Culture and Economy in Peripheral Europe

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The paper begins by discussing certain difficulties with neoclassical, Weberian and convergence approaches to the relationship between culture and economy. It continues with an examination of the concept of culture and its relationship to the ideas of nationalism and ethnicity. This discussion then forms the basis for an examination of the different forms that ethnicity and nationalism have taken in Mediterranean and Southeastern Europe as these areas experienced and reacted to the penetration of capitalism, and to the subsequent development of fascism and socialism. Skeptical of attempts to formulate universal theories of culture, nationalism or ethnicity, the paper proposes instead an approach which recognizes and addresses the diversity in modes of cultural organization.

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Culture and Economy

The growth of industrial capitalism in Northwestern Europe in the 19th century was accompanied by promotion of the nation-state and the ideal of nationalism. The conviction grew that each country should have a well-defined boundary governed by a state; it should be organized as an economy; and it should be peopled by a linguistically and culturally homogeneous population. These nation-states should engage in economic intercourse and rational diplomacy among themselves. As a result, all would develop and prosper and people everywhere, at least everywhere in Europe, would enjoy the blessings of material abundance and personal freedom. Such were the views of the proponents of capitalism in the nineteenth and early twentieth centuries. The continuing acceptance of these views remains evident today: when elegantly expressed by an eminent scholar they can even yield a Nobel Prize.

The realities, of course, have not matched the ideal. Differences in level of economic development in regions of Europe have not only persisted, but in some cases increased. Nationalism has regularly been perverted into fascism — or, some would say, simply been carried to its logical conclusion. Wars have been fought. Revolutions have occurred, sometimes failing, but succeeding in Eastern Europe and carrying that region away from capitalism in the direction of a particular vision of socialism. Even within the countries into which the European Peninsula is carved, regional differences persist — regions-within-regions, one might say. And in spite of, or because of, the vigorous promotion of nationalism, social movements rejecting national claims and asserting economic and political rights for regional or ethnic populations have been endemic.

In spite of these historical relationships, economists and other social scientists and policy makers who think in terms of neoclassical models celebrate a research strategy which treats the economy as a closed system where goods and services are related to one another in a market that is independent of social organization or cultural tradition. Economic historians and theorists laud capitalism for having freed economic development from the fetters of social control to create what Karl Polanyi called the "self-regulating market" (1957). This freedom enables man, they say, to follow his natural propensity to truck and barter, and to
seek to maximize his material advantage in the process. This is defined as “rational behavior.” Economic development can take place when non-economic constraints are removed so that people can be free to make these rational decisions. The introduction of the market coupled with an adequate supply of the factors of production, derived either locally or through trade and aid, will yield economic development. Agriculture will be transformed, industry and trade will expand, and the GNP will grow.

The market rationale is prescribed as a tonic for all economic ills. It is promoted in general theories of development (Hirschman, 1958; Rostow, 1960), in development programs for underdeveloped countries in Asia and Africa (Bauer & Yamey, 1957; Hunter, 1969), and for peasant regions of Europe (Franklin, 1969). In this perspective all non-developed regions are lumped together into a single category of “traditional” or “underdeveloped.” Differences in their social organization and cultural traditions are not taken into consideration. All that matters is that the market and rational economic decision-making be introduced. From this, it is said, economic prosperity will follow.

There are, however difficulties with the prescription. One is the alternative model of development provided by communism. It is not surprising that capitalist thinkers would have a marked preference for their own models. The difficulty is that the superiority of these models is hard to demonstrate in strictly economic terms. Underdeveloped countries resorting to communist models of development have achieved impressive results, arguably better than those of countries that have employed capitalist ones (Meyer, Bolli-Bennet and Chase-Dunn, 1975). There have been two major kinds of reactions to this observation by mainstream thinkers. One is to reject communism on ideological grounds, to argue that capitalism produces superior social and cultural results, that it creates “freedom” and “democracy” and that communism does not (c.f. Friedman and Friedman, 1980). The other is to argue, as convergence theorists do, that the requirements of industrial and post-industrial society make “ideological” (e.g. cultural) contrasts irrelevant. They argue that these requirements necessitate particular social systems and values and that all developed societies, whatever their ideological commitment, are actually becoming very much alike (c.f. Lipset, 1977; Bell, 1975; for a critique of convergence theory, see Skinner, 1976). However, while mainstream theorists link culture and economy in this particular comparative context, they do not otherwise show any interest in the relationship.

Another difficulty to all mainstream theorists is that economic development is uneven, as countries favored by geography or history take the lead and other places lag behind. In time, they say, these differences will be reduced and then erased as the market becomes stronger and technology, knowledge, and materials needed for growth are diffused outward from the centers of development. Once initiated, the process will inevitably work its way through to its logical conclusion of universal development. The perspective thus has a built-in optimism. Places which are not yet modern are labeled “developing” to indicate that they are already on the right road and that in time they will become modern (or “mature”). These theorists do not doubt that the process of modernization will eventually reach everyone. For them the only questions are, as Ernest Gellner has put it, how fast the process will move, how painful it will be, and whether or not it will leave people free (1964: 136).

The matter of time, however, is at issue. How long will this process of economic diffusion take? Professor Rostow has an answer: sixty years from “take-off” to maturity, with things getting better all of the time along the way (1960:9). That would be nice but the matter of progress is also at issue. Are things really getting better all the time? It does not seem so to everyone. There are good reasons to believe that the explanation for this lies mainly in the structural relations between advanced and backward places. Rather than promoting development through diffusion, these ties foster economic dependency and underdevelopment, or autarchy and reaction, or revolution (Wolf, 1982). I will return to this perspective below.

I suppose that it was inevitable that if some people were going to be economic determinists,
then other people would surface as cultural determinists. There is indeed a well-established and highly respected intellectual tradition of cultural determinism in Western social science anchored in the work of Max Weber. As is well known, Weber argued in *The Protestant Ethic and the Spirit of Capitalism* that the road to capitalism in northwestern Europe was paved by the previous acceptance of Calvinism by the good burghers there, while the medieval outlook of the Roman church proved an immovable roadblock to development in the Mediterranean lands. Modern followers of Weber have continued to blame cultural traditions for the failure of backward populations to modernize. Some scholars and policy makers have been content to attribute a generally conservative and suspicious nature to ethnic groups or regional peasantry which have remained backward and resistant to planned change. Other investigators have attempted to pinpoint the particular characteristics that cause the problems and have added the concepts of *culture of poverty, limited good and amoral familism* to the repertoire of social science ideas.

These concepts all have in common that they seek the reasons for poverty in the traditions and values of the poor. The "culture of poverty" concept, developed by Oscar Lewis (1966) in studies of slum dwellers in several Latin American cities and in New York, describes a value system of suspicion and mistrust, especially of major social institutions such as government and police, coupled with extreme apathy and an orientation toward the present. These values, Lewis claimed, are inculcated in children by a young age and leave them psychologically incapable throughout their lives of taking advantage of any opportunities to improve their condition. In this way, he argues, values which serve to perpetuate poverty are passed from generation to generation.

At about the same time that Lewis was writing, George Foster (1965) published an authoritative and controversial article reporting that he had discovered that peasants in the village of Tzintzuntzan in Mexico regulated their lives in terms of an ethos which he called the "Image of Limited Good." He explained that peasants view the good things in life as of finite quantity so that accumulation in one quarter necessarily means deprivation in another. Under these conditions, he reported, any substantial improvement in the material conditions of one individual or family are perceived as a threat by all others. This makes people reluctant to either take initiative or respond to opportunities for change, and ensures that if they do, their community will mobilize against them. All of this puts the brakes on development. Foster augmented his field research in Mexico with a reading of reports on peasants in other parts of the world, and concluded that this ethos was widespread among the world's peasants, including those of southern Europe.

Foster held out hope that this peasant mentality might be broken down, making progress possible, but another distinguished scholar who turned his attention to South Italian peasants was more pessimistic. Edward Banfield found that the peasants who lived in a village he called Montegrano were poor because of an ethos he called *amoral familism*. People, he said, acted on this premise: "Maximize the material short run advantage of the nuclear family; assume that all others will do likewise" (1958:85). This left the villagers incapable of acting together for their common good, and this, in turn, was responsible for their extreme poverty and backwardness. Like Foster, Banfield confidently projected his analysis of the village into a wider sphere. He felt that Montegrano was typical not only of southern Italy, but of the entire underdeveloped "non-western" (sic!) world. Moreover, he did not have high hopes that these conditions would change. He said:

"There is some reason to doubt that the non-western cultures of the world will prove capable of creating and maintaining the high degree of organization without which a modern economy and democratic political order are impossible" (1958:8; also see Chap. 9, The Future, pp. 155–166).

The perspectives which I have briefly reviewed here diverge markedly in their approaches to the role of culture in modernization, from assigning it no role at all (neoclassical), to seeing
it as dutifully becoming whatever the economy requires (convergence theory), to using it as the explanation for development or its absence (Werberian tradition). Nevertheless, they all share certain characteristics which leave their analyses deeply flawed. The most serious problem is that in each case culture is taken as a given. There is no curiosity displayed as to how or why cultural differences arise, or why cultural groups are distributed as they are. Since these perspectives have dominated the social sciences, there has been little research on problems of cultural origins and few insights developed. In 1939, Norbert Elias wrote that:

“The sociogenesis and psychogenesis of human behavior are still largely unknown. Even to raise the question may seem odd. It is nevertheless observable that people from different social units behave in quite different ways” (1979:39).

While mainstream social science persists in its disinterest in “sociogenesis,” a rigorous side-stream of individuals has emerged to whom the question does not seem odd. These studies are characterized not only by an interest in culture, but by the relationship of culture to class and by the way in which class relations and culture are together a product not only of local conditions, but of structural position in a “world capitalist system.” In the following pages I will try to lay out some of the lines of inquiry this effort is taking in the study of peripheral Europe.

Ethnicity
The concept of culture, as it has developed in anthropology, is meant to explain the differences between human beings and other animals. The classic definition of culture, from E. B. Tylor’s Primitive Culture of 1871, is still generally accepted, although today’s anthropologist may prefer to develop a more “sophisticated” version of it (c.f. White, 1975:2–13). It goes:

“Culture ... taken in its widest ethnographic sense, is that complex whole which includes knowledge, beliefs, law, custom, and any other capabilities and habits acquired by man as a member of society” (1871:1).

Culture, in this definition, includes all of the patterned, repetitive ways of thinking and acting in human social formations, including economic and social relations. Anthropologists, such as Claude Levi Strauss, and linguists, such as Noam Chomsky, have pointed out that all forms of human culture and language are really just variations on a single theme (c.f. Chomsky, 1975). This is demonstrated, for example, by the relative ease with which people can learn one another’s languages and modes of behavior.

Moreover, for many millennia the human species has been distributed in a more or less continuous fashion over the Eastern Hemisphere. No matter how much people may like to claim that the cultural or political divisions that they create are natural, there is a very real sense in which they are entirely arbitrary. Certainly this is true in Europe. It is only on Pacific Islands that human populations are spatially separated from one another and even there inter-island travel, always an integral part of life, has resulted in continuous population exchange and cultural diffusion. Populations which live near each other or are descended from common stock are culturally very much alike. The maps that ethnologists like to construct showing cultural trait distributions are very instructive here. In the first place, the frequency with which particular practices or objects are found in communities shade off gradually in all directions. Sharp breaks are rare, and can usually be explained in terms of the recent migration of a group from a distant place. In the second place, the clines which show the way in which traits shade off in different directions rarely ever coincide with one another. It would be impossible, using these trait distribution maps alone, to discover where the political or cultural borders are in Europe, today or in the past.

There is, then, an “objective” sense in which (a) no two contiguous populations are very different from one another, and (b) boundaries between cultures cannot be detected on the ba-
sis of obvious contrasts. This, of course, flies in the face of our experience. We do indeed mark both political and cultural boundaries and we take them very seriously. This is because in the process of social interaction, groups form and differentiate themselves from one another. In this process of differentiation into “we” and “they,” certain patterns of behavior are selected as identifying markers in order to distinguish each group from its neighbors. While sharing a wide range of cultural characteristics, articulating groups will inevitably celebrate their uniqueness in terms of contrasting cultural elements and promote these contrasts so as to make the difference a reality. So, if we are given a series of trait distribution maps and told which traits to ignore and which to use, we may be able to locate those cultural boundaries after all.

The symbols which people use to identify themselves are arbitrary and can derive from virtually any aspect of culture.

“Symbols are objects, acts, relationships or linguistic formations that stand ambiguously for a multiplicity of meanings, evoke emotions, and impel men to action. They usually occur in stylized patterns of activities, such as ritual, ceremonial, gift exchange, prescribed patterns of joking, taking an oath, eating and drinking together, acts of etiquette, and various cultural traits that constitute the style of life of a group” (Cohen, 1974:23-24).

Individuals learn this “style of life” as they grow up, and also learn the ways in which it contrasts with the way of life of other groups. Since these symbolic meanings are already established before the individual learns them, they have an objective reality for the individual which is every bit as real as his or her physical surroundings. However, as Cohen notes, there is always a degree of ambiguity to the meaning of symbols so that there is room for interpretation. Cultural traditions can be established and passed from generation to generation, but at the same time, symbolic ambiguity permits reinterpretation of life ways so that these traditions are never static.

The ambiguity of symbolic meaning is especially evident when cultures are internally differentiated. This differentiation can take the form of economic specialization or division into owners and workers. It can also result from competition for political power or a choice of religious affiliation. As a result of this complexity, the symbols which are used to identify the culture may come to mean different things to different people (Wolf, 1958). People may come to disagree about identifying symbols and even about who the other members of their group are. At the same time, the process of differentiation may result in a reduction of differences between some segments of articulating groups. For example, members of more than one culture may be members of the same religion, or practice the same trade, or find common ground because they hold political power. They may then discover that they have common interests with one another which they do not share with members of their own culture. Thus, individuals can be subjected to several loyalties which may well be in conflict.

The above argument should not be construed to mean that the process whereby cultures are formed exists prior to the processes of internal differentiation. Both operate simultaneously and continuously so that any particular population is always subjected to forces driving its elements apart at the same time that others are pulling them together.

In the neolithic, cultures were politically autonomous entities which interacted to form systems of more or less equivalent units (the famous Kula ring is an example). Since the formation of political states, the social organization of cultural diversity has been more complex. Political states have regularly organized a diversity of cultural entities within their boundaries. While these entities are sometimes parallel in political and economic strength, there are many more examples where such strength is differentially distributed. In Western literature, the term ethnicity has come to mean the organization of cultural diversity within a state system.

“An ethnic group is a collectivity of people who share some patterns of normative behavior, or culture, and who form a part of a larger popu-
lation, interacting within the framework of a common social system like the state. The term ethnicity refers to the degree of conformity of these collective norms in the course of social interaction" (Cohen, 1974:92).

It will have become clear enough by now, I hope, that the degree of conformity is indeed problematic.

There are several general points to be made in conclusion here before turning to a discussion of ethnicity in modern Europe. One of these is that symbolic processes are really not distinct from economic and political ones. Indeed, they are all but different aspects of a single cultural process. For many social scientists this will be old hat. This is expressed in the Tylor-White meaning of culture, in the venerable anthropological concept of holism and in the concept of "overdetermination" in vogue in some western Marxist circles. But there are strong intellectual traditions which regard them as separate, autonomous realms, and there are sometimes compelling political reasons for promoting that intellectual view.

Another point is that there are so many different ways in which ethnic processes operate that there is almost nothing universal that one can say about them which will not be either banal or wrong. Each must be carefully examined in its specific social and historical context.

The third point is that nothing can be said a priori about the tenacity of ethnic traditions. Even when a population and its historians and politicians claim ethnic continuity with the past, the meaning of the symbols by which it celebrates this identity may well have been fundamentally transformed (c.f. O'Brien, 1982, on Irish political identity). Indeed, whole sets of symbols may have been entirely abandoned along the way and new ones invented (Hobsbawm and Ranger, 1983). Moreover, there is nothing inherent in a way of life that makes such abandonment a tragedy. Under certain circumstances being unable to abandon a cultural identity may even be the greater evil. Individuals who willingly abandon one culture for another are commonplace; communities which change their identity over a relatively short period of time are not rare; whole societies which have abandoned one identity for another are not unknown (Cole, 1984). A corollary of this point is that there is nothing more "real" about an ethnic movement of venerable antiquity than about one of recent derivation. New ethnic movements may be forged out of modern conditions, just as old ones have from time to time been assimilated (Greenwood, 1980).

**Ethnic Processes Under Capitalist Development**

Students of many different countries around the world have reported recent transformation in the nature of relations between different ethnic groups. In particular, they note a rise in the level and intensity of ethnic conflict. Clifford Gertz, writing about Indonesia, has provided one of the most vivid descriptions of this process:

"Up until the third decade of this century, the several ingredient traditions - Indic, Sinitic, Islamic, Christian, Polynesian - were suspended in a kind of half-solution in which contrasting, even opposed styles of life and world outlook managed to coexist, if not wholly without tension, or even without violence, at least in some sort of usually workable, to-each-his-own sort of arrangement. This *modus vivendi* began to show signs of strain as early as the mid-nineteenth century, but its dissolution got genuinely under way only with the rise, from 1912 on, of nationalism; its collapse, which is still not complete, only in the revolutionary and postrevolutionary periods. For then what had been parallel traditionalism became competing definitions of the essence of the New Indonesia. What was once, to employ a term I have used elsewhere, a kind of 'cultural balance of power' became an ideological war of a peculiarly implacable sort" (1973:244-45).

Elie Kedourie has talked about something like this as a general world-wide process associated with the rise of nationalism. As nationalism has spread throughout the world from its origins as a political philosophy in Europe, he says, an extremist style was introduced into politics. Formerly, conflicts had arisen over
rival claims to territory or succession. These, however, had been interpreted as conflicts of interest and were therefore subject to compromise. Politics consisted of an endless process of conflicting claims and resolutions of differences. Nationalism, however, confuses interest with principle. Since men will not compromise over principle, whereas they will compromise their interests, conflicts were made less amenable to negotiation (Kedourie, 1960). As a number of scholars have pointed out (c.f. Smith, 1971:29-40), the spread of nationalism is often most explained in terms of diffusion. In these explanations nationalism developed in Western Europe and was then imitated in other parts of the world, moving in waves across Europe, the Middle East, and on to more distant shores in Asia and Africa. For some authors (among them Kedourie), this was the result of the diffusion of an idea; for others (e.g. Gellner, 1964), it was a by-product of the inevitable spread of modernization cum development. Smith has, however, pointed out the flaw in the diffusion-of-an-idea approach; it does not explain why, out of the entire grabbag of political ideas available in the West, it should have been nationalism that received so much attention. The flaw in the diffusion-of-development concept is that while nationalism has spread in conjunction with capitalism, it has not always, or even usually been associated with development (Hechter, 1975:14-43). While industrializing states have been nationalistic, so have backward, underdeveloped agrarian ones. In fact, nationalism has not everywhere developed for the same reasons, nor has it always been directed toward the same ends.

While a “world capitalist system” developed in Europe as early as the sixteenth century, industrialization in the late eighteenth and especially in the nineteenth century was concomi-
tant with the rise of nationalism. This period is usually approached in terms of the development of nation-states and relationships among these political entities, but it is also possible to examine the spatial patterns of economic development while ignoring national boundaries (Seers, 1979). There is a roughly elliptically shaped core zone in Northwestern Europe where industrial and urban development are most pronounced and where there has been a constant decrease in the percentage of the population engaged in agriculture (see Map 1). The area has developed a set of economic characteristics which are well known indicators of economic cores, such as a developed economic infrastructure and a concentration of finance and banking activities. It receives labor from outside areas and provides them with capital, technology, and (more recently) tourists. It is also an area which has become increasingly homogeneous culturally. It constitutes a single market zone, and subscribes to nearly identical ranges of political and ecclesiastical ideologies.

This is the area of formation of “pristine” nation-states. That is, nation-states came into existence here through a relatively slow process and in the absence of any clear antecedents: they were the first ones. The process of formation began here in early modern times, well before industrialization was underway. In fact, it occurred on the fringes of the central European corridor, an area dominated by alliances of independent city-states, where the main economic and political action of the day was taking place. As Stein Rokkan has put it, “the only efforts of aggressive state building took place on the fringes of economic Europe” (1975:577).

This was basically a process of consolidation. Numerous centers arose to integrate surrounding hinterlands of town and country, then competed with other centers, subjugating some and being subjugated by others in turn. However, the economic core that began to take shape around commercial and financial activities, and later manufacturing, was more expansive than any of the emerging nation-states. None was able to establish political control over the entire area. Only under Napoleon and again under Hitler was the area unified politically, and in both cases only temporarily and superficially. Moreover, the diplomatic attempt to integrate it politically since the end of World War II through the Common Market and European Parliament has had only limited success. The economic core of Europe still remains politically fragmented.

There have been fundamental changes in the nature of both the political and economic organization of nation-states since they began to form in the 16th century. This is well summed up in Rokkan’s four phases of development (1975:470–475). In Phase 1, political, economic, and cultural unification of the elite is established as they create a number of institutions which function for their mutual benefit. In phase 2 and 3, the masses are increasingly involved first in directed, then in active participation in the system. Phase 4 is characterized by the modern development of the welfare state.

It is during the middle two stages of this process that the ideology of nationalism developed. In the earliest phase the nation meant only the elite. Other people continued to identify themselves and to be identified by others in terms of what they did and where they lived. But with the development of industrial capitalism and urbanization, the need for a mobile, literate workforce was associated with the promotion of a concept of nation. That is, economic unification within the state required cultural uniformity as well. This in turn launched the masses in a drive for a role in the political system. The whole process was accompanied by much violence. Transforming identities and loyalties from locale to nation-state meant also the destruction of an existing order and uprooting people from their livelihoods and residences, often requiring the use of force (Moore, 1966).

Outside of the core, nationalism was a movement directed against the great empires that existed in Iberia and Eastern Europe (see Map 2). In these places the process worked in the direction of political fragmentation rather than political consolidation. Neither the Habsburg nor the Ottoman empire survived this process, but in Iberia “the Spains” continued to be dominated by a powerful political center in Madrid.
These processes did not unfold as they had in Western Europe for a number of reasons. One was simply that nationalist processes here were set in motion well after they were already established in the Northwest. For Rokkan this is the fundamental difference:

"The latecomers were not only late in achieving sovereign status, they were left with only a minimum of time to build up their institutions before they were faced with disruptive pressures from outside as well as from inside. The older systems developed in a multicentered international environment without any dominant models of successful development, with very slow transportation networks, and without any technologies for quick mobilization. The latecomers are faced with highly visible models of successful development, strong and polarized outside centers of economic and ideological influence, rapid means of communication in and out of each system, advanced technologies of mass mobilization" (1975:574).

The second element in the development of these national movements was the way in which capitalist economic relations developed. Taken as a whole, these areas were in the main peripheralized. They became neocolonial areas of the European core. The process, however, was complex. One aspect of the process was the establishment of economic relations directly with major core states, especially France and Britain, and eventually including Germany as well. But each of the three southern peninsulas also included regions which were a part of the core. The Wien-Prague axis at the gateway to southeastern Europe, Piedmont and Lombardy in northern Italy, and the Basque and Catalan lands in northern Spain all coalesced as semi-
core areas. While themselves penetrated by foreign capital, they nevertheless attempted to establish economic and political ascendancy in their respective peninsulas. The results were different in each case: the Habsburg empire collapsed into a series of fiercely nationalist successor states; the Northern Italian core promoted nationalism and unified the peninsula politically, wresting it away from various foreign powers and their peninsular allies; in Iberia, a politically strong center dominated by dependency elites succeeded in holding the Spains together as a single entity, and even in dominating the more developed regions.

More distant from the center of the European economy, any tendencies toward the development of an industrial core within the Ottoman lands were thwarted and the whole empire was economically subverted and politically neutralized. Ottoman control over its empire eroded during the 19th century and collapsed altogether at the end of World War I. Its successor states all emerged as peripheralized neocolonies. Bankers and merchants from the core served as midwives at the birth of each of the new states, while local leaders sought political independence and passionately worked to unite their diverse populations into a nation through the vigorous promotion of nationalism; at the same time they promoted the economic ties with the European core which were turning their countries into dependencies (Be­rend and Ranki, 1974).

Within these areas the transformation in inter-ethnic relations was striking. Most people were either peasants or pastoralists in the imperial social formations. While this particular mode of livelihood was the lot of the majority of virtually every group, other occupations tended to be group-specific. Numerous skills and crafts were practiced only by certain groups, each of which jealously protected its monopoly. Moreover, each group tended strongly toward endogamy, and even rural producers tried to confine access to economic resources to members of their own group. Education in economic skills, inheritance and other modes of property transfer, and reciprocal labor exchange all tended to be restricted. That is, each group strove to control both production and the conditions for its own reproduction. A part of this process consisted of establishing a distinct cultural identity. These groups, separated by occupation or territory, were also distinguished by symbolic means, giving them separate ethnic identities (Barth, 1969).

It is important to note that the ethnic identi­ties that people worked with were not of large scale. The peasantry, pastoralists, and petty craftsmen had not been taught to think of themselves as members of a nation or even of a region. While they might well recognize the similarity of their way of life to that of others who shared their language, religion or terri­tory, they thought of themselves, and were thought of by others, only as members of small scale communities. Their ethnic referents were local ones. Nobles and burghers certainly did not seek to share their cultural identity with the peasantry. While peasants and others of “lower strata” interacted regularly and celebrated differences among themselves based on their trade, craft, or where they lived, these differences were inevitably signalled by highly visible symbols such as architectural and clothing styles. Hats and jackets especially were developed in distinctive ways by small groups and made accurate identification of individuals by trade or community possible even at a distance (Wobst, 1977).

Since production was specialized to a degree, each group was in some measure dependent on the others. Peasants and pastoralists exchanged products and both required the special products and services that they did not provide for themselves (Lockwood, 1975). Since much of this economic interchange took place across ethnic lines, no ethnic group could be totally independent. Thus, it was not the ethnic group but the system of interlocking ethnic groups that constituted the unit of reproduction (Cole, 1981).

While this complex of interdependent ethnic groups functioned as an integrated economic system, it was at the same time politically tense. There were constant temptations for ethnic groups to test one another’s strength and to seek to improve their economic position by infringing on another group’s territory or prerogatives. Moreover, there was always ten-
A process of reproduction over the relative exchange value of different goods and services. A variety of symbolic and social mechanisms was employed to counter these antagonisms, but inter-ethnic conflict was nevertheless endemic. This, however, served the interests of empire. Since the extraction of surplus was by political means, the greatest danger for imperial elites lay in the growth of competing political structures. The interpersonal integration provided by exchange, the economic requirements of ethnic networks, and of pastoral and nomadic groups, inhibited regionalism which might have promoted political separatism. At the same time, inter-ethnic friction inhibited the formation of alliances, including class alliances, which might have challenged imperial power. It is not surprising, therefore, that both church and state expended much effort and treasure in promoting the multi-ethnic system and that the empire set itself up as the arbiter of inter-ethnic conflict. The imperial goal was to perpetuate diversity and to manage conflict. Thus, in the final analysis, reproduction of the multi-ethnic system required the empire.

The incorporation of these empires into the world capitalist system in the 19th century was at the expense of the imperial social formation and the cultural division of labor. There were still surpluses to be extracted and employed locally, but the dynamics of the economy swung over to production for export. This economic transition required a reorganization of the polity since the concentration and deployment of surpluses by the empire was obviously not compatible with the goal of mobilizing surpluses for export. The class of modernizing elites which profited from this new economy was the driving force behind the national movements which dominated politics in the emerging peripheries in the 19th century. Each strive to mobilize a population against imperial rule through the creation of a nation-state, that is, a state with a culturally and linguistically homogeneous polity. These national movements, and the states they attempted to create, promoted ethnic solidarity in opposition to both the surviving cultural division of labor and the growing class antagonisms that were embedded in the emerging capitalist relations of production. Nationalism removed the legitimacy of ethnic-based claims to specific economic niches at the same time that it reserved all positions in the economy to members of the national culture.

In practice this meant the disruption and suppression of ethnic networks and of the entire system of inter-ethnic relations. This included attempts to control or eliminate transhumant and migratory movements, and to reduce or eliminate the cultural diversity of town and country. Over the years a variety of means has been employed in attempts to achieve these ends, including forced sedentarization of migratory groups, pressures and inducements to assimilate, expulsion, population exchanges with neighboring states, pogroms, and even physical extermination. As a result, the main thrust of ethnic politics has been in the direction of simplification, toward a reduction in cultural heterogeneity within states or regions, and toward the coincidence of state and culture. However, the complexity of ethnic distribution inherited from the imperial period, coupled with the complexities of international relations and the quirks of habitat and history, has inhibited this process. While ethnic complexity has been reduced, it has by no means been eliminated. In this century, attempts to culturally consolidate state territories, whether under parliamentary democracy, fascism, or socialism, have been hindered by ethnic complexities inherited from the imperial period and further complicated by new antagonisms introduced under capitalism.

Types of Ethnic Process
By the end of World War I, these processes seemed to have reached a culmination of sorts. The European Peninsula had been politically and culturally fragmented at the same time that it was moving in the direction of economic integration. The Ottoman and Habsburg empires of Eastern Europe had been replaced by a myriad of successor states. In Mediterranean Europe, however, two “mini-empires” survived. The empire of the Spains in Iberia held firm and an Italian state was formed, wrested from the control of petty nobles and French and
Austrian “occupation.” Although comprised of a collection of very different sorts of places, this Italian political entity was held together through an alliance of southern and insular agrarian elites and northern industrialists and financiers (c.f. Procacci, 1968; Wade, 1980). The political-cultural division of Europe helped to promote and perpetuate its economic organization into core and peripheries through regulation of the movement of labor and capital. At the same time, even the relatively small “regions” or states into which Europe was divided were having difficulties becoming cohesive nation-states. The entire Peninsula was alive with ethnic movements of a variety of sorts. The main kinds of ethnic movements included:

Nationalism. Movements to create cultural homogeneity within the political state were ubiquitous in Europe, in peripheries as in cores. However, while writings on nationalism have stressed attempts to build internal homogeneity, they are equally to be understood as movements to exclude potential political and economic competitors. Internal populations which, for whatever reason, prove reluctant to assimilate are systematically excluded from participation in national economic and political life. Members of external populations, that is, foreign nation-states, may be allowed, even welcomed within the country, but their participation in national affairs is carefully limited.

Irridentism. Border zones between newly created states inevitably are turned into “shatter zones,” areas of conflicting national loyalties. All of the Southeast European states have been involved in bitter disputes with their neighbors over these zones and Italy, too, contested regions all along its northern border.

Separatism. Regions may reject the national claim to cultural homogeneity for the entire population and claim political autonomy on cultural grounds. These are most likely where substantial economic differences between regions are found. Separatist movements may occur in relatively underdeveloped regions within prosperous states (Bretons in France), or advanced regions within poor states (Basques and Catalans in Spain, and Slovenes and Croats in Yugoslavia).

Regionalism. Regions which are somewhat economically and/or politically disadvantaged may seek the solution to their problems through fuller cultural integration, and political representation, and through increased access to development funds. This is more likely in core states than in peripheries.

Ethnic Politics. Political and economic leaders may promote ethnic symbols and use them to build a political base to engage in national politics. This differs from separatism in accepting the legitimacy of the political states; it differs from regionalism in promoting an alternative to the national cultural identity.

Sub-political ethnicity. Populations may share a set of cultural symbols that contrast with the national culture, but lack the political (and usually regional) cohesion to enter the political arena. Gypsies are the prime example, but other “pariah” groups are certainly common (c.f. Eidheim on the coastal Lapps in Norway). Such groups vary from those which make marginal use of their ethnicity, to others which actively promote it, to still others which reject any ethnic label and claim adherence to national culture, but have their ethnicity imposed on them by others.

As I have already argued, these ethnic movements, while not reducible to economic process, are nevertheless intricately interwoven with it. They are in fact an active ingredient in the process, determinant as much as determined. The nature of ethnic and class processes from earlier times was a factor in shaping the nature of the nationalist movement and hence the political-economic processes as well. In the Mediterranean lands of Italy and Spain, the countryside had been culturally as well as politically and economically subordinated to the city. The contidino had no honored place and a life in the countryside was negatively valued as a life without profit or honor. It was a life that one led not be choice but
by necessity, and it was expected that people would abandon it if only they could. The traditions selected as the symbols of nationalism were therefore derived from an elite urban tradition. As Silverman has said of Italy,

"Discussions of Italian society or culture inevitably begin, or end, with the city. Justifiably so; this is a society that is, and has long been, organized around urban centers" (1975:227).

The development of Italian nationalism, and Spanish as well, centered around the sharing of an urbanity, expressed in the concept of Cività (Silverman, 1975:1-11), which related life in urban centers throughout the country to national culture and set up behavior patterns for all to emulate.

In contrast to this, nationalism in the various countries of Southeastern Europe has been built on a base of symbols developed from peasant culture. The emergence of national movements in Eastern Europe in the 19th century saw the peasantry as the preservers of the true national tradition, since the life of court and city had for so long been in the hands of foreigners. While it was just as true in Eastern European peripheral zones as in Mediterranean ones that the national movements were fashioned by elites, in Eastern Europe the elites drew on symbols derived from peasant life. Linguistics and ethnography were enthusiastically promoted to discover these symbols and to aid in the process of purging language and culture of foreign influences. To be sure, the new image of the peasantry did not always correspond to what a more "objective" student might have found, but the symbols nevertheless served to promote cross-class solidarity in opposition to all other forces (Hofer, 1980).

These cultural factors played a role in the different outcomes of national movements in Mediterranean and Eastern Europe. In the battle between regionalism and centralism in the two regions, centralism won out in 19th century Mediterranean lands whereas it failed in the East. The regional separatism of Spain, Italy and France was always modified by a counter-trend of Cività which linked the culture of provincial cities to those of the emerging national centers (c.f. Greenwood, 1977 and Heiberg, 1980 on this for the Basques; Berger, 1977 on the Bretons; Silverman, 1975 on Italy; Schneider and Schneider, 1976 on Sicily). In Eastern Europe, however, the emerging elites, drawing their symbolic systems from the peasantry, worked in more confined geographical spheres of operations. Since they were in competition with other emerging elites for the loyalty of "shatter zones," it was difficult, for these elites, to make common cause even against their common imperial enemies. Certainly external influences played a leading role in the formation of the states of Eastern Europe, but the directions that this foreign intervention took were guided by the emerging nationalist politics which they helped to create.

Within the peripheral and semi-peripheral regions of Europe, however, not all elites were of the same stripe. There was a dichotomy of attitudes toward political economy which Schneider, Schneider and Hansen (1972) have labeled as development and modernization. Briefly, modernization elites are those who favor free trade and welcome foreign investment as the route to economic prosperity, while development elites favor protection for fledgling national industries and agricultural products. Struggles between these different types of elites have been an important element in the politics of most peripheral states. (For a detailed discussion of this struggle in one peripheral country, Romania, see Jowitt, 1978). While modernization elites and their foreign banker and merchant supporters held the upper hand much of the time in peripheral Europe, development elites won the struggle in the interwar period. Troubled by severe economic problems and increasingly threatened by internationalism, both communist and capitalist, the peripheral nations turned to a fascist form of corporate state.

One way of viewing fascism and related political movements is as a response to economic and political disadvantage within the capitalist world system. Fascist or fascist-like movements succeeded throughout the Mediterranean and Southeast European peripheries in the interwar period, as well as in Germany (see Map 3). Milward (1978) has noted the problem
of viewing fascism as a particular stage in the development of capitalism since it occurred in states at such different "levels" of economic development. But he also notes that, in spite of obvious economic differences, Italy and Germany shared the political fact of late unification. He goes on to point out that their attempts at unification and economic development had been opposed by the existing core states. Barrington Moore, Jr. (1977) also notes that "authoritarian" politics characterize the second batch of states to undergo industrialization. To this we add that the entire collection of states which made up the Mediterranean and Southeast European peripheries saw their economic and political situations deteriorating in the interwar period. The challenge of both international capitalism and the international proletarian movement put a squeeze on them. This occurred at a time of international economic stagnation, indeed, depression, which dealt their modernizing plans an especially severe blow.

The response to this, in theoretical terms, was the victory of development over modernization elites. Distrustful of any form of internationalism, they turned to protectionist economic policies, autarchy and virulent nationalism. In Germany it was the capitalists who stood to benefit from self-sufficiency who supported the Nazis, while those tied to industries dependent on exports and imports were "less enthusiastic" (Kuczynski, 1969). The same observation holds for Italy and Southeast European states as well (e.g. Sarti, 1971; Berend and Ranki, 1974). During this period of time, the vigorous promotion of nationalism, often defined in racist terms, became a major weapon in political mobilization. While supporting irredentist movements in each other's coun-
tries, states simultaneously repressed any form of ethnic politics within their own borders (Seton-Watson, 1977).

Through a combination of political, economic, and finally, military moves, the Nazis established their control over most of the European continent. They took the core-periphery dichotomy which had developed during the 19th century and reorganized it to suit their purposes. They established flows of labor, agricultural products and raw materials from the peripheries into the German homeland. Later they used political domination to extract wealth from the other core states they conquered. The more subtle forms of racist attitudes of, say Britain and France, toward the people of the peripheries were replaced by the infamous racial classification which defined different populations as fit only for domination and exploitation, while Jews and Gypsies were judged so inferior as to require extermination.

The Nazis thus initiated a process which was intended to establish and dominate a cultural division of labor of the entire European continent and to replace the existing "world economy" with a "world empire" (the terms are, of course, Wallerstein’s, 1979:1-36).

As a result of the fascist experience, post World War II Europe rejected nationalism as a basis for political action. In both East and West Europe, agreements were made which established new state boundaries and declared these to be forever inviolable. The desirability of having a culturally homogeneous polity was abandoned. Both national legislation and international agreements established the rights of ethnic groups to exist and to pursue interests based on their symbolic identity. However, while they were not to have their rights violated by the state, they were enjoined to carry out their political activities within the framework of the nation-state where they lived. Moreover, while pressure to assimilate to the dominant culture was to be avoided, so was forced identity as an ethnic. Individuals should have the right to pursue their ethnic identity if they choose, but also the right to adhere to the national culture.

Two aspects of this ethnic ideology are especially significant. One is that ethnicity becomes optional. Joan Vincent (1974) has explained that in modern states ethnicity constitutes only one element in an individual's identity, and whether or not the individual chooses to display it is situationally determined. One may assume the national identity, or an identity associated with some other role, religion, perhaps, or an occupation. In each of these contexts ethnic identity is not relevant and need not be displayed. The other aspect is that of freedom. Freedom is defined in terms of the right to participate in the political system. Thus ethnic freedom is considered to be fulfilled if individuals, or groups, are free to pursue their goals by political means. The process, of course, does not guarantee outcomes, only the freedom to participate in the political process and to organize along ethnic lines.

Of course, the ideal has not necessarily always been the practice. In spite of the apparent exhaustion of nationalist vigor and the widespread revulsion against it, ethnic movements began to surface early in the postwar period. In fact, the South Tyrolese in northern Italy organized an irridentist movement even before World War II had come to an end (Cole and Wolf, 1974; Katzenstein, 1977). Since then numerous other movements have developed, with varying goals and degrees of effectiveness. Since serious ethnic movements were widely thought to be a thing of the past, this has come as no little surprise to both politicians and scholars.

Three factors seem to be especially significant in creating these movements. One of these is the degree of regional economic differentiation within a country. As Seers and his colleagues (1979) have pointed out, the differences among regional incomes are much less dramatic in core countries than in peripheral or semi-peripheral ones. These differences are a prime correlate of ethnic movements. It is not, as is often asserted, that ethnic movements are always associated with poor regions rebelling against parts of the country that are better off. In Spain, it is the Basque and Catalan regions, the most prosperous in the country, that have the strongest ethnic movements and whose leaders promote either autonomy or separatism. A similar situation exists in Yu-

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goslovakia, where the relatively well-off Slovenia and Croatia periodically show their impatience with the rest of the country. Indeed, Croatian extremists often claim that their “country” is a colony of Serbia.

A second factor is the growing bureaucratization of state control and the expansion of the welfare state. Some scholars (e.g., Fox, Aull, and Cimino, 1981) see this as the principal factor in creating ethnic reaction to state growth in modern Europe (as well as in other parts of the world). Whatever the cultural mode of interacting with the bureaucracy, it is becoming an ever more intrusive element in their lives as its role as “extractor, intervener, and distributor” grows (Grillo, 1979:22). This intrusion leaves individuals with a sense of resentment at the state’s cold, impersonal procedures or cynical at the graft and corruption that give the lie to its claims of impartiality. The responses to this bureaucratization and its accompanying alienation seem to be of three kinds:

“The first is a type of accommodative reaction where individuals and groups broadly accept the framework imposed from without and make adjustments as best they can ... The second is a more positive approach in which individuals manipulate the framework itself ... (the) third type of response (is) collective organization” (Grillo, 1979:24).

Collective action organized along ethnic lines is most common when the first condition, regional economic divergence, is also a factor. Fox and his colleagues (1981) see this kind of collective response, which cuts across class lines on a regional or cultural basis, as the prevailing trend in political organization today, replacing the tendency toward class-based politics of the past.

The third factor is the growing internationalism of economic and political activity in Western Europe. While there are long-term continuities in the growth and patterns of labor migration in Europe (Castles and Kosack, 1973:15–56; Rhodes, 1978), these became especially significant in the decades following World War II. The division of Europe into states facilitates the control of this movement, directing it toward labor markets and regulating its volume in response to demand. Cultural differences between donating and receiving countries help to keep migrant workers isolated, justifying differential wages and benefits, and providing a rationalization for the host countries’ reluctance to extend social services and other benefits of citizenship to the migrants during their residence in the host country. This all helps to maintain the international cultural division of labor wherein the host countries receive the benefits of the labor while the donor country pays most of the costs of producing the labor and reabsorbs the workers when their work years end. A downturn in the economy, such as we have been experiencing since the mid-seventies, also results in the return of the migrants to their country of origin.

While labor migrations create new ethnic groups within core states, internationalization processes also serve as a stimulus for the mobilization of indigenous ethnic movements by providing a wider arena in which to operate. The advantages of regionalism always make it a viable alternative to ethnic politics when the state is the final source of power and wealth. As I pointed out above, students of contemporary ethnic movements note the extent to which these movements are eroded by segments of the population whose ethnic allegiance is replaced by loyalty to state or national class-based organizations. But where the state itself is constrained by membership in international organizations, such as the Common Market, an opportunity is provided for representatives of the ethnic group to find allies in this wider arena. This can serve as a unifying force within the ethnic group as it uses these alliances to further its regional interests.

Socialism and Ethnicity

The socialist states which emerged in Eastern Europe following World War II were all successors to states which had existed during the inter-war period, but with their boundaries redrawn. Given the preeminent role played by
the Soviet Union in shaping the new map of Eastern Europe, this reemergence is in a certain sense surprising. The area might instead have been incorporated into the Soviet Union. Much of Eastern Europe was occupied by the Red Army and under Soviet administration at the end of World War II. Moreover, since Soviet ideology rejects nationalism as a legitimate means of political mobilization in favor of working class solidarity, they had a ready-made ideology with which to justify such an action. The Soviets even had a precedent for such a move since the formation of the Soviet state had been conceptualized as a free union of sovereign Soviet republics. However, a combination of national politics in the individual states, coupled with pressure from other world powers, forestalled such a move. As a consequence, while Soviet hegemony over Eastern Europe is a reality, so is the political nature of relations between states within the socialist bloc.

Although the formation of these states after World War II was a product of the politics of the day, each state validates its political existence on the basis of a distinctive history and cultural identity. While there is de facto recognition of the legitimacy of these justifications within the socialist world, they are little different from those invented in the nationalist struggles of the 19th century which I have discussed above. Yet communist leaders in Eastern Europe have built on this bourgeois nationalism to claim the right of each socialist state to develop its own distinctive brand of socialism. The Yugoslavs began by criticizing Soviet ideology as a means of political mobilization in favor of working class solidarity, they had a ready-made ideology with which to justify such an action. The Soviets even had a precedent for such a move since the formation of the Soviet state had been conceptualized as a free union of sovereign Soviet republics. However, a combination of national politics in the individual states, coupled with pressure from other world powers, forestalled such a move. As a consequence, while Soviet hegemony over Eastern Europe is a reality, so is the political nature of relations between states within the socialist bloc.

The advent of socialism in Southeastern Europe marked a rejection there of both capitalism and a peripheral position in the world capitalist system. Economic ties with the West were initially severed and both capital and labor flows were abruptly terminated. As communist parties consolidated their political power, they replaced capitalist economic relations with a Leninist strategy of development based on Soviet experience under Lenin and Stalin. This stressed autarchic economic development through central planning and high rates of investment of the indigenous social product. It also promoted close cooperation between socialist states, which led to the establishment of the Council for Mutual Economic Assistance (CMEA). These measures were expected to result in a bloc of modern developed socialist states insulated from the influences of the capitalist world economy. They were successful in that the economic development of the socialist states exceeded that of any other group of countries from the late 1950's into the 1970's (Chase-Dunn, et al., 1978). However, their very success led them to first initiate and then intensify economic ties with the West.

There were a variety of reasons for these states to reinitiate ties with the West. Some were of interest to the bloc as a whole as well as to individual countries. There proved to be limits to autarchic growth so that if further economic development were to take place, it would be necessary to expand the scope of economic relations to include non-socialist countries. It
was also in their collective interest to reduce political tensions and military budgets in order to give more funds and attention to economic development and social welfare. However, there were also reasons that were of interest to the smaller states individually. Economic and political relations with Western countries could reduce reliance on the Soviet Union and other “fraternal socialist” states and thus increase both economic and political options.

Relations with the West have been established with considerable caution under careful state control. Not only is there concern in these countries about Soviet intervention if they become too adventurous, but they still feel vulnerable to economic penetration in a world system that continues to be dominated by powerful capitalist states (Chase-Dunn, 1982). The realism of this fear was dramatically demonstrated by the trade deficits and bank debts many socialist countries incurred in the late 1970's and which continue to plague them in the 1980's. Thus, while the small nations of Eastern Europe find that some measure of involvement with the West can give them leverage within the socialist bloc, there are also serious potential liabilities if they miscalculate.

While the socialist states thus face problems in structuring relations among themselves and with the West, they also face problems of internal differentiation. The ethnic complexity of the pre-socialist period remains and there are also differences both within and between the new socialist states in resources and levels of economic development. Regional differences between and within CMEA countries have received much attention from socialist planners and academics (Ellman, 1979), yet it is the conclusion of both Western and Eastern regional planning specialists that the socialist states have been no more successful in eliminating these differences than have capitalist ones (Demko, 1984). Indeed, while Communist ideology stresses the eventual elimination of all such differences, immediate economic considerations have sometimes led planners to set this ideal aside. Since returns on investments are thought to be generally higher in areas which are more developed, the importance attached to rapid economic development has often led to investment patterns that widen rather than narrow economic differences between regions (Brucan, 1981; Koves, 1981; Cole, 1982). As Sampson has pointed out, conflicts over how to handle the problem of regional economic differences has often been extreme and divisive in socialist states (1984).

Political problems are especially acute when regional economic differences coincide with cultural differences. The Soviet Union itself has ongoing difficulties with this and it is a major problem in Southeastern Europe as well. For example, in Yugoslavia there are substantial differences in level of economic development among the different “national” republics. The central government is pressured by poorer regions, especially Serbia and Macedonia in the south, for access to more national development funds, while the prosperous northern states of Slovenia and Croatia resist this on the grounds that funds created out of their efforts should be reinvested where they are produced. Similar conflicts exist within Czechoslovakia between the Czech lands and Slovakia, and in Romania economic policies are one element in the tension between Romanians and ethnic Hungarians.

In spite of the importance of these problems in modern socialist states, they have received little theoretical attention. Actually, this is a continuation of the theoretical disinterest in nationalism and ethnicity that has characterized Marxist theory since its inception. The development of Marxist thought about the relationship between ethnicity and political economy has been slow and confused (Davis, 1967; 1978).

However, in recent years a fairly clear and consistent perspective has begun to emerge in the writings of intellectuals and in party publications. At the heart of this understanding lies the concept of ethnos (c.f., Bromley, 1978; Grigulevich and Kozlov, 1979). This is an inherent quality of cultural identity which characterizes every human population. The way in which specific ethnic identities originated is not specified in these theories, but they clearly antedate not only socialism, but capitalism and feudalism as well. Moreover, ethnos is not expected to change through time. While the state
is expected to wither away under socialism, ethnos will continue to persist. This, they say, is because ethnos is inherently politically inert.

Ethnic groups can be politically mobilized and in presocialist times they generally were united politically against their neighbors. This, however, is viewed as a product of class relations. Under capitalism, ethnic groups would be mobilized in the interests of particular capitalists in their battles with one another. In these cases ethnicity served to obscure class relations. Generally, Marxists see such expressions of nationalism and other ethnic movements as expressions of chauvinism. However, nationalities can also be mobilized in the class struggle in capitalist societies so that they may also be "progressive." Such judgments continue to be made on a case-by-case basis (Conner, 1984).

With the destruction of capitalism and the advent of socialism in Southeastern Europe, the ethnos theorists say, the class basis of ethnic antagonism was swept away. Since ethnos is politically neutral, there is no a priori reason why nationalities cannot work together to build a socialist society. The state boundaries which were established after the war were declared to be permanent. Since there was no way to draw these boundaries without dividing nationalities, because of the numerous shatter zones, expressions of ethnic chauvinism through irredentist movements were denounced and at the same time the rights of nationalities to their cultural identities and practices were guaranteed. While there is scrupulous attention to proportional representation of nationalities in organizations of all sorts, any flickerings of organized ethnic political movements are denounced and immediately repressed. However, at the same time, viewed as a whole, Eastern Europe is in fact divided into a series of ethnically defined regions, a legacy of the capitalist period of state formation. Moreover, since these states were recreated more or less in their interwar form, there are several multi-national states — Yugoslavia and Czechoslovakia, where each nationality has its own regional territory.

Ethnic antagonism under capitalism, in this perspective, is ultimately a result of class antagonisms and has an economic base (Stalin, 1942). The political definition of ethnicity in the West, and the claims to freedom for ethnic groups, are therefore regarded as a mystification. Communist theorists argue that real freedom consists of economic freedom (Cherneko, 1981). The guarantee of the right to employment and the package of economic benefits extended to everyone provide the basis for the reduction and eventual elimination of conflict between different ethnic groups. Therefore, everyone, including members of all ethnic groups, needs to work together to build socialism. On the other hand, politics built on ethnicity inhibit this process. They are chauvinistic, promoting the interests of one segment of the population at the expense of others, are therefore seen as anti-socialist, and are prohibited. Even within the multi-national states, ethnically defined regions are organized by the communist party, not by ethnic movements.

Socialist analysts thus conclude that the ethnic tensions which exist in their countries are a carryover from the past. However, other observers have argued that the ideology preventing ethnic chauvinism often serves to mask discrimination by the dominant ethnic group against ethnic minorities. Moreover, since the pursuit of socialism represents, among other things, a reordering of inter-ethnic relations, this in and of itself is enough to create suspicion. While it is certainly true that antagonisms created in the past have much to do with present conflicts, socialist development is also a factor in creating new sources of tension. It denies the political legitimacy of ethnicity at the same time that it celebrates the very cultural expression of ethnicity which makes ethnic politics possible. This contradiction contributes to the reproduction of ethnic tension and conflict under socialism.

Conclusion
In this paper I have offered some ideas for discussion about the relationship between ethnicity, economy and policy. Fundamental to this approach is the assumption that these are analytical categories only. It took a lot of clever
scholars to think up these categories and to convince other people that they were a useful way to look at society. This is because people's lives are really not constructed this way. Institutions and events are not just "economic," or "ethnic," or "political." They are a mix of the lot of these things, and more. At best these categories refer to aspects of social behavior; at worst they are reifications of abstractions that have little to do with anything "real." Whatever the utility of separating out these categories for certain purposes, it is also useful at times to put them back together again. This is the idea behind the concept of political economy.

Part of the task here has been to ask about how the European Peninsula has been divided up into cultural units. Historians have given us quite a lot of information about how the development of capitalism and the development of the nation-state are interrelated. It is now clear that state formation processes in different parts of Europe are part of a single process. As a core zone of industrial nation-states formed in Western Europe, an agrarian periphery was created in Mediterranean and Southeastern Europe. The incomplete nature of the process of political consolidation in the core and the fragmentation of imperial states which characterized the process of peripheralization left the Peninsula divided into numerous small political regions or nation-states. While the entire system of core and peripheral states has certainly been dynamic, the core-periphery relationship has proved to be very tenacious.

Integral to this process was the development of national identities promoted by elites as they attempted to consolidate political and economic power. This was an exceedingly complex process with various problems and goals in different parts in Europe. Nation-state formation processes in Western Europe were in the main processes of political consolidation, while in the East and South they were processes of fragmentation directed against large empires. While nationalism was being promoted in the peripheries, there were counter-movements by imperial elites to promote ethnic interdependence and by others who led a variety of kinds of ethnic movements which challenged the nationalists' claims. The resulting division of the Peninsula into nation-states of unequal size and power and separated by cultural contrasts served as a means of control over the flow of capital and labor between regions and states. Later, fascists and communists both attempted to alter the conditions of the international division of labor in Europe. Fascists everywhere promoted nationalism and the repression of those who did not share the national culture. The Nazis attempted to conquer all of Europe and reorganize it to their advantage in a labor system established on the basis of purported racial worth. In Eastern Europe, on the other hand, communist leaders deny that nationalism and ethnicity have any political or economic meaning under socialism. Yet, while promoting "proletarian internationalism" and the unity of all workers and worker states, they are nevertheless constantly confronted with the realities of the reproduction of national and ethnic differences even under socialism.

My examination of these processes has left me very skeptical of the attempts that are being made to provide a universal definition of ethnicity. More useful have been those attempts by the scholars cited in this paper who have tried to work out the genesis of particular ethnic movements and to trace the development of these movements through time. Contrasts between pre-capitalist and capitalist ethnic processes, between core and peripheries in capitalist Europe, and between the Mediterranean and Southeast European peripheries make clear the theoretical and practical importance of understanding the variety of ethnic movements and their causes.

From this it also follows that attempts to discuss the relationship between economic performance and the presence of ethnic or national movements in abstract general terms is wrongheaded. The economic and political contexts in which such movements arise and wither or flourish are too various for that, and so are the nature, goals and organization of the ethnic processes themselves. Moreover, ethnic entities are never internally homogeneous, but rather are composed of various social groupings. While these share a symbolic system that
provides them with the ideology of a common identity, this may well mask a diversity of political and economic agendas. This is, in fact, the problematic of ethnicity: to forge unity out of diversity through the promotion of a symbolic system.

Understanding this, we can then formulate a strategy for the study of ethnicity and its relationship to economics. It will, of course, involve an examination of the symbolic system which serves to identify the group and the meaning of the elements of the system to different segments of the population. But it will also include an examination of how these symbols are used: who is promoting them and how do others react to this? Do the programs advanced by activists in the name of a particular group address concerns and pursue interests that are widespread within the group, or are they attempts to mobilize the population only for their own benefit? Finally, ethnic research must recognize that ethnic processes, while they have an internal dynamic, cannot be understood outside of the world historical context in which they occur.

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