Regionalist Parties and the Euro Crisis
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After the June 2010 elections, Belgian political parties could not form a governing coalition for 541 days. At the center of the stalemate sat Bart de Wever, the leader of the biggest party in Belgium, the New Flemish Alliance (N-VA), who rejected any compromise with the Walloon parties. But de Wever does not seek some sort of ideal-type Westphalian independence. Rather, he seems to desire that Belgium slowly “dissolve into the EU” (The Economist 2011a).

Belgium is exceptional, but it is by no means the only country facing regionalist challenges.¹ In September 2012, nearly 20% of the Catalan population (1.5 million people) marched in support of independence in Barcelona.² As in other regions such as the Basque region and northern Italy, Catalan elites focus their ire on fiscal and financial issues, made more dramatic by the Euro crisis.³

At the same time, the Euro crisis has politicized the European Union in national elections like never before. In Greece, the 2012 elections centered on the EU’s austerity measures, with the pro-bailout New Democracy barely defeating the anti-austerity Syriza party (30 – 27%). The two 2012 Greek elections—and riots—demonstrate the potential for turmoil when the European Union forces conditions on member states, in an attempt to assist troubled states in their adjustment efforts.⁴

In less troubled parts of Europe, the EU also played a pivotal role in the election campaigns. Early polls suggested that the 2012 Dutch elections would strengthen the Euroskeptic parties in the Netherlands, the radical left Socialist party and the radical right Freedom

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¹Building on previous research (cf. De Winter and Türsan 1998; Caramani 2000; De Winter and Cachafeiro 2002; Meguid 2008), I consider regionalist parties to be those parties that primarily defend the interests, especially regional autonomy, of their collective identity groups. Identity is broadly conceived to include ethnic, linguistic, or regional identities.

²http://www.bbc.co.uk/news/world-europe-19564615

³http://www.guardian.co.uk/world/2012/sep/13/nationalism-regional-independence-movements-europe

⁴http://www.nytimes.com/2012/06/18/world/europe/greek-elections.html
Party. But pro-EU parties won 110 of 150 seats, with a likely governing ‘Purple’ coalition of the pro-EU Liberal and Labour parties.\(^5\) Thus, despite the potential for a Euroskeptical turn in the north and south of Europe, recent elections can be seen as a vote for Europe. In fact, the Swedish Foreign Minister Carl Bildt highlighted the Dutch result as a defeat for populist anti-Europeans.\(^6\)

In other work,\(^7\) I argue that deeper political and economic integration at the European level has encouraged regionalist mobilization, in large part because the EU makes smaller states more viable. In this short essay, I will briefly discuss this evidence and then consider the effects of the recent Euro crisis on regionalist parties. While the verdict is not yet in, the evidence does not suggest that the crisis will dampen regionalist mobilization.

## 2 The Case for Small States in the EU

Following Alesina and Spolaore (1997, 2003) and others, I argue that European integration creates a new political opportunity structure for sub-state regions, such that these small potential states no longer need the traditional states to be economically viable. In terms of the size of economic market, public goods, and regional insurance, European integration diminishes the advantages of large state size to the advantage of small potential states, such as Scotland or Catalonia, thereby increasing the incentives of regionalist groups to mobilize for autonomy.

Regionalist parties compete in more regions within European Union member states than ever before.

\(^5\)themonkeycage.org Netherlands election report
\(^6\)http://twitter.com/carlbildt/status/245969622145302528
\(^7\)I refer here to my book project, which is under review. If anyone is interested, I am happy to share specific chapters.
In the first few post-war decades (Figures 1a and 1b), regionalist parties competed in a few particular regions in the United Kingdom, northern Italy, Belgium, and Finland. Figure 1c is similar, except for the dramatic introduction of Spanish regionalists with the first democratic elections in 1977. In the following decades, regionalist parties spread to
most of Italy, along with more of Spain and the United Kingdom.\textsuperscript{8} Using election data from 1950–2010, my book manuscript shows that European integration does in fact have a clear and significant effect on the electoral success of regionalist political parties.\textsuperscript{9}

Furthermore, regionalist party elites recognize the European Union as creating more permissive conditions for the success of regionalist movements. By analyzing the attitudes of regionalist political parties toward European integration and an in-depth study of the Scottish National Party, I show that regionalist political parties are, for the most part, Europhiles, not Euroskeptics (Jolly 2007). Further, the Scottish National Party explicitly places the European Union at the heart of its independence policy, using the European Union to reduce the fears of citizens that independence will inevitably lead to economic dislocation and lost income. The same pro-EU attitude holds true for regionalist voters. Historically, then, regionalists are pro-EU because they perceive the EU as an (unwitting) ally against their central state. However, the recent crisis forces a reassessment of this argument, given that the EU is no longer an obviously safe and stable home for small states.

3 EU in Crisis

In 20 years, the EU could look very similar to its current form, it could resemble a federal state (i.e. a United States of Europe), or it could collapse into its separate component parts. This uncertainty has implications for the long-term nature of multi-level governance in Europe. When the European project was mainly an experiment in market integration, rational actors within regionalist movements could (and did) argue that the European Union was an ally in the center-periphery political conflict; however, in the 2000s, ever more policies are handled at the European level, edging ever closer to a time when Brussels would be considered a centralizing threat to regionalist actors focused on defending their territorial autonomy.

\textsuperscript{8}These maps have two minor coding errors. First, no regionalist party competes in Southeast England. Second, there is a minor small party in Germany in the 1950s. I am in the process of fixing these errors. Regardless, these figures still demonstrate a compelling trend.

\textsuperscript{9}This finding is robust after controlling for a variety of statistical specifications and other theoretically relevant explanatory variables, such as preference heterogeneity between the region and the rest of the state.
The potential future conflicts became apparent during the build-up to the constitutional treaty, when regionalist parties began to express more soft Euroskepticism, particularly on specific policy issues. In other words, if the European Union centralizes power, wielding more authority over states and regions, the regionalist parties will have to adjust their strategies and attitudes toward the EU.

The current economic crisis, however, projects a very different future for the European Union. Rather than centralizing, the struggle within the Euro-zone over the bail-outs for Greece and other countries creates an impression that the European project is more fragile than at any time in its history.\(^{10}\) Not only are Euro countries struggling during the financial crisis, but the EU itself seems either institutionally or politically unable to respond to the crisis quickly and efficiently. In contrast, the British government’s quick and decisive bail-outs created space for UK politicians to rhetorically strike against Scottish independence activists. As then prime Minister Gordon Brown argued, the United Kingdom was ‘stronger together’: “We were able to act decisively with 37 billion pounds; that would not have been possible for a Scottish administration” (Sullivan 2008). Others scoffed at the SNP’s glowing admiration of Iceland, given that Iceland suffered tremendously during the crisis. While the SNP continued to point to the EU as an ally for an independent Scotland during financial crisis, unionists such as the *Daily Mail* editorial writer argued otherwise: “One lesson of the financial crisis is already starkly clear: A Scotland independent of the Union would today be an economic basket case” (Sullivan 2008).

Thus, similar to Catalonia and northern Italy and Flanders, economic issues lie at the center of the Scottish independence debate.\(^{11}\) Modern Scottish nationalism first spiked in the 1970s with the discovery of oil and the potential for a natural resource boom leading to self-

\(^{10}\)While much of the narrative around the current financial crisis focuses on the potential for Euro-collapse, there is a path from this crisis to even deeper integration. Because the current EU has proven itself inadequate to manage the crisis of the member states, French President Nicolas Sarkozy argued at times for more, not less, economic governance. In fact, he claimed, “I am a federalist,” an unusual sentiment for a French Gaullist, and encourages the EU to consider a European Finance Minister to coordinate more integrated economic policy (The Economist 2011b).

\(^{11}\)http://www.guardian.co.uk/world/2012/sep/13/nationalism-regional-independence-movements-europe
sustainability. But in more recent times, the austerity measures favored by the Tories do not play as well in Scotland, helping energize the left-leaning Scottish National Party (SNP). On both sides of the debate, elites are trying to convince voters that Scotland is or is not viable on its own. At this stage in the independence debate, the unionists seem to be winning that part of the debate. Only 34% of Scots believe that the Scottish economy would be stronger outside the UK. 53% fear higher taxes if Scotland votes for independence.\textsuperscript{12} These concerns contribute to the fact that only a minority currently support full independence (43% or 34% depending on the poll; however 70+\% support further devolution of political authority.).\textsuperscript{13}

Certainly, the current debate over whether Scotland would automatically join the EU, with all the UK opt-outs such as currency union, or whether it would be forced to apply for membership, is a crucial part of the viability story for Scotland.\textsuperscript{14} ‘Independence in Europe’ has long been the centerpiece of the SNP case for independence, but even the pro-EU SNP would have a hard time convincing Scottish voters that the Euro offers more stability than the British pound in the current crisis environment.

Nationalists continue to fear the ‘Balkanization’ of Europe, led by strong culturally distinct regions like Scotland and Catalonia (Hundley 2007). But are these small states safe and viable in modern Europe? Tyler Cowen (2011) takes this argument to its theoretical limit: “If you think that the world is now more prone to financial crises (and I do), the optimal size for a nation-state has gone up. Risk-sharing really matters.” The ongoing question in the European case is whether the European Union can expand its risk-sharing role, or if the member states must rely on their own political and financial resources to resolve their crises. Before it ends, the current financial crisis will have repercussions for the European Union, for the viability of small states, and for the optimal size of states.

\textsuperscript{12}\url{http://www.heraldscotland.com/politics/referendum-news/voters-fear-economic-impact-of-independence.18889142}


\textsuperscript{14}\url{http://www.telegraph.co.uk/news/uknews/scotland/9303587/European-Commission-Separate-Scotland-forced-to-reapply.html}
References


