THEME 01

The return of nationalism

`nationalism`   `populism`   `sociology`

Nationalism has had a bad reputation for a long time, at least in most developed countries. However, since a few years the taboo around the term has faded and gained political regard. But what we mean by nationalism is not clear. Analyzing the term and explaining its causes reveals how more fundamental economic, technological and global forces are reshaping politics and society.

Our observations

- Last month, President Trump delivered a strongly nationalist speech at the United Nations. He said that "[the] future does not belong to globalists. The future belongs to patriots. The future belongs to sovereign and independent nations." In the speech, he stated that populist and nationalist policies protect U.S. citizens, stressed the value of national identity and argued that governments "must defend their [nation's] history, culture, and heritage".

- We have written before that populists tend to oversimplify the world by reducing everything to a matter of "us versus them". Given that this is still an abstract distinction, there are many flavors of populism with widely varying definitions of "them". However, the "us" is always defined as "the authentic people" that are being exploited, neglected or taunted by the antagonistic "other".

- We humans are social animals and tend to live in groups, creating an instinct to distinguish, select and identify ourselves with a specific group. A study in psychology shows a strong intergroup bias in children (in the study, children assigned value and resources to other children that wore a similar color of T-shirt), that systematically distorts incoming information (in the study, children tended to remember positive actions by in-group members and negative actions by out-group members). Another neurological study confirms that group identity even produces physical sensations of satisfaction: when group members with similar traits successfully fulfill an objective, certain reward centers in our brains are activated.

- In her book *World on Fire: How Exporting Free Market Democracy Breeds Ethnic Hatred and Global Instability* (2003), lawyer and academic Amy Chua notes that many countries have so-called "market-dominant minorities": ethnic minorities that own a disproportionate share of the nation's political and economic assets (e.g. the Chinese minorities in the Philippines and Indonesia, Indians in East Africa, Lebanese in West Africa, whites of European descent in Latin America and South Africa). Although some of these are the result of colonial legacy, in many cases, it is due to the cultural (e.g. particular values, motivation and worldview) and social capital (e.g. networks, upbringing, education) of these groups.

- Fukuyama has stated that with the fall of the Berlin wall and the end of the Cold War, we arrived "at the end of history, [as] there are no serious ideological competitors left to liberal democracy". However, Fukuyama also claimed that nationalism and religious fundamentalism were the only ideological competitors worth considering, as they are both at odds with political and economic liberal values. Nationalism remains a particularly important contender according to Fukuyama's thesis, because it most efficiently funnels the "*megalothymia*" (i.e. the desire to be recognized as superior to others) that people long for which has historically led to violence when not attained. As a result, resurging nationalism (along with other forms of identity politics) has become the theme of Fukuyama's latest book *Identity: The Demand for Dignity and the Politics of Resentment*.

Connecting the dots

Nationalism is the ideology or political theory that states that each nation should be able to govern itself, with a specific geographical area, that the nation and its people are the sole legitimate foundation of a polity, and that the nation-state is the political body that should rule its people and act in their best interest. Nationalism originated in the 19th century during the European "Concert of Powers", when states sought to form stable nation-states to expand their tax base, increase military strength and industrially modernize their economies. After 1945, there was a strong taboo on nationalism, as it was blamed for causing two world wars and ethnic violence. Yet, in the Western world, we are currently witnessing a return of (neo-)nationalism. To be clear, there is a wide range of "flavors of nationalism", from fascism to communist revolutionary nationalism, but in its core nationalism is always inclusive as well as exclusive (i.e. it explicitly defines an "in-group" and "out-group" of members), a duality that is "hard-wired" in our brains, as psychological and neurological studies show. However, this does not tell us anything about the criteria for in- and exclusion, how we identify with a group or how we distinguish ourselves from others. For example, do we identify only with ourselves (i.e. solipsism), with our family (such as the Chinese guanxi or Southern Italian mafia), our hometown, our country, culture, or even with the entire world (i.e. cosmopolitism). Recently, we are seeing a more exclusive form of cultural or ethnic nationalism, mostly driven by the radical right and populist parties.

One reason for the re-emergence of this flavor of nationalism is that the social contract of many liberal Western societies is under increased pressure. Historically, nationalism in the West has mostly emerged in the context of liberal democracy with strong civic institutions (e.g. a legal code, national education) to foster a national identity among people and modernize societies. After WW II, the social contract between the state and its people was one of shared economic and societal welfare (e.g. due to higher tax rates, the roll-out of the welfare state). However, liberalism has become "disembedded" in the past decades, with rising inequality, declining geographical and social mobility, as well as accelerating socio-cultural changes driven by abstract forces (e.g. digitization, globalization). In the U.S., this has (culturally) divided white Americans more deeply along class lines, creating a "market-dominant minority" in the U.S.: coastal elites, who own most assets of the economy (e.g. Wall Street, the media, Silicon Valley),

have much larger stocks of human capital and share values such as cosmopolitism, multiculturalism, progressive (identity) politics. Furthermore, they are highly insular: they tend to intermarry, live in the same communities and attend the same schools, just like these market-dominant minorities in developing countries. Furthermore, fear of immigrants aside, many Americans envy this group and deem their power detrimental to their country's interest, which fuels their idea of exclusion. Both forces feed into the idea that the "true culture or people" of the nation are under attack, fostering more aggressive and excluding nationalist tendencies. According to economist Paul Collier, author of The Future of Capitalism: Facing the New Anxieties, it is even a rational choice in this sense, as the majority of whites in American society benefit less from the process of globalization and cosmopolitism. Nonetheless, this further deteriorates the social-liberal fabric of these societies. A similar development can be perceived in in emerging markets that are exposed to the forces of modernization (e.g. demographic changes, industrialization, rationalization) and feel that their traditional lifestyles and culture are under pressure (and rightfully so). Indeed, nationalist authoritarianism is on the rise in rapidly developing countries such as India, the Philippines, Tanzania, and China. Interestingly, according to Pankaj Mishra, this "anger of modernity" is similar to the revolutions in Europe in the 19th century, when the "ghost of the revolution" wandered around Europe and fostered dangerous forms of nationalism.

Most fundamentally, this shows that the megalothymic forces in societies could be employed for both good and bad. This matter of inclusion is positive when it helps citizens pay taxes, when people adhere to social norms that they deem their own, and when it forges a socio-moral infrastructure in societies that can leverage valuable stocks of social and cultural capital between business and consumers, states and citizens. However, it also excludes those that do not belong to the in-group, increasing social polarization and leading to populism, regionalism, sectionalism (e.g. in Catalonia, Northern Italy, and even the U.S.) and even to ethnic and religious violence. As such, our quest for identity and defining the "us" that is positioned against "them" will become one of the most pressing issues for many countries in the years to come.

Implications

- Liberal and democratic values should be embedded in a stronger institutional network to constrain nationalist tendencies that undermine it by, for example, building more transparent and accountable bureaucracies to foster "inclusive growth" in developing countries, fighting inequality and social stratification in developed countries (e.g. by means of fiscal policy). Nationalist and excluding tendencies in polarized and diversified countries can also be countered by channeling megalothymic impulses, by means of stimulating entrepreneurship, sports events, music, etc.

- Currently, we still think of our identity in terms of the nation-state. However, as history shows, these structures are fluid and adapt to socio-demographic changes (e.g. population growth) as well as technology (e.g. nationalism was spurred by the railways, which "united" countries while transnational European electricity networks fostered the idea of a common European destiny). Ongoing digitization can lead to an unbundling of the nation-state and the formation of new groups that have little to do with national culture or identity. Moreover, we are likely to develop "nested" identities as we might, for example, simultaneously identify with the Netherlands, a virtual clan, and work for a company that is settled in India.