

# The strength of weak national ties: The economic sociology of nation-building

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In 1949, months after the conclusion of the Israeli war of independence, Arthur Hertzberg, a devoted young Zionist who later became a renowned historian, decided to witness with his own eyes the wonders that were taking place in Israel. He traveled across the ocean, but to his surprise, his hosts assailed him with a barrage of demanding questions instead of offering a warm welcome.

“Why don’t you stay in Israel? Why didn’t more Americans come to fight? *Why don’t you send us more money?*”

As he later explained in an article in *Commentary* magazine:

Mine was not an isolated experience. Every fellow tourist from America had comparable tales to relate. Perhaps we brought much of the discussion upon ourselves. We were all rather pathetically eager to hear a word of commendation for our past efforts. (*italics added*)

Hertzberg’s recollections illustrate an important point. American Jews were the principal financial backers of the Zionist movement, and their support solidified following the Holocaust and the establishment of Israel. But given the differences between American and Israeli Jews, securing American Jewish dollars for the Zionist nation- and state-building project was anything but simple.

Believing that their donations were an act of generosity, American Jewish leaders felt entitled to retain a part of the United Jewish Appeal’s (UJA) collection (the organization that collected the donations) for local use. Furthermore, weary of the Israeli government’s socialist leanings, they demanded control over how the funds would be used in Israel. Israeli leaders, in contrast, saw

the American Jewish donations as an inadequate contribution to the national cause. That American Jewish leaders insisted on keeping some funds for local use and demanded control over the disbursement of donations in Israel was, in their eyes, outrageous.

While researchers commonly treat gift-giving as a mechanism for creating and maintaining social ties, the struggles surrounding Jewish national fundraising illustrate the limits of gift-giving as a nation-building mechanism. Given without a clear expectation of return, American Jewish donations were insufficient, because of the needs in Israel, and they also came with cumbersome and humiliating strings attached. Accepting these gifts also implied a hierarchical dependency, which Israeli leaders strongly resented.

## Nation-building as a practical organizational accomplishment

The dispute between American Jews and their Israeli counterparts highlights the usefulness of examining nation-building as a relational, organizational challenge. Israeli and American Jews, and their leaders, had no difficulties imagining themselves as members of a broad Jewish collective. Still, they disagreed about the rights and obligations associated with membership in the nation. In other words, the fragmented character of the nation, which is exemplified here in a division between homeland and diaspora communities, complicated attempts to generate coordinated national action. During the 1940s, as American Jews became more deeply invested in Israel’s future, these difficulties only intensified. Had American Jews continuously faced ungrateful demands upon meeting their Israeli counterparts, they could have decided to place their hard-earned money elsewhere. Had Israeli leaders failed to find a way to smooth over the tensions with their diasporic compatriots, their nascent state would soon have faced bankruptcy, and the entire Zionist dream come under threat. To succeed in their project, nation-builders on both sides of the ocean had to develop relational mechanisms to regulate these tensions and allow both parts to participate in the national project on their terms.

My relational and practical analysis runs against the thrust of the mainstream literature on nation-building. Since Benedict Anderson’s *Imagined Communities* (1983), scholars of nationalism have focused on the cultural representations that allow subjects to *imagine themselves* as members of the nation. Scholars have identified myriad practices, from categorizations and mapmaking to rituals such as raising the flag or participation in national sports events, that

allow subjects to think of themselves as members of a national “communion.” While productive, the field’s singular focus on cultural representations trivializes the organizational challenge of nation-building. Indeed, Anderson famously argues that “regardless of the actual inequality and exploitation that may prevail in each, the nation is always conceived as a deep, horizontal comradeship. Ultimately, it is this fraternity that makes it possible... for so many millions, not so much to kill, as willingly die for such limited imaginings (p. 7). From Anderson’s perspective, the political efficacy of nationalism rests on “limited imaginings” of unity. From this vantage point, the labor involved in turning imagined identifications into concerted action is decidedly secondary. But given the fragmented and diverse makeup of the nation, how do nation-builders coordinate national efforts?

## The Israeli and Irish diaspora bond projects

To overcome the socio-economic impasse, in 1951, the Israeli government floated the first issue of its Diaspora bonds, commonly known as Israel bonds. In strict legal terms, these bonds were similar to American government bonds but given Israel’s shaky economic standing and the modest interest rate Israel offered, these bonds were not financially attractive. Nevertheless, by combining ethical and pecuniary appeal, David Ben-Gurion, the Israeli prime minister at the time, and his allies in the United States hoped to raise more money than possible through traditional philanthropy and on better political and moral terms.

The American Jewish leadership, especially the leaders of the country’s Jewish Federations (local umbrella organizations that collected and distributed UJA funds in cities all over the United States), strongly opposed the bond initiative. They feared that American Jews would simply take the money they had previously donated to UJA and buy bonds. They cautioned that if such a scenario materialized, Israel would not get more money but only be burdened by crippling debt. Even worse, the Jewish Federations, which relied on the same stream of philanthropic donations, would be deprived of their primary source of income. Such a development could put the whole structure of the Jewish American community at risk.

Selling the Israel bonds, often against the opposition of community leaders, was not easy or cheap.

Rather than using the UJA’s well-oiled fundraising apparatus, organizers had to create an elaborate network of banks and independent community activists to collect money and issue the Israel bonds. Nevertheless, Israel sold more than \$145 million worth of bonds to almost 700,000 subscribers in the first three years of the drive.

Part of the bond project’s success can be related to how it was interpreted by the different fragments of the Jewish nation. Israeli and American Jews viewed the bonds differently. Israeli leaders treated the bonds mainly as an investment and enjoyed an increased stream of American dollars, free from the restrictions associated with regular philanthropy. Abba Eban, the Israeli ambassador in Washington, proudly explained that the bonds “expressed in the field of economic thinking the idea of independence and sovereignty.”

American Jews, in contrast, saw the bonds mainly as a gift to Israel. This orientation can be gleaned from the long-term trends of sales. The Israel bonds’ sales surged during wartime. In contrast with typical investors, subscribers to the Israel bonds were not deterred and in fact attracted to the risk associated with war. At the same time, Israeli leaders never failed to thank subscribers for their generosity, and American Jews, for the most part, remembered to redeem their bonds upon maturation.

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Both parties realized that the bonds were partly a gift and partly an investment. Still, by sustaining some kind of willful partial misunderstanding, American and Israeli Jews could cooperate and secure an increased flow of funds to the national project. After the first drive, others followed, and the sale of Israel bonds continues today. Over the years, Israel bonds have provided Israel with more than \$35 billion — roughly a third of Israel’s external debt.

Things could have gone very differently. In 1920, facing similar struggles over raising and distributing philanthropic funds, the nascent Irish government issued diaspora bonds in the United States. Like the Israel bonds, the Irish bonds combined elements of gift-giving and investment. The first issue of the Irish bonds enjoyed considerable success, raising more than

\$5 million from more than 300,000 subscribers, the largest sum ever raised for Ireland in the United States.

But in the Irish case, the sale of the bonds only intensified tensions between Irish American organizations and the Irish government. Irish American leaders treated the bonds almost exclusively as a gift. Accordingly, they continued to demand a voice on matters of national importance in return for their contributions. The Irish leaders, in contrast, insisted that the Irish bond was an investment. They rejected the Diaspora's demands without really easing their demand for national sacrifice from their American compatriots. Consequently, the struggles between Irish leaders and key Irish American organizations intensified, and an attempt to float a second issue of the Irish bonds in the United States in 1921 utterly failed.

## Engineering multivocality

The similarities between the Israeli and Irish bond projects are striking, but they were not the same. While both bonds were multivocal objects that comprised elements of gift-giving and market exchange, in the Israeli case, the organizers managed to maintain a zone of indeterminacy that prevented parties from reducing the meaning of the bond to either gift or investment. For instance, the Israel bond organization stipulated that in case of death, inheritors would be able to cash the bond immediately and without penalty, effectively turning the bond into a type of life insurance. Importantly, the trickle of early redemptions that this stipulation created served as proof against claims that the Israel bond was a gift in disguise. The Irish organizers failed to incorporate similar qualifications into their bonds and certain organizational errors, such as failing to deliver bond certificates to people who had paid for the bond, allowed different groups to reduce the meaning of the bond to a gift in disguise.

Over and above the finance, the contrasting outcomes of the bond projects influenced the development of Irish American and Jewish American ties to Ireland and Israel, respectively. In the Irish case, the bond project's conflicts led to the disintegration of major Irish American organizations. The intense fighting between different organizations also crystallized the differences between Irish and Irish American communities and the incompatibility of their interests. The fact that being Irish today in the United States is expressed mainly through symbolic gestures devoid of practical implications, such as wearing green on St. Patrick's Day, is due in part to the collapse of the bond project.

In contrast, in the Jewish case, the bonds provided American and Israeli Jews with an additional venue in which to engage with each other (one that

was less humiliating for Israelis than traditional philanthropy). By preventing tensions between Israeli and American Jews from erupting into a head-on conflict, the bonds contributed to the belief that the differences between these communities were somehow extraneous. Through the ongoing sale of bonds, American Jews became not only financially invested in Israel's future but emotionally invested as well.

The "secret" of the success of the Israeli bond and the collapse of the Irish bond has little to do with the obvious macro-sociological "suspects" of historical comparative sociology (religion, socio-economic status, international power constellations, and so on) and everything to do with organization. Small organizational details, such as subscription procedures and mechanisms for the transfer of money, played a critical role in determining the fates of these projects. It may be possible to link these differences to the biographies of key actors. The Irish organizers of the bond project were essentially rebels who had escaped Ireland and found themselves in the middle of a complex project in New York. They may have been effective national fighters but were awful administrators. The Jewish project, in contrast, benefited from the support of many capable lawyers and community activists who were essentially bureaucrats. They probably would have been awful in urban warfare, but they were pretty good at designing an effective bond subscription campaign.

## The strength of weak national ties

The contrasting trajectories of the Jewish and Irish bond projects illustrate the importance of concrete relational mechanisms in the process of nation-building. Because national communities are extremely heterogeneous, cultural representations of unity alone are unlikely to bridge the differences between fragments of the nation, especially when national mobilization demands action and not just symbolic identification. To succeed, nation-builders must construct concrete mechanisms that can mediate between different groups.

The success of the Israeli bond project and the failure of the Irish bond project were not preordained. Judged without hindsight, a historical observer might have expected the opposite outcomes, that the Irish nation-building project in the United States, which enjoyed broad support among Irish Americans in the late 1910s would be more likely to succeed than the contested Zionist project. But when the Irish bond project collapsed, conflicting Irish organizations accused each other not only of embezzlement but also of betrayal of national obligations. This development

rendered the imagination of Irish unity across the ocean untenable. In contrast, successful mediation of differences in the Jewish case allowed American Jews to deepen their engagement with Israel and to think of themselves as partners in the Zionist project.

A close examination of the bond projects offers surprising insights into the strength of national ties. The conventional wisdom suggests that “members of the nation... will never know most of their fellow-members, meet them, or even hear of them ... and yet they experience membership as a deep, horizontal comradeship” (Anderson 1983: 6–7). That is, even though the objective social distance between members of the nation is large, members experience their belonging as *the absence of social distance*, as a type of strange “communitas” (Turner 1969). Allegedly, it is this intense experience that propels members of the nation to great sacrifices.

The cases I examined here suggest a radically different account. Rather than recruiting members into an undifferentiated community, the Israeli and Irish bond projects enrolled members in a highly differentiated community, in which members were expected to engage in differential sacrifices. American Jews were enlisted as moral investors. Israel encouraged them to sacrifice little (with relatively low interest rates for

what could be considered a very risky junk bond) and effectively excluded them from participating in national decision-making. In other words, the bond project replaced the ties created by gift-giving with the more “arms-length” ties of (a particular kind of) investment (Uzzi 1996). The mechanism for enrolling American Jews in the Zionist project was all about creating a *precise social distance* from more centrally position members within the nation. Had they been too distant from core groups, they would have probably drifted away completely. Had they been recruited into an equal position, Israeli leaders would have had to take their preferences into account in policymaking. The arms-length distance created by the bonds allowed American Jews to remain involved in the Zionist project as enthusiastic spectators only.

In the Irish case, in contrast, nation-builders issued bonds but continued to demand deep sacrifices from their compatriots in the United States, and this mismatch of demands and expectations created animosity and disillusionment among many Irish Americans. The viable path to nation-building, in these cases at least, seems to be creating relational mechanisms that maintain differentiated ties between different groups and carry distinct rights and obligations toward the nation.

## References

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