Slobodan Milosevic and the Fire of Nationalism

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One of the central policy dilemmas for the world community appears to be the persistence of dictatorships, or at least of highly imperfect or ‘ugly’ democracies¹ and the problems caused by the interaction and conflict between these regimes and the democracies. The most obvious examples are the never-ending standoff between Fidel Castro of Cuba and the United States, the conflict in Yugoslavia in the 1990s, the continuing conflicts between Western democracies and Saddam Hussein, the dilemma of how to deal with China, and of course, the post 9/11 dilemma of how to deal with terrorism, itself often linked to ‘rogue’ states, all of which are dictators, and some are totalitarian, like Afghanistan under the Taliban. These frictions and antagonisms continue to cause problems for a world community otherwise increasingly devoted to peace and human rights.

Why do dictatorships cause so many problems? The reason, I suggest, is not just that they are essentially aggressive or warlike, though this characterization is not an unfair description of the behavior of many undemocratic regimes. Insofar as the conflicts result in overt war, I will contend, the basic problem is the misunderstanding of how these regimes work by the theorists, politicians and citizens of democratic countries. For example, while most dictators repress their populations, few survive by repression alone. Typically they also seek to obtain the support of their peoples. To illustrate, consider Milosevic. He was often described as a dictator but he

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¹ The author is indebted to Mario Ferrero and Vani Borooah for this phrase.
won elections. The elections hardly measured up to the democratic ideal but there is little doubt that Milosevic faced real opposition in them.

What is Milosevic and what did his regime represent? Was it ‘radical evil’ incarnate as Susan Sontag (1999) has suggested, or was he just another Balkan strongman trying to survive (Aleksa Djilas, 1999)?

This paper is an attempt to understand the behaviour of dictators, and the reasons for the conflict between dictators and democracies. In particular, I focus on nationalism, ethnic cleansing and war. These are classic features of the behaviour of many autocratic regimes. They were particularly on display in the Milosevic regime and I focus on that regime to illustrate the arguments. I begin by looking at how he was typically understood both in the popular press and in the light of the most prominent social science theories. I then suggest a different approach based on my (1990, 1998) model of dictatorship.

The basic argument is simple: first, like any dictator, Milosevic needed support in order to survive in office. His provocative and warlike actions toward other groups like the Croatians and the Albanians are best understood, not as the latest round in a centuries-old tradition of ethnic fighting, but as the attempts of a competitive politician trying to survive in a situation where the old basis of power—the communist system, Titoist version—had disintegrated. Second, in attempting to survive the wave of democratization that swept Eastern Europe after 1989, Milosevic played a wild card—the nationalist card. Nationalism can be wild because, under some circumstances, it is contagious. To use the metaphor that is central to this paper, once the fire of ethnic nationalism has been lit, especially when combined with the security dilemma, it can spread uncontrollably and do great damage. So Milosevic’s rule can be viewed as that of a typical totalitarian dictator confronted with the collapse of the basis of his support, who responded to this collapse by playing with the fire of ethnic nationalism. Ethnic cleansing and war are seen in this light as neither deliberate, coldly planned strategies of brutal repression, nor the results of complete miscalculation, but the outcome of a process in which the leadership of the regime was reacting to events which it may have set in motion, but did not entirely control.

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2 As quoted in the International Herald Tribune, May 1999.
The outline of the paper is as follows: the next section reviews a number of different points of view that have been put forward to explain the recent conflicts in the Balkans. The third section outlines the approach taken here. The fourth section extends that approach to understand the contagiousness of ethnic nationalism. The fifth section considers the origins and the conduct of the war between NATO and Serbia in this light and in the light of the standard rationalist approach to war. The sixth section concludes the paper.

**Explanations of Milosevic’s strategy**

Popular explanations of the conflicts between the Serbs and the Croatians or the Albanians tended to attribute them to either (i) Serbian aggression, or (ii) ‘ancient hatreds’. The appeal of the first explanation—Serbian aggression—is easy to understand. Under Slobodan Milosevic Serbia fought four wars between 1989 and 2000. The horrors associated with these conflicts could therefore be blamed on one nation and even one man. In this vein, Susan Sontag (1999) justified NATO’s attack on Serbia by referring to the presence of ‘radical evil’ being loosed upon the world.

One difficulty with this view is that, by all accounts, Milosevic appeared to be no ideologue, but a simple opportunist. But if Milosevic was simply an opportunist, what opportunities or forces was he responding to in these acts of repression and war?

The second line of thought is that the Yugoslav and Bosnian conflicts were based on the revival of ancient hatreds or ethnic conflicts after the fall of communism. On this view, Tito provided the strong leadership, backed by the repressive powers of the communist system to contain the ancient hatreds, which nevertheless continued to simmer under the surface of communism and self-management. When communism dis-integrated, they just floated back up to the top. However, as recently as 1990, journalists travelling in the region reported that most people seemed to have had no use for the polarizing rhetoric of the minority of extremists. Croats and Serbs lived together in relative contentment according to

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3 See, for example, Aleksa Djilas’ “A Profile of Slobodan Milosevic” (1993), who describes Milosevic as “essentially an ideological eclectic and a political opportunist” (p. 94). Ignatieff (1994) suggests that “few people I meet in Belgrade believe Milosevic himself has any deep nationalist convictions. He merely knows that when he shouts from the podium ‘nobody will ever beat the Serbs again!’ they applaud him to the rafters” (1994, pp. 37–38).
Ronald Wintrobe

Glenny (1992), and many others. Gagnon (1994/5) points out that Yugoslavia never saw the kind of religious wars seen in Western and Central Europe; that Serbs and Croats never fought before this century; that intermarriage rates were quite high in those ethnically-mixed regions that saw the worst violence; and that sociological polling as late as 1989–90 showed a high level of tolerance especially in the mixed region (p 133–34).

In one way, then, the central problem with which this paper is concerned is the sudden emergence of nationalism or the salience of ethnic differences. As Xavier Bougarel has put it “How is it that a people who voted in one year 74% in favor of banning certain kinds of groups voted the second year for those groups in exactly the same proportion?”4 The most commonly accepted answer to this question in social science appears to be the concept of the security dilemma. The problem highlighted in the security dilemma is that a nation’s attempt to provide itself with security may be interpreted by another nation as aggressive or threatening, causing that nation to arm in response. A spiral can be set in motion, such as the well-known nuclear arms race, in which each nation’s attempt to provide itself with nuclear weapons for defensive purposes causes other nations to arm in return, causing the first nation to feel more insecure, and so on. Posen (1993) was the first to apply the logic of the security dilemma to ethnic conflict. After the collapse of the Soviet system, the different ethnic groups in Yugoslavia were essentially in a situation of ‘emerging anarchy’ analogous to that of the international system which is the normal subject of the security dilemma. Under these conditions each ethnic group naturally sought to protect itself from aggression by other groups, but these actions were interpreted as aggressive by others, and so on.

The difficulty with this line of thought is that, if taken literally, it would seem that ethnic conflicts would be exploding everywhere. Instead, as pointed out by Fearon and Laitin (1996) and by Figueiredo and Weingast (1998) inter-ethnic relations are normally peaceful. Overt ethnic conflict is rare, yet there are many, many situations where ethnic groups formally find themselves in the situation of the security dilemma. One reason for this may be, as Fearon (1998), points out, that it is never made clear why signaling between groups or states cannot be used to reduce the

uncertainty about each other’s intentions which is the real source of the security dilemma.

Fearon and Laitin (1996) suggested an alternative model of why ethnic conflict arose after the collapse of communism in Yugoslavia: each ethnic group was unable to credibly commit not to harm the minority within its borders. As Kydd (1997) also emphasizes, it is not anarchy per se but the inability to make a credible commitment not to attack the other party that gives rise to the security dilemma. However, it remains to be explained why this particular commitment problem persisted and even gave rise to war in post-Communist Yugoslavia, and not elsewhere in Eastern Europe or in the rest of the world. Figueiredo and Weingast (1998) suggested another condition—‘confirming’ behavior by the other side—for the security dilemma to hold. Suspicions about the others’ behavior require confirmation—some sort of threatening action by the other side—for a spiral to develop. An example is the Croatian leader Franco Tudjman’s refusal to disavow the symbols of the wartime Ustase regime. This ‘confirmed’ the aggressive nature of the regime towards the Serbs within its borders, and made Serbia under Milosevic view any actions by the Croatians with suspicion.

In brief, it seems that the security dilemma, like ancient hatreds or Serbian aggression, may be necessary but is insufficient to explain the eruption of nationalism and ethnic conflict in Yugoslavia after the collapse of communism. In the following I argue that the missing link is provided by the explosive quality of nationalism under certain conditions, especially the environment of post-totalitarian politics.

**The dictator’s dilemma and the security dilemma**

One aspect of Milosevic’s regime that plays no role in the security dilemma analysis is that his regime is often likened to a dictatorship. Perhaps the security dilemma, whether applied to ethnic groups or nations, is altered if one or more of the actors are dictators? What difference does this make? In order to explore this question, we have to ask, first of all, what do we know about dictatorship?

Perhaps the most common notion in political science is the idea that dictators rule by repression alone, as argued by Friedrich and Brzezinski (1965) and many others. The Milosevic regime was certainly repressive, in
its control of the secret police and of the major media outlets. But if the Serbs were just a repressed population, why did they fight so hard? And why did they vote for Milosevic, who by all accounts appeared to be popular and indeed won several (more or less free) elections?

The use of economic theory—or what is sometimes called the ‘rational choice’ approach—in understanding dictatorship is relatively new. Recent contributions include Tullock’s (1987) early book *Autocracy* and Mancur Olson’s (1993, 2000) concept of the ‘stationary bandit’. One problem with Olson’s model is that it implicitly assumes that the dictator is safely in office. It is this which allows him to simply set the level of taxes and public goods to maximize his own income. Yet much of Milosevic’s career, like that of many dictators, seems to have been spent fending off challenges to his rule. If Milosevic simply maximized income, why did he seek to expel the ethnic Albanians from Kosovo? Why not keep them around and subject them to revenue-maximizing taxation? Finally, under Milosevic’s rule the Yugoslav economy declined substantially. So if Milosevic was simply a kleptocrat, he was a very bad one.

The starting point of my analysis of dictatorship (e.g. Wintrobe, 1990, 1998) is that the dictator’s basic problem is how to stay in power—what I called the Dictator’s Dilemma. The problem facing any autocrat is that of knowing how much support he has among the general population, as well as among smaller groups with the power to depose him. The dictator has power over his subjects. But this very power over them breeds a reluctance among the citizenry to signal displeasure with the dictator’s policies. This fear on their part in turn breeds fear on the part of the dictator, since, not knowing what the population thinks of his policies, he cannot in the first instance know how secure is his tenure in office. Of course, the population has good reason to fear him. But this very fear (as well as jealousy) will make many among them look for ways to get rid of him, and it is not irrational for him to suspect that there are plots against him.

From a theoretical point of view, the Dictator’s Dilemma originates in the lack of a mechanism to enforce political exchange. It is advantageous for the dictator to ‘buy off’ some of his constituents, especially those who may be too powerful to repress, and those whose demands are easily satisfied. So a simple trade of rents or policies for support would solve the dictator’s dilemma, and also allow his subjects to rest easily. But there is no mechanism analogous to legal contractual enforcement which would
enforce this trade. Another way to put it is that the dictator and his subjects have a mutual signalling problem. The problem arises in political life generally. In democracy, politicians make promises, hoping for support (votes) in exchange. But how is this exchange enforced? The dilemma is particularly severe in dictatorship, because the institutions of democracy such as elections, a free press and an independent judiciary all provide means whereby dissatisfaction with public policies may be communicated between citizens and their political leaders. In dispensing with these institutions, the dictator gains a freedom of action unknown in democracy, but at a cost: the loss of the capacity to find out just how popular (and therefore how safe) he really is.

For this reason, ‘successful’ dictators do not rule by repression alone. They find ways to build support among the population. Dictatorships with any permanence are those that discover and institutionalize mechanisms that ‘automatically’ both reward their supporters and monitor their support and that fund these programs through taxation and systematic repression of the opposition. These institutions of repression and redistribution partially solve the dilemma in one way or another and define the character of the dictatorship. It follows that dictatorships may be classified by their levels of repression and loyal support. In my (1998) book I defined four types: tinpots, interested only in consuming the fruits of office, who rule with low support and low levels of repression; totalitarians, who maximize power, and through the totalitarian party rule with high levels of both repression and loyalty; tyrants, who also maximize power but have little support and therefore rule with high repression and low loyalty, and timocrats (possibly mythical) dictators who care for their peoples and can rule with low repression and high loyalty.

The purpose of the classification is not just taxonomy: the types behave differently. For example, an increase in economic growth which raised the level of support for the regime would cause a tinpot or timocrat to lower the level of repression of his people; in tyrannies and totalitarian systems the opposite would occur, that is repression and support are positively correlated.

It is straightforward to show that this point of view illuminates the working of the Milosevic regime. To review what took place briefly, with the decline of Communism everywhere in Eastern Europe in the late 1980s, the Yugoslavian regime was faced with a fall in support. Why didn’t Milosevic simply increase the level of repression in order to stay in power? Totalitarian
regimes like Tito’s Yugoslavia use repression and loyalty to maximize power. If an increase in repression would cause support to increase as well, power would clearly increase. But, if this is the case, the regime would already have increased the level of repression prior to the fall in loyalty. Consequently, it must be that even though repression and loyalty are positively correlated on the average, at the margin, an increase in repression must cause loyalty to fall. In other words, in a regime like the Yugoslav one, all the ways in which combinations of repression and loyal support could be used to maximize power were presumably already exhausted prior to the fall in support which occurred in the 1980s. So when support for the regime fell over the 1980s, increasing repression would simply have reduced power further, not increased it. It follows that the regime could only recover if ways were found to boost popular support.

The strategies perfected by Milosevic for this purpose have been well documented. In he 1980s Milosevic was a communist apparatchik. In 1984 he became the head of the Belgrade Communists. He was a party conservative, opposed to the reform movements who were in favour of greater reliance on private enterprise, multiple candidate elections and so forth. In 1986 he was elected head of the Serbian party’s central committee. According to Robert Thomas (1999):

After the famous rally in 1987 at which Milosevic declared to the demonstrators “no one should dare to beat you”, a lengthy meeting followed (‘The Night of Hard Words’) in which Milosevic heard the manifold grievances of the protestors. From that moment he obeyed the nationalist imperative and made the cause of the Kosovo Serbs his own...[In this way] Milosevic sought to place himself at the head of a mass movement (‘the happening of the people’) whose aims were ostensibly nationalist, seeking to restore Serbian central control over the provinces, and direct it against the Party establishment (‘the anti-bureaucratic revolution’) (Thomas, 1999, p. 44).

These meetings were followed by a series of mass demonstrations, organized by Milosevic and his supporters, known as ‘rallies for truth’ (Thomas, 1999, p. 45). Between July 1988 and the spring of 1989, 100 such meetings took place across Serbia involving an estimated cumulative total of five

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5 This point about totalitarian regimes is demonstrated in Wintrobe (1990) or Wintrobe (1998), chapter 3.
6 The details of the competitive strategies used in Milosevic’s rise to power can be found in any number of historical sources. Here, we rely especially on Dallago and Uvalic (1998), Djilas (1993), Gagnon (1994 and 1994/5) Ramet (1996) and Thomas (1999).
million people. The slogans on placards at meetings were frequently strident and nationalist in tone, such as “In all the places where there are Serbian souls, that is the home and the heart place of my birth” (Thomas, 1999, p. 45). Milosevic’s emphasis on ‘anti-bureaucratic’ reform caught the mood of widespread public anger at the corruption and nepotism which pervaded the Party structures.

By 1990, however, Communism was disappearing everywhere in Eastern Europe, reformers were coming into power and the people were demanding freedom in all the former Communist states. In the Spring 1990 elections in Slovenia and Croatia openly antisocialist parties took power in an apparent backlash against Milosevic. The Federal Prime Minister Markovic pushed bills through the federal assembly legalizing a multi-party system and in July 1990 formed a political party to support his reforms. And opposition forces within Serbia itself began organizing and pressuring the regime for multi-party elections, holding massive protest rallies in May (Gagnon, 1994, p. 153). Milosevic’s response to these challenges in the 1990s was to step up his strategy of ethnic provocation and nationalism and to offer selective incentives (rents) to try and restore the loyalty of key interest groups and the people.

To begin with the use of selective incentives, in order to win the 1990 election, the Serbian government printed $2 billion (US) in overdue workers’ salaries just before the December elections, the funds illegally taken from the federal treasury (Gagnon, 1994–95, p. 153). Other selective incentives included: “For firms, the granting of preferential credits, import permits, or postponement of fiscal obligations, while for individuals, privileged access to scarce goods, nomination to high and influential positions in political structures, allocation of flats or houses in the best parts of Belgrade and Zagreb” (Dallago and Uvalic, 1998) pp. 78).

Following the 1990 election, the strategy of provoking conflict along ethnic lines was stepped up. The immediate cause appeared to be the massive protest rallies held in Belgrade on 9 and 10 March and in 1991. Milosevic responded, according to Gagnon, by stepping up the strategy of provoking conflict along ethnic lines, labelling the protestors “enemies of Serbia” who were working with Albanians, Croats and Slovenes to try to destroy Serbia. The result was that

the Yugoslav army, despite its promises not to attack to Croatia, escalated the conflict in Croatia, and Serbian forces continued their strategy of provoking
conflict in Slavonia and on the borders of Krajina, terrorizing civilian populations, destroying Croatian villages in Croat parts of town, bombing cities to drive out the population and forcing Serbs on threat of death to join them and point out Croat-owned houses. Serbs who openly disagreed with these policies were terrorized and silenced...This policy, by provoking extremists in Croatia into action, in effect became a self-fulfilling prophecy as the Serbian regime pointed to those atrocities as proof of its original charges (Gagnon, 1994/5, p. 160).

At the same time, Serbia also stepped up the pressure on Bosnia. It now portrayed as the ethnic enemy the allegedly fundamentalist Muslim population of Bosnia, who were said to be seeking to impose an Islamic state and to perpetrate genocide against the Bosnian Serbs (Gagnon, 1994/5 p. 161). These strategies would later be repeated versus the Albanians in Kosovo.

While these policies of nationalism and provocation to stimulate ethnic loyalty were pursued, Milosevic also engaged in other policies to increase his control over the party and the government. For example, he gained control of the secret police over the period 1987 to 1990, and the police had, by the end of 1990, according to Thomas (1999, p. 93) “begun to recruit individuals who would unofficially be willing to support the state, and Milosevic’s agenda, through the use of extra political methods and physical force.” Finally, the standard communist weapon of securing authority within the party—the purge—was used. According to Aleksa Djilas, of the 100 most prominent political figures in Serbia in 1988, by the beginning of 1993, Milosevic had removed all but a handful from power (Djilas, 1993, p. 89).

The important lesson from our point of view of accounts like those of Djilas, Gagnon, or Thomas is that it seems clear that Milosevic was responding as a competitive politician, faced with a decline in support possibly large enough to keep him from remaining in office. He could not prosper in office simply by increasing repression: some other key was required to restore the loyalty of the people and that of the bureaucratic functionaries to him so that he could remain in power at a time when communist regimes were collapsing everywhere else in Eastern Europe. His provocation of the Croatians, Slovenians, the Albanians and so forth were driven largely not by ancient hatreds but by domestic politics.

However, this still leaves an important question unanswered: What made the Serbs so eager to embrace nationalism when they were offered it? No one
seems willing to suggest that Milosevic or the Serbian media were capable of reinvigorating Serbian nationalism in the absence of a receptive public. Thus, the journalist Mark Thompson emphasizes that “[The] Media did not inject their audiences with anti-Muslim prejudice or exploitable fear of Croatian nationalism. The prejudice and fear were widespread, latently, at least...”7 Aleksa Djilas puts it more colourfully:

The mass movement of Kosovo Serbs developed spontaneously...Milosevic only gradually overcame his caution and started supporting it, but he was nonetheless the first leading Communist to do so. With the help of the Party-controlled media and the Party machinery, he soon dominated the movement, discovering in the process that the best way to escape the wrath of the masses was to lead them. It was an act of political cannibalism. The opponent, Serbian nationalism, was devoured and its spirit permeated the eater. Milosevic reinvigorated the Party by forcing it to embrace nationalism (Djilas, 1993, p. 87).

Why were the nationalist strategies so successful? Why are the main opposition parties (e.g. Draskovic’s SRM) in Serbia just as, if not more, nationalist as Milosevic’s SPS? Are we back to ‘ancient hatreds’ for an explanation? The next section offers an alternative point of view, by developing some of the properties of nationalism in more detail.

**Understanding nationalism**

Nationalism may be defined as a doctrine which “locates the source of individual identity within a ‘people’ or ethnic group who are “seen as the bearer of sovereignty, the central object of loyalty and the basis of collective solidarity” (Greenfield, 1992, p.3). The essence of ethnic nationalism is that it fuses citizenship with ethnicity and territory. All the conflicts arise when one of these three is problematical, for example, if an ethnic group does not possess a distinctive territory, or when there are other, minority, ethnicities located there, or if citizenship is granted on some other basis than ethnicity.

What is so important about ethnicity that singles it out as the criterion by which people select the group that is to govern itself? Why not use some other criterion? For example, one alternative criterion is civic nationalism. ‘Civic nationalism’ may be defined as the doctrine which

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“maintains that the nation should be composed of all those—regardless of race, colour, creed, gender, language or ethnicity—who subscribe to the nation’s political creed. This nationalism is called civic because it envisages the nation as a community of equal, rights-bearing citizens, united in patriotic attachment to a shared set of political practises and values” (Ignatieff, 1994, pp. 3–4). For many, civic nationalism is an altogether more agreeable doctrine in that it is inclusive rather than exclusive.

But the exclusivity of ethnic nationalism is precisely what sometimes makes it so attractive from the point of view of a rational individual or ethnic group (if not necessarily that of society). In economic terms, ethnic groups may be said to have a peculiar and unique quality, which is that entry into and to some extent exit from them is blocked. To the extent that membership in an ethnic group is based on blood, outsiders cannot enter, and insiders can never completely leave: an Italian who tires of being Italian (say) and wishes to become German cannot do so, and no matter how much he may wish to dispose of his ethnic connections (tell his friends to get lost, never phone his mother again, even on her birthday) he will find it difficult to completely dispose of the ‘sunk’ ethnic capital which he acquired through birth and upbringing.

Now this property of blocked entry and exit can sometimes be advantageous. To see this point, it is necessary to drop the assumption often made in economic theory that transactions costs are zero. It follows that in any exchange, economic or social, there is always the possibility of being cheated. Suppose that it is less likely that a person would cheat another person of the same ethnic group than someone unrelated by blood. This could be because the ethnic group has a greater capacity to monitor or punish cheating: for example, the fact that entry and exit are blocked solves the problem of opportunistic entry, and the fact that ethnicity persists through time means that punishment for transgressions in the past is always feasible. So ethnic networks are like capital goods—and the stock may be called ‘ethnic capital’—in that they persist over time and have economic value in that they permit valuable exchanges to occur.9

8 Of course, from a rational choice point of view, one can also think of ethnic nationalism as providing utility directly, by analogy to a consumption good. People could get pleasure directly from the act of identifying with others in the same ethnic group as themselves. For many of the purposes of this paper, either this view or the investment point of view put forward in the text will suffice, as will be shown in the text where appropriate.

9 For other rational choice approaches to ethnicity, see Bates (1983), the papers collected in Breton, Galeotti, Salmon and Wintrobe (1995), or Fearon and Laitin (1996).
On this view, ethnic networks can substitute for other forms of contractual enforcement such as legal contractual enforcement or hierarchical enforcement. Markets, authority, ethnicity and other institutions such as the family or the firm all provide alternative or substitute means of supporting exchange. So the failure of one of them will mean that people will tend to resort to one or more of the others. It follows that one reason that nationalism increased was that, with the failure of communism in Russia and Eastern Europe, and the fact that markets had not yet been established, ethnic networks provided the main alternative underpinning for people to engage in exchange.

Suppose, then, that the fall of communism combined with Milosevic’s ‘anti-bureaucratic revolution’ to result in an increase in cohesion within the Serbian ethnic group. On the investment view, it follows that the transactions costs for a Serb in dealing with other Serbs (the costs of trading with another member of the ethnic group) would be lower than before, essentially because the likelihood of being cheated is less for either public or private transactions. On the consumption view, there is greater ethnic solidarity or identification. From either point of view, then, an increase in cohesion or ethnic solidarity therefore would raise individual utility. However, this is not the end of the story, as there may be other, external effects. One such external effect is the ethnic security dilemma, as already discussed. Among the other effects which may be expected to occur are the following:

- **Increased cohesion tends to help solve the dictator’s dilemma**—that is, it raises the dictator’s security if the dictator is in office and is or can become the leader of the ethnic group. To put it simply, at the extreme, if everyone who is a Serb supports the Serb leader, and everyone who is not Serb does not, then it is simple for the Serb leader to know who supports him and who does not. In general, national or ethnic identities tend to divide the world into two groups, ‘us’ and ‘them’ and make it relatively hard to sit on the fence, i.e. they force people to choose. Thus the nationalist card is one way to solve the dictator’s dilemma.

- **The increased cohesion tends to be infectious or to spread within the group**—that is, nationalism is *contagious*: when some are nationalistic, it tends to make others of the same stripe more nationalistic.
Ronald Wintrobe

To understand this last point, let us first note that there are two further properties of nationalism, which are of great importance, and which have not been called attention to previously in a precise way. They both follow from the fact that ethnic nationalism, whether looked at as social capital, or as identity, is intimately involved with tradition and with social interactions. To see what this implies, let the individual’s utility function be

\[ U(E(t), K(t), x(t)) \] (1)

where \( U \) is individual utility, \( t \) indexes time, \( E(t) \) is the individual’s level of consumption or investment in ethnic capital today, \( K \) is the stock of ethnic capital inherited from one’s parents and one’s own investments in the past, and \( x \) refers to other goods or services that yield utility.

Now let us explore what happens when the stock of (ethnic) nationalistic sentiment \( (K) \) increases. The first point is that nationalism tends to be enhanced by tradition or ‘habitual’ in the sense that past consumption or investment enhances the value of experience today:

\[ U_{EK} > 0 \] (2)

Equation (2) states that the larger is an individual’s stock of ethnic capital \( K \), the larger is the marginal utility (or marginal productivity, in the case of ethnicity as an investment) of ethnic consumption or investment today. To see this point, assume first that nationalism is a consumption good. For purposes of illustration only, let us look at a person who is of Italian descent but lives in Toronto, Canada, along with 400,000 or so others of Italian descent and two million or so non-Italians. Then to say that ethnicity is traditional implies that, for this person, the greater his stock of knowledge of Italian culture, the greater his pleasure in going to some Italian cultural or political event, or reading Italian literature, today. This proposition seems reasonable. It suggests that ethnic traditions are like opera—one needs to have some knowledge and experience in order to get pleasure from them.

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10 Breton and Wintrobe (1982) developed the concept of trust or networks as a substitute for law-based exchange. Their concept of trust is the same as Coleman’s (1990) concept of social capital. Katz and Shapiro (1985) originated the notion of ‘network externalities’. The dynamic properties of social capital are developed in Becker (1996) chapter 1.
Alternatively, nationalism may be looked at as an investment good, as suggested above. It is valuable because it provides connections to people with whom an individual may wish to trade, either to get a job, a good plumber, a spouse, etc. In that case, it seems reasonable to assert that the greater the stock of ethnic capital an Italian person (say) has, the larger the productivity of the Italian connection, i.e. the more transaction costs will be reduced when he or she trades with other Italians rather than with other Canadians. Again, this seems entirely plausible.

Now let us proceed to the second property of ethnic nationalism: network externality or jointness. Put simply, the value of ethnicity to one individual is positively related to that of other individuals. Looking at ethnicity as a consumption good first, this means, to revert to the Italian example, that it is more fun to sing the Italian national anthem with other Italians than to sing it alone, to read books about the Roman Empire with other Italians than with non-Italians, etc. Alternatively, if ethnicity is looked at as an investment good, jointness implies that investing in ethnicity is more productive when other individuals are doing the same. If, for example, the person in our Italian illustration is Sicilian, it will be more productive to brush up on his Sicilian dialect if other Sicilians are doing the same. Then they can get together and discuss, say, renovating his home in Sicilian dialect.\(^{11}\) In either case, an individual \(i\)'s investment or consumption \(E\) in period \(t\) is positively related to the average level of ethnic consumption, pressure or investment of other individuals. This implies that ethnic nationalism has similar properties as communication networks and other systems with network externalities, as in the theory advanced initially by Katz and Shapiro (1985) and others (for a survey see Economides (1996).

Assuming that nationalism has these two properties, it follows that:

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E_t^i = f(K_t^i, E_{t-1}^j) \quad f_k, f_{E_j} > 0
\]  

(3)

where \(E_{t-1}^j\) = average consumption last period by others, \(K_t^i\) is \(i\)'s accumulated stock, and both first order partial derivatives are positive.

If this formulation is accepted, then it turns out that nationalism is contagious, that it tends to be highly elastic with respect to changes in prices

\(^{11}\) I owe this illustration to conversations with Isidoro Mazza.
or productivity which affect producers or consumers in common, and possibly unstable. To see how this works, let us return to the case of Serbia. It seems reasonable to suppose that, in Yugoslavia after Milosevic came to power, the productivity of ethnic networks increased because of the disappearance of the Communist Party, and the replacement in importance of Communist networks by ethnic networks, as widely advertised by Milosevic’s ‘anti-bureaucratic revolution’ of 1987–9.\textsuperscript{12} The immediate or first period effect (at the beginning of the revolution) of this change on a typical individual’s investment or consumption of ethnic nationalism may or may not have been large, but it would have been positive.\textsuperscript{13} It follows that each individual will invest in or consume more ethnic capital. Next period, however, every individual will want to invest or consume even more, because: (1) the stock inherited from the last period $K$ is now larger and (2) the average level of investment by others has also increased. The same thing will happen next period, and so on. So while in the short run, traditional or habit-based and jointly consumed activities may be inelastic with respect to changes that affect their value, in the long run, they tend to be highly elastic. There is also a significant possibility of instability, as the interactions based on traditional behaviour and on consumption in common or peer pressure need not dampen out over time but may increase.\textsuperscript{14}

So far, ethnic nationalism appears just like other activities which tend to be habitual and jointly engaged in, as analysed by Becker.\textsuperscript{15} That is, it is like religion (for those who view nationalism positively) or harmful drugs (for those who view it negatively).\textsuperscript{16} There is, however, yet a further interaction that makes the likelihood of instability larger than suggested so far, and differentiates nationalism from other social interactions. This is the interaction of nationalism with the security dilemma.

\textsuperscript{12} In Russia, they were not so much replaced by ethnic networks as by old connections remaining and strengthening, in the context of a market economy, thus making Russia a ‘virtual’ economy (see Gaddy and Ickes, 1998, on this concept) and facilitating links with organized crime.

\textsuperscript{13} For the statement in the text to be true, it must technically be assumed that we are looking at an “income-compensated” charge, i.e., a pure substitution effect.

\textsuperscript{14} There may be, in addition, a synergistic interaction between peer pressure and habituality (Becker, 1996, p. 125).

\textsuperscript{15} For models of drug addiction see Becker (1996). Iannaccone (1988) models religious behaviour. Other models of social interactions which derive similar implications on the basis of information rather than social interactions include Banerjee (1992), and Hirschleifer, \textit{et al} (1998).

\textsuperscript{16} The reader who views religion negatively and drugs positively can simply transpose these two in the statement in the text.
To illustrate, suppose there is an increase in nationalistic sentiment or cohesion among the Croatians. As we have already seen, this would stimulate fear on the part of the Serbs because of the security dilemma. The increased fear that every Serb would feel then acts just like a change in the price or the marginal productivity of Serbian cohesion, leading each individual to want to raise his level of ethnic involvement. Again, initially, the change may not be very large. Next period, however, the increase in ethnic capital would lead to still greater consumption or investment via the contagion (network externality and habit) effect. In turn, this stimulates fears on the part of the Croatians because of the security dilemma, again leading to a contagion effect on their part. So the security dilemma and the contagion effects interact with each other in a process of positive feedback, possibly accounting for the kind of explosive changes in nationalist sentiment that we have seen in Yugoslavia.17

To sum up, I suggest this analysis explains the peculiarly explosive quality of nationalism in Yugoslavia. As Ignatieff (1994) noted, it “spread like wildfire”. Or Fearon: “ethnic polarization and conflict in this case has the look of ‘wildfire’ in that the two communities were not nearly so divided only months earlier” (Fearon (1998), p.114). Note that, on the investment model, while the ancient hatreds are not sufficient, they do play a role, since the capital so built may have depreciated but still exists, and new ‘maintenance’ operations such as those performed by Milosevic are capable of restoring it to its previous lustre. Similarly, Serbian aggression and the security dilemma also play an important role. It is doubtful that any of the wars would have occurred without the leadership of Milosevic, or that his strategies would have been effective without the concerns of the security dilemma. So the security dilemma, Serbian aggression and the existence of ancient hatreds provided the right background or the necessary conditions for the explosion. Ethnic nationalism provided the detonator.

Finally, this analysis sheds some light on the willingness to partake in ‘ethnic cleansing’ which is so difficult to understand. The essential point is that, as we have seen, with social interactions, a person’s actions depend on what others are doing and what she herself did in the past. Consequently the morality of those actions to those persons appears

17 A similar analysis would explain the ‘burst’ of patriotism expressed by many countries in wartime.
similarly contingent. To put it simply, a) once others are doing it, it’s a lot easier for another person (you?) to do it; b) it’s a lot easier to do it if you have already been doing it in the past.\(^{18}\) c) it is a lot easier to do it if you think others are, or are going to be, doing it to you. From this vantage point, it is not so much the operation of hierarchy and the tendency of individuals to obey authority which is responsible for the commission of evil actions, as argued by Hannah Arendt in her celebrated (1976) analysis of the Nazi functionary Eichmann, but the actions of one’s comrades and associates and perhaps of one’s ancestors. Indeed, I suspect that the emphasis on obedience to authority which was so paramount in Arendt’s line of thought has concealed the importance of peer pressure and contagion in contributing to the willingness to engage in crimes against humanity.

In any case, neither of these considerations (hierarchy\(^ {19}\) or peer pressure) absolves the individuals involved (e.g. the Serbs who actually carried out ethnic cleansing operations) of responsibility for their actions in any way, but it does make their actions, however reprehensible, a lot more understandable.\(^ {20}\) Those who watched and condemned ethnic cleansing from the vantage point of their TV sets were correct to do so, but they would have understood the actions better, and possibly felt more capable of doing them themselves if they recognized the importance of the circumstances of social interactions, habituation and the security dilemma. Perhaps most important, they might not have felt it necessary to condemn an entire people for what happened, as Stacy Sullivan comes close to doing (Sullivan, 1999). Finally, there is a further implication which follows from the contagion properties of ethnic cohesion combined with the security dilemma, if they are understood. Since a small ‘quantity’ of the ‘virus’, i.e. another ethnic group loyalty, can spread quickly and result in many others being ‘infected’, someone like Milosevic who may have thought that it was necessary to uproot it \textit{all}.

\(^{18}\) The ‘obedience’ experiments of Stanley Milgram (1974) demonstrated the importance of past accommodation to a task in getting people to do things, such as inflict pain on others, that they would otherwise find immoral or distasteful. Akerlof (1991) particularly emphasizes this feature in his model of obedience to authority.

\(^{19}\) The problems with Arendt’s point of view are discussed in Breton and Wintrobe (1986) and Wintrobe (1998).

\(^{20}\) On the mystery presented by these actions, and by the apparent lack of remorse of the Serbian people, even among those who were uninvolved and who opposed the Milosevic regime, see Harden (1999) and especially Sullivan (1999).
The Fire of Nationalism

Why the war with NATO?

The analysis of this paper also sheds some light on why the war with NATO occurred. The central point is that, in the democracies, belief is widespread that dictators rule by repression alone, and do not need or seek to obtain widespread popular support in order to survive. From this point of view (the existence of this misunderstanding), three propositions can be derived. The first of these is that:

1. This misunderstanding on the part of the democracies explains why war occurs so often between dictatorships and democracies and not between democracies.

War is a puzzle for economic theory. The puzzle is that, so long as there are other means of settling a conflict, two powers should never go to war with each other because, as long as they both estimate the outcome correctly, that is, their expectations as to the likely winner are unbiased, wars are irrational. The reason is that there is nothing that can be settled by war that cannot be settled by cheaper, more peaceful means. So, if the likely outcome and its probability are agreed on by both parties in exactly the same way, why not settle in a peaceful manner and save the costs of the conflict?

To illustrate, look briefly at the dispute between Milosevic and NATO. While they did not know exactly which side will win, there is no reason to believe that they disagreed on the main points. On the one hand it was obvious that little Serbia was no match for 19 of the most powerful nations in the world, led by the most powerful one, the United States. This led NATO to be certain of the verdict of war. Was not this outcome equally obvious to the Serbs? If so, why did they fight? Serbia presumably knew that power alone does not win wars. There has to be the will to use it. However big a problem this can be for one nation, it is multiplied many times over when 19 nations are involved. Its leadership counted on this problem among the nations of NATO to mean that NATO could not prosecute a war properly.

Of course, NATO knew this as well. Suppose then that the two sides agreed, more or less, on the probable outcome of the conflict. Then why

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21 Fearon (1995) is a recent and persuasive discussion of the war puzzle from the rational choice point of view.
bother to fight? The war itself merely wastes resources and does not change anything. In brief, so long as the same information on relative strengths is available to both sides of the conflict, there is no reason for them to disagree on the probable outcome of the conflict. Therefore they should be able to come to some agreement without war.

The implication is that there has to be some systematic basis for misunderstanding (or, alternatively, some other difficulty of reaching or enforcing a bargain) for war to occur. In the case of war between democracies and dictatorships, I suggest that one basis for this misunderstanding is the idea, common in democracy, that dictators are typically not supported by their people and rule by repression alone. In this way, the democracies underestimate the capacity of dictatorships to make war. This, in turn, explains why democracies and dictators go to war with each other. Why did war break out between Serbia and NATO? NATO decision-makers wanted Milosevic to sign the Rambouillet accords and thought that, since Milosevic was not supported by his people, he was in a weak position to resist this type of pressure. By the same token, NATO also failed to understand that for Milosevic to accept the terms of Rambouillet would, by threatening Serbia with the loss of Kosovo, undermine the very basis of his support.

So part of the reason that the war started was because of the assumption in the West that Milosevic ruled by repression and could easily be brought to heel. Once the war began and this turned out not to be the case, the bombing and the logic for escalation acquired a completely different rationale, which was, roughly speaking, that “NATO could not afford to lose to a small-time dictator and maintain its reputation”.

2. This logic also explains which type of dictatorship democracies will most often go to war with.

The order (frequency of expected armed conflict) is predicted to be: totalitarians first, followed by tyrants and then tinpots. The ordering is paradoxical in that it implies that democracies go to war most often with those

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22 Michael Ignatieff makes the point in his (1999) analysis of the war that the initial bombing campaign was very, very light. Note that the declaration by Clinton that he would never use ground troops is hard to understand on the ordinary way of thinking. But our line of thought suggests that these actions were consistent with the rational but mistaken belief that Milosevic, being a dictator, lacked deep political support and therefore was in a weak fighting position.

dictatorships with the most support, i.e. with totalitarian regimes. Note that the argument, often made within the democracies, that by launching sanctions or going to war with dictatorships, the democracies are only causing suffering among innocent people is also weakest here. But it is with totalitarian regimes that the misunderstanding on the part of the West is greatest.

3. This misunderstanding may make it hard to wage an effective campaign versus the dictator:

For example in the Serbian conflict, NATO justified each attack on the grounds that they were only attacking the dictator’s power base, which were held to be just the instruments of his repression. The most interesting issue that arose within NATO and was publicly aired was whether it was permissible to attack Serbian TV stations. The idea was that it was only permissible, morally, to attack Milosevic’s instruments of repression, and it was implicitly held that the only thing that kept Milosevic in power was repression. The notion that his popular support was his most important power base was never aired during the war, nor was the implication that, if it was only permissible to attack his power base, the people of Serbia could be legitimate targets of war, ever derived. Accordingly, the idea that dictators rule by repression alone also made it harder for NATO to wage an effective military campaign against Milosevic. In the same way, it has commonly been asserted that only innocent people were (and are, as of this writing) harmed by the sanctions imposed against Saddam Hussein.

At the same time, there was a belief in the West that Milosevic could be useful to the West—‘better than anarchy’ in the common phrase. In the same way, it is sometimes thought that Saddam Hussein is useful, or the leaders of Communist China. All these dictators are thought to be ‘better than anarchy’ in the same way that Olson’s ‘stationary’ bandit is said to be better than roving bandits. Consequently it was initially suggested that the war against Milosevic was not to be too intensive, and even that he would remain in power afterwards, in the same way that it was often argued that the goal of bombing in Iraq was not to remove Hussein from power, but to ‘discipline’ him. It is arguable that only the indictment by the UN Tribunal in the Hague closed off this approach to Milosevic. The indictment made it difficult for US and European leaders (and Russian leaders needing IMF assistance) to be seen negotiating deals with him and to
contemplate resurrecting his image in a positive light once he had learned his lesson.

Conclusion

In this paper I have sought to understand the workings of the Milosevic regime and associated phenomena such as the outburst of Serbian nationalism, war, and ethnic cleansing, all from a rational choice point of view. I found Milosevic’s behaviour comprehensible as the typical response of a totalitarian leader faced with a decline in support and the possible collapse of his regime: he needed to revive support and stimulated ethnic nationalism in order to survive in power. However, the eruption of ethnic conflict is partly the result of the fact that nationalism is contagious, and, especially when combined with the security dilemma, can spread uncontrollably. So Milosevic may have initiated events but he did not control them and has himself been burned by the fire of nationalism which he lit in order to shore up his regime.

The leaders of NATO systematically misunderstood the regime. They appeared to believe that Milosevic could sign the Rambouillet accords (and therefore was in complete control of his people) and on the other hand that, as a dictator, he ruled by repression and was therefore unsupported by his people, hence easily beaten by NATO. This misunderstanding of the regime partly explains why the war occurred and why initially things went very badly for NATO. Finally, much of what NATO did helped Milosevic in arousing the nationalism of his people and this nationalism appears to be now entrenched in Serbia.

Among the implications of the reasoning in this paper about Western policy towards dictators are the following:

1. Nationalism is volatile, especially in conditions when security is at stake. Therefore one should be very careful about doing things which may help ignite it.
2. The indictment of Milosevic by the Hague appeared to hasten peace.
3. The paper suggests a warning to policymakers: Don’t play with dictators, thinking they can be useful or are a stabilizing force which is better than anarchy. The basic reason why conflict arose with Milosevic was because of the imperfection of democracy there. In the long run, the
best policy for the promotion of human rights and the avoidance of ethnic cleansing and war is to strengthen democracy and international supports of human rights.

References


Ronald Wintrobe


The Fire of Nationalism


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Ronald Wintrobe


