationalism's resurgence, in its democratic and authoritarian forms**

As the systemic crisis of capitalism deepens and gradually brings the system to the breaking point, as it has been the case in the period 2008-2021, so does the need for more robust and aggressive forms of nationalism arise in an increasing number of countries. This is becoming particularly visible in the birthplaces of both capitalism and nationalism, such as Great Britain and the United States. While counting on the system's stability, their elites championed liberal democracy as the ultimate form of government. However, since they were the most active in a thorough application of the neoliberal doctrine, they have also dramatically widened the gap between the top 1% and the rest of their population. Therefore, as a logical consequence, they had to introduce the extremely aggressive nationalist narratives of *America First* and *Brexit* in order to mobilise the most affected parts of the population in a war-like mode and generate in their minds the radical nationalist idea of their exceptionalism and supremacy over the rest of the world. However, this mobilisation has not turned out to be an end in itself, as was usually the case with nationalist narratives. At the same time, it has allowed the right-wing governments representing the top 1% to further legitimise enormous concentration of power by introducing certain authoritarian elements, while surpassing the hitherto unavoidable democratic procedures and institutions. This also demonstrates that a systemic crisis is at stake and that the system itself can hardly survive it in the same form. Indeed, the contemporary nationalism

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<sup>18</sup> See Renton 1999: 22.

may reach a point of total divorce from democratic principles, those that characterized nationalism from the 19<sup>th</sup> and 20<sup>th</sup> centuries. The 21<sup>st</sup> century nationalism, acting in alliance with the hitherto most robust form of capitalism, may actually become fully linked with the most robust forms of authoritarian government.

In accordance with that, the narratives of *America First* and *Brexit* have served to undermine and eventually destroy the concept of multilateralism that had prevailed in international relations since the end of the World War II under the so-called *Pax Americana*, which was – quite like multilateralism – just another name for an unquestioned supremacy of the United States and Great Britain. The concept of multilateralism, based on the proclaimed liberal-democratic principles and most visibly embodied in the Organization of the United Nations and the European Union, has suffered a grave damage after the former champions of multilateralism, the United States and Great Britain, abandoned it in the form of the American unilateral withdrawal from several international treaties and the British breakup with the European Union. On the other hand, once the charade of equality of rights, in its ultimate form of multilateralism, has been abandoned by those who had created it to promote their own interests, the door is opening to self-interested policies of other states, mostly packed in the similar narratives of aggressive, authoritarian nationalisms, with the probable elimination of the concept of democracy as an idea that was essentially linked to the traditional nation-state. These authoritarian nationalisms might eventually bring an element of equality into a game that would be played without any rules, as a Hobbesian war-of-all-against-all.

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