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The Nationalism of the Rich

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Abstract

This chapter examines the 'nationalism of the rich', defined as a type of nationalist discourse that seeks to end the economic 'exploitation' suffered by a group of people represented as a wealthy nation and supposedly carried out by the populations of poorer regions and/or by inefficient state administrations. The chapter argues that the nationalism of the rich is a new phenomenon in the history of nationalism and that its formation can be best explained by the following combination of factors: (1) the creation of extensive forms of automatic redistribution to a scale previously unprecedented; (2) the beginning, from the mid-1970s, of an era of 'permanent austerity' exacerbated, in specific contexts, by situations of serious public policy failure; (3) the existence of national/cultural cleavages roughly squaring with uneven development and sharp income differentials among territorial areas of a given state.

Keywords

Welfare nationalism, separatism, Western Europe, economic victimisation, political marginalisation

Introduction

In 1979, reviewing the evolution of nationalism in the twentieth century, Anthony Smith pondered on the puzzling 'resurgence' of nationalism in 'the West'. There, he pointed out that autonomist movements had:

> arisen this century in their political form, in well established, often ancient states, with clear and recognised national boundaries, and with a relatively prosperous economy. . .all these states are fairly industrialised, and much of the population is literate and even quite well educated. And yet, despite all these advantages. . .the ethnic minorities seem more discontented than before, and some even wish to go it alone. (Smith, 1979, p. 153)

Examining the same phenomenon in a book that was published a few years later, Stein Rokkan and Derek Urwin went much further than Smith, arguing that:

> while the question of regional economic policy, when it first arose between 1930 and 1950, focused more on backward, more remote areas (the Italian Mezzogiorno was outstanding), these areas are not the home of the outstanding territorial problems of Western Europe. . . The major territorial challenge may well come from economically superior or improving regions. (Rokkan and Urwin, 1983, pp. 134–5)

These conclusions invalidated two deep-seated assumptions that had, until then, implicitly or explicitly remained dominant in the literature on nationalism. For sake of clarity, I will call them the modernization theory assumption and the backward periphery assumption. The first consists in the idea that sub-state nationalism would progressively disappear with economic progress and that political units would naturally tend to move from smaller and simpler to bigger and more complex forms of aggregation (see Birch, 1989, pp. 37–9). Sure, the disintegration of the Eastern European empires after the Great War, as well as the post-1945 process of decolonization, contradicted the model whereby nationalism would naturally tend to be expansionary; yet, the second assumption came to the rescue by suggesting that sub-state (or minority) nationalism would naturally arise in backward areas exploited by more advanced cores. However, such a 'reactive model', most outspokenly embraced in the mid-1970s by Michael Hechter (1975) and Tom Nairn (1977), could not explain the rise of sub-state nationalism in relatively rich European regions such as Catalonia, Flanders, Northern Italy and Scotland that was about to begin – or, in the case of Scotland, had just begun.

Nairn is of particular interest in this respect because, despite confirming his adherence to the backward periphery assumption, he also pointed out the existence of an opposite type of nationalism – which he called 'overdevelopment nationalism' – where people 'turned nationalist in order to liberate themselves from alien domination – yet did so, typically, not from a situation of colonial under-development but from one of relative progress' (Nairn, 1977, p. 172).

Since the publication of Nairn's and Hechter's works, the literature on nationalism has made extraordinary progress. This intellectual work dismantled old ideas about the incompatibility of sub-state nationalism and economic development. Michael Keating (1996) and Monserrat Guibernau (1999), in particular, have shown that sub-state nationalism can develop in advanced democracies and be a progressive force pushing for more democracy and modernization. Yet both Keating and Guibernau failed to notice something that Nairn had intuitively seized, that is, that there was something new about many a nationalist movement in Western European regions in the last quarter of the twentieth century. Such novelty lies in the fact that not only was nationalist protest arising in relatively rich regions, but that those movements were complaining they were held back by a more backward core and were putting fiscal victimization arguments at the centre of their rhetoric.

Nairn's 'overdevelopment nationalism', which I call the nationalism of the rich, is the object of this chapter. I define it as a type of nationalist discourse that aims to put an end to the economic 'exploitation' suffered by a group of people represented as a wealthy nation and supposedly carried out by the populations of poorer regions and/or by inefficient state administrations. It is based on two main arguments: one of economic victimization, whereby a backward core area is believed to hold back a more advanced periphery; and a denunciation of political marginalization, which takes different forms in different cases depending on contextual variables but always refers to more subtle forms of subordination than open oppression and violent occupation.

In this chapter, I will argue that the nationalism of the rich is a novelty in the history of European nationalism, characteristic of societies that have built complex systems of economic redistribution; I will explain its most important discursive characteristics; and I will point to the factors that can explain its almost simultaneous appearance in different European regions in the last quarter of the twentieth century.[1]

The Nationalism of The Rich: A New Phenomenon

The reason why the modernization theory assumption was so dominant until the 1970s was that Western European states mostly followed a process of formation consisting in the progressive territorial aggregation of smaller units into bigger entities quite in line with what was described by the theory. Western scholars could therefore be excused for mistaking their own experience for scientific truth.

Such a process of territorial aggregation started in the late Middle Ages at the periphery of the former Roman Empire (notably in England, France and Spain). There, dynastic units started competing for the creation of new centres. The creation of 'monopolies of power' was easier there than in the so-called 'trade route belt', that is, the stretch of independent and confederated city states roughly extending from Central and Northern Italy to the North Sea and the Baltic, through Western Germany and Eastern France, where many resourceful centres competed with each other (Rokkan, 1973, p. 79).

Military force played a major role in this process of territorial aggregation and also constituted a source of revenues for ambitious kings. Yet, competition and technological advance made war ever more expensive. The monetization of the European economy between the fourteenth and sixteenth centuries initially made dynastic centres at the periphery of the former empire dependent on the prosperous commercial economies of the trade belt. However, this initial divorce between the political and economic power of the new aggrandizing territorial centres of Western Europe reversed before long, since monetization allowed rulers to transform their control over the land into taxation that, in turn, would finance war and further expansion. Size also mattered in terms of the development of bigger markets. From the seventeenth century onwards, enlarging territorial states adopted mercantilist policies that harmed the territorial city-states of the trade belt (Bartolini, 2005, p. 73).

The European state system between the late Middle Ages and the nineteenth century showed many different combinations of economic and political power between the capital-intensive pole of the city-states of the trade belt and the coercion-intensive one of some Eastern empires. However, in the long run, by means of a process of selection through war and imitation, those dynastic centres that could make political and economic power coincide won out (Tilly, 1990, pp. 38–66). England and France are archetypical in this respect because, there, territorial cores (around Paris and London) were endowed with urban systems of high capital concentration that progressively consolidated their control over other adjacent areas. A similar pattern is visible in the formation of Portugal (Hespanha, 1994), the

Netherlands (Flora, Kuhnle and Urwin, 1999, pp. 176–9), Italy (Rokkan, 1999, p. 211), and, although with some caveats, Germany (Ziblatt, 2006, pp. 32–56).

Not only state-formation, but also nationalism started at the periphery of the trade belt – first in England, later in France – and diffused throughout Europe in the nineteenth century (Greenfeld, 1992). The gravitational pull of strong territorial centres was almost everywhere accompanied by nation-building processes that profited from state institutions to forge national and cultural homogeneity (although to different extents in different places). Hence, in broad terms, Western European nation-state formation saw economic and political power converge around strong core areas that progressively expanded their control over adjacent units.

The only true exception was Spain. In the nineteenth century, the dynastic centre that had completed the territorial unification of the country during its economic heyday, Castile, fell into decline precisely when it tried to nationalize the entire territory. At the same time, the former peripheral areas of Catalonia and the Basque Country rose to prominence thanks to a spectacular process of industrialization (Elliott, 1963, p. 1–21). As a result, in the second half of the nineteenth century, political and economic power in Spain became divorced. Yet, although these two nationalist movements can be considered pioneers of the nationalism of the rich, they never put economic issues at the core of their calls for self-determination before the late 1970s (see Culla, 2017, p. 9).[2]

Dissecting the Nationalism of the Rich

Most separatist parties in Catalonia, Flanders, Northern Italy and Scotland[3] have pointed to a form of fiscal drain going from their own region to the rest of their parent state. Such rhetoric is especially similar and coherent in the Catalan, Flemish and Northern Italian cases, while

Scotland represents a somewhat deviant example, to which I will return at the end of this section. Their rhetoric of fiscal victimization can be broken down as follows:

1. There is evidence of substantial transfers between our nation and the rest of the parent state.
2. These transfers are excessive and unjust, because of their size and because they lead to overcompensation effects whereby, after redistribution, donor regions are in a worse fiscal position than recipient ones.
3. They are unjust because they are (a) obligatory; (b) non-transparent: (c) ineffective:
    a. the contributor area cannot choose to stop donating;
    b. centralist parties keep these transfers non-transparent so that they can use them to finance clientelist networks somewhere else;
    c. these transfers promote dependency rather than endogenous growth
4. This solidarity is therefore a burden on the donor nation that harms its competitiveness in the global economy and worsens the quality of services offered to the local population.

Most importantly, this discourse of fiscal victimization has been accompanied by a representation of the relevant nation as made up of hard-working people who have built their own collective prosperity by means of their sweat and talent. This portrayal of the national ethos implies a cultural-determinist argument about the exceptional (if compared to the rest of the country) economic development of the nation they represent, which serves several functions: it dignifies the nation's wealth, constitutes a major marker of the nation's identity, contributes to the self-esteem of its members, and allows these movements to legitimately reject solidarity with the rest of the parent state by means of meritocratic arguments emphasizing the nation's right to enjoy the fruit of its work. Such a cultural-determinist argument also, implicitly or explicitly, suggests that poorer areas of the parent state should follow the nation's example to get out of their state of need. In this connection, the Italian Lega Nord and the Flemish Nieuw-Vlaamse Alliantie and Vlaams Belang have openly accused the populations of poorer regions to live deliberately on welfare. By contrast, Esquerra Republicana has limited its criticism to the Spanish state, scolded for its corruption and inefficiency, and the Spanish traditional parties, lambasted for pursuing clientelist policies with Catalan money. This has reconciled its nationalist rhetoric with the party's left-wing ideology. Yet, there is a clear tension in the party's discourse (and in the Catalan context more generally), because inhabitants of poorer Spanish regions have been at least implicitly portrayed as passively accepting clientelist practices.[4]

In the rhetoric of these parties, solidarity with the rest of the parent state is thus portrayed as a kind of exploitation that violates basic principles of trust and fairness. Consciously or not, these parties have therefore made reference to principles that undergird the social contract in which modern welfare states are grounded. The welfare state does not only rely on self-interest beliefs whereby people ensure themselves against the accidents of life, but it also implies a 'moral economy' postulating that society should, to a certain extent, reduce the imbalances created by the market. Yet, such solidarity is not unconditional, but rather follows the rules of an imaginary trust game in which contributors engage in social redistribution only if they perceive the recipient as not abusing their generosity and the system as not leading to negative side-effects. More precisely, we can single out two fictive social contracts at the basis of welfare arrangements: one of mutual assistance between contributors and recipients (Mau, 2003, p. 123); and one between citizens and the state whereby the latter delivers services and benefits to the former in return for loyalty and political legitimacy (Bommes, 2012, p. 39). If people deem these two contracts to be violated, they will not trust the recipient or the state. For sake of clarity, I will refer to these two situations as the reaction of mistrusting the recipients and that of mistrusting the system.[5]

Concerning the first social contract (between donors and recipients), research on welfare deservingness has pinpointed five criteria used widely by public opinions across advanced democracies to circumscribe the community of legitimate recipients of social support (Van Oorschot, 2000, 2006). These are identity, control, need, attitude and reciprocity. Identity is the most salient in all Western European countries. It boils down to the 'bounded' nature of welfare, whereby people tend to have clear ideas about the community that deserves welfare in case of need. It tends to coincide with the national community and thus to exclude foreigners. Control, attitude and reciprocity, on the contrary, are behavioural criteria. According to the first, the higher the perceived control of recipients on their needy situation, the lower their legitimacy. Attitude postulates that welfare recipients should symbolically pay back the community by making a good effort to end their needy situation. Reciprocity introduces a principle of equity, whereby, although there should be a minimum of redistribution, this should not go as far as to completely overcompensate inequalities. People who have contributed more to the system should obtain more once in need. Finally, need implies that people who are perceived as being more dependent (not for their own fault) on external help are more legitimate recipients (ibid.).

These criteria can be combined together in different ways to generate different forms of conditional solidarity. Welfare chauvinism is one of them. This can be defined as a conditional conception of solidarity primarily based on the deservingness criterion of identity. It is more vulgarly expressed by the expression 'our own people first'. However, the parties that use the language of the nationalism of the rich have rarely resorted to pure welfare chauvinism,[6] probably because dual identities are quite strong in the relevant regions and, therefore, a claim to end solidarity with the rest of the parent state only on the basis of identity considerations would have few chances to be effective. Solidarity with the rest of the parent state is therefore rejected because it is deemed to abuse the donor nation. The parties of the nationalism of the rich have thus resorted to a form of conditional solidarity based on the deservingness criteria of control, attitude and reciprocity and referred to as 'welfare producerism' (Abts and Kochuyt, 2013, 2014). Welfare recipients in other regions are seen as illegitimate because they: are responsible for their state of need (control), since they do not work enough, or vote for parties that keep them dependent on welfare and public employment; do not make enough of an effort to get out of their needy situation (attitude); receive more than they should once considering their contributions, while donors to the system do not obtain their fair share (reciprocity). Furthermore, their welfare producerism is strongly 'culturalized'. Through the representation of the relevant nation as composed of hard-working, entrepreneurial people, these parties have established a clear connection between the 'imagined community of welfare producers' and the entire nation, which is therefore depicted as legitimately more deserving.

While the forms of conditional solidarity described above mainly refer to the reaction of mistrusting the recipients, the reaction of mistrusting the system is relevant for the nationalism of the rich as well. Most parties voicing economic victimization arguments have accused the parent state and traditional parties of inefficiently managing public resources by means of corruption, clientelism and wastage. Here, economic victimization often connects with political marginalization, since the state is portrayed as being ruled by elites that do not belong to the relevant nation and, therefore, do not defend its interests.

The arguments of political marginalization take different forms in the different cases, as they are highly dependent on contextual factors, although, in general, they have been built on a combination of sense of neglect and minoritization, the idea of being different and the perception of holding interests incompatible with those of the rest of the state. The key element is that economic victimization and political marginalization go together: economic victimization stems from the nation's political marginalization and, vice versa, political marginalization is especially intolerable because of the nation's economic performance or unrealized potential. The mismatch between the perceived economic capabilities of the relevant community and its perceived political power is the true engine of the nationalism of the rich.

In this connection, the element common to all cases, and probably the most important factor of the nationalism of the rich, is that the fiscal transfers going to the rest of the state, or oil revenues in the case of Scotland, have consistently been used as a tool to describe independence as a means to improve the welfare of the nation that they claim to represent, combining efficiency and solidarity in a context of high international competition.

As mentioned before, the Scottish National Party (SNP) is a deviant case, since the rhetoric of welfare producerism is almost absent. The rhetoric of fiscal victimization of the party has been centred on oil and the deliberate concentration of economic activities in the South East of England to the detriment of the rest of the UK. However, like all the other parties the SNP has depicted Scotland as an advanced periphery being held back by a more backward core and concluded that it would be a richer nation if independent.

Explaining the Nationalism of the Rich

Why did nationalist parties in Catalonia, Flanders, Northern Italy and Scotland formulate the nationalism of the rich in the last quarter of the twentieth century? To answer this question, one should first examine whether the fiscal drain denounced by these parties actually exists and how it can be exploited politically. An analysis of inter-territorial fiscal transfers in a European perspective shows that although these regions are among those that most contribute to state coffers relatively to their income,[7] there are other territories with similar imbalances where the nationalism of the rich did not arise at all. Many of the areas showing similar contributions are capital regions, which are usually champions of the state-national identity and profit from a concentration of political power in their area. This points to two factors that one must account for, along with economic imbalances, to explain the rise of the nationalism of the rich: identity and political power.

As we have seen in the previous section, identity is a key component of solidarity's legitimacy. In the case of national identity, it is also a cleavage along which ethnic entrepreneurs can mobilize people to pursue specific political goals (Lipset and Rokkan, 1967). A fiscal imbalance not coinciding with a sub-state national cleavage has a much lower chance to generate fiscal protest crystallizing along nationality, instead of class, lines.

Concerning political power, in all but the Catalan case, one can see a recent reversal of the economic situation of the regions concerned: between the 1960s and 1970s, Flanders went from being the poorer to the richer region in Belgium; the discovery of North Sea oil in the 1970s made Scotland potentially more prosperous than the South East of England; and although Northern Italy had had a higher average income than Southern Italy since the birth of the Italian state, from the 1960s the rural areas where the Lega Nord arose – the so-called Third Italy – went from being in an intermediate position between the South and the industrialized North-West to joining the richest provinces in the country. These processes destabilized the coincidence of economic and political power that had been realized in the nation-state formation of most Western European countries. As argued above, Catalonia experienced such a reversal already at the end of the nineteenth century. This did threaten state integrity. Yet, it did not lead to the full development of the nationalism of the rich because of the absence of another important factor that goes a long way to explaining why the nationalism of the rich is a very recent phenomenon in the history of nationalism.

This factor is the establishment, after World War II, of the welfare state in most of Western Europe. The territorial transfers denounced by the parties of the nationalism of the rich are the direct consequence of the creation of complex systems of wealth redistribution within a given state that automatically turn richer people into contributors and poorer ones into recipients. If income is distributed unevenly across the territory of a given state, inter-personal transfers can generate inter-territorial ones. Although the welfare state was not invented from scratch after 1945, the post-war period did see an unprecedented increase in state spending for social benefits and services. This was exceptional not only in quantitative terms, but also qualitatively, since, while in most European countries in previous years state intervention was considered an exception to general *laissez-faire* rules, in this new era the state was supposed to intervene in order to ensure the continuous and smooth growth of the 'national' economy. As a consequence, political legitimacy has become dependent on the capability of governments to ensure good economic performance (Maier, 1977; Poggi, 1990, p. 140; Postan, 1967, p. 25).

Nevertheless, an attentive reader might wonder why the nationalism of the rich emerged about 30 years after the establishment of the welfare state. For most European countries, the first three decades of the post-war period were a time of extraordinary economic growth, not called The Glorious Thirties by accident. In those years, the welfare state was an extremely successful nation-building tool that, however, depended on exceptional circumstances. Those unprecedented growth rates made the expansion of public provisions politically costless, since ‘state policies would sustain both economic well-being (full employment and economic growth) and social welfare’ (Mishra, 1984, p. 19). Yet, around the mid-1970s, most advanced economies entered a period of slower growth that Paul Pierson (2001) has aptly called the age of ‘permanent austerity’. In such a context, the expansion of social spending could no longer be covered by revenues automatically increasing with growth, but it required higher levels of taxation or the swelling of budget deficits and public debt. Hence, since the mid-1970s, most Western countries have confronted a dilemma almost unknown during the Glorious Thirties, that between social solidarity and economic efficiency,[8] or, in other words, between the persistent, even heightened, demand for social welfare and the need to ensure its fiscal sustainability. As a consequence, distributional conflicts have become sharper and the ‘costs’ of welfare more salient.

All this has led to an increased conditionality of welfare provisions, as well as to the search for ideological solutions to the dilemma between solidarity and efficiency. The neoliberal revolution initiated in the late 1970s and early 1980s eagerly embraced conditionality and set out to regain efficiency at the expense of solidarity. A couple of decades later, a more inclusive ideological reaction came in the form of the social investment paradigm adopted by the New Left in the late 1990s (Hemerijck, 2013, pp. 36–9). The nationalism of the rich can be considered as another ideological answer, although certainly a less sophisticated one, to the dilemma between solidarity and efficiency. The representation of the relevant nation as endowed with an extraordinary work ethic and a copious excess of fiscal resources (embodied by the transfers towards the rest of the state, or oil revenues in the case of the SNP) has allowed the parties using the language of the nationalism of the rich to portray independence as a way out of this dilemma: ‘in a way, the transfers and the cultural determinist argument hold the promise of reproducing the exceptional conditions of the Glorious Thirties in an independent country' (Dalle Mulle, 2018, p. 167).

The impact of the crisis of welfare has not been the same in all advanced economies, though. Some have weathered the storm better than others, with consequences for the diffusion of the nationalism of the rich. This is clear when considering the case of Bavaria. This shares many of the elements that have contributed to the rise of the nationalism of the rich: considerable fiscal transfers towards the rest of the state; a reversal of relative economic positions within the parent state in the post-World War II period;[9] a sense of cultural differentiation at least as strong as in Northern Italy. Yet, despite some fiscal disputes between this *Land* and other states of the German federation, the nationalism of the rich has developed nowhere as much as in the other areas studied here. Economic management certainly played a role. While between 1965 and 1990 Germany's public debt increased by 151.3 per cent, it remained very low by European standards (43.6 per cent).[10] During the same period, public spending grew by 39.2 per cent, or 20 per cent less than the average for Western economies in the same period, while the rate of growth of tax revenue was the second-lowest after the US. Fiscal deficits in the years 1973–89 were consistently below the OECD average.[11] By comparison, during the period 1960–80, Belgium showed the second fastest-growing public spending among Western economies, while Spain and Italy led the ranking between 1980 and 1990.[12] From the late 1970s, public debt skyrocketed in both Belgium and Italy. By 1990, the two countries recorded the highest and third-highest public debts on gross domestic product (GDP) ratio among advanced economies.[13] Spain's debt remained low compared to other European countries, but the relative change was massive, since it went from 14.3 per cent to 42.5 per cent of GDP between 1978 and 1990 (IMF-FAD, 2012). Accordingly, tax revenues as a percentage of GDP displayed higher-than-average rates too. Belgium had the second-fastest growing rate from 1960 to 1980 and Spain ranked first from 1980 to 1990. Italy remained in the high end of the spectrum between 1960 and 1990 and then jumped into first place between 1990 and 1996, when almost all other Western countries were reducing their fiscal pressure.[14] Hence, the management of Germany's public finances clearly offered less ground for contestation and for the crystallization of fiscal imbalances around sub-state cleavages than in Belgium, Italy and Spain.

The UK is, once again, a case apart, since in many ways it was one of the most successful European countries in reducing debt and containing public spending. Yet, the rise of the nationalism of the rich in Scotland in the 1970s was directly linked to a major fiscal crisis that culminated in the 1976 request to the International Monetary Fund (IMF) for a loan to avoid default. Throughout the decade, the UK showed ramping inflation, recurrent balance of payments crises, a plummeting pound, anaemic growth and one of the largest budget deficits in the OECD (Green, 1993, p. 30; Maier, 2010, p. 28). When Prime Minister James Callaghan broached before Labour's National Conference the idea of asking for a loan from the IMF, he asserted: 'we used to think you could spend your way out of a recession and increase employment by cutting taxes and boosting government spending. I tell you in all candour, that option no longer exists' (Callaghan, 1976). In such a context, it is little surprise that the oil-financed 'social democratic utopia' – to borrow an expression coined by *The Economist* at the time – proposed by the SNP shined as an attractive alternative.

Conclusion

An old debate in sociology pits identity against interest. Which is primary? Which explains our behaviour? In this connection, it would be misleading to believe that the nationalism of the rich is all about interest. As we have seen discussing inter-territorial transfers, identity is primary in deciding which are the boundaries of legitimate solidarity. This seems to confirm

Max Weber's conclusion that (1946, p. 277), 'the "world images" that have been created by [identities] have, like switchmen, determined the tracks along which action has been pushed by the dynamic of interest'. At the same time, an identity that no longer serves an interest will most likely be abandoned for new self-understandings. The attractiveness of the nationalism of the rich consists precisely in its virtuous blend of interest and identity.

In this chapter, I have argued that the nationalism of the rich is a very recent phenomenon in the history of nationalism; I have dissected the most salient characteristic of this discursive formation and I have inquired into the factors explaining its rise in the last quarter of the twentieth century in some Western European regions. To summarize this last aspect, I have argued that the combination of factors that best explains its origin consists of:

1. the establishment, mostly after 1945, in several Western European countries of systems of automatic wealth redistribution on an unprecedented scale;
2. the onset, in the mid-1970s, of a period of 'permanent austerity' aggravated, in some countries, by serious cases of public policy failure and mismanagement of public funds;
3. the presence of national/cultural cleavages coinciding with substantial income differences among areas of some states.

In the previous section, I zeroed in on domestic factors, since they explain better than anything else why nationalism of the rich has arisen in some places rather than others. Yet, there are also two important external factors that one should take into account and that have in different ways exacerbated some of the dynamics triggered by internal variables. These are globalization and European integration. For reasons of scope, I will limit myself to list the main ways in which they have influenced the rise of the nationalism of the rich. A more extensive treatment can be found in Dalle Mulle (2018, pp. 176–85).

There are three major ways in which globalization has had an impact on the nationalism of the rich. Yet, its contribution has been ambiguous, generating both exacerbating and mitigating dynamics. First, globalization has increased the capability of capital to move freely across borders. As pointed out by Yergin and Stanislaw (1998 [2008], p. 371), ‘while the publics vote only every few years, the markets vote every minute’, hence governments ‘must increasingly heed the market’s vote’. This is deemed to have curtailed the fiscal latitude of governments and put under pressure social spending, with detrimental effects on national solidarity. Yet, contrary to common wisdom, globalization has not reduced the relevance of the state. By contrast, as capital is more mobile and competition fiercer, the efficiency of state institutions in generating public goods has become more salient and can therefore exacerbate the impact of the quality of macroeconomic management, as seen in the previous section when comparing Belgium, Italy and Spain with Germany.

Second, globalization has probably enhanced the viability of small states, or symmetrically, reduced the scale advantages of larger states. As trade openness increases, smaller economies can take advantage of wider external markets without suffering from the drawbacks linked to the larger heterogeneity of public policy preferences that a bigger political unit often entails. Yet, at the same time, globalization has also increased the risk of diffusion of economic shocks, which smaller units tend to be less equipped to absorb because social insurance is more effective the larger the number of insured members.

Third, globalization has contributed to the rise of so-called regional economies. In several places, the transition from Fordism to post-Fordism has led to the birth of industrial districts of horizontal integration across firms that have taken advantage of the immaterial resources provided by specific institutional, cultural and territorial contexts. Global capital has penetrated the economic fabric of states and created links between industrial districts in different countries that cut across state borders. Although such districts rarely coincide with institutional regions, their internationalization has increased the salience of uneven development within the state and promoted the development of regional economic agendas that might be at odds with those pursued by central governments.

Although European integration can be seen as a by-product of globalization (since trade liberalization has spread unevenly and mostly clustered around regional blocs such as the European Union), it has in fact had a specific influence because, by creating a new normative system above that of the state, it has reduced state power, undermined, at least rhetorically, its legitimacy and offered new opportunity structures to regional actors. Certainly, the most important of such opportunity structures are the single market, the monetary union and the common security policy, which have allowed nationalist actors to portray independence as a less risky option than in previous decades. At the same time, as the debate on Scotland's 2014 independence referendum and the 2017 attempt of the Catalan pro-independence government to break away from Spain clearly showed, the EU has rejected supporting any regional calls for self-determination, either by putting pressure on states to accept them or by setting up institutions at the supra-national level in which regions can act as sovereign actors. In this way, the EU has certainly given priority to the defence of state integrity over that of self-determination.

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1. This chapter builds on the more extensive treatment of the subject to be found in Dalle Mulle (2018). For reasons of scope, I will not be able to extensively present the empirical evidence required to substantiate certain arguments that I will make here. The reader can refer to that study for such evidence.

2. Unfortunately, I cannot examine in detail centre–periphery relations in the Habsburg context. However, German-speaking elites and the Austrian provinces around Vienna remained economically and politically dominant until the demise of the Empire.

3. Here, I refer to Esquerra Republicana de Catalunya (the Catalan Republican Left), the Italian Lega Nord (Northern League), the Nieuw-Vlaamse Alliantie (New Flemish Alliance), the Scottish National Party (SNP) and the Vlaams Belang (Flemish Interest; the party changed its name in 2004 – it was previously called Vlaams Blok, Flemish Bloc).

4. For some examples of accusations of clientelism against the Spanish traditional parties see Angels Cobasés (2009); Esquerra Republicana de Catalunya (ERC) (1989, p. 5; 1993, p. 18; 1999); Huguet (2001).

5. Here I am borrowing from Mau (2003) and Bommes (2012).

6. This is different with regard to foreign migrants.

7. Again, Scotland is deviant because oil revenues are not taken into account in studies of inter-territorial redistribution.

8. This does not imply that economic efficiency and social solidarity are incompatible, but rather that since the mid-1970s a broad spectrum of actors in several advanced economies have perceived a trade-off (beyond a certain threshold) between the fiscal sustainability of welfare and its generosity (see also Offe, 1984, pp. 193–202).

9. Bavaria used to have a lower-than-average per capita income in the 1950s. It then experienced a formidable growth in the 1970s and the 1980s that projected it into the group of net contributor *Länder*.

10. My calculations based on Alesina and Perotti (1995, p. 2).

11. My calculations based on Green (1993).

12. My calculations based on Tanzi and Schuknecht (2000, pp. 6–7).

13. My calculations on Alesina and Perotti (1995, p. 2).

14. My calculations based on Tanzi and Schuknecht (2000, p. 52).