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Luxembourg Income Study Working Paper Series

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Diversionsary Nationalism: Economic Inequality and the Formation of National Pride

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Diversionsary Nationalism: Economic Inequality and the Formation of National Pride

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Abstract

What accounts for differences in the extent of nationalist sentiments across countries and over time? One prominent argument is that greater economic inequality prompts states to generate more nationalism as a diversion that discourages their citizens from recognizing economic inequality and mobilizing against it. This article provides a first empirical test of this theory against rival explanations based on international conflict and the development of new nations using survey data on national pride in the advanced democracies over two decades, data on economic inequality from the Luxembourg Income Study, and data on international conflict from the Correlates of War project. Only the diversionary theory of nationalism is supported. This conclusion is an important contribution to our understanding of nationalism as well as of the effects of economic inequality on society.

Keywords: economic inequality, nationalism

1 Introduction

Nationalism is a myth. It is without doubt a powerful and widely accepted myth, one that has led “many millions of people, not so much to kill, as willingly to die for [its] limited imaginings,” but a myth nevertheless (Anderson 1991, 7). The myth contends that individuals belong to a unified, homogeneous community that is—or should be—encompassed and represented by its own state. As a consequence, the nationalist myth continues, individuals owe a duty to the state (or would-be state) that “overrides all other public obligations, and in extreme cases . . . all other obligations of whatever kind” (Hobsbawm 1990, 9). Not surprisingly, where a ‘national’ state already exists, the principal purveyor of this myth is the state itself.¹

States have been shown to employ a wide array of tools to instill nationalism in their citizens. They invent and constantly reinforce “national flags, symbols, anthems, holidays, rituals, and traditions” (Tilly 1994, 140). They create public schools and mandate national histories to be taught in them (e.g., Shafer 1972; Lewis 1975). They establish national museums; construct national monuments; name (and rename) streets, schools, and government buildings for national ‘heroes;’ and glorify national symbols in postage stamps and money (Centeno 2002, 178-183). They use the “powerful machinery for communicating with their inhabitants” through media of all forms “to spread the image and heritage of the ‘nation’ and to inculcate attachment to it and to attach all to country and flag” (Hobsbawm 1990, 91). And they enlist their supporters—particularly those among businesspeople and the intelligentsia—to also repeat and spread the myth of nationalism (Tilly 1994, 140).

Although nearly all states avail themselves of nationalism to increase their legitimacy and so the voluntary compliance of their citizens, some states promulgate much more nationalism than others (Rose 1985; Smith and Jarkko 1998). The intensity of nationalist mythmaking varies over time within countries as well (Dogan 1994). This article examines these differences in nationalism across countries and over time using data from five cross-national surveys conducted in the world’s advanced democracies over a twenty-year period.

It finds support for one prominent explanation for variation in the extent of nationalism: that greater

¹Whether nationalist myths began as a result of the advent of print capitalism (e.g., Anderson 1991), the breakdown of pre-modern society (e.g., Gellner 1983; Greenfeld 1992), or otherwise remains a subject of considerable scholarly controversy. The historical origins of nationalism, however, are not the subject of the present inquiry, which focuses instead on variation in the extent of nationalism across countries and over time.

economic inequality prompts states to generate more nationalism to divert citizens' attention from their diverging conditions and forestall demands for redistributive policies. Theories that argue that states generate nationalist sentiments in response to international conflict or are frustrated in doing so by nascent rival nationalisms among their poorer citizens in contexts of greater economic inequality are not supported.

2 Inequality and Nationalism

What we will call the diversionary theory of nationalism maintains that states generate nationalist sentiments to respond to the threat of unrest posed by high levels of economic inequality. Carlton Hayes (1926, 73-74), one of the first scholars of the nationalist myth, explained that nineteenth-century politicians made “a very interesting discovery about the phenomenon of nationalism” that rendered it ideally suited for this purpose:

They found that the masses when brought under its spell not only were less inclined to criticise their leaders but also were more disposed to accept the *status quo* in economic matters. On the multitudes nationalism could be made to act as a sort of laughing gas. If a labourer could be induced to take a long deep breath of it, he would feel quite exhilarated and for a time at any rate he would forget about overwork and underpay in factory, field, or mine, and lose the reality of his own squalid habitation in the dream of national greatness. A sustained inhalation of nationalism, as in time of national election or international war, might even deaden the noise of socialists, anarchists, and other apostles of social revolution or economic unrest.

The potential audience for social revolutionaries and others who would demand redistributive policies grows with increasing inequality (Meltzer and Richard 1981). Simply ignoring high levels of inequality therefore threatens “widespread alienation and disaffection” and, in turn, the state’s continued existence (Dahl 1971, 92). States lacking the ability to effectively repress massive dissent and unwilling to adopt redistributive policies to reduce inequality must respond with nationalism to anesthetize their citizens against it: the nationalist myth, in short, is “crafted to persuade the public to accept the established social order” (Van Evera 1985, 98).

Nationalism serves states' interests in diverting attention from high levels of economic inequality particularly well for two reasons. First, nationalism works to obscure the extent of inequality in a society. Inherent to the idea of nationalism is the denial that differences of any sort even exist among members of the nation. As Benedict Anderson (1991, 7) explained, "regardless of the actual inequality and exploitation that may prevail in each, the nation is always conceived as a deep, horizontal comradeship." Indeed, idealizing the commonalities shared by members of the asserted national community while forgetting their differences has been recognized as "the essence of a nation" since the nineteenth century (Renan 1996, 43). Rosa Luxemburg (1976, 135) famously decried how "the concept of 'the nation' as a homogenous social and political entity" was used as a "misty veil" to conceal the differing conditions and antagonistic interests of its purported members. To the extent that nationalism is spread among citizens of a country, then, those citizens are unlikely to recognize their unequal circumstances, much less call for policies to ameliorate them.

Second, even when inequality is recognized, nationalism can easily be used to delegitimize demands for redistribution. Redistribution can be cast as a matter inappropriate for political debate, a form of special-interest pleading that must necessarily be secondary to issues of 'national' concern. Redistributive policies by definition benefit some citizens at others' expense. The state, however, is claimed to represent the nation as a whole; according to nationalists, it therefore cannot properly assent to demands to redress inequalities by these means. Indeed, even making such 'narrow' and 'self-interested' claims violates citizens' supposed paramount duty to the state (Hobsbawm 1990, 9; Tilly 1998, 171).

The diversionary theory of nationalism therefore contends that states generate nationalism to defuse the ticking bomb of economic inequality. Nationalism conceals the existence of unequal conditions, preempts calls for redistributive policies, and thereby prevents the development of unrest, so states should be expected to inculcate more nationalism in their citizens when economic inequality is greater (Van Evera 1990-91, 28-29; Posen 1993, 88-89).

There are two principal rivals to diversionary theory that also seek to explain variation in the extent of nationalist sentiment across countries and over time. The first of these alternate theories points to the threat and reality of international conflict, not economic inequality, as the primary stimulus for states to spread

nationalism among their citizens. Nationalism provides a sense of collective identity and common interest that encourages citizens to support war efforts and discourages soldiers from retreating from the horrors of modern combat. Because nationalism increases citizens' sense of duty to the state and willingness to sacrifice for its goals in these ways, it simultaneously reduces the cost of fielding the armies needed to combat real and supposed external enemies and boosts their effectiveness on the battlefield (e.g., Mearsheimer 1990, 21; Posen 1993, 84-85; Rowe 1999, 215). In this view, states generate more nationalism among their citizens when they face more conflictual international contexts.

The second rival theory directly contradicts diversionary theory. It contends that economic inequality frustrates rather than spurs states' creation of nationalist sentiments among their citizens. Unlike the diversionary and international-conflict theories of nationalism, this argument focuses not on the top-down programs of states to generate nationalism but rather on the "mirror images and mortal enemies" of such efforts: movements to establish new nations and states (Tilly 1998, 174). Some theorists of popular mobilization argue that sharper differences in economic circumstance encourage the emergence of political entrepreneurs who attempt to develop distinct national identities among disadvantaged members of society. With this base of support, these political entrepreneurs seek to break away and establish their own states or at least to gain a measure of power and autonomy for themselves within the existing state (e.g., Hechter 1975; Gellner 1983; Tilly 1998). If this is true, the result of more inequality should be that poorer citizens identify more closely with these new nations and so feel *less* attachment to the national community asserted by the existing state. A more egalitarian distribution of resources, conversely, would reinforce the existing state's legitimacy and make less advantaged citizens more likely to view themselves as part of the nation that the state purports to represent (e.g., Deutsch 1964; Brown 1998; Shulman 2003).

It is important to note that, of these three theories, the diversionary and international-conflict theories suggest unconditional relationships, that is, effects that work upon all of a country's citizens regardless of their incomes. Those two theories focus on state action, and, although the state's motivations may be primarily to persuade its poorer citizens to accept inequality or to bear the burdens of military service, the means it has available to instill nationalism described above do not lend themselves easily to the targeting of

specific groups. In fact, the state's nationalist mythology frequently "blows back," working to convince even the elites engaged in creating it (Van Evera 1984, 406; Snyder 1991, 41-42). On the other hand, according to the new-nations theory, individuals' nationalist sentiments depend on the *combination* of the context of inequality and their own incomes: the extent of inequality, in this view, negatively affects the nationalism of poorer citizens more than it does the nationalism of the more affluent.

Despite the sizable theoretical literature on nationalism and the conflicting expectations of the diversionary and new-nations theories, the relationship between the extent of economic inequality in a country and nationalist sentiments among its citizens has not been directly investigated empirically. Indeed, there has been relatively little empirical research on the causes of nationalism at all. More than a decade after Stephen Van Evera (1994, 5) noted that "the nationalism literature leaves ample room for more work on nationalism's causes: much of it fails to frame hypotheses clearly and much does not systematically test hypotheses against empirical evidence; hence the literature leaves many questions unresolved," his call remains largely unanswered. Empirical research on how economic inequality shapes social and political attitudes such as nationalism is similarly scant (APSA Task Force on Inequality and American Democracy 2004, 661; Neckerman and Torche 2007, 350).

This article provides a first test of whether greater economic inequality causes more nationalism by examining evidence from the world's advanced democracies. This sample provides an especially stringent test of diversionary theory. Authoritarian regimes are frequently argued to be more prone to instill nationalism than democracies because they refuse to tolerate free speech and so cannot develop critical institutions—particularly in the press and academia—that can expose the fictions spun by nationalist mythmakers (e.g., Snyder 1991, 39-41; Van Evera 1994, 33). Moreover, as authoritarian regimes generally enjoy less popular legitimacy than democracies, they should have more reason to resort to nationalism to maintain public support (e.g., Posen 1993, 89).² The pressure on authoritarian elites to foment nationalism to bolster their legitimacy appears to be especially powerful during periods of political liberalization (particularly where

²One likely exception, however, is among authoritarian regimes that maintain the ability to control their populations through force alone; in such cases, there would seem to be little need to resort to the persuasive power of nationalism to reinforce the legitimacy of the state even in the presence of great inequalities (Van Evera 1985, 98).

state institutions are relatively weak, as in much of the developing world) but to recede sharply if and when transitions to democracy are completed (Mansfield and Snyder 2002, 2005). For all of these reasons, the state efforts to foment nationalism predicted by diversionary theory should be particularly muted in the advanced democracies. If greater inequality leads states to instill more nationalism even among these countries, diversionary theory should be expected to apply in other settings as well.

3 Measuring Nationalism, Inequality, and International Conflict

Economic inequality and international conflict are aspects of the context in a particular country at a particular time, but it is the individuals within that country who hold varying degrees of nationalist sentiment. For this reason, along with the concerns shared by all quantitative work, the present study requires data that must meet two exacting additional criteria. First, to examine whether aspects of context like inequality affect individual attitudes like nationalism requires data on both the context and the individual (Huckfeldt and Sprague 1993; Achen and Shively 1995). Second, a considerable number of different contexts are required. Analyses of the effects of contextual variables depend on the number of distinct contexts just as much as non-contextual analyses depend on the number of observations (Snijders and Bosker 1999, 140). The variables employed in this study and the data used to overcome these two methodological challenges are set out below.

3.1 Nationalism

Belief in the myth of nationalism—feeling oneself to be strongly attached to ‘the nation’ and the state that purports to represent it—is often associated with belief in national superiority and with hostility to outsiders. A well-developed line of works in political psychology, however, has established that these attitudes are best understood to be conceptually and empirically distinct (e.g., Kosterman and Feshbach 1989; de Figueiredo and Elkins 2003; Huddy and Khatib 2007).³ As John Mearsheimer (1990, 21) explained, “Although nation-

³Unfortunately, these same works reintroduce confusion among the phenomena by labeling feelings of attachment to and pride in the nation and ‘its’ state as not “nationalism” but “patriotism” and using nationalism to refer to feelings of national superiority (see Kosterman and Feshbach 1989, 261; de Figueiredo and Elkins 2003, 178, Huddy and Khatib 2007, 63). This

alists often believe that their nation is unique or special, this conclusion does not necessarily mean that they think they are superior to other peoples, merely that they take pride in their own nation.” Nationalism is therefore measured in this study by reference to expressions of national pride rather than chauvinism or xenophobia.

Data on individuals’ nationalism were drawn from the four waves of the World Values Survey (wvs), conducted in 1981, 1990, 1995-97, and 1999-2001, as well as the Eurobarometer survey conducted in 1986. These surveys asked respondents the extent of their pride in their respective nations: “How proud are you to be French [or Austrian, or Belgian, etc.]?” Answers were on a four-point scale recoded to range from (1) not at all proud, through (2) not very proud and (3) quite proud, to (4) very proud.

This question has three strengths as a measure of nationalism that make it superior to other available measures for the purposes of the present inquiry. First, it has been employed in previous descriptions of the variation in nationalism across countries and over time (e.g., Rose 1985; Dogan 1994) and in studies of nationalism’s relationships with other political phenomena such as respect for authority (Inglehart and Welzel 2005), vote choice (Shanks and Miller 1991), and attitudes toward civil liberties (Davis and Silver 2004). Its use therefore allows for the cumulation of research in an underdeveloped field. Second, responses to this question have been confirmed to be very closely related to other indicators of nationalism, such as emotional attachment to country, feeling that identification with the nation is important, and uncritical support for state policy, which provides additional confidence in the measure’s validity (Conover and Feldman 1987; Kosterman and Feshbach 1989; de Figueiredo and Elkins 2003). Finally, because this question has been posed repeatedly to respondents in many countries, it allows for the examination of nationalism in many different contexts of economic inequality and international conflict. Together, the wvs and Eurobarometer surveys used here provide information on nationalism in 22 countries, in one to five different years each, for a total of 58 different country-year contexts.⁴

definition of nationalism is in sharp contrast to the way the term is used in political science and many other disciplines in the broad scholarship on the topic. Sociologist Michael Hechter (2000, 17) underscores this point: he rejects conflating “the desire to raise the prestige and power of one’s own nation state relative to rivals in the international system” with nationalism and instead labels this desire *patriotism*.

⁴By contrast, the ISSP surveys on national identity conducted in 1995 and 2003, although including a wider range of relevant measures, provide data in just seventeen different country-year contexts for which data on the other variables included in this study are available.

One readily evident shortcoming of the national-pride question—its inability to explicitly differentiate among the symbolic, constructive, and uncritical subtypes of nationalism that have been identified by political psychologists (e.g., Huddy and Khatib 2007)—is not a serious weakness for the purposes of this study. It is true that constructive nationalism is important to distinguish because it “combines affective attachment with the capacity and willingness to question, criticize, and work for change” (Schatz and Staub 1997, 229), that is, sentiments quite opposed to those that the diversionary and international-conflict theories contend some states seek to inculcate in their citizens. However, previous research has established that rather than pride, those who score highly on constructive nationalism more frequently express feelings of shame, anger, and frustration towards their nations (Schatz and Staub 1997, 235-236).

Most respondents to the WVS and Eurobarometer surveys expressed a considerable amount of pride in their nation: the mean nationalism score was 3.30 across countries and years. The lowest mean nationalism scores were recorded in Germany; fewer than one in four respondents there said that they were very proud to be German. In contrast, three-quarters of those in the United States and in Ireland typically declared themselves very proud of their nations, and fewer than 1% in those countries expressed no national pride.

Nationalism varies over time as well as across countries: the mean level of nationalism in Sweden, for example, increased steadily from 2.99 in 1981 to 3.34 in 1996. In fact, nationalism rose according to the WVS and Eurobarometer data in most of the countries examined in this study. Among those countries surveyed more than once, the average mean nationalism score increased from 3.25 to 3.33 from the earliest to the most recent observation; only the Netherlands (0.14) and Switzerland (0.15) experienced declines of more than a few hundredths of a point on the four-point scale. Nationalism in the industrialized world may have receded from its high-water mark in the 1930s (Dogan 1994), but it appears to be again surging forward.

3.2 Economic Inequality

Until quite recently, scholarship on the effects of economic inequality on nationalism and other political phenomena has suffered from a dearth of comparable data.⁵ The Luxembourg Income Study (LIS), however,

⁵The authors of the World Bank’s dataset on income inequality, for example, note that the data differ dramatically in quality and in the assumptions employed in their calculation and are therefore unsuitable for cross-national comparisons (Deininger

has provided researchers with a cross-national panel dataset of inequality based on trustworthy national income surveys and consistent assumptions, making it possible to examine the effects of income inequality across countries and over time.⁶

This study employs two often-used measures of economic inequality available from the LIS, the 90-10 ratio of household incomes and the Gini index of household income inequality. The 90-10 ratio provides a measure of the economic distance between rich and poor in a country—and so the latent pressure for redistributive policies—by comparing the income of the 90th percentile of households, that is, the median of the richest quintile, to that of the 10th percentile of households, the median of the poorest quintile.⁷ The Gini index incorporates information about the incomes of all households and so arguably provides a more complete picture of inequality than the 90-10 ratio. It ranges from zero, which indicates that each household receives an equal share of income, to one, indicating that a single household receives all income, leaving everyone else with nothing. Values between zero and one can be interpreted as the proportion of income that would have to be redistributed to achieve perfect equality across households. Other measures of inequality, such as the 80-20 ratio and the Atkinson indices, yield results substantively similar to those presented below.

3.3 International Conflict

As discussed above, the international-conflict theory of nationalism predicts that states are prompted to foment more nationalism by more hostile security environments. The hostility of the international environment is measured here using the number of international disputes that escalated to the usage of force or outright war over the previous two decades, according to the Correlates of War (COW) project (Ghosn, Palmer, and Bremer 2004). Because this variable is highly skewed towards low values in this dataset but has several very high outlying points, the logarithm of the actual count was used. A number of alternate measures of this variable generated from the COW dataset (counts of conflicts that include disputes of lesser

and Squire 1996).

⁶Although perfect comparability is impossible, the LIS data is acknowledged to be the best available and is widely accepted in the study of income trends (see Smeeding 2002). For a complete description of the LIS project and access to the inequality data used in this article, see <http://www.lisproject.org>.

⁷Household income is net of transfers and direct taxes. Household size and composition are taken into account by dividing each household's income by the number of equivalent adults, calculated as the square root of the number of persons in the household (Smeeding 2002).

intensity, change the time period examined, or both) were also investigated. The operationalization of the variable used here provides the highest bivariate correlation between international conflict and nationalism and was therefore selected to provide the test most favorable to this rival hypothesis. Analyses including the alternatives confirmed that the choice of international-conflict measure does not substantively affect the results obtained.

3.4 Additional Predictors of Nationalism

Age and education have been repeatedly shown to have powerful effects on an individual's nationalist sentiments (e.g., Hjern 2001; Coenders and Scheepers 2003). The populations of the advanced democracies have grown older and more educated at varying rates during the time period examined, so these characteristics may help account for changes in nationalism over time and across countries. Because the new-nations theory predicts that economic inequality will have a larger negative effect on an individual's nationalism as that individual's relative income declines, the income quintile of each respondent's household is also included. The poorest quintile was coded as 1 and the richest quintile as 5.⁸

Absolute as well as relative income may be important. Ronald Inglehart and Christian Welzel (2005) have argued that as countries become more developed economically, the resulting broad prosperity makes their citizens become less respectful of state authority and so less nationalistic. Following their example, economic development was measured here by reference to average incomes: GDP per capita in thousands of 2000 U.S. dollars, adjusted for differences in purchasing power (OECD 2004).

The effect of the size of a country's immigrant community on nationalism is the subject of conflicting hypotheses. One argument is that immigrants confront native citizens with difference and thereby trigger more nationalism as their numbers grow (e.g., Inglehart 1997, 305). Some contend, however, that larger immigrant communities diminish the sense of shared culture that undergirds nationalist appeals (e.g., Huntington 2004). Because large-scale immigration is sometimes thought to cause greater economic inequality

⁸A number of other individual-level variables—gender, marital status, number of children, rural residence, and employment status—were found in additional analyses to have statistically significant but only very small effects on national pride. As the inclusion of any or all of these individual-level variables does not substantively change the results reported, they were omitted from the analysis in the interests of space and clarity.

(e.g., Tilly 1998, 233), it is especially important to account for its effects on nationalism, whether positive or negative, to avoid the potential for omitted-variable bias (see King, Keohane, and Verba 1994, 168-182). Migrant stock, the percentage of each country's population consisting of foreign or foreign-born individuals (United Nations 2003), was therefore included as a control variable.

Past experience with authoritarianism has been hypothesized to depress nationalism in two ways that suggest important control variables. First, nationalist sentiments are frequently noted to be particularly low in the former Axis powers (e.g., Rose 1985; Smith and Jarkko 1998); efforts by the victorious Allies to eradicate nationalism within their former adversaries appear to have met with considerable success (see Van Evera 1984, 451-452). Consistent with the finding by Smith and Jarkko (1998) that Austrians were not subjected to such war guilt because the Allies portrayed Austria as the first victim of Nazi aggression rather than as part of the Axis coalition, the war guilt variable is coded one only for Germany and Italy and zero for all other countries in the dataset.⁹ Second, citizens of new democracies have been found to express lower levels of national pride than those in countries with long-established democratic regimes (Smith and Jarkko 1998); recent experience with a discredited authoritarian regime may engender a degree of distrust for state efforts to inculcate nationalism. For the purposes of this study, new democracies were classified as those countries that established contested elections with broad suffrage for the most important political offices (see Przeworski et al. 2000, 15-16) within the last generation, that is, in the previous twenty years. Alternate measures of this concept—variables that identified countries that formed the 'third wave' of democratization or the number of years since the establishment of democracy—generated substantively similar results.

Finally, nationalism may also be affected by whether a country has a federal or unitary government. On the one hand, federalism is frequently considered antithetical to the nationalist ideal of a united people governed by its own state (e.g., Trudeau 1968); therefore, less nationalism should be found in countries with federal systems. On the other hand, consistent with the view of nationalism as a top-down, state-led phenomenon, federal states may be expected to engage in *more* nationalist mythmaking than unitary states to counteract the centrifugal effects of regionalization. Because the differences in economic performance across

⁹Coding Austria as a country with war guilt reduces the estimated effect of that variable, but does not affect the conclusions drawn regarding the other variables included in the analyses presented below.

regions often seen in federal systems tend to result in higher levels of economic inequality, it is important to take into account the potential effect of federalism on nationalism so as to avoid reaching mistaken conclusions regarding inequality's effects.

4 Method

Accurately gauging the relationship between nationalism and inequality or international conflict requires a method that takes into account the fact that these variables and the other aspects of context introduced as controls do not vary across all of the individuals examined, but only across those surveyed in different countries or different years. Further, some of the control variables, such as federalism, do not vary over time in this dataset but only from country to country. This means that there are actually three nested levels in the data: individuals, country-years, and countries. Failing to recognize the multilevel character of the data violates the assumption of independent errors and can cause the standard errors of contextual variables to be underestimated (Steenbergen and Jones 2002). To avoid this pitfall, this analysis proceeds with explicitly multilevel modeling techniques. For individual i in country-year j in country k , the equation to be estimated is defined as follows:

$$\begin{aligned}
 \textit{Nationalism}_{ijk} = & \gamma_{000} + \gamma_{100}\textit{Age}_{ijk} + \gamma_{200}\textit{Education}_{ijk} \\
 & + \gamma_{300}\textit{Income}_{ijk} + \gamma_{010}\textit{Inequality}_{jk} \\
 & + \gamma_{310}\textit{Inequality}_{jk} \times \textit{Income}_{ijk} \\
 & + \gamma_{020}\textit{International Conflict}_{jk} + \gamma_{030}\textit{GDP/Capita}_{jk} \\
 & + \gamma_{040}\textit{Migrant Stock}_{jk} + \gamma_{050}\textit{New Democracy}_{jk} \\
 & + \gamma_{001}\textit{War Guilt}_k + \gamma_{002}\textit{Federal}_k \\
 & + r_{0jk} + r_{3jk}\textit{Income}_{ijk} + u_{00k}
 \end{aligned} \tag{1}$$

In addition to including predictors at all three levels of analysis, this multilevel model includes both varying intercepts and varying slopes (see Gelman and Hill 2007). That is, first, that through separate error terms for each country (u_{00k}) and country-year (r_{0jk}), it allows the average level of nationalism within these

units to vary to reflect circumstances in a particular country or year that remain outside of the model.¹⁰ And second, it includes a separate error term for income (r_{3jk}) and so allows the effect of this individual-level predictor to vary from one country-year context to the next. Because national pride takes on one of just four ordered values, the equation was estimated using ordered logistic regression.¹¹

Before proceeding to the presentation of the results, we pause to review the expectations provided by the three contending theories of nationalism. Diversionary theory predicts that the coefficient of economic inequality, γ_{010} in Equation 1, will be positive. New-nations theory predicts that this coefficient will be negative and that the interaction between inequality and income, γ_{310} , will be positive, that is, the magnitude of the expected negative effect of inequality on nationalism will be smaller for richer individuals than for poorer individuals. International conflict theory, of course, predicts that the coefficient for international conflict, γ_{020} , will be positive. These hypotheses were tested in a series of four models. The first model serves as a baseline. It estimates Equation 1 using the 90-10 ratio as the measure of inequality and data from all countries and years. To verify the robustness of the results obtained, the three other models each introduce a single difference from Model 1. The second model substitutes the Gini index as the measure of inequality, the third drops the interaction between inequality and income, and the fourth omits from the dataset the observations from the outlying United States.

5 Analysis and Results

Table 1 presents the results obtained by estimating all four models. Model 1 tests the hypothesis derived from the diversionary theory of nationalism against those suggested by the international-conflict and new-nations theories using the 90-10 ratio as the measure of economic inequality. Inequality has a statistically significant positive effect on national pride, and this effect does not vary significantly across incomes.¹² These results

¹⁰In this way, the model is similar to fixed-effect pooled time-series models, which include dummy variables for each country to capture country-specific effects.

¹¹This nonlinear specification is required due to the ordinal dependent variable, but unlike a linear model, it unfortunately does not generate a set of unique variance components that can be used to parse variation at all three levels (Goldstein, Browne, and Rasbash 2002). All analyses were performed using HLM 6.0 software.

¹²The estimated effect of inequality derived from Equation 1 is expressed by $\frac{\partial Nationalism_{ijk}}{\partial Inequality_{jk}} = \gamma_{010} + \gamma_{310} \times Income_{ijk}$, and therefore both its magnitude and statistical significance vary with individual income (e.g., Braumoeller 2004). In Model 1 as well as in Models 2 and 4, the reported coefficient for inequality (γ_{010}) overwhelms the second term in this equation, the

are consistent with diversionary theory and disconfirm the new-nations theory. The number of international conflicts that escalated to the use of force or outright war was found to have a positive effect on nationalist sentiments, but this result was not statistically significant and so provides little support for international-conflict theory. Model 2, which substitutes the Gini index for the 90-10 ratio as the measure of inequality, also yields results consistent with only the diversionary theory of nationalism. Model 3, which omits the interaction between inequality and income predicted by the new-nations theory, and Model 4, which was estimated with a dataset excluding the potentially disproportionately influential U.S. country-years, support the same conclusion: greater inequality prompts more nationalist sentiment rather than less, its effect does not vary significantly across incomes, and more international conflict does not reliably yield higher levels of nationalism.

A closer examination of these results provides additional insights. Age and education displayed their expected effects across all four models. Income, however, does not appear to shape nationalism in important ways. Economic development, the size of immigrant communities, and recent transitions to democracy were not found to affect nationalist sentiments consistently either. Post-war anti-nationalism programs in the former Axis did result in lower levels of nationalism in those countries. The results regarding federalism were mixed: although federalism was estimated to have a positive effect in all four models, consistent with the hypothesis that federal states inculcate more nationalism to counter the potential for regionalism, these estimates were distinguishable from zero in just two of the analyses. Comparing the fit of Models 1 and 2 indicates that, as measures of inequality, the 90-10 ratio provides a better fit to the data than the Gini index. The better fit to the data of Model 3 compared to Model 1, achieved by excluding the interaction between inequality and income hypothesized by the new-nations theory, is also noteworthy. Finally, the coefficient for inequality actually increases when the United States is excluded from the sample in Model 4, confirming that this outlying case does not inflate the estimated effect of inequality on nationalism.

product of the interaction coefficient with individual income: the variation across incomes in the magnitude and statistical significance of inequality's effect is negligible. For this reason, further discussion of this variation is omitted.

Table 1: Effect of Inequality on National Pride

	Model 1		Model 2		Model 3		Model 4	
	Baseline		Inequality as Gini		No Interaction		U.S. Excluded	
National Pride	Estimate	(Std. Error)	Estimate	(Std. Error)	Estimate	(Std. Error)	Estimate	(Std. Error)
<i>Economic Inequality</i>								
Inequality	.432***	(.121)	6.179***	(2.251)	.467***	(.121)	.479***	(.133)
Inequality × Household Income	.013	(.013)	.168	(.254)			.003	(.016)
<i>International Conflict</i>								
Intense Conflicts, Logged	.021	(.198)	.133	(.198)	.036	(.200)	-.037	(.216)
<i>Individual Controls</i>								
Age	.016***	(.001)	.016***	(.001)	.016***	(.001)	.015***	(.001)
Years of Education	-.055***	(.002)	-.055***	(.002)	-.055***	(.002)	-.055***	(.002)
Household Income	.042	(.048)	.042	(.073)	.007	(.006)	-.009	(.057)
<i>Country-Year Controls</i>								
GDP/Capita	.006	(.012)	.004	(.013)	.007	(.012)	.008	(.013)
Migrant Stock	-.010	(.012)	-.011	(.013)	-.013	(.012)	-.010	(.012)
New Democracy	-.244	(.214)	-.102	(.215)	-.251	(.215)	-.275	(.222)
<i>Country Controls</i>								
War Guilt	-1.272***	(.348)	-1.405***	(.403)	-1.325***	(.356)	-1.224***	(.372)
Federalism	.342	(.226)	.449*	(.254)	.394*	(.230)	.291	(.257)
Constant	-2.218***	(.444)	-1.916***	(.608)	-2.053***	(.431)	-2.078***	(.500)
Second Threshold	1.526***	(.019)	1.525***	(.019)	1.525***	(.019)	1.522***	(.019)
Third Threshold	3.716***	(.022)	3.716***	(.022)	3.712***	(.022)	3.701***	(.022)
<i>Variation Explained (%)</i>								
Level 2	64.4		58.5		65.3		64.1	
Level 3	56.7		46.6		58.4		59.0	
Individuals	63,558		63,558		63,558		57,799	
Country-Years	58		58		58		54	
Countries	22		22		22		21	

* $p < .10$, ** $p < .05$, *** $p < .01$, two-tailed tests.

How strong is the positive effect of inequality on the generation of nationalism? As the coefficients in each model are estimated in logits, they are not readily interpreted directly. The results were therefore used to perform the series of microsimulations that are presented in Table 2. Microsimulation consists of using the coefficients estimated above to predict the national pride of each individual respondent using that individual's actual data for all independent variables but the one currently being examined. These individual predictions were then aggregated to provide a predicted mean nationalism score for each country-year. The difference between the average predicted mean nationalism score across country-years when a variable is at its observed minimum and that obtained when the variable is at its observed maximum indicates the estimated maximum effect of the variable net of the other included variables. Although more computationally intensive, microsimulation avoids the primary weakness of the methods of interpretation more commonly used in political science, predicted probabilities and first differences: their reliance on fixing other independent variables at an arbitrary value, typically their median or mean.

Table 2: Predicted Effects on National Pride

Mean National Pride	Model 1	Model 2	Model 3	Model 4
Observed	3.297	3.297	3.297	3.268
Predicted	3.419	3.423	3.322	3.294
<i>Microsimulation 1</i>				
All at Minimum Inequality	3.213	3.218	3.104	3.082
All at Maximum Inequality	3.704	3.603	3.635	3.640
Difference	.491	.385	.531	.558
<i>Microsimulation 2</i>				
All at Minimum Education	3.619	3.623	3.542	3.545
All at Maximum Education	3.266	3.270	3.159	3.164
Difference	-.353	-.353	-.383	-.381
<i>Microsimulation 3</i>				
All Without War Guilt	3.482	3.491	3.392	3.409
All With War Guilt	3.005	2.958	2.864	2.929
Difference	-.477	-.533	-.528	-.480
<i>Microsimulation 4</i>				
All Without Federalism	3.379	3.368	3.272	3.280
All With Federalism	3.490	3.514	3.410	3.383
Difference	.111	.146	.138	.103

Source: Results presented in Table 1.

The first line of Table 2 records the observed mean nationalism score, averaged across all included country-

years, and the second the mean nationalism score predicted by each model using the observed data for all of the independent variables. The remaining lines report the microsimulation results. They reveal that economic inequality has a strikingly powerful effect on nationalism. The difference in nationalism between a counterfactual world in which all countries in all years had the minimum observed level of inequality and one where inequality was always and everywhere at its observed maximum value is estimated to be approximately a half a point on the four-point nationalism scale when inequality is measured by the 90-10 ratio and only slightly less when measured by the Gini index. For the sake of comparison, the observed standard deviation in mean nationalism scores across country-years in this dataset is only .285. The maximum effect of differences in economic inequality, according to the simulations, is similar to that between the countries that underwent decades of programs aimed at eradicating nationalism after losing World War II and those that did not. The effect of inequality is considerably stronger than that of education, which previous studies have found to be the individual characteristic most important to shaping nationalist sentiments (Hjerm 2001; Coenders and Scheepers 2003).

6 Discussion

One of the oldest theories of nationalism is that states instill the nationalist myth in their citizens to divert their attention from great economic inequality and so forestall pervasive unrest. Because the very concept of nationalism obscures the extent of inequality and is a potent tool for delegitimizing calls for redistribution, it is a perfect diversion, and states should be expected to engage in more nationalist mythmaking when inequality increases. The evidence presented by this study supports this theory: across the advanced democracies and over time, where economic inequality is greater, nationalist sentiments are substantially more widespread.

This finding adds considerably to our understanding of nationalism. To date, many scholars have focused on the international environment as the principal source of threats that prompt states to generate nationalism; the importance of the domestic threat posed by economic inequality has been largely overlooked. However, at

least among the contemporary advanced democracies, domestic inequality is a far more important stimulus for the generation of nationalist sentiments. Given that nuclear weapons rather than the mass army now serve as the primary defense of the developed democracies against being overrun by their enemies, perhaps this is not surprising—mass mobilization is simply no longer necessary for protection (see Mearsheimer 1990, 21; Posen 1993, 122-124).

One important implication of this conclusion is that growing economic inequality may increase ethnic conflict. States foment national pride to stem discontent with increasing inequality, but this pride can also lead to more hostility towards immigrants and minorities. Pride in the nation may not be sufficient for chauvinism and out-group hostility, but it does appear to be necessary (e.g., Kosterman and Feshbach 1989; de Figueiredo and Elkins 2003). Moreover, recent experimental research has shown that members of majority groups who express high levels of national pride can be nudged into intolerant and xenophobic responses by merely first stating that members of the nation share a defining “core essence” (Li and Brewer 2004). As higher inequality leads to the creation of more national pride, it appears to produce environments favorable to those who would inflame ethnic animosities.

Another and perhaps even more worrisome implication regards the likelihood of war. Nationalism is frequently suggested as a cause of war. Barry Posen (1993, 123-124), for example, hypothesized that “nationalism is a cause of intense widespread public concern for national security, and a public predisposition to accept the judgments of civilian or military ‘threat inflators’ of military dangers from abroad,” resulting in “international ‘spirals’ of insecurity.”¹³ There is some evidence for at least part of Posen’s argument: among U.S. citizens, more national pride has been found to result in a much greater demand for national security even at the expense of civil liberties (Davis and Silver 2004, 36-37) as well as preferences for “a more militaristic foreign affairs posture and a more interventionist role in world politics” (Conover and Feldman 1987, 3). If the rest of the argument is also correct, the growth in economic inequality over the last quarter century should be expected to lead to more aggressive foreign policies. Because economic inequality prompts states to generate diversionary nationalism, rising inequality may make for a more dangerous world.

¹³For a careful elaboration of the many hypotheses linking nationalism to war, see Van Evera (1994).

The results of this work also contribute to our still limited knowledge of the relationship between economic inequality and democratic politics. In particular, it helps explain the fact that, contrary to median-voter models of redistribution (e.g., Meltzer and Richard 1981), democracies with higher levels of inequality do not consistently respond with more redistribution (e.g., Bénabou 1996). Rather than allowing redistribution to be decided through the democratic process suggested by such models, this work shows that states often respond to higher levels of inequality with more nationalism. Nationalism then works to divert attention from inequality, so many citizens neither realize the extent of inequality nor demand redistributive policies. By prompting states to promote nationalism, greater economic inequality removes the issue of redistribution from debate and therefore narrows the scope of democratic politics.

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