

All state leaders are economic nationalists. Economic nationalism, as a principal school of political economy, is better suited for their tasks than economic socialism or economic liberalism, which are both more globalistic. One has to bear in mind what the chief responsibilities of a typical state leader are: just as it would be wrong and unimaginable for the captain of a sports-team to put anything but the interests of his squad first, state-leaders are expected to stand up for those they represent – even though this group is far less homogenous than a locker room filled with sweaty bodies, relatively united in a shared quest – or face disapproval and eventually either a coup or a less than favourable outcome at the polls, depending on the system they represent. Of course, it could be argued that state-leading is often more about representing the interests of a selected few – the elite – but selling to the “bewildered herd” what is best for them is part of the marketing machinery, the “manufacturing of consent” (Chomsky). But no matter whether state-leaders are first and foremost representing the elite or the masses, the concept of economic nationalism suits the task. But how do they fulfil it?

By his job description – leading a (one!) state – a state leader has to manage four important basic values in regard of his or her state: wealth, order, justice and freedom. In doing, he or she proves to be an economic nationalist. Or a failure.

Extreme liberals such as Friedrich Hayek assume that the accumulation of wealth has to be the main objective of state-leading, which means, according to the school of economic liberalism, that state-leaders should hand the economic sphere over to a free and global market for the benefit of all. But “we” (the nation) are not “all” (humanity), a state-leader would interfere (re-election also depends on “we”, not “all”) and resort to List or Reich. List, writing in 1841, focused on the necessity of a nation to create its own wealth through the active management of its productive powers, with the capital of mind ranking above the capital of matter or nature, whereas Reich, writing in 1991, focused solely on the nourishment of the national workforce and exaggerated the effects of a globalization of production. Nevertheless, both List and Reich reject that self-interest can serve as the principal guideline for the shaping of the social and economic order, as the notion of a state and its intrinsic moral and social values, which reappear in the individual’s thought and action, oppose such liberal doctrines. A state leader would happily agree, and hope that the fortunate elite acts truly as nationally solidaric as Reich believes.

A state leader has to conclude that wealth and efficiency in a nation’s production are less important than the safety of the state and civil order within its boundaries. Only the absence of an imminent revolution allows a government to trim down in a way economic liberalism prescribes, and as civil order and safety depend on freedom and justice, a government has to deliver these ends through means that run contrary to extreme economic liberalism. If Portugal would just produce wine and England nothing but wheat, Ricardo would cry out of joy, both countries would live up to the principle of maximised efficiency, but Portugal’s then unemployed wheat producers could threaten its internal order and security, especially with nothing to do but drink. Also, any kind of international crisis would backfire immediately. Therefore, governments, which happen to be dominated by realists, have to refer to “second-best” strategies and allow inefficiency to continue in the name of social cohesion and limited autarky. Tolerated inefficiency, in this case, constitutes economic nationalism. It seems also unrealistic to imagine a world full of nations living out their comparative advantages, as the global economy is by no means static and the costs and risks of specialisation seem far less than the potential benefits.

State-leaders have to understand myths about protectionist measures in the liberal doctrine. Protectionism might not jeopardize peace and the world order as much as the doctrine tries to imply, as very few conflicts have ever broken out over protectionist policies. Therefore, protectionist measures have a right to exist and have proven beneficial for the nations using them; a current example could be the Chinese’s governments ongoing protection of the Yuan or, as an historic example, the Japanese’s governments decision to pick economic “winners and losers” following World War II and to push these sectors towards a comparative advantage on the world market through government intervention. It is difficult to assume that China would be better off with a “freed” Yuan, as Friedrich Hayek would automatically assume, as we “still do not quite know what good money would be – or how good it could be”, if it were just free. Or, to correct this statement: even Hayek would probably see the downside of a free Yuan for China, but nevertheless the ensuing results would be better for humanity, just not necessarily for those who happen to be Chinese. Clearly, the obstruction of “global advancement” by China’s government increases China’s wealth and civil order. It is economic nationalism at its best, and any Chinese citizen would probably agree that the government is making the right choices in this regard (they might still disagree with death penalties, the draconic one-child-policy, migration-restrictions, the inhuman treatment of North Korean refugees...). Other useful tools a state-leader can refer to for the protection of domestic consumption, labor and capital formation would be tariffs, subsidies, product standards and numerous other restrictive measures on the movement of labor (e.g. migration control), goods and capital. Sometimes, the ends of economic nationalism transcend the nation state, as interstate cooperation (e.g. the European Union) can be understood as mercantilism – economic nationalism – on a regional scale.

In conclusion, the task of successful governance is the constant search for the best trade-off between the four basic values of wealth, order, justice and freedom, both for each individual within society and for the nation on a global stage. The toolbox available for this task is often incompatible with economic liberalism, as are “second-best” strategies. Economic developments transcending the nation state are not a primary concern for realistic state-leaders, just as the well-beings of competing teams is of little interest for the captain of a sports team, as long as their demise does not threaten the league as a whole. Trade-offs between national and international interests always have to be carefully weighted, but at the end of the day, economic nationalism often prevails as a result of state-leaders self-interest.

