

Economic nationalism in East Central Europe in the nineteenth and twentieth century.

Europa-Universität Viadrina Frankfurt (Oder), 2003-2006

Chief editor: Prof. Dr. Helga Schultz

Editors: Dr. Dagmara Jajeśniak Quast, Dr. Torsten Lorenz and Dr. Uwe Müller

Summary

The wrangle for an independent national economy was a considerable part of the struggle for individual statehood in East Central Europe. It occurred with the industrialisation and nation-building of the nineteenth century, at the same time as the standing societies, which were in a process of demise, became aware of the gap in development and welfare to Western Europe became clear. It was a strategy to overcome the backwardness and search for alternative ways of modernisation. Economic nationalism is a long term phenomenon. To explain it we have developed a theory, which has emerged from the East Central European economic culture with values influenced by nationalism and is established through institutions and cultural memory.

Against the backdrop of the cooperative movement, which enjoyed an incomparably strong political role in Eastern Europe compared to the areas of its origin, it can be observed how an institution (Model Schulze-Delitzsch, Raiffeisen), which was transferred from the West, changes in the arena of East Central European economic culture and becomes a pillar of both the national movement and the economic struggle.

The collective and cultural memory confirm the economic national values in terms of speech, such as “national property” and its “sell off” to “foreign capital”. It was spread through powerful slogans such as “each to his own”. After 1989 a general return to the economic national rhetoric of the inter war years took place. This could be proven particularly in the debate on foreign direct investment.

An important narrative in East Central European economic nationalism is the neglect and even the plundering of national minorities, who lived on the peripheries of the large empires (the Habsburg Monarchy, the German Empire and the Tzardom). However, the comparative investigation showed that intentions for a redistribution in favour of the peripheries were present, although such a regional policy did not fall in with the economic principles of the time.

The formation of a network of cooperation between East Central European researchers and Western East European historians was the basis of this project. The comparison of states was the most decisive method to carry it out.

The basics

In close cooperation with researchers in the countries of the region as well as specialists from North and West European countries, and further abroad economic nationalism has been investigated by comparing countries. The main focus of the country comparison is placed on Czechoslovakia, Poland, Hungary and Rumania. The process proved to be fruitful and confirmed the leading theory. The economic history of East Central Europe in the nineteenth and twentieth centuries has to a certain extent been influenced by economic nationalism. The ef-

forts for a independent national economy was a substantial part of the struggle for statehood and due to the dangers to state and economic sovereignty it continued until recently.

Economic nationalism is a universal phenomena in modern history, which has gained a particular characteristic in the region that the project defines as East Central Europe. This concept of East Central Europe constitutes the whole territory of the old Empire and the areas in the Russian as well as the Ottoman spheres of influence. This region shares catch-up modernisation, the late coming of the nation and the common ethnic mixture, which illustrated the co-residences of different ethnicities with their particular confessions. At the same time ethnic and religious lines of division coincided with social differences.

The East Central European version of economic nationalism was just as prevalent on the peripheries. For example:

- In the Bohemian lands, which formerly belonged to the Empire, and its successor state Czechoslovakia, although the Western parts were classed as one of the most economically developed countries in Europe since time in memoriam.
- In the Baltic states, which during the period of examination found themselves predominantly under Russian rule.
- In the Balkans, which belonged to the Ottoman Empire until waning of the nineteenth century.

In the course of the project it became clear that the three named conditions; backwardness, foreign rule and ethnic mixture, do not produce the ardour for economic nationalism, which we observed in Eastern Europe. Only the dismantling of social lines of division, the dissolution of the old class society, the concurrence with the delayed modernisation and an equally belated political nation formation lead to this aggressive mobilisation in the economic struggles at the beginning of the twentieth century. Two of these three historical prerequisites are clearly sufficient to generate the essential form of appearance of East European economic nationalism, the delay was the essential mobilising moment.

The people of East Central Europe lived with incomplete social structures as they were farming communities dominated by aristocrats. Often, as with the Baltic people in Lithuania, Belarus, the Ukraine, Slovakia and Transylvania, the ruling class came from a foreign ethnic group. Above all these countries lacked an indigenous middle class. The towns were the domains of foreign ethnic groups, in particular the Jews and the Germans. Therefore, while the ethnic antagonism between the farmers and the lords was respectively nation specific, the contradiction between the town and the country is fundamentally the same in the entire region. It formed the anti-Semitic and anti-German character of Central East European economic nationalism. Economic anti-Semitism is covered as part of the project in the form of a study on Hungary (Ágnes Pogány) and a contribution on East Poland (Cornelius Gröschel). Both cases show large differences; Polish anti-Semitism was clearly more aggressive while the Hungarian model retreated behind a policy of integrative Magyarisation until the Treaty of Trianon.

East Central European Economic Culture

Economic nationalism was a part of the modernisation process in the region. It appeared with the industrialisation and nation building of the nineteenth century, at the same time as the standing societies, which were in the process of demise, became aware of the gap in development and wealth to Western Europe. An increasingly stronger reaction was that economic nationalism was holistic. In so far the intentions, which were stated in the application, to deal

with the field of internal economic nationalism in contrast to outward protectionism, could not be realised. To explain this we developed the theory of economic nationalism as East Central European economic culture. In contrast to other writers (Helleiner/Pickel 2005) we do not understand economic culture as national. This nationalist economic culture is supranationally spread in East Central Europe, just as the West European social state of Anglo-Saxon capitalism is spread in its respective regions.

We understand the meaning of economic culture in a similar sense to political culture i.e. as the whole of the cognitive, affective and evaluative orientation, i.e. as the values, mentalities and attitudes towards economic structures. The normative orientation finds itself in a shifting relationship to the political, intellectual and religious culture. Likewise constructive learning is developed and confirmed in a historical process.

It is important that “learning” refers to institutions as well as to the development of the collective cultural memory. The learning of the institutions is a central element. With this challenge the choice of the cooperative movement as a component of the project is excellently confirmed. With these institutions it can be seen, how an institution transferred from the West (Schulze-Delitzsch model, Raiffeisen) changed in the arena of East Central Europe economic culture and became a pillar of both the national movement and the economic struggle. The cooperative movement plays an unequally strong political role in Eastern Europe than in its region of origin. Under the influence of agrarianism the cooperative movement developed into a holding institution for an alternative modernisation strategy.

The collective and cultural memories confirmed economic national values in fantastic tales about the theft of national riches by foreign rulers, the exuberant benefits enjoyed by their neighbours from different ethnic backgrounds, the colonial exploitation in the times of the Empire, the economic boom in the self-defined eon and of future wealth on their own ground. These values were anchored in the collective memory through figures of speech, such as “national property” and its “sell-off” by “foreign capital”. They were spread by powerful paroles such as “each to his own”. East Central European economic nationalism established itself, just as nationalism did, on the essential ethnic understanding of the concept of nation.

These normative patterns of conviction and interpretation of the world steered economic trade and achieved a considerable independence from the economic order. Thus they are a relatively long duration, continuing after the transformation, but in no way unchangeable. While the continuity of the transformation from national movement to statehood and in the process of industrialisation is in the meantime generally recognised and also well researched throughout the project, the continuity in the change over to Communism and post-Communism must be more closely examined. Economic nationalism in the region certainly did not simply reappear with the fall of the “Iron Curtain”. It had also clearly determined the trade of the Communist elites, as the investigation on Poland, the Yugoslavian federal republic and Lithuania during the Soviet period show. The institutions had undoubtedly changed and the cooperative movement was robbed of all its democratic contents. Also the languages and stories, which formed the cultural memory, were sucked into the maelstrom of the propaganda. Although the “middle-class tradition” of the inter-war period was shown in a bad light in all of the Ost-block, after 1989 there was a wide-reaching return to the economic rhetoric of and narrative of the inter-war years. This could be proven, especially in the case of foreign direct investments.

The normative characteristics of economic nationalism were independent of the economic situation and a means to an end consideration. This remains to be put on record because in the

course of the project there was no way to decide or confirm, whether economic nationalism was beneficial or damaging to the economic growth of the region. The opinion of the researchers is deeply divided (Jan Kofman- Iván T. Berend) and on their part heavily influenced by their values. It is to be maintained that the peoples of the region have until now not had any historical experience, which is favourable to the forgetting of the normative characteristics and the learning of new ones. This is true for the period of the Great Depression, as Czechoslovakia as the only remaining democratic constitutional country with a liberal economic system in the region recovered at a rate far under average. Even the liberalisation of the economy as part of the system of change in the nineties was not a positive experience for the majority of the losers of the transformation. This remains the task of the future and of the success story of the EU's eastern enlargement.

On the other hand, during the course of the project it occurred that both politics and the trade of the individual economic subjects was not entirely blindly lead by nationalistic values. At the same time the economic policy campaigned with the hindrance of indigenous "foreign capital" for credit and direct investments to friendly foreign countries. And the consumers attempted to withdraw from the boycotts, which were far too limited. The investigation of foreign and other ethnic business actions in the different countries of the region and in various periods were very informative for such pragmatism. They showed precisely in the cultural values that there was an extraordinary high level of continuity from the inter-war period. They enlightened the very ambivalent effects of such activities and investment in the economy of the target land.

Alternative Modernisation Strategy

East Central European economic nationalism is a double edged sword. On the one hand, it is bound to the national economic culture of an essential integral nationalism. On the other hand, it is a development strategy. The overcoming of backwardness in contrast to the West of the continent, which was viewed as the norm and goal, becomes the essential matter. Just as farmers, traders and gentlemen of various ethnic backgrounds first became conscious of the social inequality and national injustice, the industrialisation made them competitors on the same market, thus the awareness of the backwardness in comparison to the West only awoke with the intensive contact in the age of the Enlightenment and liberalism. As a result the adoption of Western theories Western criticism of these theories also became evident. East Central European economic nationalism was genuinely anti-Western. Thus, it does not even concern national economic culture, but rather a regional supranational cultural characteristic.

The national economy, as propounded by Friedrich List, fell on fertile ground in East Central Europe and was further developed by the Romanian structuralists, among which Mihail Manoliescu was outstanding and also influenced the Latin American Dependcía theory. The closeness between economic nationalism and the dependency theory was the focal point in the theoretical debate within the project. The lines of connection to the development economy can be found here. This complex is by no means exhaustively treated. In any case the result show that a one sided negative confrontation of economic nationalism with economic liberalism and neo-liberalism has no constancy. Precisely in light of the current debate on globalisation the opinion that economic nationalism is backward looking and hold the current liberal tendency of opposing values, cannot be upheld. In contrast economic nationalism appears as the necessary flipside of the coin to the extension of trade and economic activities, which are described as globalisation.

However, economic nationalism as a development theory is not fully-round and predominantly directed towards catch-up development on the western path of development. Industrialisation, influenced by Frederic List, was not the only possibility. A powerful mass criticised this model and strove for an alternative modernisation. They advocated an agrarianism, which was essentially fruitful thanks to the Russian popularism emanating from the East. This variation of the East Central European concept of development was directed at the farming cooperative democracy. Collectivism and the desire for social equality, which in general characterised East Central European economic nationalism in contrast to the Western liberal model, were driven to the extreme in this model of society.

The reasons were structural. East Central European economic nationalism was established on the deficit of social structure, which was set against the belated modernisation and made it worse. The East Central European economic culture thus gained a particular esteem in the farming culture and way of life as the source of national identity. The traditional aristocratic and farming culture's distance from the city led to a hatred of the cities in the extreme agrarianism of the East Balkans and Ruthenian areas. The characteristic of this agrarianism clearly followed the East-West gap of industrialisation and modernisation. In Western Poland it only succeeded clearly thanks to a special variant of economic nationalism, called organic work, and the development of an indigenous middle class, which after the foundation of the state continued practically non-stop the city culture of the former Prussian provinces.

Within the research on regional politics an interesting insight was gained that economic national concept of development took a bizarre course in the inner peripheries of East Central Europe. Specifically because these inner peripheries were populated by the national minorities one looks more closely at the rulers and the ruled because of their backwardness and position on the edge of society. Uwe Müller comes to the conclusion that these intentions served to aid redistribution from the centre to the peripheries, which otherwise would have never occurred and did not even coincide with the generally accepted pictures of the contemporaries. This appears to be true for both the older imperial states as well as for the young states during the inter-war period.

Publications:

Jutta Günther, Dagmara Jajeśniak-Quast (ed.): Willkommene Investoren oder nationaler Auskauf? Ausländische Direktinvestitionen in Ostmitteleuropa im 20. Jahrhundert, Berlin: Berliner Wissenschafts-Verlag (Frankfurter Studien zur Wirtschafts- und Sozialgeschichte Ostmitteleuropas, vol.11).

Müller, Uwe (ed.) Ausgebeutet oder alimentiert? Regionale Wirtschaftspolitik und nationale Minderheit in Ostmitteleuropa (1867-1939), Berlin: Berliner Wissenschafts-Verlag (Frankfurter Studien zur Wirtschafts- und Sozialgeschichte Ostmitteleuropas, vol.13)

Helga Schultz/Eduard Kubû (ed.): The History and Culture of Economic Nationalism in East Central Europe, Berlin: Berliner Wissenschafts-Verlag (Frankfurter Studien zur Wirtschafts- und Sozialgeschichte Osteuropas, vol. 14).

Torsten Lorenz (ed.): Cooperatives in Ethnic Struggles. Eastern Europe from 19th until the mid 20th Century, Berlin: Berliner Wissenschafts-Verlag (Frankfurter Studien zur Wirtschafts- und Sozialgeschichte Ostmitteleuropas, vol. 15).