

THE ECONOMIC IMPACT OF THE EUROPEAN UNION ON SUBNATIONAL
SEPARATIST SENTIMENT

Honors Thesis

By

Andjelka Pantovic

Bachelor of Arts with Honors Designation in International Affairs

Examining Committee:

Dr. Joseph Jupille, Thesis Advisor

Dr. Nuria Sileras Fernandez, Thesis Advisor

Dr. Vicki Hunter, Thesis Advisor

UNIVERSITY OF COLORADO AT BOULDER

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Bibliography

Abstract

I describe the economic impact of the European Union (EU) on the EU's subnational communities and explain the various ways in which European integration influences and shapes subnational behavior. Comprehending the ever-increasing role of the subnational entities reveals why the EU might be responsible for the sudden rise in subnational separatist mobilization. Moreover, understanding the economic grievances and the public opinion of the subnational regions helps us understand why the separatist sentiment, particularly in Catalonia, has risen during the EU economic crisis.

Preface

I was born and raised in Serbia, in a family filled with many relatives, who experienced and lived to tell me tales about the rise and fall of the Serbian monarchy, the rise of Tito and the Communist regime, and about the devastating, politically entwined and culturally complex events of the Bosnian War. However, the tales about Kosovo and its historical, nationalistic importance have struck me the most. I was never fully able to comprehend the reasons behind Kosovo's separatist sentiment. Confusion arose, mostly due to a combination of my patriotic upbringing and my personal belief that political and economic policies have a significant impact on the enhancement of separatist claims. Because of my personal experience with Kosovo, I became very interested in the ways nation states dealt with different ethnicities and various means of reconciling political, cultural, and economic grievances of subnational regions. Since I have done extensive research on Kosovo, and I have personal ties to the region, there is a possibility of a biased thesis, so I have decided to shift my focus from Kosovo to the EU subnational separatist movements. Serbia is on its way toward becoming a full member of the EU and I believe that this research will help me and other people have a better understanding as to what enhances subnational separatist sentiment at a supranational level. Consequently, this thesis could possibly spark ideas about how to resolve ethnic, economic, and cultural differences between regions and their respective nation-states.

The Economic Impact of the EU on Subnational Separatist Sentiment

Introduction

Some historical struggles among EU member states have decreased due to the European Union's overarching agenda of "unity in diversity". However, in the last decade, certain cultural and historical differences among EU regions have resurfaced, and are being driven by the economic crisis. As European Union decision-making bodies are trying to overcome economic imbalance among the EU member states, "old demons of regional separatism" are reappearing.¹ Several European Union regions are experiencing economic deprivation and perceived denial of political participation, which is intensifying separatist claims and requests for more autonomous regional governance upon the EU decision-making bodies. Since the European Union offers an economic safe haven to its subnational entities, the pursuit of regional self-determination is not only a domestic but also an EU matter. Many regional entities have benefited significantly from being a part of the EU; when domestic economies struggle, subnational entities such as Catalonia, Scotland, or Flanders, may be more inclined to seek separation from their nation-states.

Historically, demands for separation of regional entities such as Catalonia have boomed during hard times. An economic theory of secession suggests that wealthier regions are more likely to pursue independence, due to nation-states' reliant economic behavior. Economic crisis, especially, activates latent separatist claims. I argue that the EU has stimulated its subnational entities in their pursuit of separatism by offering various economic and political channels. The EU facilitates separatism through a direct channel (offering money to the regions) and an indirect

¹ Cody, E. (2012, November 4). Separatists Gaining Ground in Europe. The Independent. Retrieved from <http://www.independent.co.uk/news/world/europe/separatists-gaining-ground-in-europe-8280904.html>

channel (lowering the opportunity cost of secession). These effects are amplified during the hard economic times.

The creation of the EU has led to a devolution of authority thus making the nation-state insufficient to manage everyday life while consequently making subnational regions gain in importance. Counterintuitively, EU's supranational integration, involves national disintegration meaning regions are acquiring more power at a subnational level. EU's subnational regional actors have acquired a more important role, and they have gained in authority and in the ability to influence decision-making at a national and supranational level. Since the establishment of the EU, there has been a rise in transnational associations and bureaucracies dealing exclusively with regional demands, thus leading to an increase in budget and funds being given to regional governments. These funds provide subnational governments with more self-reliance, and belief that its economic, cultural and political growth depends on the EU rather than on the national governments. This implies that the EU facilitates separatism through a direct channel, by offering money to the regions.

The EU's devotion to integration among nation-states and their respective regions has made it very difficult to have a homogenous national interest. The leader of Spain, Mariano Rajoy, and the leader of UK, David Cameron are having a problematic time finding suitable solutions to their ambiguous "national" agendas. Incorporating regional needs into each political schema is of great significance, especially if regions, such as Catalonia or Scotland, are very adamant about seceding. In cases, such as when the nation-state is unable to keep the unemployment low and balanced, or when the economic crisis and austerity measures are too harsh, subnational regions tend to express their grievances and their grief directly to EU representatives. This implies that the nation-states are prone to fragment, and that the EU's

involvement in national domestic affairs involves direct and indirect economic impacts on separatist sentiment in subnational regions.

The first part of the paper describes the European Union multilevel governance and the ever-increasing role of the subnational regions within the EU “federal system”. This part will also emphasize the extent to which the European Union hinders national sovereignty, and ways in which it impacts the relationship between subnational regions and nation-state’s authority. This beginning part of my thesis will additionally describe a theory of economic separatism. This section is important, because it is essential to have an understanding of what economic separatism embodies, in order to comprehend the scope of the EU’s political influence the subnational, national and supranational levels.

The second part focuses on the current scholarly debate over the EU’s impact on subnational separatist sentiment, and it is split into two parts. The first chapter deals with working emphasizing the influence of the EU integration on subnational demands for independence. Correspondingly, the first part of the paper will try to portray different aspects of European Union influence on the regional entities, along with an evaluation of whether regionalist parties are more likely to enter national competition because the vision of an independent region within Europe seems more viable. The second chapter focuses on the work of Dawn Brancati and her critique of European integration. Brancati argues that European integration does not cause a rise in separatist activity. In general, I seek to summarize what scholars know about how the EU encourages or discourages subnational separatism; my theory of economic secession and the evidence I will elaborate seeks to contribute to this literature.

In the third part of my thesis I will elaborate my theory and my hypothesis. Since my research question concerns various ways in which the EU economy impacts subnational

separatist sentiment, my independent variables will focus on the economic aspects of the EU. I argue that the EU regional funds, regional unemployment, and regional real GDP in the respective EU member states, hinder nation-states' authority and further boosts subnational separatist sentiment. Along with a description of the economic situation in the EU, the third part will also focus on explaining public opinion on the perceived economic situation in the EU and in the constituent nation-states. It is important to understand how the public perceives the situation in the EU, especially the Catalan public, since it represents my case study. I will make a comparison between the EU economy, distribution of EU regional funds and public support for separatism in order to make significant conclusions about the ways in which the EU economically impacts subnational entities.

The fourth part elaborates and implements my research design. In this section I will go further into what type of data and methods I will be using in order to assess the extent to which the EU economy indeed has an effect on subnational separatist sentiment. Furthermore, in this section I will discuss my quantitative findings, and give a prefatory note into my case study, which represents the fifth part of my thesis. In my case study I will summarize the data found in the previous section, along with examining how the European economy shapes separatist sentiment in Catalonia.

I. Two models of the European Union: State-Centric vs. the EU Multi-Level System

Throughout the existence of the European Union, there have been several debates as to the extent to which the EU hinders member states autonomy and impacts individual states' relationships with their subnational regions. Since its creation in 1958 the EU has increased its scope of influence going from the creation of European Coal and Steel Community (ECSC) in

1952, to the creation of an economic and monetary union (EMU) in 1999.² Since its establishment, the EU has made tremendous progress in giving a somewhat federal, constitutional look to first Western and then all of Europe. The Maastricht treaty, operative from 1993, established the European Union under its current name, while the Lisbon treaty of 2009 strives toward “enhancing the efficiency and democratic legitimacy of the Union and to improving the coherence of its action.”³ Opponents of the treaty argue that the constitutional basis of the Lisbon treaty centralizes the EU, thus provoking a democratic deficit by moving power away from national electorates.⁴

The question that arises from the EU’s development and its gradual deepening is whether these European developments “consolidate or weaken national states”.⁵ Hooghe & Marks, in their work “Multi-Level Governance and European Integration,” separate and evaluate the two “alternative conceptions” – state centric governance and multi-level governance.⁶ The state-centric point of view states that member state sovereignty is by no means challenged or threatened by European integration. The supporters of the state-centric system argue that the EU, as an institution, empowers and strengthens national sovereignty. From this perspective, European integration is driven by mutual bargaining among the states; no government is forced to integrate more than it wishes.⁷ Additionally, policy outcomes reflect the interest of particular

² Hooghe, L., & Marks, G. (2001). *Multi-Level Governance and European Integration*. (pp. 1). Boston: Rowman & Littlefield Publishers.

³ (2008). Consolidated Lisbon Treaty. *Foundation for EU Democracy*, 14. Retrieved from http://www.europe.bg/upload/docs/Consolidated_LISBON_TREATY_3.pdf

⁴ Bonde, J. P. (2007). From EU Constitution to EU Treaty . *Foundation for EU Democracy, Group for Independence and Democracy in the European Parliament*, p. 46. Retrieved from http://www.tuks.nl/docs/From_EU_Constitution_to_Lisbon_Treaty_april_2008.pdf

⁵ Hooghe, L., & Marks, G. (2001). *Multi-Level Governance and European Integration*. (pp. 1). Boston: Rowman & Littlefield Publishers.

⁶ Ibid, p. 2

⁷ Here, Hooghe & Marks are reviewing the literature written by Andrew Moravcsik, who is responsible for putting forward some core ideas of the state-centric model.

nation states. State-centrists view supranational authority as having little effect on policy outcomes.

An alternative view to the state-centric model is the multi-level system, which has a political, economic, and somewhat social influence on the subnational, national and, supranational level. Although national governments participate in the EU decision-making, the supranational EU institutions exert considerable control over policy making. The multilevel system does not prohibit states from participating at the EU level, but the “state no longer monopolizes” policymaking.⁸ Furthermore, EU institutions, such as the executive Commission, the democratic European Parliament and the European Court of Justice, have their own voice and national governments cannot project their influence into them.⁹ Additionally, domestic issues are interconnected, and thus this extends to the EU level. While national governments play a big role, subnational actors are gaining importance. Subnational actors operate on both levels, supranational and national, and, along the way, they create “transnational associations”.¹⁰ The national governments do not represent the middle layer between domestic and international politics, but rather they share their activities in their respective territories.¹¹ Overall, the official power holder and policy guide has changed and the individual state sovereignty is being challenged by the EU multilevel system of governance. This implies that subnational entities have the means of confronting and challenging nation-states authority. The EU has become a higher body of authority to which many strong-nationalist regional entities, with a history of political struggle with their nation state, seek resolution and political support. EU multi-level governance has provided less national economic dependence, and more political freedom to

⁸ Hooghe, L., & Marks, G. (2001). *Multi-Level Governance and European Integration*. (pp. 2). Boston: Rowman & Littlefield Publishers.

⁹ Ibid, p. 2

¹⁰ Ibid, p. 78

¹¹ Ibid, p. 69

regional entities thus, potentially impacting the confidence of independence-minded regional entities.

I. I. What is economic separatism?

Besides political, cultural and social reasons behind separatism, economic factors are highly influential when it comes to causes and re-exacerbations of existing political separatist claims. The economic theory of secession states that regions with previously established separatist intentions are more likely to have higher demands for independence during an economic downturn.¹² In the regions where separatist claims are reoccurring, their respective nation states use economic policy as a way to make peace. Perceptions of economic injustice represent one of the most important reasons as to why certain regions have high demands for independence.¹³ These perceptions depend upon the “region’s relative economic situations within the state”.¹⁴ Regions with low income tend to believe that their regions do not get enough domestic or foreign investment, political representation, etc. On the other hand, wealthier regions believe that they contribute a lot to the central budget, but they do not get enough capital investment. Additionally, wealthier regions are usually dissatisfied with their representation in the national government, along with having too little control over its own resources. Regions such as Catalonia and Scotland differ from the rest of the country in terms of its wealth. These regions are much more prosperous than the rest of the country, and their separatist claims are based on the fact that their national governments are taking advantage and benefiting significantly from their well-off economic situation, thus putting the region itself into an unpropitious economic situation.

¹² Spencer, M. (1998). *Separatism, Democracy and Disintegration* . (p. 69). New York: Rowman & Littlefield Publishers, Inc.

¹³ *Ibid*, p. 70

¹⁴ *Ibid*, p. 71

In many subnational regions seeking political separation from their nation state, several question have escalated concerning separatist sentiment. These are:

- a) What portion of the central budget, along with capital investment is allocated to the region?
- b) What portion of taxes the region contributes to the center?
- c) How much autonomy in decision-making do regions have, when it comes to economic issues?
- d) What is the extent of foreign trade and external funding?¹⁵

The answers to these questions are indicators of economic concerns that thrive in cases in which “the region is often underscored by the leaders of the nationalist movement”.¹⁶ In this paper, I will discuss European regional investments –i.e., “regional funds”-- being provided to the subnational entities by the EU Commission. Besides exploring external funding given to subnational regions, I will focus on the unemployment and real GDP, as indicators of the regional well-being.

Nonetheless, before going into the nuances of my economic theory of secession, which focuses on direct and indirect effects of EU integration, and my case study, it is crucial to argue opposing ideas as to whether the EU encourages or damps subnational separatist claims. Understanding this will, in turn, provide context for understanding the direct and indirect economic effects of European integration on subnational separatism.

II. I. European Union as a Medium for Separatist Claims

Since its establishment, the European Union has witnessed a rise in its supranational power and an increase of authority among the EU members’ respective territories. Meaning,

¹⁵ Spencer, M. (1998). *Separatism, Democracy and Disintegration* . (p. 71). New York: Rowman & Littlefield Publishers, Inc

¹⁶ *Ibid*, p. 71

there is a diffusion of power upward (to Europe) and downward (to regions) from nation states. This shift of power among the member states and the EU is referred to as “authority diffusion”. Key causes behind the decline of a nation’s authoritative and centralized power are the rise in subnational political potential, symbolizing the authority shift beneath the state, and European integration which embodies the authority shift above the respective state.¹⁷ Nonetheless, this argument is counterintuitive, since the EU supranational governance should be strengthening nation states, rather than weakening them.

Hooghe & Marks argue that the rise of power in the EU and the authority shift in subnational entities is caused by two different singularities. The success of European integration can be ascribed to various geopolitical (e.g. defeat of Germany, Cold War context), economic (e.g., continuum of trade relations) and sociocultural factors (e.g., demands for more peaceful relations).¹⁸ However, explanations for the rise in subnational authority and the rise in its regional influence on the political, economic and social level are far more complex. Due to policy overload, financial stress and regional economic rivalry, national governments might decide to decentralize some of their capabilities. Furthermore, unbalanced economic development, rising competition among the subnational and national competencies, and “fear of cultural globalization” are also factors that interrelate with subnational demands for greater self-rule.¹⁹

However, separatist claims also reflect national governments’ efforts to work around subnational entities by shifting decision-making to the EU level.²⁰ The European Union represents a medium for establishing economic ties and trade with other countries. Nonetheless,

¹⁷ Hooghe, L., & Marks, G. (2001). *Multi-Level Governance and European Integration*. (pp. 69). Boston: Rowman & Littlefield Publishers.

¹⁸ Ibid, p. 69

¹⁹ Ibid, p. 70

²⁰ Ibid, p. 77

in order to increase its economic standing, a country must comply with EU rules. This requires deeper economic integration. Once national leaders establish their agenda, they naturally need to sacrifice some of their powers and control in service to market integration.²¹ As Hooghe & Marks emphasize, one noticeable consequence of these types of national reforms is that they lead to a greater evolution of the EU and a substantial power shift into the “EU arena”.²² Although national leaders are trying to avoid and maneuver their way out of possible cooperation with their regional entities, “actors learn, and they mobilize to counter last move outcomes.”²³ This means that those that are threatened with being left out of the decision making process will accommodate themselves to the political situation.

Subnational actors, in particular, have used EU very wisely throughout the years in order to pursue their separatist claims. The EU’s subnational entities have developed a network of influence within the EU system, by establishing liaison offices within the EU, creating trans-regional organizations, connecting directly with EU officials, demanding recognition of the subsidiarity principle, and in many other ways.²⁴ The subsidiarity principle, articulated in article 5 of the treaty on European Union, seeks to devolve decisions to the lowest feasible governmental level, and to guarantee a degree of independence for lower authorities in relation to a higher body of government.²⁵

Additionally, supranational actors, such as the EU, seek to make allies within the member state’s dominion –the domestic arena-- in order to offset the central (national) government.²⁶

²¹ Hooghe, L., & Marks, G. (2001). *Multi-Level Governance and European Integration*. (pp. 77). Boston: Rowman & Littlefield Publishers.

²² Ibid, p. 77

²³ Ibid, p. 77

²⁴ Ibid, p. 78

²⁵ (2013). The Principle of Subsidiarity. (p. 2), *European Parliament* , Retrieved from http://www.europarl.europa.eu/ftu/pdf/en/FTU_1.2.2.pdf

²⁶ Hooghe, L., & Marks, G. (2001). *Multi-Level Governance and European Integration*. (p.78). Boston: Rowman & Littlefield Publishers.

European Commission officials, particularly, have an incentive to aid subnational actors by providing them with funds and especially with political access to European Union decision-making bodies.²⁷

Seth Jolly agrees with Hooghe & Marks that deeper European integration leads to an increase in regionalist movements.²⁸ However, in contrast to Hooghe & Marks, who approached the problem more descriptively, Jolly investigates the question more theoretically. Using a dataset covering all EU subnational regions from 1950 until 1997, Jolly tests hypotheses regarding EU effects on “both the incidence and success of regionalist parties competing in national elections.”²⁹ His findings demonstrate that deeper integration of the EU has caused a rise in regionalist parties’ participation in national elections.³⁰ By increasingly participating in national elections, regionalist parties have become more competitive.³¹ This implies that subnational regionalist parties are rising in importance, and can present a potentially significant political threat to national leaders. By becoming more proactive about certain political issues, regionalist parties raise awareness of issues such as economic dependency, economic exploitation and strong patriotic attachment to their respective regions. Concerns such as these, as economic theory of secession suggests, lead to an increase in separatist claims.

Besides finding a correlation between the rise in regionalist parties and EU integration, Jolly tries to ascertain the many factors that have contributed to the rise in regionalist parties. First, historically larger states (meaning larger market size), had more economic success. However, with the creation of the EU and with the decrease in barriers to trade, the significance

²⁷ Hooghe, L., & Marks, G. (2001). *Multi-Level Governance and European Integration*. (pp. 78). Boston: Rowman & Littlefield Publishers.

²⁸ Jolly, S. K. (2007). How the EU Fuels Sub-National Regionalism. *University of Chicago*, Retrieved from <http://faculty.maxwell.syr.edu/skjolly/HowEUFuels.pdf>

²⁹ Ibid, introduction

³⁰ Ibid, introduction

³¹ Ibid, introduction

of size has diminished.³³ Today, with a more globalized world and the spread of free trade agreements, smaller countries can be very successful.³⁴ This implies that once a country becomes part of the EU, due to many economic benefits, the importance of national market size is diminished. This can boost the confidence of regionalist parties in national elections by lowering the opportunity cost of secession. Hooghe & Marks also contend that “The single European market reduces the economic penalty imposed by regional political autonomy because regional norms continue to have access to the European market.”³⁵ The advantage larger states used diminishes due to the EU’s regional financial assistance, monetary policy, foreign policy, and free trade.³⁶ This indicates, that smaller regional entities are being encouraged by the EU to seek more autonomy, thus causing a rise in regional confidence and a possible increase in separatist claims.

Second, since the end of WWII and the creation of the European Union, most European countries no longer have the same external security concerns that animated them during the Cold War.³⁷ In a situation where smaller regional entities, such as Scotland or Catalonia do achieve sovereignty, they would still stay protected by NATO or other superpowers.³⁸ Many argue that a more globalized world and the existence of various international organizations reduces the risk

³³ Jolly, S. K. (2007). How the EU Fuels Sub-National Regionalism. (p. 6) *University of Chicago*, Retrieved from <http://faculty.maxwell.syr.edu/skjolly/HowEUFuels.pdf>

³⁴ *Ibid*, p.4

³⁵ Hooghe, L., & Marks, G. (2001). *Multi-Level Governance and European Integration*. (p. 166). Boston: Rowman & Littlefield Publishers

³⁶ Jolly, S. K. (2007). How the EU Fuels Sub-National Regionalism. (p. 4) *University of Chicago*, Retrieved from <http://faculty.maxwell.syr.edu/skjolly/HowEUFuels.pdf>,

³⁷ *Ibid*, p. 5

³⁸ *Ibid*, p. 5

of wars and makes cooperation and bargaining among states more likely to take a positive route.³⁹

Finally, besides economic and security issues, Jolly also addresses the issue of homogeneity. He argues that a government with a more homogeneous populace is more likely to be more successful at adopting policies that benefit a majority of the people. This argument implies that a homogenous government, meaning a government with racial, ethnic, and cultural confluence of equal rights, is more likely to provide an equal provision of goods and benefits, due to a more homogenous and like-minded population. Likewise, larger states are likely to be less efficient at equal and beneficial public provision of goods.⁴⁰ This argument suggests that larger states are more likely to be heterogeneous, meaning, larger states are more culturally and ethnically diverse.

Due to all these economic, security, and cultural issues, European subnational regionalist parties may see themselves as being capable of having sustained economic growth and cultural freedom independently from the traditional nation-state. As a result of their rise in political confidence, subnational regionalist entities are requesting political freedom and secession. The arguments in findings in both Hooghe & Marks and Jolly demonstrate that the EU may have a tremendous effect on the subnational movements, especially on the rise in regionalist parties.

II.II. A critique of the correlation between the EU and the rise in separatism claims

Only a few scholars have truly challenged this idea that the EU facilitates separatist claims. According to Dawn Brancati, European integration does not lead to a rise in separatist movements. She argues that the economic benefits provided by the EU are neither large nor

³⁹ Russett, B., Oneal, J. R. & Davis, D. R. (n.d.). The Third Leg of Kantian Tripod for Peace: International Organizations and Militarized Disputes 1950-85. *JSTOR*, 52(3), 444. Retrieved from <http://www.u.arizona.edu/~volgy/Russettetal1998TheThirdLeg.pdf>

⁴⁰ Jolly, S. K. (2007). How the EU Fuels Sub-National Regionalism. (p. 6) *University of Chicago*, Retrieved from <http://faculty.maxwell.syr.edu/skjolly/HowEUFuels.pdf>,

positive enough to impact separatist demands among most regions.⁴¹ Brancati tests her arguments with a quantitative analysis of regional demands in post-WWII Europe. She finds that European integration is “only weakly associated with a modest increase in electoral support for separatist parties, particularly in economically advanced regions.”⁴²

Brancati argues that even though economic integration and the rise in separatism movements are “statistically correlated, they are not casually linked.”⁴³ This argument Brancati makes, suggests that one does not cause another, or that the EU integration does not cause the rise in separatist movements. The reason for the lack of causation as Brancati points out, is the lack of benefits, or the complex political environment that hinders the fair distribution of benefits among the EU regions. Additionally, according to Brancati’s article, allowing regions to have more control over their social, political, and economic affairs, leads to a more peaceful relationship between the nation state and the seceding region, thus making secession less viable within the EU. Likewise, when it comes to the national budget and taxes, Brancati argues that decentralization lessens the desire for independence by allowing regional entities to collect their own taxes.⁴⁴ Contrary to Jolly, who argues that linguistic and cultural homogeneity of a region leads to a likely secession, Brancati argues that decentralization reduces a region’s desire to secede by allowing regional governments autonomy over educational and cultural issues.⁴⁵ Making subnational entities such as Catalonia or Scotland satisfied with their economic and political standing within a nation-states reduces the likelihood of secession, thus leading to a more peaceful and stress-free relationship with the EU. Although, there is a possibility for

⁴¹ Brancati, D. (2013). Rethinking the Economic Integration-Separatism Debate. (p. 2), *Washington University at Saint Louis*, Retrieved from http://brancati.wustl.edu/Brancati_AGI.pdf

⁴² Ibid, Abstract

⁴³ Ibid, p. 7

⁴⁴ Ibid, p. 7

⁴⁵ Ibid, p. 8

regionalist parties to be empowered by the nation-state decentralization, Brancati contends that decentralization reduces the incentives for “parties to compete state-wide by reducing the power of national legislatures and, thereby, giving parties fewer incentives to merge with each other in order to control the national government.”⁴⁶ As Brancati points out, due to many inter-correlated domestic issues, regionalist parties might not find it feasible or economically beneficial to seek independence through EU political forums.

Subnational separatist movements do not always find the European Union’s institutional policies and its centralized, administrative system very attractive. Within a country, certain regions might benefit more because they attract more foreign direct investment.⁴⁷ Likewise, various benefits within a region might vary along different segments of the population.⁴⁸ Another reason as to why the EU is unlikely to promote subnational mobilization is due to its very strict accession requirements. Once a subnational entity accomplishes its goal of becoming a sovereign state, it will most likely seek to become a member of the EU. Meeting the EU accession requirements is a long and difficult process, which supports Brancati’s theory that European integration makes it difficult and unlikely for subnational regionalist parties to seek independence.

II.III. Literature review summary

As many scholars emphasize, understanding how the EU operates and what its core values are becomes important when one wants to determine ways in which the EU influences specific nation states and their regions. Many scholars argue that the European Union is a multilevel system of governance, and as such, it symbolizes a diffusion of power. This implies

⁴⁶ Brancati, D. (2013). Rethinking the Economic Integration-Separatism Debate. (p. 8), *Washington University at Saint Luis*, Retrieved from http://brancati.wustl.edu/Brancati_AGI.pdf

⁴⁷ Ibid, p.9

⁴⁸ Ibid, p.9

that subnational authority beneath the nation-state is gaining in importance, while supranational integration represents the rise of power and influence above the respective nation-states.

Nonetheless, behind the EU's multilevel governance, there exists a simultaneous process of uniting independent nations into one diverse political and cultural community. However, this process provokes a lot of challenges. Hooghe & Marks, along with Seth Jolly, argue that the EU nation states cope with a lot of subnational movements due to the EU's involvement and participation in the nations' internal domestic affairs. These scholars also argue that, due to many social, economic, and political difficulties at the EU level, small regional entities (ex. Catalonia), see the opportunity to pursue their rights of autonomy and independence. Due to the European Union's inability to solve some of its most persistent and pressing problems, such as the weaknesses of the common market, deficit, unequal regional funding, and social antagonisms, the EU is enabling these separatist movements. The EU and its policies are strengthening regional self-rule and enhancing nationalistic identity among these separatist groups. In contrast to previously mentioned scholars, Dawn Brancati argues the opposite. She is not very convinced that the EU plays a vastly influential role in subnational mobilization. Due to the EU's complicated economic, political, and cultural scheme, subnational entities are discouraged by the EU in their pursuit of self-rule. Brancati argues that the economic benefits provided by the EU are high enough to keep regional entities satisfied, without causing subnational dissatisfaction and the rise in separatist sentiment. However, my theory suggests that nation states, along with the EU, use economics to make peace with these troublesome independence-minded regions. However, once the economic deprivation and lack of economic resources, such as unemployment and low income, presents itself, separatist claims resurface thus making the nation states, and the EU in particular, accountable for them.

Overall, in the last couple of decades, the EU, as a multilevel polity, has increased its regional significance and its influence on the nation states. A combination of the EU's possible fragmentation, political crisis, and vague federal, territorial integrity, sheds light on whether subnational mobilization increases because of the historical and national differences or specifically because of the EU's difficult economic situation and harsh economic policies.

III. Economic integration and regionalist sentiment: direct and indirect effects

My theory, that the EU impacts subnational separatist sentiment, is drawn from the economic theory of secession. The economic theory of secession suggests that when regional entities that have an already preexistent separatist battle with their respective nation-states face a difficult economic situation, they will experience an increase in separatist behavior. I also argue that economics represent a casual determinant of secession. My theory suggests that the European Union's richer subnational regions are more likely to secede because they are different from the rest of the country in terms of wealth, natural resources, and economic sustainability. The economic policies employed by the nation-state and the EU cause grievances in the subnational regions, and thus create a catalyst for separatism. While the standard economic theory of secession focuses solely on the implementation of nation-states' economic measures as an indicator of regional separatist sentiment, my theory focuses on the economic measures implemented specifically by EU's supranational authority. I acknowledge that the EU is not the main and only reason why separatist claims are taking place. Regions such as Catalonia, Scotland, or Flanders have a long and extensive history within and without their current nation-states. Their nationalistic sentiment and patriotic attachment to the region represents the main social, cultural, and political base for the foundation of the separatist sentiment. Nonetheless, certain regionalist groups, such as Catalan, Scottish or Flemish regionalist parties, has pressed

their nation states for more autonomy and more resolute separatist rights. Throughout the years, voting behavior in national elections has changed, and the percentage of votes going to regionalist parties has increased. My theory contends that as the national and European economy has worsened, discontent among the regional population rose, leading to a rise in support for the regionalist parties, which has finally led to an increase in separatist sentiment.

In examining my theory, I have employed a statistical research analysis of the EU economy, which relies on data collected by the Eurostat, Inforegio and Europa. Eurostat has provided me with unemployment and real GDP stats in all EU regions, while Inforegio and Europa were useful for obtaining distribution of regional funds across EU regions. Additionally, I have acquired public opinion data on the EU regional attachment from the European Election Database. In order to make significant conclusions about the economic theory of secession taking place in European Union, I will compare regional unemployment, regional real GDP data and distribution of regional funds, with the regional attachment public opinion data.

In my next section, I give descriptions of my independent and dependent variables, and then I provide more in-depth explanations of my statistical analysis of the EU economy and regional vote share. Secondly, I define and test my hypotheses. I am planning on employing other subject-relevant articles and books further on in my thesis research. Other than doing a statistical analysis, in my methodology section, I will apply my theoretical findings onto my case study of Catalonia.

III.I. Dependent variable

Subnational separatist sentiment

Since its creation in 1958, the EU supranational system encountered many problems that nation-states brought into its multilevel polity. Countries such as Spain, UK, and Belgium, have

had a prolonged historical fight with their subnational entities in order to stop fragmentation and separatist movements. Desire to separate oneself escalates when one group feels discriminated against, oppressed, or held back from obtaining economic benefits. Separatist feelings represent a threat to the integrity of the nation-state, and in this case, separatist movements might destabilize peace and highlight some of the EU's deficiencies. Due to its interconnectedness with the economies of national governments, the overall EU economic situation directly affects every single member state and its regional entities. I argue that a predefined regionalist sentiment can awaken when put in a difficult economic situation. Meaning, wealthier regions with a firm patriotic attachment to its geographical entity that are being economically challenged by the nation state, may have a higher chance of experiencing a rise in regionalist separatist sentiment.

The reason why I chose regional attachment as an indicator of public support for separatism is due to my belief that data on regional attachment represents a significant sign of strong regional identity. In the case of a diverse federation such as EU, data on regional attachment might be helpful in determining whether nation states still play a major role in the political and economic relationship with the EU.

Due to a lack of more substantive data on the regional public support, I have focused on the regional vote share in the national parliamentary elections. I have decided to better my research by redefining regional attachment itself. Besides representing a strong sentiment and identity toward its regionalist culture, regional attachment is also represented through the amount of political, and electoral support it acquires from the regional population. Thus, I have conducted an analysis of the percentage of votes EU regionalist parties have acquired in the parliamentary elections. The European Election Database covers parliamentary, presidential and

European elections in 35 European countries, for two decades.⁴⁹This database covers regional election results according to “NUTS” level regions. The Nomenclature of Territorial Units for Statistics (NUTS) provides a “single uniform breakdown of territorial units for the production of regional statistics for the European union.”⁵⁰ The NUTS classifies three levels of regions, NUTS 1, NUTS 2 and NUTS 3.⁵¹ Each member state is divided into NUTS 1 regions, which is in turn subdivided into NUTS 2 regions and so forth.⁵² I am focusing on the NUTS 2 level regions in the EU, due to a more comprehensive and overarching statistics available. In particular, EU regions seeking separatism such as Catalonia, Scotland and Flanders are NUTS 2 regions, thus justifying my use of NUTS 2 level regional classification.

In order to analyze regional attachment, I have used national parliamentary votes share throughout the nation-states regions. Subsequently, I have identified which parties are regionalist in order to find out its vote share throughout the years. So as to identify which parties are regionalist and which are not, I have used the members of the European Free Alliance organization (EFA), which is an organization that gathers “over 40 progressive, nationalist, regionalist, and autonomist parties all across the EU.”⁵³ These regionalist parties represent minorities, stateless people and regions across the EU.⁵⁴EFA promotes the right to self-determination, multi-level governance, devolution of power, as well as “nationalism, regionalism, autonomy and independence.”⁵⁵

⁴⁹ European Election Database. (n.d.). *Parliamentary Elections*. Retrieved from http://www.nsd.uib.no/european_election_database/

⁵⁰ Eurostat. (2007). Regions in the European Union . *European Commission* , 9. Retrieved from http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-RA-07-020/EN/KS-RA-07-020-EN.PDF

⁵¹ Ibid, p.9

⁵² Ibid, p. 10

⁵³ European Free Alliance (n.d.). *EFA, ABOUT US* Retrieved from <http://www.e-f-a.org/about-us/>

⁵⁴ Ibid

⁵⁵ Ibid

Besides, using EFA as an indicator of regionalism, I have looked at the website of each regionalist party, and I have employed other relevant newspaper articles, and works done by other scholars, in order to accurately identify which regionalist parties see themselves are pushing for more autonomy and stronger voice in the national parliament.

Overall, I do acknowledge that not all regionalist parties are pursuing the same political, social and economic settlements, however regional demands for greater autonomy range “from independence to devolution to cultural rights,” thus putting all regional demands into one bucket.⁵⁶ Therefore, the percentage of vote share gives enough credibility to my use of regional parties vote share as an indicator of regional attachment.

III.II. Independent variables

The impact of the EU economy (Unemployment, real GDP)

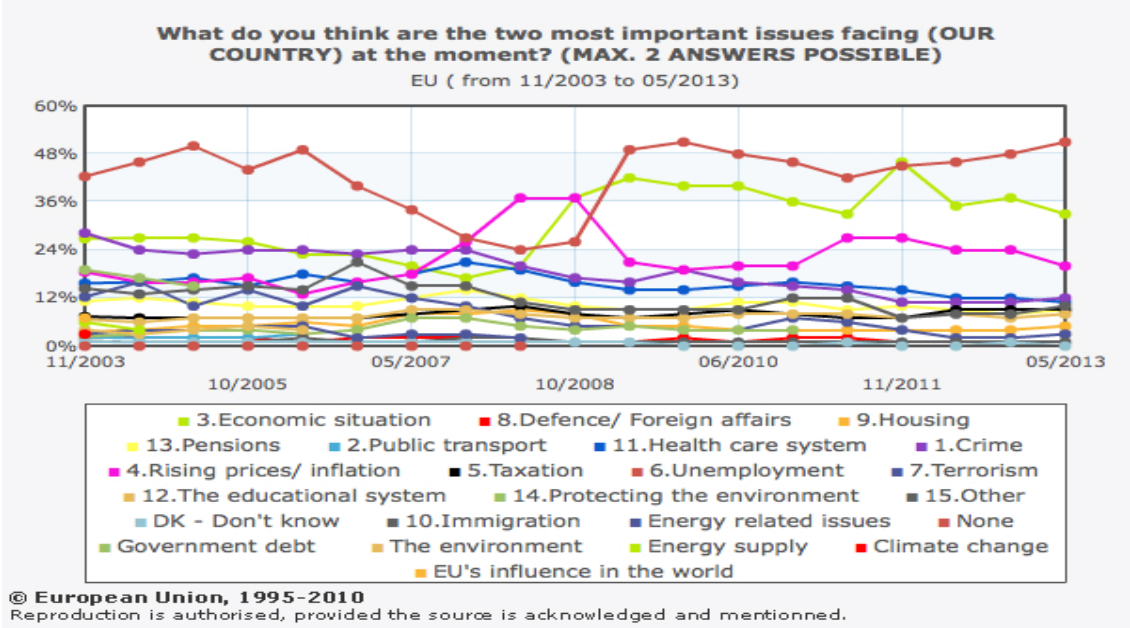
The reason why I chose these independent variables is because I argue that they are the best indicators of EU economy. In a macroeconomic context, regional unemployment and regional real GDP data are extremely relevant to the EU. Since the EU is highly interconnected with its member states, the EU economic situation affects every nation-state and its regional entity.

I have acquired data on the unemployment and on the real GDP in the EU regions from the Eurostat, NUTS 2 level classification. Since the economic theory of succession suggests that higher degrees of dissatisfaction among the population are correlated with the rise in separatist sentiment, I have conducted a small analysis using Eurobarometer Interactive public opinion website, in order to find out what were the biggest concerns at the EU level in the last ten years. The study has shown that at the EU level, unemployment along with an economic situation is

⁵⁶ Jolly, S. (2007). *The Europhile Fringe? Regionalist Party Support for European Integration*. SAGE Publications, 8(1), 111. Retrieved from <http://faculty.maxwell.syr.edu/skjolly/EurophileFringe.pdf>

ranked highest in the Eurobarometer public opinion polls (Graph 1). This graph thus justifies my use of unemployment and real GDP as the most suitable indicators of the EU economy.

GRAPH 1



I did not discriminate other indicators of economy for any particular reason; I simply choose these as the best fit to my thesis. The point I am trying to get across by using these independent variables is to show that the EU’s economic measures are hard on people or for economic growth, job prospects, or long-term relationships with other member states of the EU. Ways in which economic measures taken by the EU dampen economic growth directly influence the strong subnational separatist sentiment. By affecting the nation-state’s economy, EU economic measures have a direct influence on the subnational regions, thus leading to frustration, especially in the cases in which subnational regions are economically prosperous, self-sufficient and have a previously established strong regional identity.

Regional funds distribution

Distribution of regional funds across the EU's subnational regions represents a direct impact of the EU, and a fundamental part of my thesis research. In my opinion, the EU structural funds given to the EU's subnational entities may play a major role in establishing a strong subnational separatist sentiment. These funds give more confidence to the subnational entities, by making them self-reliant and not heavily dependent on the nation-state's financial assistance.

I am using Inforegio as my primary source for acquiring information on the distribution of regional funds. European Union's regional funds are divided into cohesion and structural funds. I am focusing on the EU Structural funds, which are divided into European Regional Development Fund (ERDF) and European Social Fund (ESF).⁵⁷ The ERDF was created in 1975 and it is the largest fund provided by the EU that helps with infrastructure and by creating opportunities for small companies.⁵⁸ The ESF was created in 1958 and its main purpose is to provide assistance to the underprivileged and disadvantaged portion of the EU population.⁵⁹ Since the structural funds cover both the economic and social welfare aspects that are necessary for a healthy and content population, it represents a suitable economic measure for my research.

III.III. Hypothesis

H1: As European Union regional funds increase, subnational separatist sentiment increases.

In order to argue hypothesis #1, I will collect data on the distribution of the EU regional funds throughout the EU member states, from the Inforegio site. Inforegio is the department of the Commission of the European Union that deals with the EU regional issues. Its main mission is to provide statistics and other relevant data at the European level that support comparisons

⁵⁷ Europa (n.d.). Glossary, Structural Funds and Cohesion Fund. Retrieved from http://europa.eu/legislation_summaries/glossary/structural_cohesion_fund_en.html

⁵⁸ Ibid

⁵⁹ Ibid

between countries and regions.⁶⁰ Furthermore, I will compare the amount of funds each region got throughout the years, with the election data, in order to see whether the amount of EU funding leads to an increase in subnational sentiment.

Consequently, I will conduct a thorough analysis of the regional funds distribution and create graphs that may or may not imply that the regions getting the most regional funds are the ones with separatist claims.

H2: The rise in regional unemployment and the decrease in regional real GDP growth, leads to a rise in regional separatist sentiment.

In order to evaluate hypothesis #2, I will look into the regional unemployment and regional real GDP data provided by the Eurostat website, compare it with the regional attachment public opinion data and consequently make a graph that will either prove that the EU economy does indeed have an effect, or it will reject my economic theory of secession. Once I identify regionalist parties, I will analyze the voting percentage each regionalist party received in the parliamentary elections, and then compare it to regional unemployment and real GDP. The analysis of regional electoral support, along with the economic analysis of the EU, will help me evaluate whether there is a correlation between the EU economy and public support for separatism.

IV. Methodology

Before continuing, it is important to revise the central question of my thesis. How do EU economic measures impact the subnational separatist sentiment? What is it about the EU economic measures that is so striking and salient that makes such a profound influence on the subnational separatist sentiment? These questions are significant because they have not been

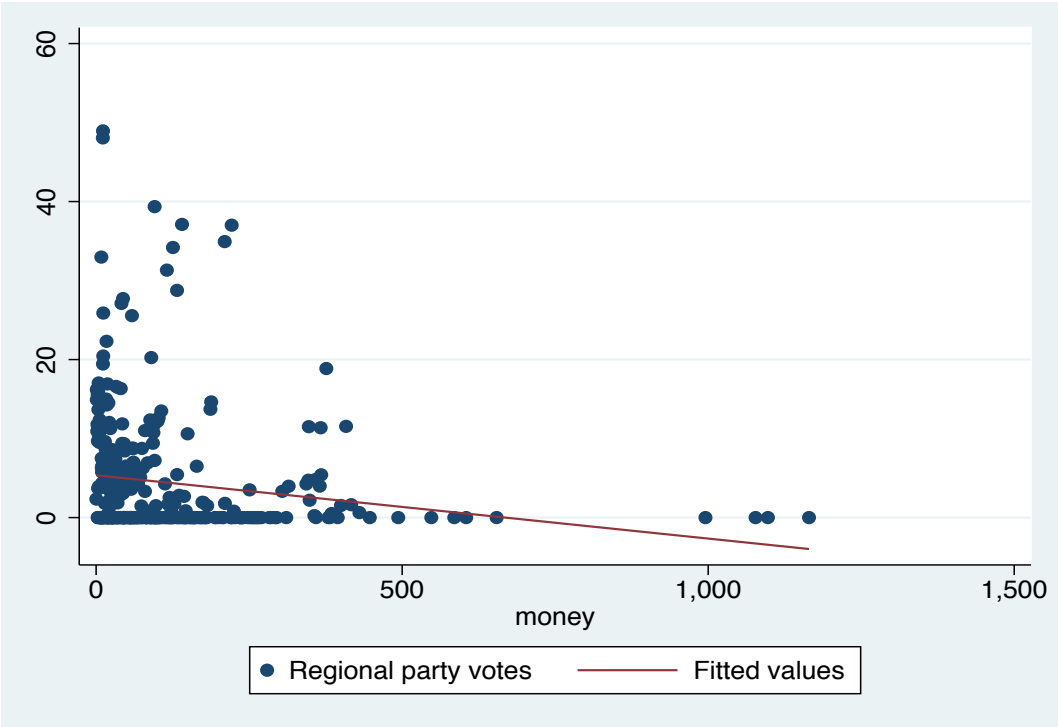
⁶⁰ Inforegio. (n.d.). *Regional policy - Inforegio*. Retrieved from http://ec.europa.eu/regional_policy/index_en.cfm

fully explored by the academic community. My research into the effects of EU economic policies, will add to the debate about separatist claims and separatist sentiment in contemporary Europe.

IV. I. Data analysis

A comparative analysis of regional vote share and EU structural funds, showed a negative relationship between these two variables. This analysis implies that when there is an increase in regional funds, regional party vote share decreases (Graph #2). The relationship between these variables disconfirms my hypothesis #1, by showing that the amount of structural funds has a negative correlation with the rise in separatist sentiment.

GRAPH 2 (y - regional party vote share; x - Structural funds)



Thus, graph #2 concludes that regional funds are not significant enough in this analysis. They are negatively associated with regional party vote share, and the money needed to change the vote share in any meaningful way would be in the billions of dollars. Furthermore, table #1

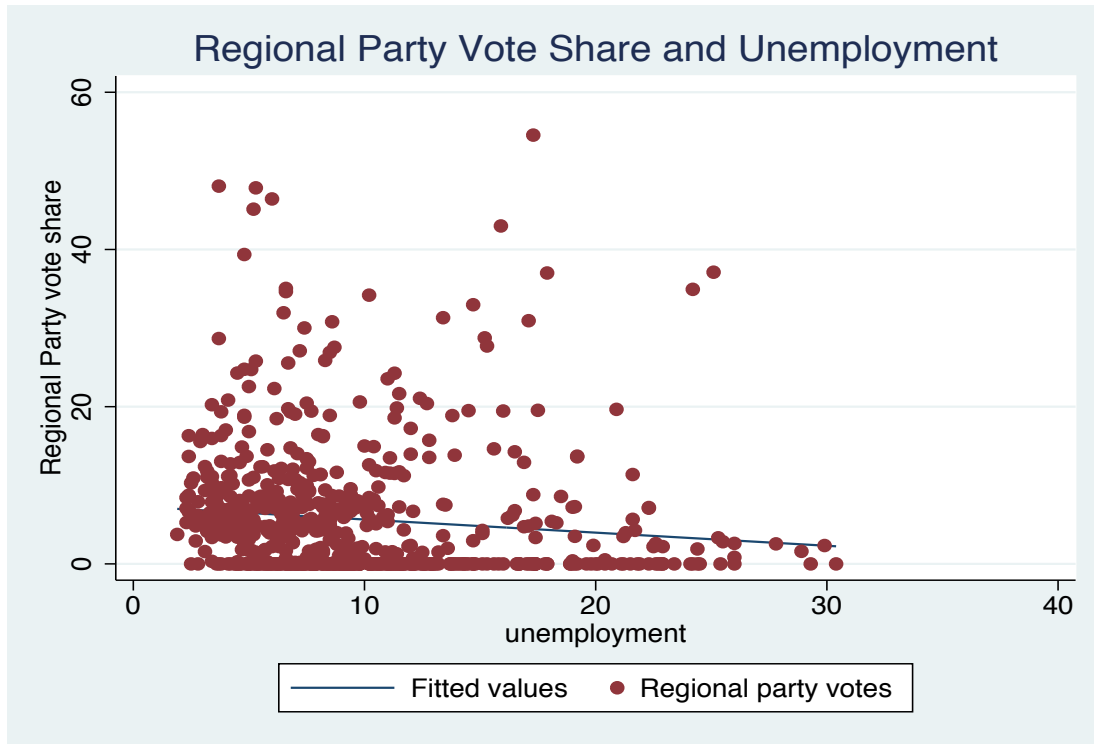
points out the relationship between the regional vote share and structural funds more numerically. It states that the correlation between regional vote share and structural funds is not solid enough to make ultimate conclusions.

TABLE 1

Regional Party vote share	Coef.	Std. Err.	t	P> t	{95% Conf. Interval}
Structural funds	-.0080156	.0025554	-3.14	0.002	-.0130402 -.0029911
_cons	5.359458	.4825119	11.11	0.000	4.41073 6.308185

In my second hypothesis, a comparative analysis of regional unemployment and regional vote share data also showed a negative relationship between the two variables (Graph 3). This implying that whenever regional unemployment increases, regional party vote decreases. This further on concludes that when economic situation is bad, regional political parties lose support. This particular analysis disconfirms my hypothesis #2, thus showing that European Union's economic measures do not have an effect on regional political party support, aka separatist sentiment.

GRAPH 3



Furthermore, table #2 portrays the relationship more numerically. It emphasizes the negative and statistically significant relationship between regional unemployment and regional party vote share.

TABLE 2

Regional party vote share	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
Unemployment	-.1669738	.0576341	-2.90	0.004	-.2801345	-.053813
_cons	7.318709	.6353923	11.52	0.000	6.071159	8.566259

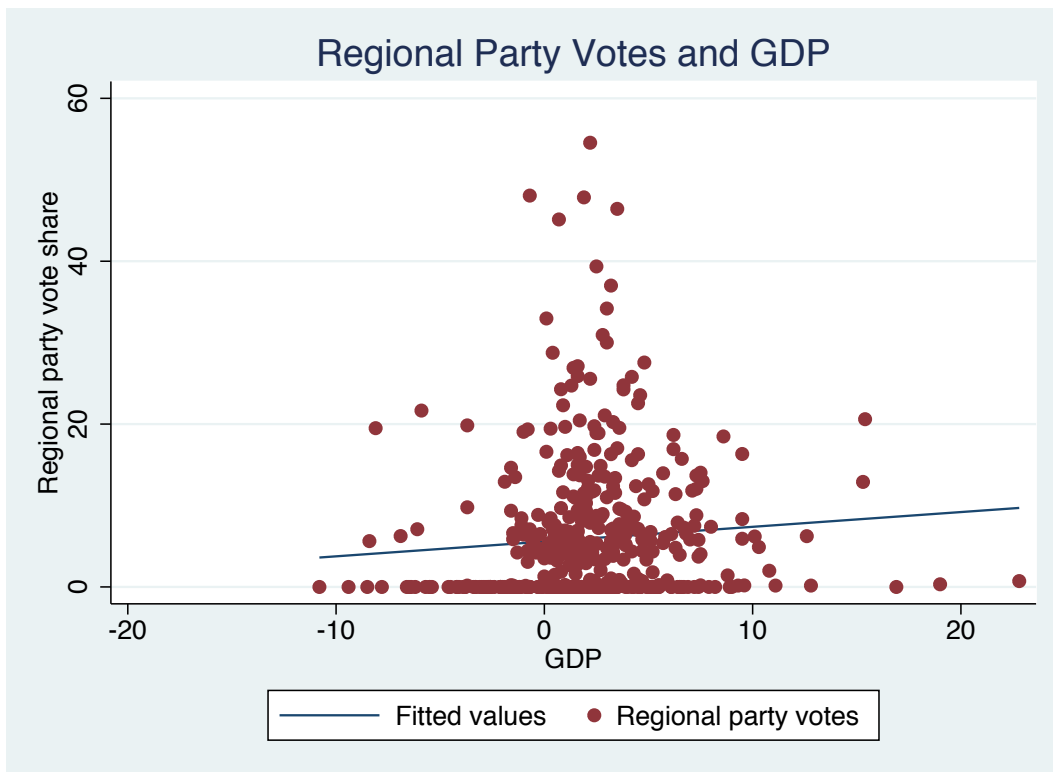
Furthermore, I decided to look at the change in unemployment throughout the EU member states and compare it to the regional parties vote share. Nonetheless, the results came back the same. Table # 3 emphasizes that the change in unemployment does not have a significant effect on the rise in regional parties vote share.

TABLE 3

Regional party vote share	Coef.	Std. Err.	t	P. ltl	{95% Conf. Interval}
Unemployment	-.1228807	.0892366	-1.38	0.169	-.2982636 .0525022
Real GDP growth	-.0102148	.1305256	-0.08	0.938	-.266746 .2463164
Change in unemployment	.1427661	.2665452	0.54	0.592	-.3810938 .666626
_cons	6.247866	.9253829	6.75	0.000	4.429146 8.066586

Next, the analysis between real GDP growth and regional party vote share (graph #4) shows a positive relationship, thus concluding that whenever real GDP growth increases, regional party vote share increase too.

GRAPH 4



Furthermore, table #4 emphasizes the relationship between real GDP and regional party vote share. It says that the relationship is positive and statistically significant at $p < .10$.

TABLE 4

Regional party vote share	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
GDP	.1811993	.1042991	1.74	0.083	-.0237589 .3861575
_cons	5.572691	.4479702	12.44	0.000	4.692384 6.452997

Table #5 emphasizes that when put together, these two findings about regional unemployment and real GDP growth indicate that when economy is doing well, meaning when unemployment is low and GDP is rising, regional political parties are gaining more support. However, when the economy is bad, aka when unemployment is high, and GDP is low, regional political parties have less support.

TABLE 5

Regional party vote share	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
Unemployment	-.1058584	.0916409	-1.16	0.249	-.2859578 .074241
GDP	.1876969	.1076028	1.74	0.082	-.023772 .3991658
_cons	6.518932	.8914731	7.31	0.000	4.766944 8.27092

However, this analysis between regional vote share, unemployment, real GDP growth and structural funds is imperfect since regional vote share data are inconsistent, and takes place every 4 to 5 years. Thus providing a significantly small amount of data for analysis. The regional vote share data available starts in the early 1990s, however regional unemployment data starts in the early 2000s, which gives me an inconclusive analysis of the regional separatist sentiment growth. Additionally, there are 216 regions in total included in the analysis. Out of these 216 regions, it is regions of Scotland, Catalonia, and Flanders that are very adamant about separating from the nation state. Regions such as South Tirol and Veneto in Italy have recently started

becoming more outspoken about its autonomous needs, however not many regions out of those 216 being analyzed have demanded higher autonomy or separation from the nation state. Thus concluding that in this multiple analysis, regionalist separatist sentiment cannot be fully emphasized due to a small number of autonomous movements.

Nonetheless, only one region addressing its secessionist needs is necessary to make my economic theory of secession more legitimate. I have addressed earlier that economic theory of secession is more likely to take place in more heterogeneous nations with diverse cultural, economic and social needs, which regions strive for more autonomy, and most importantly regions that have an already established separatist sentiment. In a globalized world we live in today, nation-states are able to use economic, political, diplomatic, or military tools to soothe separatist sentiment in their respective nation-states, thus disabling and disrupting a rise in separatist and autonomous demands. Nowadays, the nation-states are able to pacify heterogeneous agendas with various means, which might affect the regional party vote share, especially in countries that are highly centralized, and where the nation state is in control of the economic sector.

There are several factors that are important in respect to addressing my hypothesis. More specifically I want to address the reasons as to why my analysis of unemployment, real GDP and structural funds have a bivariate effect on the rise of separatist sentiment in the European Union. First of, such as mentioned earlier, regional vote share is an imperfect indicator of subnational separatist sentiment, and as such it might have affected the final outcome of my analysis. Out of 27 EU member states, I have included 18 member states in my analysis. EU member states of Malta, Luxembourg, Latvia, Lithuania, Cyprus, Estonia, and Croatia are not split into NUTS 2 level regions, thus I was not able to obtain their regional vote share. I did not include Slovenia in

my case study, since its regional vote share did not include years of the regional parliamentary elections, but rather just the percentage of vote share. Furthermore, out of 18 countries and 216 regions used in my study, 29 regions have shown to have a strong regional sentiment. I have used 10% or more as a threshold for strong and well-represented regional sentiment, since 10% in parliamentary elections, provides 10% representation in the government. Out of these 29 regions, it is the regions of Catalonia (Spain), South Tirol (Italy), Wallonia and Flanders (Belgium) that have shown to be highly supportive and consistent with regional vote share. Out of 18 countries in my study, 6 countries had no regional representation or less than 1% regional party vote share. Overall, although a meaningful study, regional party vote share, in comparison to other variables, represents an imperfect tool for a separatist sentiment analysis.

Secondly, I argue that countries that are more centralized have in fact a more unitary national sentiment, due to regional dependency on the central government. A unitary state is a state in which executive, legislative and judicial powers are concentrated in the central government.⁶¹ This implies that centralized political systems do not permit a separation of powers between central and subnational governments. Furthermore, centralization refers to fiscal centralization, in which countries have central planned economy. Additionally, fiscal centralization suggests that central government is responsible for tax revenues and for distribution of public goods.⁶² With respect to UK, which represents a highly centralized system with a strong separatist movement currently taking place, 22 other member states of the EU represent unitary states. Meaning, these 22 member states are centralized, with decision-making

⁶¹ Manikkalingam, R. (2003). A Unitary, a Federal or Two Separate States?. *Social Scientists Association*. 5. Retrieved from [http://www.dialogueadvisorygroup.org/pdf/Unitary, Federal or Separate States_.pdf](http://www.dialogueadvisorygroup.org/pdf/Unitary,_Federal_or_Separate_States_.pdf)

⁶² Albornoz, F., & Cabrales, A. (2010). Fiscal Centralization and Political Process. *Universidad Carlos III de Madrid, Working Papers*, 3. Retrieved from <http://e-archivo.uc3m.es/bitstream/handle/10016/6673/we100402.pdf;jsessionid=3807152DDFABABDC1770B427703D674A?sequence=1>

powers being concentrated in the hands of the national government. This further implies that the national government is responsible for redistributing and implementing economic benefits across its respective regions. As such, governments that are more centralized, enjoy higher rates of national political parties, thus reducing the incidence and competitiveness of regional political parties. Furthermore, by having less, or any regional representatives in the national government, leads to regional underrepresentation and less emphasized regionalist sentiment.

This further suggests, that a possible reason as to why the relationship between unemployment, real GDP, structural funds and regional party vote share was not more highly emphasized, was due to a small number of regional parties present in my analysis, and because majority of the EU member states have a unitary system of governance. Next, current regional studies have shown that regions have been empowered in 7⁶³ out of 28 EU member states, while 6⁶⁴ other regions are considering on implementing various forms of regionalization. However, in 10⁶⁵ member states of the EU, regional authorities have started to gradually lose or have completely lost its regional power, due to nation-states reluctance to further pursue regional reforms.⁶⁶

On the contrary to centralized political systems, Germany, Austria, and Belgium are federal, decentralized governments. Spain represents a quasi federal state since it only has two

⁶³ These member states are: Spain, Italy, Germany, Belgium, the UK, Poland and Greece. Schausberger, F. (2012). Devolution in the European Union and the Place for Local and Regional Self-government in EU Policy Making and Delivery. *European Union, Committee of the Regions*, 5. Retrieved from http://www.aer.eu/fileadmin/user_upload/MainIssues/Governance/2013-Publication_devolutionEU_EN.pdf

⁶⁴ These member states are: Romania, France, the Netherlands, Bulgaria, Cyprus and the Czech Republic
Ibid, p. 5

⁶⁵ These member states are: Denmark, Slovenia, Hungary, Portugal, Sweden, Finland, Latvia, Lithuania, Ireland and the UK (concerning England as opposed to the devolved nations).
Ibid, p. 5

⁶⁶ Ibid, p. 5

regions with full autonomous powers (Navarro and Basque Country).⁶⁷ On the contrary to the single source of authority and power in unitary political systems, federal political systems have two or more levels of government, in which decision-making powers are shared between the central and subnational units.⁶⁸ Decentralization in the federal case refers to fiscal decentralization, which implies that central government entitles regional authorities with an increase in, or full fiscal autonomy over public sector.⁶⁹ By increasing a degree in fiscal autonomy, national incumbents are no longer accountable to the regional population. It is the regional representatives that are being held responsible for the welfare and distribution of public goods. Decentralization symbolizes a devolution of power, and as emphasized in my literature review, with EU as a medium between the nation state and subnational entities, nation states are experiencing federalization and shift in authority and decision-making bodies. Meaning, regional authorities are gaining in importance, therefore pushing heterogeneous EU member states toward implementing more strict regional policies. These strict economic measures lead to a higher level of dissatisfaction in separatist-oriented regions. Due to a still-in-progress decentralization process, and nation-states reluctance to pursue regional reforms, my regional study has a small number of strong regional political parties, which are overwhelmed by the low numbers in regional parties support.

Overall, countries that are experiencing decentralization, such as Spain and Belgium are experiencing a constant rise in separatist sentiment. Although my study shows a slight

⁶⁷ Schausberger, F. (2012). Devolution in the European Union and the Place for Local and Regional Self-government in EU Policy Making and Delivery. *European Union, Committee of the Regions*, 5. Retrieved from http://www.aer.eu/fileadmin/user_upload/MainIssues/Governance/2013-Publication_devolutionEU_EN.pdf
The detail on Navarro and Basque Country having full autonomous powers is obtained from an LSE article by Carlo Basta, <http://blogs.lse.ac.uk/ideas/2012/09/fiscal-crisis-and-the-balkanization-of-spain-which-way-forward/>

⁶⁸ Manikkalingam, R. (2003). A Unitary, a Federal or Two Separate States?. *Social Scientists Association*, 6. Retrieved from [http://www.dialogueadvisorygroup.org/pdf/Unitary, Federal or Separate States_.pdf](http://www.dialogueadvisorygroup.org/pdf/Unitary,_Federal_or_Separate_States_.pdf)

⁶⁹ Sacchi, A., & Salotti, S. (2014). How Regional Inequality Affects Fiscal Decentralization: Accounting for Autonomy of Subcentral Governments. *Environment and Planning C: Governemnt and Policy*, 32, 145. Retrieved from <http://www.envplan.com/abstract.cgi?id=c1241r>

relationship between real GDP and regional sentiment, and a negative relationship between unemployment, regional funds and regional sentiment, I argue that EU's federal member states, that have high demands for regional separation, do indeed experience a positive relationship between EU economy and regional support for separatism. For these reasons, I have conducted a small analysis of federal versus centralized European member states. I have recognized Germany, Belgium, Austria and Spain as being federal member states, while the other 14 countries in my study are acknowledged as being centralized governments. I have compared and looked at the relationship between all four variables (unemployment, real GDP growth, regional funds and regional vote share) in countries that are considered federalist and in countries that are considered as being centralized. Table #6 emphasizes that in federal countries, when real GDP growth increases, regional party vote share increases too. Whenever there is a 1% increase in real GDP growth, regional party vote share increases by .72%. This implies that whenever the EU economy is doing well, the regional sentiment in federal countries increases.

TABLE 6

Regional party vote share	Coef.	Std. Err.	t	P> t	{95% Conf. Interval}
Real GDP growth	.7158479	.3434964	2.08	0.040	.0332209 1.398475
Unemployment	-.0974997	.210157	-0.46	0.644	-.5151426 .3201432
Structural funds	-.0081987	.0052019	-1.58	0.119	-.0185363 .002139
_cons	8.033962	2.196358	3.66	0.000	3.669163 12.39876

Table #6 concludes that in federal countries with more autonomous regional entities, there indeed is a correlation between the rise in regional GDP growth and the rise in regional parties vote share. Thus concluding that in countries that already have a strong regional

sentiment, the rise in real GDP growth has an effect on the regional attachment to political parties. Nonetheless, unemployment and regional funds still have a negative relationship with the percentage of regional vote share. Nonetheless, this analysis signifies that EU economy indeed has an effect on the subnational entities in the EU federal countries.

Furthermore, table # 7 portrays a different relationship between unemployment, real GDP and federal countries. I have multiplied unemployment and real GDP with the federal countries, and the results have confirmed my previous findings. Unemployment has no effect in federal countries. However, whenever real GDP increases, regional party vote share increases too.

TABLE 7

Regional party vote share	Coef.	Std. Err.	t	P. ltl	{95% Conf. Interval}
Real GDP growth	-.0281048	.1238373	-0.23	0.821	-.2714833 .2152738
Unemployment	-.13263	.1053926	-1.26	0.209	-.339759 .074499
Federal	2.305779	1.873621	1.23	0.219	-1.376465 5.988023
Real GDP x Federal	1.337918	.2458632	5.44	0.000	.8547203 1.821115
Unemployment x Federal	-.0163092	.1904574	-0.09	0.932	-.3906169 .3579985
_cons	6.32309	1.021813	6.19	0.000	4.314911 8.331269

Table #8 presents a relationship between my variables (unemployment, real GDP growth, regional funds and regional vote share) in centralized countries. The graph states that in centralized countries, when unemployment increases by 1%, regional party vote share decreases by .45%. Thus exemplifying previously established impression that in centralized countries regionalist parties are less competitive, and receive less popular support during an economic crisis.

TABLE 8

Regional party vote share	Coef.	Std. Err.	t	P> t	{95% Conf. Interval}
Real GDP growth	-.0557908	.1627019	-0.34	0.732	-.377142 .2655603
Unemployment	-.4546496	.1749162	-2.60	0.010	-.8001252 -.109174
Structural funds	-.0148936	-2.99	-2.99	0.003	-.0247315 -.0050556
_cons	9.074349	6.44	6.44	0.000	6.289499 11.8592

Furthermore, table #9 emphasizes the fact that in federal countries, regionalist parties get 4% more of regional votes. Thus demonstrating that in federal countries regionalist parties are more competitive, meaning the regionalist sentiment is stronger.

TABLE 9

Regional party vote share	Coef	Std. Err.	t	P> t	{95% Conf. Interval}
GDP	.1790712	.1589483	1.13	0.261	-.1339832 .4921257
unemployment	-.2812786	.1317385	-2.14	0.034	-.5407425 -.0218148
structural funds	-.0097562	.0034605	2.82	0.005	-.0165717 -.0029406
Federal countries	4.055074	.9782137	4.15	0.000	2.128446 5.981701
_cons	6.678257	1.20357	5.55	0.000	4.307783 9.048732

In contrast to a random effects model I have previously described, I decided to conduct a fixed effects model, which takes into account countries specific effects, rather than treating variables as arising from random causes. Table #10 portrays the fixed effects model, and it mimics the previously established results. Unemployment has no effects on the rise in regional parties vote share, however real GDP growth portrays a positive relationship.

TABLE 10

Regional party vote share	Coef.	Std. Err.	t	P. ltl	{95% Conf. Interval}
Unemployment	.0634688	.0957631	0.66	0.508	-.1247631 .2517008
Real GDP	-.1845424	.1164298	-1.59	0.114	-.4133969 .0443121
Federal	-1.237948	2.039156	-0.61	0.544	-5.246115 2.770219
Real GDP_Federal	.9600826	2764335	3.47	0.001	.4167246 1.503441
Change in unemployment	.1659898	.2487958	0.67	0.505	-.3230435 .6550231
_cons	6.142287	1.106377	5.55	0.000	3.967592 8.316982

Since, 22 out of 28 EU member states are unitary states (14 out of 18 countries in my study), I argue that the lack of support for regional parties in my analysis is indeed supportive of my economic theory of secession. True subnational politics is very rare, and it takes place in a handful of countries in European Union. Countries such as Spain and Belgium represent decentralized countries, with high levels of separatist activity, and very prominent regionalist parties that have boomed during the current economic crisis.⁷⁰ The data I have acquired in my analysis, due to a high centralization is not representative of the real separatist cases, which is why in my next section, my economic theory of secession will be further reconfirmed in my case study of Catalonia.

V. Catalonia

The territory that nowadays represents the autonomous region of Catalonia represents Spain's richest and highly developed region, with an identifiable and unique Catalan culture. Catalan people are known for their strong identity and language, along with being very independence oriented. Due to the region's particular history and distinctive cultural philosophy,

⁷⁰ I would have included Scotland in my analysis, however UK is a highly centralized state, and Scottish National Party got a very low amount of votes in UK's parliamentary elections (1% or less), thus being not representative enough for my regional sentiment analysis.

Catalan people think of themselves as a separate group of people than that of Spain, and throughout the years, Catalan political parties have been pursuing full separation and political freedom.

Catalonia's history has been intertwined with Spanish history and it dates back to middle ages. The Spanish Empire was one of the first, modern and global empires in Europe. However, it never represented a unified entity and throughout its rich history, Spain has experienced many cultural and social clashes. The territory of Spain has been sought after by many different civilizations. The Romans and Carthaginians fought over it, the Arabs conquered it, and finally in the 15th and 16th century, the Catholic monarchs, queen Isabel and king Aragon of Catalonia, converted Spain into one of the most powerful empires in the world.⁷¹ Catalonia was the main base of power for king Aragon, and throughout his rule, Catalonia developed a very distinctive Catalan culture. Nonetheless, the marriage between King Aragon of Catalonia and queen Isabel of Spain has transformed Catalonia into a part of the mighty kingdom of Spain.⁷² For a considerable amount of time Catalonia was able to reinstitute its own laws and culture, however with the arrival of the Bourbon dynasty in the 18th century, Catalonia was turned into a Spanish province.⁷³ This led to the suppression of the Catalan language and culture, while also experiencing a diminution of its governmental influence and power. However, the arrival of Napoleon in the 18th century destabilized the region and led to a fall of the Bourbon dynasty.⁷⁴ The Spanish independence war came as a result of the French Revolution in 1789, which eventually led to a proclamation of the Spanish Constitution in 1812, which was ultimately

⁷¹ Kamen, H. (2003). *How Spain Became a World Power 1492-1763*. (1st ed., p. 6). New York: Harper Collins Publishers.

⁷² Ibid, p. 6

⁷³ Alvarez Nunco, J., & Shubert, A. (2000). *Spanish History Since 1808*. (p. 50). London: Arnold.

⁷⁴ Ibid, p. 52

overturned.⁷⁵ The rejection of the Constitution had far reaching consequences. Since the Constitution of 1812 was written to establish non-discriminatory laws in Spanish colonies (e.g. Catalonia), the rejection of the Constitution outraged Spanish colonies and it caused colonies to rebel.⁷⁶ Destabilized by the war, Spain struggled for the next couple of decades to normalize its country and bring order to the social system. Economic deprivation along with deep cultural and national differences among Spanish and Catalan population, has shaken and torn Spanish identity. Since then, Spain has never been able to fully unify different ethnicities into cherishing and respecting each other under one national flag. The remainder of the century experienced several political changes but none of these changes was able to bring peace and prosperity to the Spanish war-torn and poverty-stricken society. In 1876, at the end of the century, Spain's intellectuals proclaimed another constitution and established monarchy under the rule of Alfonso XIII.⁷⁷ Extensive corruption and abuse of governmental power led to opposition movements by Catalan and Basque regional leaders. Although Basque regionalism was more violent and extreme, it represented less of a threat than Catalan regionalist movements. Due to its own language and distinct culture, Spain started experiencing a rise in Catalanism, a form of nationalism, which asserts that Catalonia is its own nation with distinct cultural differences than those in the rest of Spain.

Due to the confluence of powerful traditional values, industrialization, and the fall of Alfonso's XIII monarchist regime in 1923, Catalans decided to support the military leader Miguel Primo de Rivera in establishing his power.⁷⁸ The Catalan people wanted to revive their cultural, political, and economic freedom and saw a savior in a new Spanish governmental

⁷⁵ Alvarez Nunco, J., & Shubert, A. (2000). *Spanish History Since 1808* . (p. 13). London: Arnold.

⁷⁶ Ibid, p. 13

⁷⁷ Ibid, p. 50

⁷⁸ Ealham, C., & Richards, M. (2005). *The Splintering of Spain*. P. 94 New York: Cambridge University Press.

regime led by Primo de Rivera. Although Primo de Rivera was very sympathetic to Catalonia's needs, he soon became a Spanish patriot and started purging Catalan people.⁷⁹ For Catalonia, the beginning of the 20th century mirrors in overly emphasized and accentuated cultural, linguistic, and national differences between Spaniards and Catalans. During the reign of Primo de Rivera, Catalan characteristics were heavily suppressed and fought against reaching its full national, and separatist potential. Due to Catalonia's geographical position, economic richness and prosperity, it represented a highly valuable asset, which the previous and future leaders of Spain appreciated and held onto with a tight grip. The overthrow of the Primo de Rivera in 1930 carries a lot of significance because it gave an inspirational boost to the separatist region of Catalonia to start pushing forward with its independence claims. In 1932 Catalonia was granted autonomy, however not absolute self-rule.⁸⁰ Later on, from 1936 until 1939, Spain experienced a dreadful civil war due to the rise of socialist sentiment and a lack of steady government.⁸¹ Society in Spain became intensely polarized, and after many battles and ideological conflicts the party led by Francisco Franco won and took control of Spain.⁸² The Franco era lasted from 1939 until 1975 and it demonstrated a rise in human rights abuses and repression of opposition. Catalonia experienced annulment of its basic liberties, the repression of its culture, disaffirmation of its autonomy statute along with the suppression of freedom of press and speech.⁸³ Many Catalans were persecuted, killed, or sent to exile. Francisco Franco, although an autocrat, pursued different economic policies, which led Spain into becoming one of the most developed nations in Europe at the midst of the 20th century. During the economic boom, the Catalan people industrialized very quickly, which caused a migration of workers to Barcelona. Along with

⁷⁹ Ealham, C., & Richards, M. (2005). *The Splintering of Spain*. p. 98 New York: Cambridge University Press.

⁸⁰ Ibid, p. 95

⁸¹ Ibid, p. 68

⁸² Gilmour, D. (1985). *The Transformation of Spain*. (pp. 19). London: Quartet Books.

⁸³ Ibid, p. 28

modernization and an improvement in Spanish economy, along came an even deeper awakening of nationalistic sentiment in Catalonia. The cry for independence became louder and louder. Many Catalan party leaders along with Catalan workers and bourgeoisie started spreading feelings of emotional separatism in order to create a base for the social movement. In 1975, after the death of Francisco Franco, Spain started its transition to a democracy. The fall of dictatorships culminated in the Spanish Constitution of 1978 and the establishment of a democratic regime.⁸⁴ Catalonia was recognized as a nationality and the Catalan language became co-official with Spanish. Since the 90s Catalonia and its distinctive culture have become more accepted and included into the Spanish regime; however Catalan progress toward becoming an independent and sovereign country stalled. Through the years Catalan political parties have fought for a more efficient representation in the Spanish government, but the results were always a plurality instead of a majority.⁸⁵ On January 23, 2012 the Spanish government declared Catalonia a sovereign entity, which gives the Catalan people hope for a referendum and a sovereign Catalonia.

V.I. The EU's involvement in Catalan affairs

Francisco Franco's regime started losing power towards the end of the 1960s. Spain's left wing activists created an antifranquista opposition, in which they denounced Franco's autocratic government, demanded the release of political prisoners, the observance of human rights, and the acceptance of all national minorities in Spain. Soon after Franco's death, the new government under Juan Carlos received more popular support because of its pro-liberal and more westernized stance on political issues.⁸⁶ However there were two major problems which the previous regime under Francisco Franco had ignored and the new government under Juan Carlos had to face

⁸⁴ Gilmour, D. (1985). *The Transformation of Spain*. (pp. 203). London: Quartet Books.

⁸⁵ Balfour, S. (2005). *The Politics of Contemporary Spain*. London: Routledge.

⁸⁶ Gilmour, D. (1985). *The Transformation of Spain*. (pp. 161). London: Quartet Books.

immediately as they stepped into the presidential office. First were the regional questions along with the problem of political terrorism. The second issue was the disastrous state of the Spanish economy.⁸⁷ In the 1980s the Spanish government focused on more liberalization and deregulation, which reduced government involvement in the capitalist market.⁸⁸ Due to many profound structural transformations, Spain was able to join the European Union in 1986 and start a new era of pro-European, democratic, and more powerful political system.⁸⁹ The European Union regulations had a direct influence on the positive internal change in Spain's domestic affairs. Throughout its negotiations with the European Union, Spain was reminded and advised to include its autonomous provinces in its dialogues with the EU, and since their interest is also affected by the EU's reforms, Spain should incorporate and inform its autonomous regions of the developments related to its affairs.⁹⁰ Due to its intense regional pressure, in 1996 Spain reached an agreement with the EU on the possibility of its regional representatives taking part in the EU's Department for Regional Affairs (REPER).⁹¹ In 2004 a political focus shifted at fostering and bettering participation of Spanish autonomous communities in the European Union's decision-making bodies.⁹² Whenever Spain debates about certain issues that affect regional competences, Spain's autonomous provinces have a voice to declare their stance and stand against modern oppression. However, the Spanish state is overall responsible for the implementation of the EU and domestic policies, and as such, the Spanish government very often encounters gridlocks and

⁸⁷ Gilmour, D. (1985). *The Transformation of Spain*. (pp. 165). London: Quartet Books.

⁸⁸ (2010). *Better Regulation in Europe, Spain*. OECD, Retrieved from <http://www.oecd-ilibrary.org/docserver/download/4210261e.pdf?expires=1380492916&id=id&accname=ocid194909&checksum=0B79A8B425EF4294D58ACDFB7E91DA28>

⁸⁹ Ibid

⁹⁰ (2010). *Better Regulation in Europe, Spain*. OECD, Retrieved from <http://www.oecd-ilibrary.org/docserver/download/4210261e.pdf?expires=1380492916&id=id&accname=ocid194909&checksum=0B79A8B425EF4294D58ACDFB7E91DA28>

⁹¹ Ibid

⁹² (2010). *Better Regulation in Europe, Spain*. OECD, Retrieved from <http://www.oecd-ilibrary.org/docserver/download/4210261e.pdf?expires=1380492916&id=id&accname=ocid194909&checksum=0B79A8B425EF4294D58ACDFB7E91DA28>

interest conflicts with the regional, minority representatives. Although the EU has proclaimed that the regions are directly involved in the processes of the EU, the national channels through which this collaboration is supposed to be established is often strategically interrupted due to various governmental self-interests and lobbying. Many EU related issues such as EU's empowerment of regional representatives in Spain, EU regional economic policies and also the EU's somewhat blunt stance on secession related issues, have enabled Catalonia to pursue its interest more aggressively. Due to the EU's fear of separatism and possible fragmentation of the EU regional entities, the EU has ambiguously kept its mouth shut. With the division of the EU member states, the European Union's dream and dedication of assimilating all its member states into one big identity-distinctive community is shattered. A combination of the EU economic crisis and vague federal, territorial integrity sheds light on the strength of Catalan national identity and it portrays the possible amplification of Catalan separatist claims by the EU economic policies and the EU's provision of regional funds.

With the establishment and the rise in EU importance, Catalonia is confronted with a significantly valuable international player, which in the case of Catalonia's separatism might be capable of fueling regional confidence. The EU represents a medium between Spanish and Catalan authorities, and as such, it gives Catalonia certain political and economic tools, which enable Catalan political parties toward pursuing more confidently and more independently their spot as the 29th EU member state. Due to Catalonia's extensive battle with Spanish authorities throughout the years, and its economic suffering, which came as a result of Spain taking more valuable resources from Catalan economy, Catalan population perceives EU as a political asylum where it can freely nest its political goals and dreams.

V.I. Methodology II

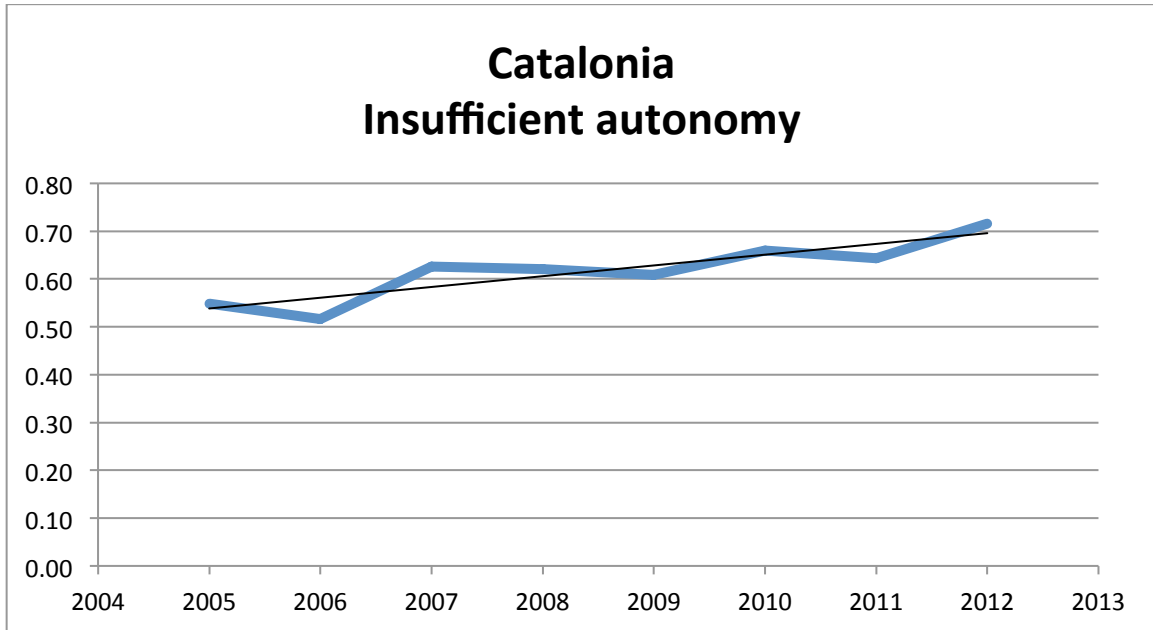
The reason why I selected Catalonia as my case study is because it has an extensive historical separatist battle with Spain and because of its current exposure as one of the EU's future exceptions of separatism. Due to its prolonged history with Spain and many social, economic, and political difficulties at the European level, the small regional entity of Catalonia recently started putting more pressure on Spain and on the European Union toward enabling its secession and full sovereignty as an independent state. In the last decade the EU has gone through many structural and power-distribution changes that have shed light on many of its weaknesses, which Catalonia is wholeheartedly taking advantage of. Since the establishment of the European Union in 1958⁹³ the EU has become a medium for Catalan leaders to express their grievances toward alleged suppression and unjust rule by Spain's authorities. Throughout its history Catalonia has demonstrated its commitment to overthrowing the "foreign" power of Spain and establishing its self-rule. For these historical, political and mostly economic reasons, I decided to focus on Catalonia as my case study. I acknowledge that an economic correlation with a separatist sentiment represents an imperfect analysis of a current situation in Spain, however due to Catalonia's current very adamant political exposure, I argue that a trembling economic situation at the EU level has gave confidence to an already strong Catalan separatist sentiment.

I have conducted a small public opinion analysis of Catalan support for more autonomous governance. Graph #5 exemplifies a rise in public support for more autonomy in Catalonia. I collected the public opinion data from the Catalan government website, and the question being asked to Catalan public was: Do you think that Catalonia has achieved, a) too much autonomy? b) A sufficient level of autonomy? c) An insufficient level of autonomy? As the graph suggests,

⁹³ The European Union name was officially established in 1993, however the EU itself was formally created in 1958.

there has been an increase in regionalist sentiment, aka support for more autonomy, thus implying that Catalan public is supportive of Catalonia becoming an independent state.

GRAPH 5



Overall, I believe that there is much more to Catalan separatist claims, than their strong national identity. Throughout Catalan history, its strong nationalistic sentiment and pursuit for more autonomous governance and fair fiscal treatment has been present. Spain’s reluctance to introduce “measures of fiscal federalism” has put the unfair fiscal treatment at the core of the Catalan separatist claims.⁹⁴ Since Franco’s dictatorial regime ended in 1978, and democracy was finally established, Catalonia has demanded its fiscal sovereignty and more political independence.⁹⁵ In the last couple of years, discussion of Catalan separatism has intensified, putting the Catalan lasting economic deprivation at the center of the separatist debate. Perception of mistreatment, along with a strong regional attachment has definitely contributed toward an increase in separatist claims. However, fiscal autonomy and economic imbalance have remained

⁹⁴ Serrano, I. (2013). Secession in Catalonia: Beyond Identity?. *Ethnopolitics: Formerly Global Review of Ethnopolitics*, 12(4), 408. doi: 10.1080/17449057.2013.843249

⁹⁵ Ibid, p. 408

as one of the main issues and demands Catalan public has emphasized and strived for throughout the years.

Although Catalan separatist battle with Spain is growing, separation is not yet set in stone, and the possibility exists that if Spanish authorities fix the economic imbalance, Catalan public might rationalize and back down on supporting separatism. Is the support for Catalan separation a “reactive movement” due to nation-state’s unwillingness to legislate fiscal autonomy and accept devolution of powers?⁹⁶ Or is it a genuine historical request for separation simply extra fueled by economic recession?

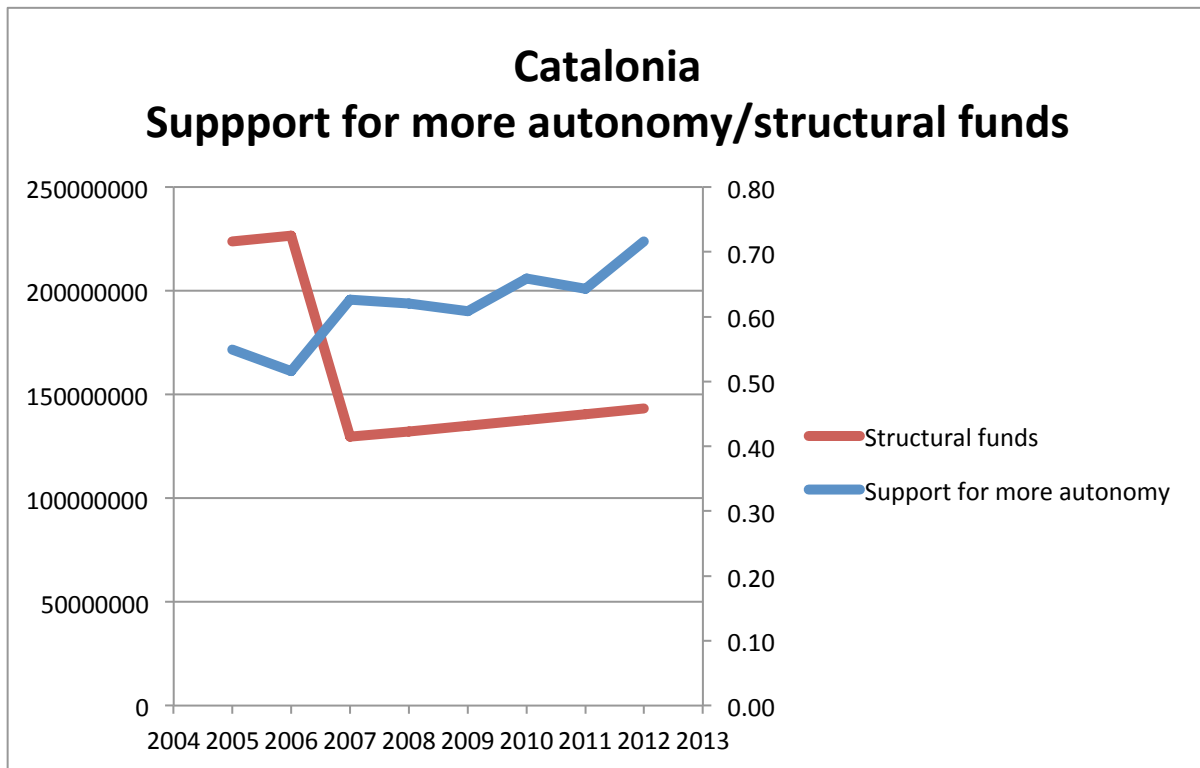
V.II. Data analysis

In my analysis of Catalonia I focused on the same variables as above. However, since I was able to acquire data on Catalan separatist sentiment from Catalan government, I have also used Catalan support for autonomy as an indicator of Catalan regional sentiment. The graph #6 exemplifies the relationship between Catalan separatist sentiment and EU’s distribution of regional funds. The graph implies that there is a negative relationship between the two variables. It suggests that whenever regional funds decrease, separatist sentiment increases. Since Spain represents a quasi federal state, not all its regional entities have fiscal autonomy. Catalonia is one of these regions yet to achieve full fiscal autonomy. Due to its dependence on the national governments funds distribution, and representation in the EU commission, Catalan public responds to the economic crisis by supporting its regional demands for independence. This relationship entails that when Catalan economy is blooming, regional demands for separatism are lower. However, when economy is doing bad, regional demands for separatism are increasing. Graph #6 also suggests that structural funds being given to Catalonia has significantly decreased

⁹⁶ Serrano, I. (2013). Secession in Catalonia: Beyond Identity?. *Ethnopolitics: Formerly Global Review of Ethnopolitics*, 12(4), 409. doi: 10.1080/17449057.2013.843249

since 2007. Thus suggesting that less money to the region, leads to higher support for separatism. Due to a lack of more comparative data, I am not able to look at Catalan separatist sentiment before 2005. However, during 2005 and 2006 public opinion polls, we see that the while regional funds were increasing, separatist sentiment was decreasing, which suggests that Catalan outcry for separatism might be a “reactive movement” fueled by an economic crisis.

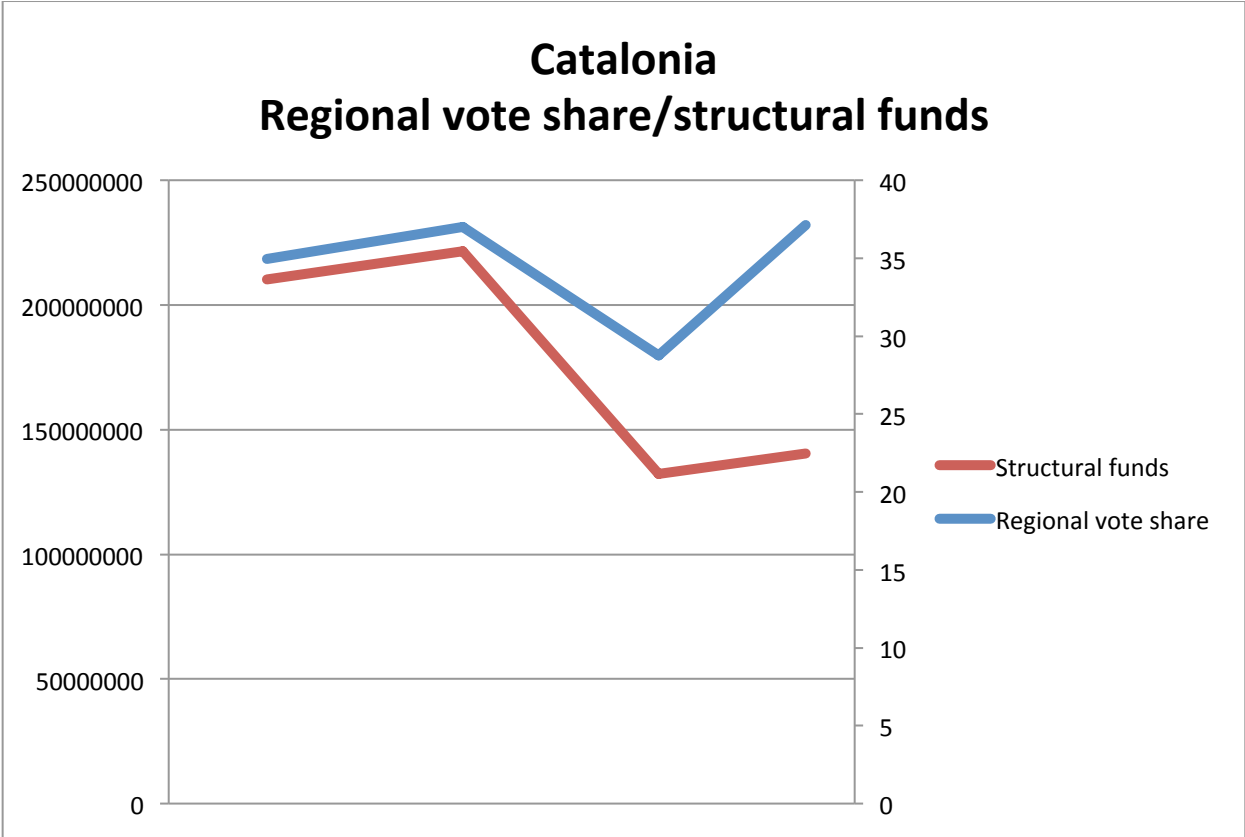
GRAPH 6



Furthermore, I have compared regional party vote share with the distribution of regional funds. Graph #7 suggests that when regions are getting more regional funds, regional party vote share increases. It is possible, but not theoretically proven, that whenever Catalan economy is doing well, all the praise goes to regional parties, which furthermore emphasizes the rise in regional party vote share whenever there is a rise in regional funds. However, when Catalan economy is experiencing a downturn, rather than blaming regional parties, Catalan public blames

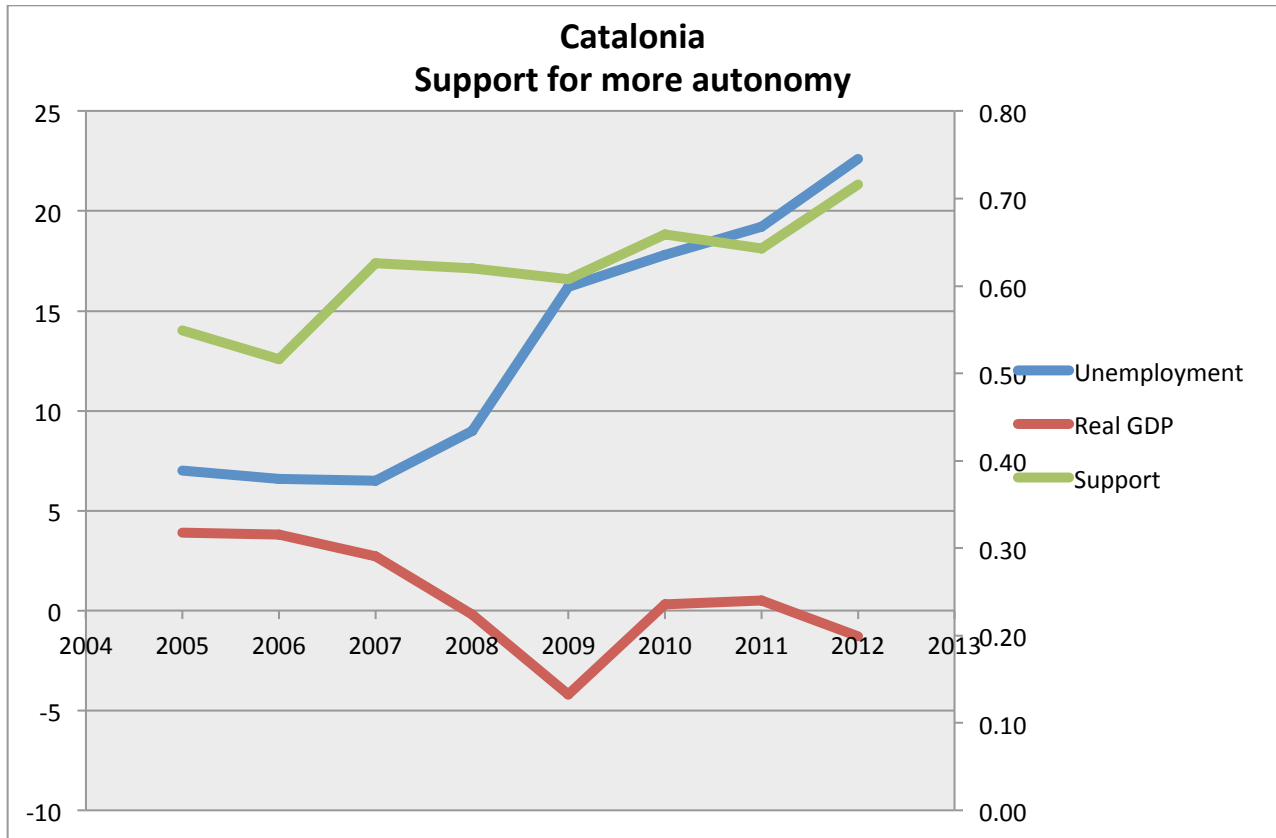
Spain’s national government, by increasing its support for more autonomy. This diverse relationship might be occurring due to Spanish quasi federal regime, and it is consistent with the economic theory of secessionism.

GRAPH 7



Consequently, graph #8 shows a relationship between Catalan’s support for autonomy, unemployment and real GDP growth. The graph indicates that as unemployment increases, and as real GDP growth decreases, Catalan support for autonomy increases. Thus, the relationship between these three variables suggests that when the economy is bad, support for Catalan separatism increases. This relationship entails that the EU economy indeed has an effect on subnational regions, where separatist sentiment is pre-established.

GRAPH 8



VI. Conclusion

With the conception of the EU and with its devolution of authority, subnational regions have gained importance. The EU’s subnational entities have risen as important actors and they have started delving more deeply into the EU’s supranational system. The active voice of subnational regions and openness of the EU, has led to an increase in regional funds given to subnational regions. The economic crisis has decreased the amount of regional funds, thus leading to a decrease in regional party vote share (centralized countries). Furthermore, the EU economic crisis has led to a drop in regional GDP growth, thus fueling regional vote share, and separatism in federal countries. This relationship suggests, that the inadequacy of the EU’s economic measures and nation-states’ inaction toward regional demands, have made subnational

regions more prone to separatism. My economic theory of secession implies that the rise in separatist sentiment is conditional as to whether the country has a unitary or federal political system. Meaning, in unitary countries when the economy is doing bad, regional sentiment decreases. On the contrary, in federal countries when the economy is doing bad, regional sentiment increases.

By being a part of the EU regional separatist claims became much prominent and more assertive. The inability of the nation-state to deal properly with the economic crisis, unemployment, and other economy related issues, implies that with a heterogeneous and ethnically divided society, such as Catalonia, EU member states, with Spain in particular, create a climate in which separatist sentiment is heavily induced. As shown in my analysis of Catalonia, separatist sentiment has increased as the economy has worsened. I do acknowledge that Catalonia's previously established separatist sentiment has an effect on Catalonia's rise in separatist sentiment as a whole. However, as data has pointed out, Catalan regionalist parties vote share, along with Catalan demands for more autonomy, have experienced an upward trend due to EU's difficult economic situation. The case of Catalonia points out that federalism, previously established separatist sentiment, and the presence of a prosperous region represent three pillars that might be responsible for establishing a strong separatist sentiment. These three pillars represent a possible set of conditions necessary for fueling a preexistent separatist sentiment and also inspiration for some of my future research.

Overall, is a bad economic situation at the EU level truly responsible for the rise in separatist movements? The EU economy might not be the one and only reason why certain subnational entities are demanding independence. However, one cannot deny that the EU economy exemplifies a casual determinant partially accountable for an increase in regionalist

demands for independence. The regions of Catalonia and Scotland are only a referendum away from becoming fully independent countries. Many scholars have divided opinions on this relevant issue. Some believe that the EU strict membership policies and perceived economic reliance on the nation state will deter Scotland and Catalonia from seeking further separation. However, other scholars believe that deeply rooted separatist issues mixed with a difficult economic situation at the EU level will further exacerbate Catalan and Scottish separatist sentiment. Nonetheless, the direct (regional funds) and indirect (unemployment, real GDP) effects of the EU economy play and will continue to play an important role in the further development of subnational behavior. By offering more political opportunities to its regions, the EU is fostering and pushing nation-states into becoming more globalized and somewhat federal entities, thus promoting regionalism, regional economic independence, and secession.

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