Financial transfers from diasporic communities to recipients in the homeland have long been a vehicle for preserving or inducing changes in identities of indigenous kin communities. As early as Hellenic and Roman times, diasporic life was a normal feature of many communities in the Mediterranean region. Members of all sorts of ethnic and religious communities, including Jews, had settled elsewhere in the open and pluralistic Hellenistic world, adopting the local identities (Athenian, Macedonian, Phoenician) of their new homes. In addition to the absence of regret, embarrassment, or low self-esteem, Mediterranean Jews of the time developed no theory, identity, or consciousness of diaspora. Moreover, like many Jewish-Americans today, Jews living outside of Palestine during the Hellenic and Roman period felt no tension between a duty to Jerusalem, the symbolic and real embodiment of their faith, and a loyalty to their place of residence.

This symbolic attachment to Jerusalem manifested itself in a yearly tithe for the maintenance of the Temple, paid by Mediterranean Jews after the Selucid and Ptolemic overlords ceased subsidies. This tithe quickly became a symbolic obligation and a major means through which diaspora Jews affirmed their identity and faith. The importance of this tithe to Jews living across Europe and Asia cannot be overemphasized—a fact not lost on contemporary observers like Philo, Cicero, Josephus, and local Roman authorities, who faced substantial criticism when they tried to curtail the substantial sums being sent to Jerusalem.

In his account of the ancient Jewish diaspora, Erich Gruen writes:

The size of [diasporic] contributions over the years had brought substantial wealth to the Temple. Josephus proudly observes that
the donations had come from Jews all over Asia and Europe, indeed from everywhere in the world, for a huge number of years. When that activity was interfered with by local authorities, Jews would send up a howl to Rome.¹

In contrast to interpretations of the tithe that see it as evidence of the abnormal, temporary status of life in the diaspora, these contributions signified a normalization of diasporic life. Such payments simultaneously revealed the diasporic community’s confident integration into their new homelands and their commitment to their faith. According to Gruen, “The gesture did not signify a desire for the Return. On the contrary: it signaled that the Return was unnecessary.”²

Today, even in the era of globalization and the widespread homogenization of culture, people remain dedicated emotionally and politically to the life and well-being of their kin communities in other parts of the world; diasporic attachment to ancestral homelands remains a vital force in international affairs. This attachment is usually expressed openly and unapologetically, mainly by those residing in modern liberal states where allegiance to both the country of origin and the country of domicile exist without conflict. In the United States, for example, the meaning of ethnic identity has been transformed. Old nativist fears—that Americans with emotional ties to their ancestral homelands cannot be fully loyal to the United States—are rapidly disappearing. Those once disparagingly called “hyphenated Americans” feel increasingly free to organize and lobby on behalf of the “old country” as long as they are marketing the American creed abroad.

Signs of a world more hospitable to multiple loyalties are easy to find. Homeland countries that previously restricted their kin abroad to single citizenship now permit dual citizenship. These countries have also enabled their kin diasporas to retain broad economic and political rights in their kin states, even though the individuals clearly have established themselves as loyal citizens in other states. Moreover, with “the deregulation of international financial markets coupled with new technologies [that] has made sending money back home easier and cheaper than ever,” the money flowing back from diaspora members has become an important economic force for the homeland.³

This chapter focuses on the identity-related impact of these flows, particularly with regard to their effects on sentiments of national affiliation and the manner in which they may be molded by those providing the funds. While the impact of identity-related issues is a topic that is gaining
increasing importance in international relations theory, particularly within the constructivist school of thought, the full significance of identity in world affairs has yet to be adequately developed by scholars in this field.

I elaborate on the general observation that identities are a potent force in international politics by (1) formalizing the concept of national identity and specifying its distinct components; (2) broadening the focus of identity beyond the traditional demarcation of states to include diasporic kin residing in far-removed lands who participate in the process of homeland identity formation; (3) establishing that diasporic financial flows are an important vehicle through which diasporic influence impinges upon the various components of identity; and (4) identifying structural channels through which diasporic financial influences are transmitted to affect the various components of identity, and how the importance of these channels changes over time in accordance with the evolutionary stage of homeland identity and agenda, and diasporic perceptions thereof. A systematic elaboration of these issues enables a structured articulation of the manner in which issues of identity affect the stability of the nation-state system and hence the very foundations of international relations.

It is precisely these diaspora-related influences in general, and financially related ones in particular, together with their ramifications for national identities, that place the subject matter of this chapter firmly at the center of relevance for debate on international relations today. In the final analysis, the sense of identity, affiliation, and loyalty constitutes the glue of nations and thus the underlying foundation upon which the nation-state system rests. In this regard Holsti observes that “reasons of affinity and sentiment rather than . . . [realist considerations of] power or more hard-headed cost-benefit analyses” are liable to determine state conduct in the international system.4 Realists would not necessarily disagree with this observation. They recognize the “reciprocal relationship between identities and conflict, arguing that conflict both grows out of and stimulates the perception of differences among groups.”5 Thus, the mechanisms that either engender change or preserve stability in national affinities and sentiments necessarily comprise a major element for comprehending some of the most significant contemporary developments in global politics today.

For this reason, in the subsequent survey of diasporic monetary transfers to homeland recipients, I draw a clear distinction between those that are motivated mainly by economic considerations (such as remittances and profit-driven investments) and those that are purposefully intended
to influence perceptions of identity. I commence the analysis with a brief survey of the broader dynamics of diaspora-homeland interaction, underscoring how this impinges on issues of national identity and hence on the cohesiveness and stability of existing nation-states, as well as the relations between them. In subsequent sections, I propose a conceptual framework to impose some analytical order on the wide-ranging empirical diversity of diaspora-homeland financial transfers and their impact on issues of identity—and on the state system.

The model proposes a specification of (1) the components of national identity, (2) the channels through which financial influences may be exerted on these identity components, and (3) how the relative importance of the various transmission channels may vary over time. I employ numerous empirical examples drawn from a wide range of contexts for purposes of comparison in order to elucidate various aspects of the theoretical framework. I also find it instructive to delve in greater detail into the case of the Jewish diaspora–Israel interaction. This particular case study may be seen as a fully developed paradigm of relations between expatriate communities and the country of origin (from pre-independence via attainment of statehood to the period of state consolidation), portions of which often reflect other diaspora-homeland experiences, that do not (or do not yet) exhibit the same range of evolution. This, of course, does not indicate that they are qualitatively different but rather that they manifest only part of the full range of the paradigmatic diaspora-homeland nexus. Moreover, the case of Jewish diaspora–Israel interaction is often looked upon and singled out by other diasporas and their kin states as a model to be emulated.

The chapter concludes with a brief synopsis of the possible methodological merits of the model and offers some tentative conclusions that arise from it, particularly with regard to the effect of diaspora-homeland financial flows in international politics today. The final section also suggests ways in which the model and the conclusions that flow from it contribute to the ongoing debates on identity within international relations today.

The Dynamics of the Interaction between the Diaspora and the Nation-State

A world order of nation-states is incapable of eliminating either the dispersion of stateless minorities or the recurring rebellion of ever-emerging ethnicities demanding vehicles to express their own distinct national
aspirations as independent political entities separate from the existing array of nation-states (as outlined in chap. 1). At the base of this seemingly perennial political instability, there appears to lurk an inherent volatility in the way national identities are defined and perceived. Diasporas and the influences they exert have a central role in this dynamic of disintegration and regeneration of sentiments of national cohesiveness, suggesting that diasporas are endemic to a world order of nation-states, rather than anomalous anachronisms doomed to extinction. Certainly, far from being fading echoes of unfulfilled political aspirations of stateless communities, diasporas often are the driving force behind the reawakening of such aspirations.

Diasporic efforts to affect issues of national identity in their country of origin, kin state, or symbolic homeland stem from a variety of motives. Such motives may derive from the desire to change the character of the prevailing regime and/or of national institutions that determine identity-related realities in a manner that will enable return of expatriates to the homeland. Other motives include the fact that the perceived image of the kin state impinges on diaspora status in host societies, both in terms of the cohesiveness of the diasporic community itself and in terms of perceived image in the eyes of others.

Diasporic financial support of causes in the kin state may also stem from a desire to feel part of the homeland experience, to assuage guilt, or to provide a focus for activity on the part of diasporic organizations. For example, the manner in which Israel defines its national identity and conducts its domestic and foreign policies has immediate ramifications on the lives of many Jews abroad. For years, Israel has relied on American Jews for financial and political support, while Jews in America have received psychological comfort from Israel’s continued existence and successes. Money raised to influence homeland causes is also an integral part of the process of institution building and identity formation (preservation) in the diasporic communities. Accordingly, during the early years of the Oslo Peace Accords, some American Jews expressed concern that without the danger of war in the Middle East, American Jewry would no longer feel the urge to donate to kin causes inside the United States. It is thus only natural that American Jews continue to be keenly interested in influencing the politics of identity in their historic homeland in a manner concordant with their preferences. However, the very attempt to exert influence on national identity inside the homeland via fund transfers may in itself affect diasporic status.
Transnational Flows, Diasporic Effects, and National Identity

Three major categories of diasporic transnational flows may be discerned: flows directed from kin communities abroad toward the homeland; flows from the homeland to the kin communities in hostlands (broadly defined as countries of domicile); and finally, flows within transfrontier diasporic networks. In this chapter, I focus principally on the first of these categories—financial flows from diasporic communities into the homeland, which I term *intraethnic interstate* (IEIS) flows. The subsequent discussion is thus a preliminary endeavor to conceptualize the effects that such IEIS monetary movements may have in accentuating, attenuating, and otherwise reconfiguring perceptions of national identity, including the style and substance of national sentiments in the homeland—thus influencing the behavior of nation-states in the international system.

It should be noted that although the propagating forces, both technological and psychological, of globalization tend to facilitate easier and more rapid transfer of diasporic funds, such monetary movements and their concomitant effects have been prevalent for decades, even centuries. Diaspora financing has constituted a critical resource base for the conduct of the struggle for national sovereignty since the nineteenth century. Early Fenianism in Northern Ireland, for instance, “was to a great extent the creation of the Irish diaspora in the United States. . . . in its first generation [Fenianism] depended on . . . [diasporic] American money.” Diasporic funds were also responsible for domestic consolidation and economic well-being in Greece and Italy. One scholar has commented that in the establishment of modern Greece, the “diaspora functioned more or less as an ‘absentee bourgeoisie.’” Another has noted that at the turn of the twentieth century, Little Italy in New York City contributed “more to the tax roll of Italy than some of the poorer provinces in Sicily or Calabria.” A particularly dramatic illustration of how diasporic funds are intertwined with the formation of national identity is the interaction between the leaders of the Polish independence movement and the Polish-American community known as Polonia on the eve of World War I. The prewar links between Polish-American “peasant” immigrants and Poland were primarily familial or based on regional ties. National consciousness had not developed, and class differentiation undermined the sentiment of Polish unity. The leaders of the Polish independence movement strove to overcome this lack of national cohesion by granting the
less affluent Polish-Americans inclusion and upgraded status in the national endeavor in return for their financial contributions. By 1918, Polish-American contributions to the independence movement totaled the huge sum of over $87 million and earned the diaspora the title of the “fourth province of Poland.”

More than ever before, today the “democratization” of technology, finance, and information amplify the density, range, and impact of transnational links. The influence of these effects is transmitted into the prevailing state system and impinges upon the functioning of the international system. This causal chain linking diasporic financial flows to issues of international relations is schematically depicted in figure 2. It is my contention that while high-speed, widespread transfrontier communal contact and international money flows between diasporas and their kin states are frequently associated with globalization and the blurring of indigenous identities, they can also generate the antithetical phenomenon of localization and the sharpening of ethnonational sentiments.

Even the most superficial examination of diasporic-related monetary flows in today’s world reveals the immense significance that they have for economic, political, and sociocultural developments in both home and host countries—as well as for international relations in general. These effects may range from state- and nation-building processes in the homeland to discriminatory alienation of diasporas in host societies. Diasporic-related funds have been used to promote struggles for self-determination and for state and/or nation building in Eastern Europe, the former Soviet Union, Africa, and the Indian subcontinent. They have been crucial to the consolidation of newly independent Armenia and have played an important role in the struggle for a Palestinian state.

In some Latin American countries, such as Colombia, the Dominican Republic, Nicaragua, and El Salvador, remittances and other financial investments by kin communities located in the United States have been among the most important factors in shaping the character of political organizations and state institutions, as well as deeply influencing daily life.
and culture. Some have even compared the impact of diaspora financial influences on Latin American reality to that of the Spanish Conquest. In the case of the Dominican Republic, Levitt noted that the reliance on diaspora money has prompted Dominican legislators to approve dual citizenship and expatriate voting rights. She predicts that diaspora “influence over national politics is likely to increase with their economic contribution. The more the Dominican Republic needs the economic injections they provide, the more the Dominican government will take steps to ensure their continued involvement.”

In China, the financial flows from expatriates have generated much of the volume of foreign investment in recent years. These flows brought about significant changes in the perception of the national status of Chinese diasporic communities, both inside China and in their countries of domicile—especially in Southeast Asian countries such as Indonesia, Malaysia, and the Philippines. Indeed, Asian diasporic entrepreneurs in the high-tech sectors “bring back [to their homeland] not just money but an infusion of entrepreneurial spirit and skills that their home countries often sorely lack.”

Political economist Devesh Kapur shows how, in the last two decades, diasporic financial flows, investments, and business links with homelands have challenged (if not reversed) the migratory vision known as “brain drain” with the notion of a “brain gain.” According to Kapur, the diaspora links with the homeland defy the Western idea of capitalism’s universal impartiality, since diasporic capitalism builds in large part on family control and on long-term trust-based relationships. Such network-based capitalism has increased the impact of diasporic nationalist identity on the production of cultural politics inside the homeland. The growing impact of diasporic South Asians and Indians in particular on the reshaping of the nationalist creed of their homeland highlights these phenomena.

In January 2003 India’s government, in an effort to draw upon diasporic money and political power, held the Global Indian Family conference in New Delhi. In a three-day display of kinship celebration the government marked the achievements of over two thousand “prominent” diaspora members. Addressing the conference, Prime Minister Atal Bihar Vajpayee called on the diaspora to strengthen their ties with India, preserve their Indian identity abroad, and use their resources to uplift their ancestral homeland. He offered people with Indian origin dual citizenship and urged the diaspora to continue to invest their money in their homeland.

The money of Indian diaspora does more than advance India’s economy. In recent years many accounts describe how the Indian-Hindu
communities in the United States are raising substantial funds for Hindu nationalist agendas of the Bharatiya Janata Party (BJP), promoting a movement of Hindu religious nationalism that has increased the level of sectarian tension in the homeland. In 1998, in an excellent example of this kind of nationalist “social investment,” the Indian government tested five nuclear devices, an act that was followed by various economic sanctions being placed on the country by the United States and other powers. The immediate result was a deteriorating financial situation that the Indian government fought through the issuance of Diaspora Bonds (specifically called Resurgent India Bonds). These bonds, marketed exclusively to diasporic communities in Europe and the United States, raised over US$4 billion and greatly alleviated the crisis in the homeland. However, complicated issues of dual loyalty surfaced: “In purchasing the bonds, Indian Americans deliberately flouted the stated policy of the United States—to sanction India for its nuclear testing—and joined India in celebrating its newfound military prowess.”

It is interesting to note that this financial instrument differed from many of the State of Israel bond issues, which were SEC compliant and, although bought primarily by American Jews, were open to all buyers. Diasporic money has long been a major influence on the Israeli economy in general. In recent years, however, diaspora groups have begun to funnel their resources to specific political and sociocultural factions, rather than donate to the general federations and appeals whose distributions of funds is determined mainly by the Israeli government. This shift has had a substantial impact on the conduct of the public debate and has affected perceptions of national identity.

Conversely, some home countries are investing directly in kin communities abroad to enhance sentiments of national affinity, with the purpose of creating a “bridgehead” for the promotion of commercial and political activities in their host countries. One study of the relations between diasporic Eritreans in Europe and the new Eritrean state shows how the homeland invested greatly in institutionalizing and guiding diasporic contributions and political involvement abroad, including a regular payment of 2 percent of diasporas’ annual incomes. This created a culture of contributing to the state that was critical during the war with Ethiopia (1998–2000) when diaspora contributions reached their climax.

These examples constitute only a sample of a far more pervasive and complex phenomenon. It is against the backdrop of this highly varied empirical profusion that I approach the principal objective of this chapter: to devise an analytical structure that imposes a measure of intellectual
order on the wide range of diasporic-related monetary transfers and the attendant ramifications on the nation-state and its current status in the international system.

Profit-Oriented versus Identity-Oriented Flows

The first step in this endeavor is to limit our attention to flows that are purposefully intended to influence the formative processes of national identities inside and outside the homeland. This aspect of diaspora-related financial flows has received little attention relative to the extensively researched areas of emigrant remittances and other capital flows such as expatriate investment in the homeland.

What distinguishes IEIS funds that are purposefully intended to affect the “politics of identity” from commercially motivated flows is the fact that IEIS funds are not intended to produce direct economic profits for the source, but rather to promote specific sociopolitical causes that relate directly to issues of national identity. Economically motivated funds may influence identity, but this is an externality or by-product, not its primary purpose. Thus, while on the empirical level, both identity-related and commercially motivated features may be manifest (making unequivocal characterization in any given instance problematic), on the analytical level, this is a conceptual distinction that is both theoretically pertinent and potentially useful.

Some examples elucidate the point. Overseas Chinese are the dominant source (up to 80 percent) of foreign investment in mainland China and to some extent are responsible for the growing spread of China’s burgeoning capitalism. The fact that overseas Chinese commercial networks are overwhelmingly based on ties of kinship and/or subethnic regional relations reflects the significance of identity in the conduct of Chinese business affairs. Although this feature may have far-reaching sociopolitical repercussions within China, “overseas Chinese capitalism” is motivated more by considerations of profit rather than by an explicit desire to mold aspects of political or national identity.

The case of the Polish diaspora is another instance in which profit-oriented investments from kin communities abroad served as a vehicle for political change. Private entrepreneurs of Polish origin abroad funneled considerable investments into the homeland economy with the purpose of moving the regime away from a centralized socialist structure to a more open liberal one. A similar phenomenon may be identified in Israel’s early years, when Jewish businessmen abroad channeled money into the
Israeli economy, thereby propagating a more liberal, free-enterprise set of values relative to those prevailing in a country that at the time reflected a predilection for pervasive state control of much of the economic activity. Although these financial flows were in part a reflection of a desire to induce changes beyond the purely economic sphere, they also had a profit motive.

Likewise, while remittances from migrant communities to kinfolk in the homeland are motivated oftentimes by considerations of economic livelihood, rather than a conscious intent to shape indigenous national identity, they have tremendous impact on all walks of life in the homeland. In some Central American states, where remittances have at times actually exceeded revenue from exports, they also appear to have had a stabilizing effect after years of civil war. Like economic transfers, remittances can have secondary effects on identity. Actors within the homeland that benefit economically from diasporic remittances may act to change the perceptions of such communities from alienated outsiders to accepted insiders. However, the overall impact of remittances should be perceived as falling within the economic sphere, being directed specifically to the family or clan, rather than to the nation or state. While I am mindful of such secondary, identity-related effects of economically motivated money transfers, I exclude them from the ensuing analysis and confine our attention to those IEIS flows specifically intended to impact issues of politics and identity.

The Conceptual Framework: Specifying the Components of National Identity

I begin by attempting to remove the term national identity from the sphere of plausible intuition and imprecise colloquialism in order to establish a clearly defined substantive content for the term. In this regard, it is natural that our specification of national identity be tied to our specification of the concept of nation. If the term national identity is virtually synonymous with the term national character, then changes induced (by, say, IEIS funds) in the defining characteristics of the nation would imply a corresponding change in national identity. In this context, I adopt John Stuart Mill’s seminal characterization of a nation as “a portion of mankind . . . united among themselves by common sympathies which do not exist between them and others and which make them co-operate with each other more willingly than with other people, desire to be under the same government and desire that it should be government by themselves, or a portion of themselves, exclusively.”
Accordingly I assign the term *nation* to any segment of humanity if it possesses both of the following two characteristics.

(1) There exists a bond of community between its members that does not exist between them and those outside the group.

(2) The group members are prepared to accept as legitimate a source of sovereign authority if and only if it emanates from within the group itself (i.e., any source of authority external to the group will be rejected as not legitimate).

In what basic ways can these characteristics vary without a “segment of humanity” losing its status of nation? This is a question of consequence for the purposes of this chapter because the answer also defines the ways in which the parameters of national character or national identity can change.

Given that the first trait is one manifested in several human collectivities, such as social clubs, sports teams, and trade unions, it must be the second trait, namely, the rejection of alien sources of sovereign authority of origin external to the group, that is the quintessential litmus test of “nationness.” Accordingly, changes that do not undermine the nation status of a collectivity must relate to either variations in (1) the nature of the bonding by which the collectivity coalesces and/or (2) the modes of dispensing its sovereignty. This latter element relates to two separate aspects: the internal dispensation of sovereignty—that is, the internal (hierarchical) configuration of the polity or regime type; or the external dispensation of sovereignty—that is, the conduct of the collectivity vis-à-vis other sovereign collectivities in its external (anarchical) environment.

The delineation of these realms of variation (composition of the national entity, its external conduct and internal configuration) generates the conceptual space within which differing variants of national characteristics, and changes that may be induced therein by agents such as financial transfers, can be mapped as depicted in figure 3. Let us now take a closer look at these various components of national characteristics and their range of variation.

*Variations in Composition of the Nation: The Nature of the National Bond*

This component of identity relates to the definition of the self-other distinction, that is, who is embraced within the community bond and who is not. The crucial issue is how IEIS funds contribute to the (re)creation, alteration, and/or consolidation of this bonding. I conceptualize the
range of variation of community bond as being bounded by two antithetical polar archetypes, one homogeneous, the other ethnically heterogeneous. This notion of antipodal paradigms of the national bond has been developed in various versions by several scholars over the years. Lord Acton, for example, drew a distinction between the two opposing concepts of nations and nationalism, the one founded on the principles of national unity, the other on the principle of national liberty. Kedourie presents a distinction between “objectivist” and “subjectivist” perceptions of nation. A similar differentiation is implicit in Juan Linz’s distinction between a monoethnic “nation state” and a multiethnici “state nation.”
Others have distinguished between categories such as “civic” and “primordial,” “national civic” and “organic,” state-centered versus ethnocultural, and “liberal” versus “communitarian.”

However, as argued in chapter 1, in specifying the legitimate range of variation of nation I opt to use the terms ethnofocal and ideofocal to denote the antipodal endpoints of this spectrum. The term ethnofocal serves to denote a genus of nationalism in which the principal component in national bond is based on ethnic homogeneity; ideofocal denotes a genus of nationalism in which the national bond exists in spite of ethnic heterogeneity and is based principally on the identification with a common ideal. Diasporic money often is mobilized in attempts to influence the positioning of national identity along this continuum. In this regard it should be noted that within a given diaspora, especially if the homeland is multiethnic, there may be differing perceptions and preferences pertaining to the desired composition of the national identity. For example, while some Sikh expatriates may prefer to dissociate themselves from a pan-Indian identity and cultivate their own specific ethnoreligious identity, giving both political and financial backing to the cause of secession, other Sikhs abroad are supportive of a united India. Similar opposing preferences are mirrored in the wider Indian diaspora, some backing the more ethnofocal emphasis of the Hindu nationalists, while others support a more multiethnic vision of the Indian nation and state.

Variations in the Configuration of the National Polity: The Nature of the Internal Dispensation of National Sovereignty (Regime Type)

This component of national identity relates to characteristics of the internal structuring of the sovereign self (which could be thought of as the internal political anatomy of the sovereign self). Here, the important issue is how IEIS funds influence the way the internal dispensation of national sovereignty is structured—that is, how they affect the internal configuration of the polity or regime type of the homeland state. I conceptualize this component in terms of varying degrees of centralization or decentralization of the homeland polity. This may range from an ideal-typical hegemonic authoritarian regime, in which power in a noncompetitive, nonpluralistic polity is concentrated in the hands of a few, to an ideal-typical polyarchic libertarian regime, in which power in a competitive pluralistic polity is widely distributed among various independent
political actors, over and beyond the executive authority. In order to avoid ambiguity, I shall consider the degree of authoritarianism or libertarianism of any given regime on the basis of the seven defining polity parameters as specified by Dahl.29

Thus, any IEIS monetary influence that increases the intensity of one of these parameters will have the effect of moving the regime type closer to the libertarian pole of the range, and conversely any reduction in them will move the regime type toward the authoritarian pole. In this context, the ability of a diaspora to achieve such effects may be linked to the motivations of other elements of the international system, including the host country, to promote regime changes in the homeland. For example, the Cuban diaspora in the United States, which for the most part has undergone a transition “from exiles to immigrants,” is now perceived as a major source of financial impetus toward regime reform in the homeland.30

Variations in the Conduct of the Nation: The Nature of the External Dispensation of National Sovereignty

This component of identity refers to the characteristics of the interaction between the collective homeland self and external collective others in the outside environment. This is a characteristic more fundamental than the nuts and bolts of the everyday conduct of foreign policy and relates to a perception of the “proper” role of the nation in terms of historic destiny. As such, it reflects a collective sense not of what is worthwhile (in terms of political pragmatism) but rather worthy (in terms of moral merit). Notable examples of such conceptions include the American “manifest destiny,” Britain’s “white man’s burden,” the French “mission civilisatrice,” and above all, the imperial German slogan used to justify the dissemination of German influence, “am deutschen Wesen soll die Welt genesen.” On a theoretical level, Steven Krasner articulates the essence of this distinction.

All political and social environments are characterized by two logics of actions, what James March and Johan Olsen have called logics of expected consequences and logics of appropriateness. Logics of consequences see political action and outcomes, including institutions, as the product of rational calculating behavior designed to maximize a given set of unexplained preferences. . . . Logics of appropriateness understand political action as a product of rules, roles, and identities that stipulate appropriate behavior in given
situations. The question is not how I can maximize my self-interest but rather, given who I am, how should I act in this particular circumstance.\textsuperscript{31}

In this context the external relations of a nation would be seen as more than a means to further political interest and would be considered a vehicle for transmitting spiritual values and ideals. This perception of the “role of the nation among nations” is not an immutable feature and may change over time as a function of historical experience and events such as military victory or defeat (as in cases of Japan and Germany).

In defining the range of variation of this component, I draw on Hans Kohn’s distinction between the perception of the nation as an end in itself and that of a nation as a means to accomplish a more lofty function, beyond promotion of its own egoistic interests. The implication is that the perception of the “proper” role of a nation ranges between two antithetical poles. On the one hand the nation can be conceived of as having no other historic role or duty other than of “looking after one’s own collective self.” This constitutes an inward-looking particularistic view of the nation’s role. At the other end of the spectrum, the nation is conceived of as a means by which to serve mankind as a whole, with a mission beyond the pursuit of its own (collective) interest. This view is reflected in the writings of Giuseppe Mazzini: “Every people has its special mission, which will co-operate toward the fulfillment of the general mission of humanity. That mission constitutes its nationality.” I therefore conceptualize the third component of national identity as one ranging between two opposing perceptions of the proper conduct of the collective self toward collective others, one characterized by inward-looking particularism, the other by outward-looking universalism.

In this regard it is interesting to note that Jews’ perceptions of their “proper” national role vary between these two antithetical notions. Gil Merom has observed that on the one hand, Israel’s “sense of inherent exceptionalism, which emanates from concepts such as the chosen people, also include the belief that the Jews would become a ‘light unto the nations’ (or \textit{la’goyim}) or a beacon to the world.” On the other hand, Israel’s “experience of isolation is bolstered by the belief that the Jewish people was preordained to ‘dwell in loneness’ [sic] (\textit{am levadad yishkon}).”\textsuperscript{32} When Jewish philosopher Martin Buber challenged the early Zionist vision of creating Israel as a “nation like other nations” he argued that the realization of such an idea would render the new state empty and meaningless. Instead, Buber promoted the notion of “Hebrew Humanism” as
the core idea of the Zionist renaissance. He envisioned Israel as a state that serves a unique role in world politics stemming from God’s demand that the Jews champion truth and righteousness “for the whole life of man, for the whole life of the people.”

The Relationship between the Different Components of Identity

For the purpose of this chapter, the important issue is how IEIS funds are intended to influence perception of this role and how diasporic money is mobilized in attempts to influence the “positioning” of national identity along this continuum. As pointed out earlier, the representation of the three elements of national identity (composition, configuration, and conduct of the sovereign self) as a triaxial system generates a three-dimensional cubelike space in which the political effects of IEIS flows can be depicted (see fig. 3).

These elements are analytically distinct variables and, although intuitively it may appear likely that increasing the intensity of one component (e.g., inducing a more ethnically heterogeneous ideofocal type of national bond) will also affect the intensity of other components (e.g., induce a more polyarchic libertarian regime and a less inward-looking particularistic perception of the national role), this is not necessarily the case. The ethnic heterogeneity of the Soviet nation did not induce elements of libertarianism into the nature of the regime. Rather, the collapse of totalitarianism spurred a plethora of more ethnically uniform identities (re)asserting themselves in regimes generally more open than the Soviet predecessor. Likewise, ethnically heterogeneous nations in South America have few pretensions of fulfilling a wider global role beyond dealing with the affairs of the nation per se. In light of these examples, it would be more accurate to talk of the connection between the various components as being one of plausible correlation rather than of necessary causality.

The Channels through which IEIS Funds Impinge on Identity

Identity-motivated diasporic financial flows may be directed into the homeland via organizational vehicles in the three major institutional categories of society: state (including pre-state precursor organizations), political society, and civil society. This process and the resulting impact on the components of identity—together with the possible subsequent
Fig. 4. The vehicles for transmission of the effects of IEIS flows on national identity
ramifications for political stability—are schematically depicted in figure 4. In this regard, I adopt three broad distinctions.

State. The organizational and institutional apparatus for the external exercise of (national/collective) sovereignty beyond defined territorial limits, and the internal administration of such sovereignty within them. In this category I include the principal pre-state bodies engaged in the propagation of demands for self-determination and in the embryonic infrastructure of the nascent state.

Political Society. Those bodies competing for power over the organs of government that control the state apparatus.

Civil Society. The organizational and institutional apparatuses of society not included in the state and political society.

The relative importance of these societal sectors as channels for IEIS funds and the mechanics of their transfer are affected by several factors, such as the stage of state building in the homeland, the nature of the political regime there, and the circumstances of the diasporic communities in their lands of domicile. Diasporas that enjoy the relative freedom accorded by liberal democratic states are more likely to utilize the forces of globalization to channel funds to homeland causes.

Certainly the policies of the host country regarding the transfer of funds to recipients in the homeland are of cardinal importance. The transfer of diaspora-related funds may cause international tensions when they are perceived by either the home or host governments as promoting causes inimical to their interests. Indeed, these funds’ importance has been reflected in the vigorous response of the U.S. administration in several cases. For example, complaints from Yasir Arafat regarding large-scale transfer of funds from Arab diasporic sources in the United States to radical Islamic groups were among the factors that prompted the Clinton administration to issue an executive order on January 24, 1995, entitled “Prohibiting Transactions with Terrorists Who Threaten to Disrupt the Middle East Peace Process.” The prohibition included the transfer of funds to Jewish extremist groups as well.34 After September 11, Western states paid even more attention to transfers of funds from the Muslim diaspora to Islamist networks in the homeland.

In the period prior to and immediate following the establishment of statehood, the dominant emphasis is usually on funds channeled to state (or pre-state) organs, driven by motives associated with (re)generating, consolidating, or maintaining sovereignty for the nation, that is, creating or underpinning the viability of the self-other distinction. The national leadership—in the homeland or in exile—will appeal for diasporic funds
by accentuating the self-other divide to include diaspora members as part of the national collective. Susan Woodward has observed that it would be difficult to imagine Croatian independence and Franjo Tudjman’s nationalist program without the financial role of the Croatian diaspora. “Without the $8 million sent to Tudjman and his party, the Croatian Democratic Union (HDC or ‘party of all Croats in the world’), by Croatian émigrés when no other party in Croatia had any funds,” Tudjman’s 1990 hard-pressed electoral success would have been unlikely.35

Indeed, in the pre-state and early state-building periods, diasporic funds are designated principally for purposes that contribute to the overriding goal of establishing a sovereign state. This involves efforts to decouple homeland society from dependence on “alien” rule. Typically such activities include armament procurement, land redemption, settlement construction, education and invigoration of language, and the immigration (repatriation) of kinfolk abroad. This has been the case with the Armenians, the Palestinians, the Croatians, and Albanian Kosovars.36 When rival aspirants for power in the homeland attempt to promote different paradigms of statehood, nationhood, and political vision, the channeling of diasporic funds is likely to diverge and be distributed among the various contesting bodies, both in the pre-state and early postindependence stages. In the years prior to Israel’s independence, such a split in American Jewish diasporic support occurred, with funding for military procurement being channeled to both the Haganah (affiliated with the mainstream Zionist establishment) and the Etzel (Irgun Zva’i Leumi—linked with the opposition Revisionist movement).37 As mentioned previously, in the case of the Palestinians, diasporic financial support is similarly divided among the different organizations including the mainstream nationalists, the Left, and the Islamic factions.38

In the struggle for independence, an aspirant leadership tends to stress kinship across frontiers, equating diasporic funding of the efforts in the homeland with “national loyalty.” Funds are often solicited for procurement of military material or support for political organs, as the intended precursors of official state bodies after the attainment of independence. In her memoirs, Golda Meir recounted her appearance before American Jewry in early 1948, where she described the imminent threat to the Jewish community in Palestine on the eve of the declaration of Israel’s independence and recalled her emotive rallying of financial support from her audience: “You cannot decide whether we should fight or not. We will. . . . That decision has been taken. Nobody can change it. You can only decide one thing: whether [we] shall be victorious . . . or whether the
mufti will be victorious.” She described the outpouring of support in vivid terms: “They listened, and they wept, and they pledged money in amounts no community had ever given before. By the time I came back to Palestine . . . I had raised $50,000,000, which was turned over at once for the Haganah’s [the major Jewish underground] secret purchase of arms in Europe.”

In the early postindependence stage it is likely that the bulk of IEIS funds will be directed toward official state organizations aimed at the consolidation of national independence—that is, to enhance and secure the status of the sovereign self versus external others. State-related organs try to establish a monopoly and usually remain the major recipients of diasporic funds whenever an imminent threat is perceived to menace the security of the national collective. Nevertheless, there may be circumstances that foster exceptions to this general tendency. In these cases, expatriate money is likely to be channeled to other aspects of state consolidation in the realm of civil and political society, with or without the home regime’s direction. However, such independent initiatives are more likely when diaspora sources wish to mold kin-state identity in ways that run counter to the vision of the home regime.

The case of Armenia is a good example of such potential conflict. The Armenian diaspora, especially its highly mobilized U.S.-based community, has always been dedicated to homeland affairs, often serving as a critical lifeline for Armenian security and welfare needs—as was particularly well illustrated after the 1988 earthquake and throughout the years of conflict in Nagorno-Karabakh. By the mid-1990s, contributions to Armenian relief from the diaspora community amounted to $50 million to $75 million a year. Razmik Panossian has written that since the time of Armenia’s independence from Soviet rule in 1991 “sending financial and material aid to Armenia has become [the] operative paradigm of homeland-diaspora relations.” The Armenian president Ter-Petrossian sought to channel the diaspora fund-raising efforts into the government-controlled Armenia Fund—allegedly to “keep politics out” of the process of the building of the country, but actually to neutralize the influence of traditional diaspora parties on it. While the moderate Armenian Democratic Liberal Party (ADL-Ramgavars) and the Social Democratic Hunchakian Party (SDH) generally lent unqualified support to the government, the Dashnak bloc, the Armenian Revolutionary Federation (ARF), assumed an opposition role. The Dashnak, with its pan-Armenian orientation and a long-established prominence in carrying the torch of Armenian nationalism in exile, challenged the home regime’s monopoly in defining Arme-
nia’s foreign interests (especially vis-à-vis Nagorno-Karabakh and relations with Turkey), its religious and cultural practices, its national mythology (particularly with regard to the Armenian genocide), and even the very notion of “Armenianness.” These disputes led to the withdrawal of the century-old Dashnak organization from the Armenia Fund and intensified the dissension in homeland-diaspora relations.41

As state existence becomes increasingly secure, diaspora financial allocations begin to be directed increasingly toward nonstate segments of the homeland institutional framework in the realm of civil and political society. Again, Armenia provides an excellent illustration of this phenomenon. The diaspora-based Dashnak Party poured several million dollars (a significant sum in post-Soviet Armenia) into newspapers and other civil society organs, to help sustain the ideological position supporting the notion of Greater Armenia, which held that any concessions over the Karabagh issue, as intended by President Ter-Petrossian, were close to treason. The Financial Times reported that in February 1994, the Dashnaks raised $1.5 million for the struggle in Karabagh in a single California telethon. This vigorous diaspora-led campaign heightened nationalist fervor inside Armenia and eventually brought about Ter-Petrossian’s resignation.42

Financial support may be provided directly to political organizations engaged in overt competition (in polyarchic libertarian regimes) or covert struggle (in hegemonic authoritarian ones) in order to try to effect a change in the mode of government at home. This intended change may involve a qualitative change of regime or a change in the dominant values by which the homeland is governed within a prevailing regime type—either in terms of the degree of internal inclusion by which the composition of the national unit is defined, or in terms of the basic behavioral parameters that characterize the conduct of the nation’s external posture. Each of these cases can be conceptualized as moving the configuration of the homeland polity further from, or closer to, one of the ideal poles specified in the previous section (i.e., along the axes of composition, configuration, and conduct).

Diasporic elements often try to influence identity components via civil society agencies by supporting causes concordant with their own worldview or emotional proclivity. Civil society embraces “the arena of the polity where self-organizing groups, movements and individuals, [largely] autonomous from the state, attempt to articulate values, create associations, and solidarity and advance their interests.”43 Indeed, a higher degree of civil society autonomy has been the aspiration of many
groups that have challenged centralized regimes. Accordingly, diasporic flows to civil society agents may seek the promotion of specific sociocultural and/or economic organs that reflect desired traits of identity. Even in cases where countries of origin are governed by nondemocratic rule, diasporas often channel funds to civil society agencies in order to circumvent prohibitions imposed by the regime and to create a parallel society dominated by values other than those propagated by the incumbent government.44 In open polyarchic homelands, diasporic funding of civil society institutions is part and parcel of the routine societal pluralism, in which there is overt and ongoing interaction between such civil agencies and the organs of political society and those of the state. While polyarchies usually tolerate diasporic funds to civil agencies, even when they conflict with the core values of open society, such freedoms are not always unmitigated. Even polyarchies have blocked diasporic money transfers by taxation or outright prohibition on the grounds that such transfers are inimical to state security, the basic fundamentals of the society, and the democratic political system. Indeed, in this regard, governments in home countries may collaborate with authorities in the hostland to impede the flow of diasporic funds to undesirable recipients.

The organizational infrastructure through which IEIS funds are provided serves as a channel or conduit by which influences are exerted on the previously specified components of national identity: (1) the configuration of the homeland polity, (2) the external conduct of the homeland nation, and (3) the inclusiveness of the national collective. It should be noted that financial support to a given recipient may influence more than one of these components. Thus, backing a liberal-oriented civil society institution may affect issues that relate to regime structure (configuration), attitudes toward ethnic minorities (composition), and the tenor of interactions with the outside world (conduct). This correlation, however, is not a causal necessity. In terms of our conceptual framework these influences are expressed by a displacement of any given status quo identity along one (or more) of the three axial dimensions of identity.

An Illustrative Case Study: The Case of Israel and the Jewish Diaspora

I now move on to examine the application of the scheme in the case study of Israel and the Jewish diaspora. This case (presented as illustration rather than conclusive corroboration of the model) is chosen not only because it demonstrates an integration of all the aforementioned compo-
ments, but also because it exhibits the evolutionary role and mechanisms of diasporic transnational funds and their impact on national identity. In this sense the Jewish diaspora–Israel link constitutes an archetypical example and is often referred to as such by scholars and activists alike.

Funds related to the Jewish diaspora have been crucial in all three of the previously mentioned categories of kin-community interactions—those directed from kin communities abroad toward the homeland, those directed from the homeland to the diaspora community in hostlands, and those which take place within transfrontier diasporic networks. Interdiasporic flows were responsible for the preservation and redemption of Jewish identity among “lost tribes” in the former Soviet Union, Ethiopia, and other parts of the globe. The state of Israel (as the homeland entity), by means of its various agencies, has funneled funds to many diasporic centers to foster Jewish identity, encourage immigration to the homeland, establish pro-Israel lobbies, or in extreme cases even “buy” kindred diaspora from oppressive regimes using Jews as bargaining chips (e.g., Romania during the Ceaușescu era or Ethiopia under Mengistu).45

Jewish communities worldwide contributed financially to virtually every aspect of life within Israel. As early as 1830, American Jews established organizations to assist Jews in Palestine. In 1854 Judah Touro left $60,000 of his estate “to ameliorate the condition of our Jewish brethren in the Holy Land, and to secure to them the inestimable privilege of worshiping the Almighty according to our religion without molestation.”46 Since the 1940s, the manner in which Judeo-diasporic flows were channeled into the homeland largely reflect the patterns set out in our proposed scheme, both in terms of the institutions through which they were routed, and in terms of the objectives to which they were directed (see table 1).

As long as a severe threat to the physical survival of Jews in the homeland was believed to exist, Zionism was perceived and pursued as an overarching ideology, encompassing all variants of Jewishness. Since in many respects the question of security and state building was predicated on the idea of a strong military and “the ingathering of exiles” (kibutz galuyot), the major thrust of diasporic contributions (and state efforts to mobilize them) centered on these primary issues of survival. Other issues of identity were downplayed under the ideopolitical hegemony of the mainstream Zionist leadership of the time. Civil society, political society, and organs of state were to a large measure intertwined and enlisted in the state-building effort.47

Diasporic financial contributions to the newly established state were
of two major types: philanthropic gifts and repayable loans raised via state bonds. Initially, diasporic aid came in the form of donations, which were channeled via the subsidiary organization of the United Jewish Appeal (or UJA, an umbrella Jewish fund-raising organization in North America) to the Jewish Agency for Israel. In order to receive tax deduction benefits in America, money transfers were made to U.S.-based charitable bodies, which operated via affiliated organs in Israel. For all practical purposes the Israeli government determined the use of these funds. They were directed toward resettlement and rehabilitation of Jewish refugees, the building of housing, educational facilities, as well as agricultural and scientific institutions. Ben-Gurion wanted “to demonstrate Israel’s sovereignty with respect to foreign Zionist funding, and to insulate its political system from targeted cascades of foreign Zionist votes.”48 He moved swiftly to reduce the political role of American Zionists and to ensure that the distribution of American Jewish funds was conducted in ways determined by his government. The division of labor between the homeland and the diaspora was designed to emphasize the Zionist view that Jewish existence in Israel was superior to Jewish life outside the homeland and that Israel now dominated the terms of Jewish identity. Arthur Hertzberg pointed out that the Zionist narrative ignored diasporic contributions to Israel’s War of Independence and relegated diaspora Zionist efforts, “no matter how . . . helpful they might be to the Jewish State, . . . [to] lower status in the hierarchy of Jewish values.”49

The migration of Israel toward the center of Jewish-American consciousness and identity did not occur overnight. Earlier divisions within the diaspora over the legitimacy and necessity of the Zionist experiment in Palestine largely ended with the establishment of the state of Israel. Yet for most Jewish-Americans it was clear from the outset that their Jewish experience as Americans was not going to recede into insignificance but would continue to develop alongside the Jewish revival in the newly established state. The definitions of this duality vary according to ideological camps in the homeland and the diaspora.50 Many American Jews, notwithstanding the very real emotional attachment they felt to Israel and their view of Israel as a center of Jewish spiritual identity and authority, feared that political expressions of support for Zionism would bring charges of dual loyalty that could not be allowed.51 However, while local community needs became a larger focus for American Jewish fund-raising in the 1950s, contributions to Israel remained at impressive levels. Though direct pledges to Israel through the UJA declined steadily from a high of $150 million in 1948 to a low of $60 million in 1955, this was in
part due to a diasporic perception that the critical danger to Israel’s existence had passed for the time being and to the channeling of diasporic funds into alternative forms of contribution and investment.52

One new channel for diasporic funds was the issue of government bonds (Israel Bonds), introduced by Prime Minister Ben-Gurion together with several U.S. Jewish and Israeli leaders on September 3, 1950, in order to bolster Israeli independence and sovereignty. The Knesset (the Israeli parliament) accepted the proposal and passed legislation authorizing the flotation of Israel’s first bond issue—the Israel Independence Issue. The significance of this move was to introduce the device of public loans as a vehicle for raising development capital, rather than philanthropic gifts, which hitherto had been the sole means for tapping diasporic money. The first issue was launched in May 1951 and received an overwhelming response with $52 million worth of bonds sold. Israeli leaders went to great lengths to underscore the close linkage between Jewish identity and Jewish contributions to the development of the homeland. Golda Meir, in a tribute to the Israel Bond program, described this linkage of kinship in glowing terms: “You have a stake in every drop of water we pour into our land, in every mile of road built, in every kilowatt of power, in every field, in every factory.”53 By 1967, America had purchased $850 million worth of Israeli bonds, and American Jews had donated around $1 billion more through the UJA.54

The notion of a symbiotic existence between diaspora Jews and Israel continued to grow, reaching its zenith with Israel’s victory in the Six-Day War, which “produced the greatest flood of financial contributions in American Jewish history,” amounting to sums unprecedented at that time.55 Since that time, many Jewish-Americans have lived vicariously through the state of Israel. Lord Beloff observed that after 1967, “Israel had become the new religion of American Jews . . . Jews were to be found less often praying to God than raising funds . . . on behalf of Israel.”56 Indeed, the period between the late 1960s and the late 1980s can generally be seen as the Israelization phase of the Jewish-American diaspora, characterized by uncritical support of the state and the embrace of secular Zionism as a major feature of Jewish-American identity and culture. The structure of the organized Jewish community in the United States was built around philanthropy and political activism on behalf of the homeland, and Israel became the most attractive selling point of Jewish fund-raisers. During these years the UJA evolved into “America’s Jewish religion.” The peak of the UJA-Federation fund-raising drive was in the
early 1990s with around $1 billion raised in an “emergency campaign” to help Israel resettle the massive post-Soviet immigration.57

However, as Israel’s existence as a state appeared more secure, controversial topics, previously suppressed by the exigencies of survival, began to force themselves onto the national agenda. Open dissension regarding the boundaries of the state, Israel’s policy toward the Arab world in general and the Palestinians in particular, and questions of sociocultural and political pluralism became increasingly dominant in the public debate, both within Israel and among the diasporic kin. The growing diversity of perspectives at home and abroad created a new reality in which Israel was no longer idealized by the diaspora, and by the 1980s public dissent by American Jews against Israeli policies was already visible. Many Jewish-Americans were critical of Israel’s behavior during the 1982 war in Lebanon, were anxious in the wake of the Pollard Affair, and were strongly opposed to Israel’s handling of the Palestinian uprising (intifada). The idea of helping Israel help itself, as opposed to the notion of unconditional support while staying away from Israeli domestic and foreign affairs, took root in the 1980s, with American Jews overcoming their reluctance to speak out critically against Israeli official policies.58 This new posture expressed itself in public disapproval of Israel’s conduct by both left- and right-wing diasporic circles, especially after the signing of the 1993 Oslo Accords. Earlier American Jewish reluctance to criticize Israeli policies was based on the notion that those who do not move to Israel forfeit the right to pass judgment on matters that for Israelis are matters of life and death. Yet in the last two decades the diaspora is claiming the status of full partners in the national project whose views must be weighed by those seeking their money. Diasporic claims to a voice vary according to conceptions of diasporic and Israeli Jewish identity and Israeli behavior. Overall, the new divergence of public postures found expression in shifting patterns of diasporic monetary support of homeland causes, and hence in changing and less monolithic influences on components of homeland identity.

While in the early days of state building, different variants and interpretations of Jewishness were no more than a marginal factor in determining how diasporic funds were distributed, in the last two decades there has been a perceptible shift in the nature of the recipients of diasporic money within Israel, with civil and political society becoming increasingly significant in determining issues pertaining to homeland identity, relative to the previous dominance of the state. Questions of
internal composition (e.g., citizenship and religious identity), external conduct (relations with outside entities in the international system, including the debate on the universalistic versus particularistic paradigms of international affairs), and regime characteristics (particularly the debate over religious orthodoxy versus secular liberalism in domestic political affairs) are major foci of diasporic interest and money. This new pattern was reflected in the call of Conservative and Reform rabbis and leaders of Jewish organizations to stop contributions to Israeli bodies not recognizing non-Orthodox movements. When the “Who is a Jew” crisis first erupted in 1988, the Boston and Atlanta Jewish Federations voted to withhold $16 million in Israel-bound UJA contributions. A decade later, U.S. Reform rabbis called on their congregations at Yom Kippur services to give to pluralist causes in Israel instead of donating to the UJA. By the late 1990s a number of Jewish federations drastically reduced financial support to the UJA and increased backing to bodies in both the political and civil realms that promote values concordant with those of the fund providers. In this case, such constituted an effort by the diasporic community to fundamentally alter the concept of Israeli citizenship.

As early as 1979, liberal Jewish groups in the diaspora created the New Israel Fund to promote issues of religious pluralism, Jewish-Arab equality and coexistence, civil and human rights, and advancement of the status of women. In the early 1980s, the organization raised about a quarter of a million dollars each year; by 1999, it reported annual collections of $19 million. More significantly, in the past decade, the portion of funds raised by the Council of Jewish Federations and allocated to Israel via the UJA dropped from 60 to 40 percent. The San Francisco Jewish Federation slashed its support to the UJA. Instead, it initiated a new fund-raising campaign to finance programs aimed at promoting tolerance, pluralism, and democracy. The Boston and Cleveland Jewish Federations adopted similar positions, with some members advocating severance of all financial ties with Knesset members who supported or acquiesced to the conversion law. In this regard it is interesting to note that in response to its fund-raising crisis, the UJA itself has begun emphasizing its commitment to religious diversity and pledged itself for the first time to ensure the Conservative and Reform movements’ financial support from the Jewish Agency.

In light of all this, it is understandable that Thomas Friedman urged U.S. Jews to help build an Israel in which they would want their children to live. There is, however, no consensus among the diaspora as to just what that Israel should be. For example, as Reform and Conservative
Jews expand their financial and political efforts to introduce pluralism into Israel’s religious practices, they challenge the previous politics and distributive criteria of Jewish-American giving, which conformed largely to the prevailing status quo in Israel. In so doing they have begun to undermine Israel’s Orthodox sector and its endeavor to monopolize the concept of Jewish identity. In the late 1990s, demands to overhaul diaspora charity to Israel became the most important point of contention between Jewish-American local federations and the Jewish Agency—traditionally the main Israeli recipient of diasporic funds. As the latter became suspected of being a politicized organ for channeling money to Orthodox institutions that deny the legitimacy of Reform and Conservative denominations, federation leaders demanded greater autonomy in determining allocation policies inside Israel. Significantly, in November 1999, activists of the General Assembly of America’s Jewry, held in Atlanta, moved to establish a single umbrella organization, the United Jewish Communities (UJC). The new body not only unified all Jewish communities across America—through a merger of the UJA, the United Israel Appeal (UIA), and the Council of Jewish Federations (CJF)—but also aimed at redirecting funds intended to bolster Jewish identity, so as to empower U.S.-based local federations and give them greater say over spending inside Israel. To a large extent the assembly was the culmination of a decade-long debate on Jewish pluralism. The Israeli daily Ha’aretz reported that Reform and Conservative representatives were “trying to take advantage of the assembly to define the aspiration toward religious pluralism in Israel as one of the major goals of American Jewry, with all the implications this would have for the allocation of funds.”

Thus diasporic sponsors have exercised considerable leverage in promoting the implementation of their own values in Israeli society and in shaping aspects of national identity in a manner consistent with their worldview. Business magnates such as the Australian Habad leader Yosef Gutnik and Miami-based Irving Moskowitz have not only financed cultural and economic activities that promote their ideological predilections—including building settlements in territories claimed by Palestinians and sponsoring traditional religious rites for new immigrants—they have also directly backed right-wing political parties in the Israeli polity and former prime minister Benjamin Netanyahu.

Indeed, the economic power of the diaspora is also an important element in the political arena with diasporic funds often being the principal source of finance for several rival candidates in national elections.
ally, this is done by channeling money via so-called voluntary associations that endorse their own political platforms (and visions of Judeo-Israeli identity) or oppose those of their adversaries. Some observers even estimate that the reliance of right-wing parties and former prime minister Benjamin Netanyahu on financial support from like-minded religious Jews abroad has made the diasporic donors more significant than domestic constituencies in terms of ideological posture and accountability. Likewise, former prime minister Ehud Barak was reported to have raised much of the financing for his successful bid for the premiership from diasporic sources, including expatriate Israelis. As early as 1997, candidate Barak began courting Jewish-American donors who sought to oppose trends toward Orthodox sectarianism in Israel and to foster greater religious pluralism and a more compromising peace agenda. In January 2000, Israel’s attorney general ordered a police investigation of Prime Minister Barak’s fund-raising election drive after Israel’s state comptroller implicated Barak and his One Israel/Labor Party in a massive—and possibly illegal—fund-raising scheme that funneled millions of dollars from diaspora donors into his electoral campaign.

Altogether, by 2000 the process of decentralization in American Jewish philanthropic contributions to Israel showed some fascinating developments regarding the impact of the shift to identity-oriented funds. First, there was an increase in targeted diasporic philanthropic flows through proliferating Jewish-American foundations and independent donor-advised funds. Large sums of this money are intended to promote religious, social, and political causes, “amplifying the influence of American-based agendas in Israel in the form of strengthening the various agencies and programs that are being supported with the help of Jewish-American philanthropic funds.” A survey carried out on behalf of the Jewish agency identified a diaspora-led “grassroots cultural-social movement” in the proliferation of organizations intended to impact Jewish identity in Israel’s “secular arenas” as their key mission. These organizations are linked to the Movement of Progressive Judaism, the Conservative (Masorti) Movement, and some Orthodox bodies. They promote the increasing role of civil society in Israel’s secular arena where the crisis of Jewish identity and Judaism as culture was at its height. Nir Boms’s study of diaspora giving and the redefinition of Israeli Jewish identity estimates that, in 2000, diasporic funds amounted to a record $2.6 billion. The increase in targeted diasporic financial involvement also led to the creation of numerous newly established diaspora-Israeli interactions, with representatives of Ameri-
can Jewish federations opening dozens of offices in Israel under a new framework called Partnership 2000 that granted diaspora representatives the ability to set priorities and supervised the allocations of their donations.

Finally, the outbreak of the second intifada in September 2000 and events of the last few years and their consequences deeply affected the thinking and organizational efforts of the Jewish diaspora and its relations with Israel. The new posture in which Israel and the Jews found themselves was broadened beyond the seemingly manageable proportions of a national dispute largely about borders to one encompassing religion and fundamentals of Jewish national identity. The growing tendency of Arabs and Muslims to broaden their political language to express hostility to Jews (not just to Israel) that was intensified after September 11 produced greater Jewish unity and the revival of a new Zionist vision. This unity manifested itself in political mobilization by diaspora groups, and the Israeli government focused on the core issue of anti-Semitism. Indeed, mobilization on this scale, involving national and international informational, lobbying, and solidarity campaigns had not been seen in many years. The newfound unity around the issue of “Jewish security” and the rise of anti-Semitism was used by Israel and diaspora organizations as a unique opportunity to heal (at least temporarily) the breach between Jewish communities on such issues as who is a Jew and to undo Israel’s apparent retreat from Zionism and Jewish identity into “post-Zionism.” The widespread feelings of vulnerability recorded among American Jews compounded by the reality of an external threat to Israel’s existence as a Jewish state once again strengthened the ties to the homeland as a “whole.” An influx of emergency donations came to support victims of suicide bombing and to improve security measures in Israeli schools. The emergency funds raised by the UJC—which totaled around $300 million by the summer of 2002—ended, temporarily, the UJC’s “long-standing policy of refusing to spend money over the Green Line” (i.e., West Bank and Gaza).

These examples illustrate the mechanisms by which funds are funneled via institutions of the state, political society, and civil society, by diverse diasporic groups that strive to influence the various components of national identity (composition, configuration, and conduct). The common aim of all these diaspora efforts was to change Israel in accordance with the diaspora’s worldview. These diaspora-sourced effects may have far more consequential ramifications than the identity changes themselves. While Jewish groups calling for secession from Israel are presently
marginal, there is no guarantee that they will remain so. Given sufficient monetary backing from like-minded diasporic sponsors, it might be possible for ultranationalist proponents of a separate, strongly ethnofocal secessionist state of “Judea” in the West Bank, or the increasingly heard advocates (whether ultrareligious or ultrasecular) for the establishment of a separate entity for the ultra-Orthodox population of Israel, or the members of the radical left-wing supporters for the redefinition of Israel as a “state of all its citizens” rather than a “Jewish State,” to acquire enough power to become more than insignificant murmurs of political eccentricity. This would constitute a serious challenge not only to the stability of the state of Israel in its present form, but to its raison d’être in any form.

Tentative Conclusions

In this chapter I have proposed a conceptual framework for the analysis of how diaspora-sourced financial funds affect national identity in the homeland and thereby the international system. The point of departure of this effort was a schematic delineation of the components of national identity, derived from a widely acknowledged mainstream definition of nation, and a general specification of the vehicles through which diasporic financial influences may be transmitted. This scheme serves as a useful instrument for comparative analysis of diverse empirical cases involving diasporic financial influences on homeland identity.

However, beyond the methodological merit of the scheme, more substantive inferences appear to emerge from our analysis of the effects of diaspora-related financial flows, which address some criticized aspects of the identity debate in international relations. For example, although the constructivist approach to international affairs emphasizes how “variation in state identity, or changes in state identity, affect the national security interests or policies of states,” some scholars claim that this approach has yet to fully address the issue of how identities are shaped and how interests become defined as they do. Checkel asserts that constructivism is more a “method” or “style” than a structured theory and as such is plagued by “empirical ad hocism.” Furthermore, when IR theory incorporates issues of identity, it tends to concentrate primarily on the role of domestic formative processes, giving only limited emphasis to the transnational impact of diaspora communities that have normalized and embraced life outside their countries of origin or symbolic homelands, but play a crucial role in the politics of identity of their kin states.
It is on several of these issues that our model suggests some avenues of advancement.

1. It removes “national identity” from the realm of imprecise and intuitive characterization by specifically defining what is in the concept and its component elements. By so doing it provides a means for a more systematic investigation of the issue of identity, its effects, and agencies of change.

2. It offers the constructivist school a general and formally structured framework for the analysis of identity, the domestic institutions that mold it, and its impact on IR parameters. Precisely this structured generality provides constructivism some aid in contending with charges of “empirical ad hocism.”

3. It outlines a specific mechanism that articulates the causal nexus between transnational influences on identity and IR by showing how such influences (particularly financial ones) may impact on the (re)definition of the most basic foundations of the nation-state system—that is, on the sentiments of affiliation and loyalty that ultimately determine the cohesiveness of nations.

Overall, the model demonstrates that transnational communities and transnational financial flows, typically associated with the phenomenon of globalization and the blurring of national identities, often produce diametrically opposite effects, involving the awakening, invigoration, and reinforcement of a discrete national identity and separateness. This phenomenon underscores the ubiquitous and enduring role diasporas have in the ongoing process of disintegration and reformation of the global state system. If diasporic money is indeed a major source of influence on national identity, it would almost by definition also be a major force in the (re)determination of the political allegiances at the very foundations of nationhood and statehood. Thus, the variability of such identity-defined allegiances suggests that any configuration of nation-states in the international system at a given period in time is one whose foundations are built on shifting sands. As a discernible agent of influence on these allegiances, diasporic-related financial flows may serve as metaphorical winds of change that drive these shifting sands.