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In 2008, the World Public Forum convened a group of researchers and statesmen in Vienna to take stock of major global challenges. The magnitude of the global financial crisis was only just becoming clear, but the neoliberalism and market fundamentalism of the post-Cold War years had already taken a toll of their own.

Austrian Prime Minister Alfred Gusenbauer opened the meeting with a call to make sure the urgent attention the financial crisis demanded was not just short-term and superficial but included consideration of deeper geopolitical issues and governance challenges facing the global community.

In this spirit, several of the researchers present envisioned a project to bring together the analyses of leading scholars from a range of different countries, assessing not only the financial crisis but shifts in relations among major powers, trends in political economy, and the possible futures these opened. The group sought insight into emerging issues; it did not indulge the fantasy that the future could be predicted in detail.

The World Public Forum, created to facilitate a dialogue of civilizations rather than a clash, saw value in bringing high quality research to bear on public issues and possible futures. It provided financial support to the project including opportunities for many of the researchers to gather at its annual meetings on the island of Rhodes. This initial support was crucial to inaugurating the present important series of books.

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The Deepening Crisis
Governance Challenges After Neoliberalism

Edited by Craig Calhoun and Georgi Derluguian

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In much of the world, one can simply say “the crisis,” and what is understood is the financial crisis centered on New York, London, and other major markets for capital and debt. This is so even though there are other serious social problems. Some of these—like the degradation of the environment and global climate change—are arguably more momentous. A crucial point is that the crisis in global finance, it is also important to recognize that the financial crisis is only one dimension of a larger cluster of crises that coincide to produce turbulence and turmoil in global affairs. The current crisis thus includes a deep—though not fatal—disruption of financial markets and capital accumulation globally. But it also includes severe environmental challenges, wars and other security threats, and disarray in global governance. The economic issues raised by financial crisis are necessarily entangled in politics, large-scale social change, and basic issues of cultures and civilizations. Indeed, the struggle to cope with financial crisis reveals problems in politics and global governance and threatens to derail action on environmental concerns. While volume 1 in the Possible Futures series focused on the financial crisis itself, volume 2 focuses on these entanglements.

In this regard, the current concatenating crises remind us of some thing we should have known all along. Economics is always entwined with politics; both are also always matters of social organization an
Economic crises have often been associated with economic nationalism or protectionism on the one hand and with violence or hostility toward ethnic minorities on the other. The Great Depression exacerbated—and was in turn exacerbated by—economic nationalism. In much of central and eastern Europe—and not only in Nazi Germany—the Depression was also associated with a murderous mixture of ethnic nationalism and anti-Semitism, while in the United States and France it prompted efforts to repatriate immigrants. More recently, the Asian financial crisis of 1997–98 triggered a massive wave of violent attacks on the Chinese minority in Indonesia. It is therefore not surprising that the current crisis has raised fears of protectionist nationalism, ethnic scapegoating, and xenophobic populism. A February 2009 cover story of the Economist opined that “economic nationalism…is…turning the economic crisis into a political one and threatening the world with depression.”1 And United Nations Secretary-General Ban Ki-moon warned in April 2009 of “social unrest, weakened governments and angry publics…[with frightening] consequences for communities already victimized by prejudice or exclusion.”2

Yet nationalist and ethnopolitical responses to the crisis have so far been surprisingly muted. The depth and duration of the crisis, to be sure, remain uncertain at this writing, especially in Europe. With the stability and even the continued existence of the Eurozone in question, and
with unemployment having reached 20 percent in Spain, the potential for intensified nationalism is clear. And on the level of rhetoric, the European debt crisis has already generated a good deal of nationalism. The debt crisis is easily cast as a morality tale in which personified nations are the protagonists. German politicians, outraged that responsible Germans should have to bail out spendthrift Greeks (and conveniently forgetting that the rescue package would bail out German banks), suggested that Greece sell a few islands or perhaps the Acropolis; Greek politicians responded by claiming that Germany had failed to pay adequate reparations for wartime thefts of Greek gold. Nationalist rhetoric has been visual as well as verbal. The cover of the weekly German magazine Focus referred to Greeks as “Swindlers in the European Family” and showed a statue of Aphrodite with a raised middle finger; the Athens daily Eleftheros Typos responded with an image of goddess Victoria atop the Berlin Siegessäule holding a swastika.3

These and other rhetorical flourishes notwithstanding, the crisis has not to date generated the surge in protectionist nationalism or ethnic exclusion that might have been expected. This chapter seeks to specify the reasons for this initially muted response. More generally, it seeks to explain why economic crises can and sometimes do provoke nationalism and ethnopolitical conflict, but also why they do not automatically or uniformly do so.

When thinking of nationalism in connection with economic crisis, most people are likely to think first and foremost of protectionism, and to understand protectionism narrowly as a set of policies (such as tariffs, quotas, or currency devaluations) through which states seek to protect domestic producers from foreign competition.4 While such policies are of course important, I am interested here in a broader set of phenomena. There is no single name for these phenomena, which include various forms of nationalism and politicized ethnicity. But they all involve claims to privilege or protect national or ethnic insiders in the face of putative economic threats from outsiders.

Such claims take two differing forms that I call nation-statist and ethnopolitical, though they often overlap in practice. In the first configuration, the boundary between insiders and outsiders is defined by citizenship or state frontiers. Nation-statist boundaries divide citizens from foreigners, national territory from foreign territory, and (more ambiguously) national products from foreign products. Claims are made to protect the labor markets, industries, natural resources, financial assets, or welfare benefits of the nation-state and its citizens vis-à-vis some foreign threat or competitor. The threat may be seen as coming from foreign workers, who take “our” jobs at a moment of high unemployment; from foreign goods, which are seen as competing unfairly with domestic goods; from foreign capital, which destabilizes the domestic economy or undermines the domestic currency; or from the IMF or World Bank (or now also the European Union or European Central Bank), which can be seen as imposing an unjust and punitive regime of austerity on the national economy.

In the second configuration, insiders and outsiders are defined by ethnicity, race, or religion (which I subsume under the umbrella term ethnicity), rather than by citizenship or territory. Ethnic outsiders—who may be immigrants or a longstanding but marginalized, vulnerable, or stigmatized segment of the citizenry—may be members of the state (with respect to their formal legal citizenship), but they are not socially accepted as full members of the nation. They are therefore vulnerable to being blamed for, or seen as profiting from, economic distress. Or they can be seen as enjoying illegitimate access to or control of jobs, wealth, welfare, credit, business opportunities, land, or other resources. Claims are made to exclude, restrict, expropriate, or expel such ethnic outsiders or to privilege ethnic insiders (those considered full members of the nation or, in some cases, those claiming priority as indigenous “sons of the soil”) in such matters as employment, university admission, or business opportunities.

Before considering nation-statist and ethnopolitical responses to economic crisis in more detail, I want to make three more general observations about nationalism, politicized ethnicity, and economic crisis. First, it is important to emphasize that distinctions between national and ethnic insiders and outsiders, representations of outsiders as a threat, and claims to privilege or protect insiders are by no means restricted to times of economic crisis. As basic forms of social organization, cultural understanding, and political claims-making, nationalism and politicized ethnicity are endemic to the modern world. A world of nation-states is a world in which citizens are routinely, chronically, and pervasively privileged vis-à-vis foreigners and in which ethnocultural insiders are routinely, chronically, and pervasively privileged vis-à-vis others (even
in ostensibly civic nation-states such as France and the United States.\textsuperscript{5} The privileges enjoyed by insiders are no less important for being largely invisible and taken for granted. The privilege of birthright citizenship, for example, and the taken-for-granted legitimacy of excluding noncitizens from the territory and labor markets of prosperous states contribute massively to sustaining patterns of global inequality.\textsuperscript{6} It is therefore not helpful to think of economic crises as causing nationalism or politicized ethnicity. Rather, crises may be conducive to redefining understandings of insiders and outsiders (by favoring more restrictive understandings of membership); to reformulating accounts of the threat posed by outsiders (by highlighting economic concerns); and to generating claims to protect or privilege insiders that go beyond the routine privileging of insiders that is inscribed into the basic organization of nation-states.

Second, while crises are socially understood as exceptional, economic crises are endemic and recurrent phenomena in modern capitalist economies. Moreover, crises shade over into chronic and routine forms of economic disruption, trouble, and insecurity. Crisis is in this sense a \textit{gradational} concept, designating phenomena that differ in intensity or degree, but not in kind, from everyday economic phenomena. It is impossible to draw a precise line between "ordinary" economic troubles—such as surges in unemployment, declines in output, spikes in inflation or interest rates, massive indebtedness, plummeting currencies, or the bursting of speculative bubbles—and "crises." For this reason, I do not limit my analysis to economic crises but seek to specify in more general terms the ways in which economic troubles are intertwined with nationalism and politicized ethnicity.

Third, and most important, economic crisis or distress does not uniformly or automatically foster or intensify nation-statist or ethno-political responses. One key reason for this is that economic distress is not self-interpreting. Political responses to economic distress depend on how economic troubles are framed and interpreted. And the prevailing idioms used to interpret economic troubles differ sharply across time and place. Anti-Semitism, for example, was a much more pervasive and legitimate public idiom in the interwar period than it is today.\textsuperscript{7} The same holds for autarkic nationalism: despite intensifying criticism of globalization \textit{à l'américaine}, few narratives of the current crisis are informed by a vision of an autarkic national economy.

A further reason for the variable and contingent relation between economic crisis and nationalist or ethnopolitical response is that differing forms and degrees of economic dependence and interdependence impose differing constraints on efforts to protect national economies. The intricate network of indebtedness linking EU countries, for example, as well as the profound dependence of many countries, especially Germany, on intra-EU export markets, blurs the line between inside and outside, national and foreign; this makes it more difficult—nationalist rhetoric notwithstanding—for prosperous countries such as Germany to protect their own economies by refusing aid to Greece and other heavily indebted countries.\textsuperscript{8} Nationalist responses have also been limited in some hard-hit countries by the urgent need for IMF assistance, while low commodity prices have made "resource nationalism" a less viable strategy than it has been in the past.\textsuperscript{9} A final reason is that institutional environments and constraints differ markedly. EU member states, for example, cannot protect their labor markets from citizens of other EU states. And trade regimes (even outside the EU) are much more institutionalized and "legalized" today than they were in the 1930s.

\textbf{Nation-Statist Responses to Economic Distress}

Most discussions of "nationalism" in connection with economic crisis have focused on measures undertaken by the state to protect the domestic economy. These include tariffs, quotas, currency devaluations, and other measures intended to restrict imports and protect domestic producers. It is understandable that such measures have been the center of attention. Since measures such as these are apt to provoke countermeasures from other states, they risk setting in motion a protectionist spiral. Given the importance of interstate trade to the world economy, such a spiral would sharply reinforce the economic downturn. This is what happened in the Great Depression, and that precedent understandably weighs heavily on current discussions, all the more so as the current crisis occasioned a "sudden, severe and globally synchronized collapse" in world trade.\textsuperscript{10}

Governments have indeed responded to the present crisis with a certain amount of protectionist rhetoric and a variety of protectionist initiatives, including not only tariffs but a range of nontariff measures. Yet
both rhetoric and policies have been relatively limited in scale and scope; they have not unleashed anything like a tariff war or a series of competitive devaluations. In the United States, for example, despite intensifying jawboning about China's enormous and chronic trade surpluses and undervalued currency, and despite the “buy American” provisions of the stimulus package, it does not appear as of this writing that much more attention than usual has been paid to competition from foreign goods.

The absence to date of signs of a dramatic protectionist spiral in response to the current crisis has led some observers to conclude that fears of protectionism are overblown. The institutional environment is very different today than in the 1930s: most international trade today occurs within customs unions or free-trade zones, and World Trade Organization (WTO) rules and procedures have “legalized” the international trade regime. The ideological climate also differs sharply from that of the 1930s: the disenchanted with neoliberalism has not entailed a reenchantment with autarchy. In less conspicuous ways, moreover, states routinely and chronically seek to protect domestic producers; this continued to be the case even at the apogee of neoliberalism. In this view, protectionism was “the dog that didn’t bark” during the current crisis; the response to the crisis represented the move “from a situation with a good deal of protectionism to a situation with a little bit more protectionism.” Dani Rodrik concludes that “the international trade regime has passed its greatest test since the Great Depression with flying colours.”

Others—notably Simon Evenett and the Global Trade Alert monitoring group he directs—warn against complacency. The institutional and ideological landscapes are indeed different, they concede, and protectionism today does not look like protectionism in the 1930s. But they see continued dangers in reciprocal, mutually reinforcing forms of “murky protectionism,” involving such initiatives as antidumping measures, discriminatory provisions in stimulus packages, credit guarantees, subsidies to and bailouts of domestic firms, licensing requirements, and even “green” policies that favor domestic firms. And the pressures for further and stronger measures may increase as unemployment continues to increase or stays high for a prolonged period.

Nation-statist forms of closure include not only measures seeking to protect domestic producers but also measures seeking to protect domestic workers or taxpayers. Historically, economic distress has often occasioned an intensification in antiforeigner rhetoric (though it is not, of course, the only source of such rhetoric). Narratives of crisis have blamed immigrants for causing or aggravating economic distress by taking jobs from citizens, claiming welfare benefits, and burdening public services. And such rhetoric has often been accompanied by a tightening of restrictions on the entry, residence, employment, or socioeconomic rights of foreigners. In France, the major European country of immigration during the 1920s, both public opinion and legislation turned sharply restrictive after the economic crisis deepened in 1931. In the United States, where restrictive legislation had curtailed mass overseas immigration earlier, Mexican immigrants—whose numbers had continued to increase during the 1920s—became targets of federal deportation drives and local repatriation programs.

More recently, the institutionalization of regimes of rights for foreign workers has constrained the policies of liberal states. In response to the oil crisis and rising unemployment of the 1970s, for example, northern and western European countries ceased recruiting new workers, but they could not simply send workers home on any large scale, and indeed foreign populations continued to grow as a result of family-reunification policies. Where such rights regimes have not been institutionalized, states have faced no such constraints. Economic distress, for example, prompted (or at least was used to justify) mass expulsion of foreign workers from Ghana in 1969 and from Nigeria in 1983 and 1985.

There is widespread concern among migrants in many labor-importing countries (and in remittance-dependent source countries) that migrant workers will be disproportionately affected—through layoffs, scapegoating, or administrative measures—by the current crisis. Undocumented workers in particular, often tolerated in boom times, are everywhere more vulnerable during periods of sharp economic contraction. Foreign workers in some regions seem particularly vulnerable. The major labor-importing countries of Southeast Asia, hard hit by precipitous drops in exports, have stopped issuing or renewing work permits, stepped up efforts to deport undocumented foreigners, and provided incentives or directives to replace foreign with national workers or to lay off foreign workers first. And in the Persian Gulf states, which employ armies of foreign labor on a strictly temporary basis, foreign workers have no right to long-term residence if they lose their jobs.
Yet the connection between economic crisis and restrictive measures toward foreign or undocumented workers is not as close as might be expected. In the first place, like the protection of domestic producers, the protection of domestic workers is a chronic and routine form of nationalist rhetoric, policy, and practice; it is by no means limited to periods of economic crisis. The labor markets of all prosperous nation-states privilege their own citizens (or European Union citizens in the special case of the EU). All insiders have unconditional access to the labor market, while only certain categories of outsiders (such as permanent residents, persons with work visas, or other categories privileged by a country's immigration law) enjoy legal access. Others may work or reside without permission; but the risks, costs, and insecurities they bear in taking what are often dirty, dangerous, or demeaning jobs without the most basic legal protections are evidence of the chronic and routine closure of labor markets, not evidence of their openness.

This routine privileging of insiders means that even when restrictive measures toward foreign or undocumented workers coincide with economic distress, they are not necessarily caused by that distress. The much-discussed restrictive legislation enacted by Arizona in April 2010, for example, was not a response to the economic crisis. Undocumented workers had been the focus of rhetorical concern and of federal and state-level enforcement initiatives in workplaces and along the border long before the crisis. The Arizona measure, along with a series of earlier measures in that state, was a response to a major shift in the geography of undocumented border crossing since the mid-1990s, as fences and stepped-up border enforcement in California and Texas diverted cross-border flows to Arizona. The focus of concern in Arizona has been crime tied to drug trafficking and human smuggling, not competition for jobs.

Several constraints may limit efforts to protect domestic workers at the expense of foreign workers in times of economic distress. First, labor markets are often segmented, with foreign workers concentrated in jobs citizens do not want; this limits competition for jobs and blunts pressures for protection. Second, competition is further limited by the sensitivity of migrant labor, both legal and undocumented, to market conditions. In the United States, for example, both flows and stocks of undocumented workers have declined substantially since 2007. Third, powerful and organized business interests in access to cheap labor have often trumped a diffuse public preference for a more restrictive immigration policy. A further constraint on certain kinds of programs targeting undocumented workers in the United States is the concern of both political parties to avoid alienating the rapidly growing Latino electorate. Finally, legal and institutional constraints may limit the privileging of domestic labor. Wildcat strikers at British refineries and power plants in January 2009, for example, protested the subcontracting of construction work to Italian and Polish workers and called for "British jobs for British workers"; but the strikes attracted little political support (no doubt in part because the subcontracting was perfectly legal under European Union rules), and they soon petered out.

Yet although restrictive measures against foreign or undocumented workers are not a direct, automatic, or uniform response to economic distress, crises do provide powerful and resonant rhetorical resources for proponents of such forms of closure. Other things being equal, closure against foreign workers becomes a more attractive nation-statist strategy as the magnitude and duration of unemployment increases. Limiting foreigners' (or certain categories of foreigners') eligibility for welfare benefits becomes a similarly attractive strategy in response to prolonged or severe budget crises. With the current crisis still unfolding, especially in Europe, it is certainly possible that closure against foreigners will intensify.

Questions about the nation-statist response to the current crisis concern not only the short- and medium-term efforts to protect domestic producers or workers from "outside" competition or to protect domestic wealth by managing trade imbalances, currency reserves, and exchange rates. They also concern longer-term changes in the architecture of global political economy. Some observers have suggested that the current crisis will mark the end of neoliberalism. This large and important issue is beyond the scope of this chapter; I limit myself here to two observations. On the one hand, neoliberalism was already in retreat in the Global South before the crisis; the crisis may well further diminish the prestige of the neoliberal model. On the other hand, it is by no means clear that the crisis will substantially weaken neoliberalism in the United States itself. Political struggles over regulatory reforms are still under way at this writing, but the proposals on the table are relatively modest; and even these have encountered strong opposition and aggressive lobbying.
from financial institutions. If by neoliberalism we mean a project aimed at the "restoration and consolidation of class power," as David Harvey has observed, then it may well emerge from the crisis relatively unscathed.26

Ethnopolitical Responses to Economic Distress

Nation-statist responses to economic crisis can shade over into ethnopolitical responses. Efforts to protect labor markets from outsiders, for example, may define outsiders in nation-statist terms by their legal status as foreign or undocumented workers; yet such workers are often implicitly identified in cultural, religious, or racial terms. While official rhetoric is often nation-statist, referring to "immigrants" or "foreigners," informal popular discourse tends to be more ethnic, referring for example to Turks, Muslims, or Africans.

Ethnopolitical responses to economic crisis can emerge when groups marked as ethnic outsiders (regardless of their citizenship status) are represented or understood as responsible for, or as illegitimately benefiting from, economic distress or when such outsiders are represented or understood as having illegitimate access to or control of jobs, wealth, credit, business opportunities, welfare benefits, land, or other resources to which, it is argued or implied, ethnocultural insiders should enjoy privileged access. This is most likely to happen in settings characterized by a pronounced ethnic or cultural division of labor or, more generally, when economic categories coincide more or less closely with ethnic categories. When this is the case, economic and ethnopolitical cleavages are superimposed, and economic oppositions of interest—between creditors and debtors, owners and workers, landlords and tenants, workers and strikebreakers, or shop owners and customers—can be interpreted in ethnic terms.

Such redoubling of economic and ethnic categories and cleavages has been most pronounced in colonial and postcolonial societies. In colonial Burma, for example, tensions between Telugu dockworkers and Burman strikebreakers led to riots in 1930 that sparked Burmese nationalist agitation, while Chettiar moneylenders from south India—as they foreclosed on loans and emerged as large landowners during the Depression years—became the central targets of the nationalist movement.27 But economic and ethnic categories and cleavages are superimposed in other settings as well. Throughout much of eastern Europe, sharp differences of language and religion historically distinguished town dwellers from surrounding peasants until well into the twentieth century, and in many parts of the region, landlords, too, were ethnically distinct from peasants.28 As a result, economic conflicts and agendas were readily ethnicized.29 The interwar Romanian state, for example, found it politically irresistible to undertake a far-reaching land reform in newly acquired Transylvania, where large landowners were almost exclusively Hungarian, and peasants largely Romanian. And Romanian nationalists were quite open about their desire to "conquer" or "colonize" the ethnically "alien" cities and towns of Transylvania, which were dominated economically, demographically, and culturally by Hungarians, Germans, and Jews.30

In settings such as these, crisis does not create ethnoculturally defined oppositions of economic interest, but it can highlight and dramatize such oppositions; and in this way, it can help political entrepreneurs mobilize people around them. A striking example is furnished by the economic crisis of 1997–98 in Indonesia. Chinese in Indonesia had long occupied a distinctive economic niche, controlling a substantial fraction of private economic wealth and dominating retail and wholesale trade. They had also long been defined as outsiders (regardless of their formal citizenship status), in opposition to the "indigenous" majority. The combination of conspicuous wealth and political outsiderhood rendered them vulnerable to periodic waves of discriminatory measures and violent attacks. The 1997–98 economic crisis, occurring in the context of a preexisting political crisis as the Suharto regime was verging on collapse, provided a catalyst for a new wave of violent attacks, as ethnopolitical entrepreneurs, with the tacit support of government spokespersons, blamed economic distress on the speculation, hoarding, and price gouging of Chinese shopkeepers and traders, while some Islamist activists called for a national jihad against currency speculators and hoarders.31

Chinese in Indonesia (and throughout Southeast Asia) belong to a broader category of politically vulnerable but economically powerful (or economically visible) minorities, discussed in the literature as "middleman minorities,"32 "trading diasporas," or "market-dominant minorities."33 Such minorities—which have included Jews in many settings, Lebanese in West Africa, Indians in East Africa, Fiji, and Burma, and
against Chinese cannot be explained primarily by the economic crisis but rather is explained by the preceding and concomitant political crisis of the Suharto regime, as well as the longstanding political construction of Chinese as outsiders. A similar point holds for the recent sharp right turn in Hungarian politics. The economic crisis no doubt contributed to the spectacular breakthrough of the extreme-right party Jobbik, which won 17 percent of the first-round votes in the parliamentary elections of April 2010. But the radicalization of street protest, coarsening of political rhetoric, and striking intensification of anti-Gypsy rhetoric, mobilization, and violence in Hungary all predated the economic crisis and emerged from a preexisting political crisis.

Like nationalism, politicized ethnicity is endemic to modern politics: it is a chronically available form of discourse, policy, and practice. And ethnic exclusion can be promoted as a response to any kind of economic differentials or economic change that can be interpreted in ethnic terms, even in periods of prosperity. Economic crisis can provide an additional rhetorical resource for political entrepreneurs who seek to interpret economic circumstances in ethnic terms; but crisis is neither necessary nor sufficient for ethnic exclusion to occur. Moreover, the intertwining of economic distress and struggles for political power does not always intensify nation-statist or ethnic exclusion. It may foster discourse centered on class and other specifically economic categories.18 In Latvia, one of the countries hardest hit by the crisis, where the economy shrank by nearly 20 percent between March 2008 and March 2009, nationalists were resoundingly defeated in local elections of June 2009, while substantial gains were recorded by a left-leaning party associated primarily with the large Russian-speaking population.19

As of this writing, ethnic exclusion has not been a pronounced response to the current crisis. Racialized conservative narratives that blamed the US credit crisis on government efforts to increase homeownership among minorities did not get much traction, nor, at the other end of the political spectrum, the fact that the US credit crisis on government efforts to increase homeownership among minorities did not get much traction, nor, at the other end of the political spectrum, the fact that the US credit crisis on government efforts to increase homeownership among minorities did not get much traction, nor, at the other end of the political spectrum, did Brazilian President Lula Da Silva’s remarks blaming 18 the crisis on “white people with blue eyes.”20 While surveys have suggested that substantial minorities in both the United States and Europe blamed Jews at least to some extent for the financial crisis, political anti-Semitism has been marginal.21 Populist-nationalist and radical-right parties have scored recent electoral successes in France,

(with a certain amount of conceptual stretching) immigrant entrepreneurs such as Korean shopkeepers in south Los Angeles—may control (or be perceived to control) a disproportionate amount of wealth or a disproportionate share of key economic positions.34 This in itself makes them vulnerable to political challenges.35 But politically vulnerable minorities may be especially vulnerable in a context of economic crisis when they occupy an identifiable economic niche (in production, trade, or finance) that enables political entrepreneurs to represent them as contributing to or benefiting from the crisis. Jews, for example, have often occupied, or have been represented as occupying, key positions in finance; this has facilitated their being implicated in narratives of blame for financial crises.36

Certain specific aspects of economic crises may be more easily ethnicized than others. A sudden rise in prices for basic commodities, for example, may focus attention on those who can be blamed (in vernacular understandings) for the rise in prices or can be seen as profiting from it (as was the case for Chinese in Indonesia). A sudden change in the value of a currency may focus attention on those who can be identified as currency speculators. Agrarian distress can focus attention on ethnically distinct landlords (or intermediaries such as leasing agents or estate farmers).37

Not all politically vulnerable minorities can be identified as contributing to or profiting from economic distress. As outsiders to ethnoculturally defined national communities, for example, Muslim immigrants in northern and western Europe and Roma or Gypsies in eastern Europe are certainly politically vulnerable minorities, but their position in the economy scarcely allows them to be seen as contributing to or benefiting from the current crisis (though they can be represented as illegitimate claimants on public services). The vulnerability of such minorities in times of economic crisis stems not from narratives that identify their putative role in the crisis but rather from diversionary scapegoating strategies of incumbents—for which the crisis may provide a greater incentive than usual—and heightened popular receptivity to scapegoating efforts.

Just as economic crisis does not directly or automatically engender nation-statist measures against foreign producers or workers, nor does it directly or automatically engender an ethnopolicidal reaction against ethnic outsiders. Even in the Indonesian case mentioned earlier, violence
the Netherlands, and Italy, as well as in Hungary. But such parties—which have advocated both nation-statist forms of “national preference” and ethnic forms of exclusion against Muslims, non-Europeans, and (in east-central Europe) Gypsies or Roma—have been a familiar presence in the European political landscape for decades; their electoral fortunes have waxed and waned in rhythms that do not appear to closely match economic rhythms.42 On balance, there is no clear evidence that the current crisis has generated substantial and sustained forms of ethnic exclusion.

Conclusion

Given the chronic availability of nationalist and ethnic idioms in modern politics, one might expect economic crises to foster heightened nation-statist or ethnic exclusion. One might expect intensified efforts to blame national and ethnic outsiders for economic distress, to protect domestic producers and workers against foreign (or ethnically “alien”) competition, or to treat politically vulnerable minorities as scapegoats. And earlier crises furnish ample precedent for such efforts. This review has suggested, however, that economic crises do not automatically or uniformly generate such responses and that nationalist and ethnopolitical responses to the present crisis have so far been relatively muted.

Some reasons for the muted responses are specific to the present conjuncture. The globally synchronized and patently systemic acute phase of the credit crisis in the fall of 2008 was difficult to interpret in ethnic terms; the economic categories highlighted by the credit crisis did not map easily onto ethnic categories. The credit crisis was more easily interpreted in nation-statist terms. It could be blamed (outside the United States) on outside forces: American profligacy, American-style casino capitalism, the global financial system, or an externally imposed neoliberalism.43 Yet nationalist narratives of the crisis—or narratives with a more or less pronounced nationalist inflection—have not gone hand in hand with dramatic shifts toward nationalist protection. Legal and institutional constraints, complex forms of economic interdependence, and prevailing cultural idioms have all worked to inhibit radical measures designed to protect domestic producers or labor markets (although more limited forms of protection remain chronic and routine). In the current economic and ideological conjuncture, strong programs of autarchy have little allure, despite the disenchantment with neoliberalism.

I have also suggested a more general analytical reason for the lack of a consistent ethnopolitical or nation-statist response to economic crises. Economic crises—like economic conditions more generally—are not self-interpreting. Diagnoses of and political responses to economic crises are always mediated in a variety of ways: by preexisting idioms, policies, and practices; by discursive struggles to explain the nature and causes of the crisis; by political conjunctures, opportunity structures, and institutions; and by broader institutional environments. Specifically political factors—institutions, idioms, opportunities, and struggles—are more important than economic factors in explaining variations in nationalist and ethnopolitical response.

Yet one should not complacently assume that nation-statist and ethnopolitical responses will remain muted. The current crisis has been unfolding in multiple temporalities. The credit crisis that paralyzed markets worldwide in fall 2008 was difficult to diagnose in ethnic terms; but in the longer run, the crisis may well serve to bolster nationalist (and other) critiques of neoliberalism and globalization à l’américaine. And although the global credit crisis subsequently eased, the Greek debt crisis, at this writing, is threatening to spread to Spain and Portugal, raising serious questions about the stability and even continued existence of the Eurozone as a whole.

Developments in the “real economy,” meanwhile, have followed rhythms of their own. Unemployment remains high and in some countries continues to increase at this writing (notably in Spain, where it just passed the 20 percent mark), even as other indicators have improved. Should unemployment increase further or remain high for a long time; should heavily indebted countries such as Greece, Portugal, or Ireland face drastic, prolonged, externally dictated regimes of austerity; or should the crisis of the Eurozone deepen—in these and other possible futures, one might expect protests against unemployment, austerity programs, bailouts, or other forms of economic distress to take nation-statist or ethnopolitical forms. Scattered recent reports have already linked anti-immigrant rhetoric and incidents in Greece and Spain to the crisis.44 Since such rhetoric and incidents have long been familiar elsewhere in Europe, the crisis cannot be seen as their root cause. Yet the crisis
certainly does provide important rhetorical resources for those who seek to advance nationalist or ethnopolitical agendas. It is therefore too soon to assess with any confidence the overall scope and form of nationalist and ethnopolitical responses to the present crisis.

Chapter 5

War and Economic Crisis

Mary Kaldor

It was during the Vietnam War nearly forty years ago that the first post-World War II financial crisis took place; in 1971, the United States experienced its first external trade deficit, and the system of fixed exchange rates tied to gold was abandoned. And it was against the backdrop of the wars in Iraq and Afghanistan that the financial crisis of 2008 took place.

Was this coincidental? Or is there an underlying connection between economic crises and security crises (war)? This is the question posed in this chapter. I put forward an argument to show that there is indeed a link between the two sets of events. The argument is based on the proposition that the war sector and the economy are two separate but interconnected systems. One is a system primarily designed for destruction. The other is designed for production. Both are composed of a particular organization of people, equipment, and infrastructure, which can be dubbed a technological style or paradigm. This style evolves at a different pace in each system according to the different logics of destruction and production. The economy develops more or less continuously according to the logic of the market. The war sector can change dramatically in major wars but otherwise tends to remain rather static. How each system influences the other varies in different periods according to the different stages of the technological style in each system. In other words, the relationship between the two systems helps to explain both crises and "golden ages."
91. World Resources Institute, Roots of Resilience, ix.
94. Foucault, The Birth of Biopolitics, 226.

Notes to Chapter 4

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6. Rogers Brubaker, Citizenship and Nationhood in France and Germany (Cambridge, MA: Harvard University Press, 1992), ix–x; and Ayelet Shachar, The Birthright Lottery: Citizenship and Global Inequality (Cambridge, MA: Harvard University Press, 2009). In EU states, of course, only non-EU citizens can be routinely excluded; but the effect in sustaining global patterns of inequality is the same. Needless to say, states are not hermetically sealed. But the routine exclusion of billions of the global poor from prosperous countries is one of the dominant facts of our time.


8. The blurring of lines between national and international is not a new theme. As Robert Reich wrote nearly twenty years ago, it is no longer clear “who is ‘us’”: “as almost every factor of production…moves effortlessly across borders, the very idea of an American economy is becoming meaningless.” Robert B. Reich, The Work of Nations: Preparing Ourselves for 21st-Century Capitalism (New York: Vintage Books, 1992).


12. For the strong hold of economic autarchy in the national imagination of east-central Europe in the interwar period, see T. Ivan Berend, Decades of Crisis: Central and Eastern Europe before World War II (Berkeley: University of California Press, 1998), 234ff.

13. Of course, states do not label their own measures—such as those that have long impeded poor countries' access to the markets of rich
countries for agricultural products, textiles, and other goods—as “protectionist”; it is always others’ policies that are so labeled. “Protectionism,” like “crisis,” is a category of practice, mobilized to do political work, not—in the first instance—a neutral category of socioeconomic analysis.


23. On limits on noncitizens’ access to welfare benefits in the United States during the Great Depression, see Cybelle Fox, The Boundaries of Social Citizenship: Race, Immigration and the American Welfare State, 1900–1950 (PhD diss., Harvard University, 2007), chapters 5 and 6. It is important to note, however, that the most substantial recent limitation of noncitizens’ access to benefits in the United States—the 1996 Clinton-era welfare-reform legislation that, among other things, denied federal funding for Medicaid to legal immigrants during their first five years of residence—was not a response to economic distress. In the current crisis, liberal Massachusetts—one of the few states that had filled the gap created by the 1996 legislation—did scale back its program of subsidized insurance for new immigrants in response to a large budget deficit. See Abby Goodnough, “Massachusetts Cuts Back Immigrants’ Health Care,” New York Times, September 1, 2009, http://www.nytimes.com/2009/09/01/health/policy/01mass.html.

25. Michael Mann, “Neoliberalism: Rise and Recession” (paper presented at the Comparative Analysis Seminar, Department of Sociology, UCLA, 2010).


with five hundred persons in each of seven countries: Austria, France, Germany, Hungary, Poland, Spain, and the United Kingdom. The largest numbers assigning “a great deal,” “a good amount,” or “a little” blame for the crisis to “Jews in the financial industry” were recorded in Hungary (46 percent), followed by Austria (43 percent) and Poland (38 percent). The report, however, did not break down the results by degrees of blame. ADL, “Attitudes toward Jews in Seven European Countries,” February 2009, http://www.adl.org/Public%20ADL%20Anti-Semitism%20Presentation%20February%202009%20_3_.pdf. Political anti-Semitism has been more central in Hungary since the collapse of Communism than it has been elsewhere in Europe, but it does not appear to have intensified in response to the crisis.


43. Some Islamist narratives of the crisis have been framed in broader civilizational terms rather than in nation-statist terms: in such accounts, the crisis resulted from the bankruptcy of the entire Western system of political economy and highlights the superiority of the comprehensive moral economy required by Islam, including specifically the rapidly growing Islamic banking and finance sector. See, for example, AFP, “Iran Hails World Financial Crisis as ‘End of Capitalism,’” Breitbart, October 15, 2008, http://www.breitbart.com/article.php?id=081015152055.7211wkb6s&show_article=1; and AFP, “Global Crisis a ‘Golden Opportunity’ for Islamic Banking: Malaysia,” Muslims.net, January 12, 2009, http://www.muslims.net/news/newsfull.php?newid=282859.


Notes to Chapter 5

1. I am largely using the periodization developed by Carlota Perez, Technological Revolutions and Financial Capital: The Dynamics of Bubbles and Golden Ages (Cheltenham, UK: Elgar, 2002). I am very grateful to her for extensive discussion of and comments on this chapter.


5. This is an argument I develop in my book The Baroque Arsenal (New York: Hill and Wang, 1982).


8. Perez, Technological Revolutions and Financial Capital, 75.


Notes to Chapter 6


