

# The Political Economy of Secession

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## **1. Introduction**

Secessionist movements present themselves to the global public as analogues of colonial liberation movements: long-established identities are denied rights of self-determination by quasi-imperial authorities. Self-determination is presented as the solution to the challenge of peaceful coexistence between distinct peoples. The global public not only accepts this message but reinforces it: both Hollywood and diasporas relay it back to populations in developing countries. In this paper, we will argue that the discourse of secessionist movements cannot be taken at face value. We will suggest that a more realistic characterization of secessionist movements is that their sense of political identity is typically a recent contrivance designed to support perceived economic advantage, if the secession is successful, and facilitated by popular ignorance.

## **2. The thesis: economic advantage determines political identity**

Our analysis rests primarily upon two distinct building blocks. The first is that of Anderson (1983). He argues that groups large enough to function politically cannot be genuine 'communities' in the sense of being networks of social interaction. People who support the same political party, regardless of its agenda, do not generally know each other, nor are they related. Nevertheless, some political parties attempt to attract votes by appealing to a common sense of identity. Anderson's key point is that this sense of common identity must be 'imagined' since it does not reflect objective social interaction. Potentially, people can 'imagine' any of a myriad of identities. In primitive societies,

tribal groupings based on kinship and genuine social interaction were seldom more than 10,000 people. These genuine communities can be amalgamated into larger political groupings, and correspondingly larger geographic units, in many ways: there are few, if any, 'natural', 'organic', political communities resting on a common and exclusive ethnic identity. We unlock the puzzle of identity politics by identifying which of these myriad of potential identities 'work', in the sense of being accepted by sufficient people to establish a functioning political organization capable of mobilizing votes, violence or both.

Our second building block is the analysis of Buchanan and Faith (1987). They make the simple point that, since taxation is borne differentially by the rich, as the rate of taxation is increased, at some point the rich would be better off if they could redraw the boundaries of the tax authority so as to exclude themselves. They would lose the public goods provided by the authority to its population, but would be able to provide such goods themselves more cheaply. The actual context with which Buchanan and Faith are concerned is local government boundaries within the USA. However, their insight can be applied much more broadly.

We suggest that the common economic interest of the minority of the population that is rich, as identified by Buchanan and Faith, functions as the vital ingredient in identity politics. That is, secessionist political communities invent themselves when part of the population perceives secession to be economically advantageous.

Secession is by definition spatial. That is, the exiting group must inhabit contiguous territories that can form a unity distinct from the existing political entity. In the normal case in which the richer part of the national population is geographically dispersed – for example, living in the better suburbs of each city – secession is not the appropriate political response no matter how high the tax rate. At the most, rich people will simply emigrate, possibly to a common location. Hence, if economic advantage drives secession, it can only do so where economic advantage is spatially concentrated: locality X must be significantly better off than locality Y. Once this is the case then the inhabitants of locality X may come to identify themselves politically as 'X's, with a political agenda of separation.

Generally, however, overt greed tends to be understated as the main basis for political mobilization. The viable political discourse of X-identity is more likely to conjure up some past shared roots of X-inhabitants or some perceived injustice perpetrated upon them, currently or in the past. This is not to suggest that the politicians who present their secessionist movements in such terms are anything other than genuine. The level of time commitment necessary for political leadership is likely to attract those who genuinely hold romantic attachments to their real or imagined roots, or those who are most desperate to be included. It is relatively common that the most extreme players in identity politics are not genuine members of the groups they purport to lead. For example, the father of the Irish leader Devalera was Spanish, the father of the American black power leader Michael X was white, and the mother of Goldsmith, leader of the British

isolationist Referendum Party, was French. These people were obviously not motivated by economic considerations.

It is, however, critical to distinguish between the motivation of the leadership of a secessionist movement and that of its supporters. There are thousands of minor political movements whose passionately committed leaders are of no consequence because they cannot muster sufficient support. Especially where a movement is a political party rather than an army, most of its support will come not from people who are passionately committed, but from those who have only some vague sense that the party is advancing their interests.

Natural resources are not the only way by which a contiguous part of the national population can come to imagine itself as a political community. However, they are particularly potent: they are usually 'discovered' at a particular moment, the arch-typical event perhaps being a gold rush. Additionally, the prices of natural resources are volatile, with periodic spikes, so that there are precise moments when the economic value of a particular resource becomes dramatically valuable. A further attraction of natural resources for the popular imagination is that, unlike say technological discoveries, the resulting income accrues to ownership rather than to effort: in economic terms, these are 'rents' rather than a return on capital or entrepreneurship. Ownership of a natural resource discovery thus has some of the same appeal as winning a lottery – it is wealth without work. The reality of natural resource discoveries has usually been quite disappointing – revenues are seldom used well and resource-dependent economies have

actually substantially underperformed (Auty, 2001). We speculate that the allure of claiming ownership of a natural resource discovery, like the allure of a lottery, depends in part upon an exaggerated perception of its value, and that it disproportionately attracts the support of the less educated.

Before elaborating, it might be useful to give a concrete example of this process at its clearest, namely Scottish nationalism. Scotland ceased to be an independent polity some 300 years ago, when its population entered into a union with England and Wales. In the nineteenth century, there was an 'invention of culture,' when writers such as Sir Walter Scott imagined a rural Highlands identity for what was by then a highly urban population. For much of the twentieth century, this cultural revivalism supported a minor political movement for independence, which attracted very few votes.

This electoral irrelevance was transformed quite suddenly and can be dated with precision because of the radically different success of the Scottish National Party in all elections up to and including that of 1970, as compared to their breakthrough in both elections in 1974. In the 1970 general election, the Scottish National Party had only one Member of Parliament (representing the remote Western Isles), and received only 11% of the Scottish vote. After the two general elections of 1974, the party had eleven members of parliament and over 30% of the Scottish vote.<sup>1</sup> Thus, in electoral terms Scotland as a political community dates back only to 1974. Something happened between 1970 and 1974 as a result of which many people living in Scotland switched to imagining themselves as part of a geographic political community, as opposed to their previous

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<sup>1</sup> Scottish National Party (2002).

class-based political identification. There is little doubt as to the cause, i.e., the dramatic rise in the international price of oil price as a result of the Yom Kippur war of 1973.

Oil was discovered in the North Sea in 1966, and most of it was off the coast of Scotland. When the price of oil quadrupled in 1973, the British government imposed taxes on the oil companies so that approximately 90% of their additional oil revenues accrued to the government. The Scottish Nationalist Party ran a campaign with the slogan 'It's Scotland's Oil' and argued that, if Scotland were independent, the tax revenues would accrue to the five million people of Scotland rather than to the 50 million people of Britain. Per capita oil revenues for inhabitants of Scotland would rise ten-fold if the other 45 million people were excluded. The fragile and recent cause of romantic nationalism could thus be allied to the robust and ancient cause of economic self-interest.

The critical nature of oil resources in the emergence of Scotland as an 'imagined community' is suggested not just by this striking temporal coincidence but by a comparison with Welsh and Breton secessionist movements. These movements share the same romantic Celtic nationalism as Scotland, but there is no oil on their territories. The Welsh movement has attempted to build a parallel case by virtue of the fact that the water supply for the English city of Birmingham comes from Wales ('hands off Welsh water'). However, perhaps because water is seen as being legitimately free, it has not ignited the greed of Welsh voters. The Scottish Nationalist Party is an entirely conventional political party – it has had no association with violence. There have been attempts to establish

violent secessionist organizations in Scotland, Wales and Brittany, but none has become politically significant.

We have dwelt on the rise of the secessionist movement in Scotland because it so obviously supports our thesis. Natural resources are usually geographically concentrated in a particular part of a country, so countries that are heavily dependent upon natural resource exports are likely to be prone to secessionist movements. Sometimes natural resources are not geographically concentrated, and sometimes other important sources of income are highly concentrated, and we should expect to find exceptions. However, if our thesis is correct, we should expect to find many other examples. In fact, there are many such examples, usually masquerading under the guise of romantic nationalism. However, before turning to them, we will present a systematic statistical analysis of secession to the extent that this is possible.

### **3. Secession: a quantitative analysis**

In our previous work, we have investigated empirically the causes of civil war (Collier and Hoeffler, 1998, 2002a, 2002b). We considered all the large-scale civil wars that began during the period 1960-1999 and sought to explain them in terms of observable socio-economic characteristics. Specifically, we attempt to explain the risk of war commencing in each five-year sub-period in terms of characteristics at the start of the sub-period. Some of these wars had secessionist aspirations; others did not. Taking them all together, our results appear somewhat surprisingly at variance with much of the

discourse on civil war. We find that there are three major risk factors: a low level of per capita income, a slow rate of growth of income, and high dependence upon primary commodity exports, this last being especially important. We have not found either economic inequality or political repression to be statistically significant. Turning to the social composition of the population, we find that, if the largest ethnic group constitutes between 45 percent and 90 percent of the population, the risk of civil war is approximately doubled, although this is a fairly small effect by comparison with primary commodities. Further, having a large diaspora living in the United States also substantially increases the risk of civil war (we allow for the fact that wars often increase the size of diasporas). Other than this, a high degree of ethnic and religious diversity actually makes a country significantly safer than if it were homogenous.

Our explanation for this superficially puzzling pattern has been that the occurrence of civil war is better understood in terms of opportunity than in terms of motive. A high degree of inequality, political repression, and ethnic and religious differentiation may all increase the sense of grievance among parts of the population, but, in most situations, people do not have a realistic opportunity to rebel. Primary commodity exports may be important partly because they provide rebel organizations with a ready source of finance. Similarly, low per capita income and slow growth may lower the costs of recruiting to the rebel army, while at the same time they weaken the capacity of the government to oppose such an army. In the limit, where rebellion is feasible it can be presumed to occur, and there will always be some group sufficiently motivated to resort to violence regardless of the intensity of objective grievances.

We now turn specifically to those civil wars, which appear in some sense to have been motivated by secessionist goals. We are therefore focusing upon a subset of civil wars. If our general thesis about secession were correct, then we would expect secessionist civil wars to be strongly linked to primary commodity exports. Note that our existing results constitute powerful evidence for this thesis. As we will see, most civil wars are in some sense secessionist, and we have found that the single most important determinant of civil wars is dependence upon primary commodity exports. However, here we can push the test of the thesis further, since primary commodity dependence might be differentially important in those civil wars that have secessionist objectives. If our general thesis about civil wars were correct, then we would expect the key differences between political and violent secessionist movements to be the other major determinants of civil war – per capita income and economic growth. Secession would be pursued by political means in high-income rapidly growing countries and by violent means in low-income slowly growing countries.

The objectives of rebel groups are not always readily observable, and we distinguish between secessionist and other civil wars by using data on ethnic and religious wars from three different data sources: Sambanis (2000), Licklider (1995) and the State Failure Project (Esty et al, 1998). We concentrate our analysis on the data collected by Sambanis (2000) and list all civil wars in Appendix Table 5A. In addition, we present further results using data from the alternative data sources in the Appendix. These robustness checks show that all three data sets provide similar results.

In Table 1 we present some descriptive statistics. In the first column we list the means of all of the socio-economic determinants of civil wars as examined in Collier and Hoeffler (2002a). The means for countries that experienced an outbreak of civil war during 1960 and 1999 are shown in the second column. Countries in which civil wars occur have a lower secondary school enrolment rate for men, are poorer, experience negative growth, have a higher level of social fractionalization, have enjoyed a shorter peace period since the last war, and are, on average, larger. These countries are characterized by similar primary commodity export to GDP ratios as are found in peaceful countries; they are similarly likely to be dominated by one ethnic group; and the degree of population concentration is almost the same as in peaceful countries. The last two columns of Table 1 compare secessionist/identity wars and other civil wars (ideologically motivated wars). The descriptive statistics for the two different types of wars are similar. However, the degree of social fractionalization is higher in secessionist/identity wars, and their population is, on average, larger and poorer. Their peace period also tends to be shorter; they are less often characterized by ethnic dominance; and they have lower primary commodity to GDP ratios.

--- Table 1 about here ---

We now use logit regression analysis to determine whether those wars that are in some sense 'about' identity have different causes from those with other discourses such as ideology. As a benchmark, we replicate the results from Collier and Hoeffler (2002a) in Table 2, column 1. We find that we can clearly distinguish between war and peace countries: countries with certain characteristics were on average more or less likely to experience a civil war than others. In this sample, we analyze 46 wars.

In column 2, we run the same regression but confine the event to be explained to those civil wars that are secessionist. We then compare this regression with that for ideologically motivated wars (column 3). The key hypothesis to be tested here is that primary commodity exports are more likely to cause a secessionist civil war than an ideological civil war. Recall that when we take civil wars in their entirety, these natural resources play a powerful and dangerous role, greatly increasing risk. There are two major reasons why natural resources might be a powerful risk factor – the opportunity which they provide to rebel groups to finance their activities during conflict and the lure of capturing resource ownership permanently if the rebellion is victorious. The former is common to both ideological and secessionist rebellions, but the latter – long-term capture – is differentially important for secession. After all, if victorious, the secessionists will carry off the resources.

The regressions support the hypothesis that natural resources are differentially likely to cause secessionist civil wars. Although primary commodity exports increase the risk of both types of civil war, the coefficient in the identity war regression is three times larger

that that for ideological wars. Despite the small size of the sample, this difference is statistically significant at the five percent level. This result is not dependent upon the particular definition of identity wars used by Sambanis. In the Appendix we show that the same result is reached using the two alternative specifications of secessionist wars. Table 3A uses data from Licklider (1995) and Table 4A uses data from the State Failure Project (1998). In Table 2A we show that the result is also robust to changing the specification of the regression: here we use income per capita rather than secondary school enrolment rates and the results are similar.

The last two columns of Table 2 are limited to war observations, i.e., where there is a civil war, we examine whether identity wars are different from ideological wars. The event in these logit regressions is defined as identity war, i.e., if a war was about identity, the dependent variable takes a value of one and otherwise takes a value of zero. Our results rest on a limited number of war observations, but the measure of overall fit (pseudo  $R^2$ ) is quite respectable at around 0.35. Four sets of variables are significant or approaching significance.

--- Table 2 about here ---

In order to examine the primary commodity results in more detail, we include a dummy for oil exporting countries (column 4). The coefficient is close to being significant and is significant in the alternative specification (see Table 2A). Conditional upon the overall

level of primary commodity exports, civil wars in countries with large oil exports are more likely to be secessionist and less likely to be about ideology. We investigated other primary commodities but could not find any evidence that other raw materials have distinct effects. This is consistent with our speculation that oil wealth has an exaggerated effect on popular political imagination.

Wars are more likely to be secessionist the smaller the proportion of the male population that has secondary education (column 5). Although secondary education is fairly closely correlated with per capita income, if the regression is repeated with per capita income instead of secondary education as an explanatory variable, per capita income is completely insignificant (see Table 2A). Thus, it appears that it is education rather than income that is important. This is consistent with our speculation that the allure of natural resources is reinforced by popular ignorance. It is easier for politicians to exaggerate the value of a geographic identity associated with a natural resource endowment if the population is uneducated. A lack of education might also make it easier for politicians to appeal to romantic notions of belonging to a common community based on ethnicity or religion. For example, the study by Sacerdote and Glaeser (2001) finds that, as the level of education rises, the intensity of religious identity diminishes. It seems plausible that identity politics is easier to play if citizens are uneducated.

Geographic variables are also significant – civil wars are more likely to be secessionist the larger and more dispersed the population. This is consistent with the natural resource thesis: if there is a large and highly dispersed national population then inequality of

resource endowment is likely to be more pronounced – a minority of the population is likely to be located on top of the natural resources.

A final variable that is close to significance (or significant in the alternative specifications) is social fractionalization, reflecting the extent to which the society is differentiated by ethnicity and religion. Wars of identity are actually less likely to occur, relative to ideological wars, the more fragmented is the society. Why might this be? A possible explanation is that a successful secessionist resource grab depends upon creating an imagined community that is broadly coincident with that which occupies the territory on which the resources are located. If the society is too fragmented, this will require unifying disparate groups of people at the same time as these groups are persuaded to see themselves as distinct from the national population. As we see when we turn to some examples of attempted secessions, sometimes this is highly problematic.

Thus, the characteristics that generate a high risk of secessionist civil war appear to be a combination of high levels of natural resource endowments and low levels of education. This is consistent with the hypothesis that resource capture is an important objective of the rebellion. We should stress that objectives and motivations, especially when they are an amorphous mixture of romanticism and self-interest, are better revealed by behavior than by study of the political discourse utilized, which includes both propaganda and self-delusion. The Scottish Nationalist Party did not say, 'If we turn ourselves into a political community, we can grab the oil wealth'. The leaders of the party were drawn from the tiny handful of romantic nationalists who already thought of Scotland as a political

community. Their message was, 'The oil is really ours, but it is being stolen by the English'. But the massive redefinition of working-class inhabitants of Scotland between 1970 and 1974 from being members of the British working class – and hence voting for the Labour Party – to being members of Scotland – and hence voting for the SNP – is surely better accounted for by a perceived change in economic self-interest than by a sudden recognition of primal identity.

#### **4. Some secessions in practice**

We have suggested that secessions depend upon the invention of an imagined political community and that natural resources will often be instrumental in transforming this invention from the pipe-dream of a handful of romantics to the reality of a large political or military organization. Once this transformation has occurred, the history of the secessionist movement will, of course, trace its origins back to the supposedly 'far-seeing' romantics and from them to the misty shared origins of kinship or religion. However, such histories do not provide an even approximately accurate explanation of how secessionist movements become serious organizations. There are literally hundreds of romantic secessionist groups – probably most areas of the earth are subject to the claims of one or more of them. But the mere existence of such a group does not help us to understand those few secessionist movements that, by virtue of their violence or electoral support, have become serious political phenomena.<sup>2</sup>

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<sup>2</sup> For a detailed discussion of the determinants of secessionist claims please refer to Jenne (2003).

We will now consider some of these serious secessionist movements case-by-case, to see whether our thesis has plausibility beyond the evidence of the regression analysis and the example of Scotland.

First, consider two major failed secessionist movements in Africa, the attempt of Katanga to secede from the Congo, and the attempt of Biafra to secede from Nigeria. Since all African countries are composed of many ethno-linguistic groups, these movements each laid claim to nationhood for an ethnic group. Again, the only question of importance is why it was these ethnic groups and not others. Biafra provides a particularly clear illustration of the role of natural resources, because oil became significant for the Nigerian economy only in the mid-1960s. Prior to oil, Nigerian politics had been dominated by an alliance between the dominant tribe in the South-East, the Ibo, with the dominant tribe in the North, the Hausa-Fulani. This alliance excluded the dominant tribe of the South-West, the Yoruba. Far from coincidentally, the main natural resource in Nigeria prior to oil was cocoa, which was produced in the South-West. Hence, the long-standing Nigerian political alliance was between the two natural resource-scarce tribes, to enforce the sharing of the rents on cocoa production.

The discovery of oil, which was located entirely in South East Nigeria, destroyed the rationale for this political alignment. Very rapidly, a new coalition formed between the North and the South-West against the oil-rich South-East. In response, the Ibo of the South-West declared their independence, and war followed for the next three years. This was decidedly not a war of ethnic identity – the oil resources being fought over were

actually off the coast of Port Harcourt, whereas the Ibo heartland was inland, around Enugu. The Ibo, like the other large tribes, was largely a nineteenth century amalgamation of hundreds of much smaller genuine communities, and so precisely who was and was not an Ibo was not fixed. When Biafra was defeated, many small ethnic groups redefined themselves as non-Ibo: identity fluctuated according to convenience.

Biafra was a natural resource grab as unmistakable as the rise of the Scottish Nationalist Party. It is notable that Nigeria currently has one serious secessionist rebellion, in the Niger Delta. Even more than was the case in Biafra, the rebellion is geographically coincident with the oil resources. In the intervening thirty years, however, Nigeria has done much to diffuse secessionist pressures. The chosen technique has been a formula for sharing oil revenues between regional governments: each regional government receives a fixed amount, plus an allowance for its population. This has created strong financial incentives to create new regions. If a region is divided, its population gets more money – the same population allowance, but two fixed amounts instead of one. So strongly are the boundaries of imagined political communities driven by perceived economic interests from oil rents that, whereas in 1970 Nigeria had only three regions, it now has 36. Of course, each of these splits has occurred as groups within a region have asserted their 'historic rights' to self-government. Surely, to the extent that most Nigerians think about why they want new regions, uppermost in their minds may well be these 'historic identities'. But to interpret why Nigeria has divided into so many regions as simply a reassertion of local identity would be to miss why this has happened in Nigeria rather than elsewhere.

The Katanga secession is similarly intimately related to the fact that this was the mineral heartland of the Congo. There was overt involvement in the secession by South African mining interests, so that it could more plausibly be interpreted as an external and commercial movement than as a bottom-up cry to protect a historic identity. As in Nigeria, thirty years after the initial secession was defeated, there is renewed secessionist pressure, far more intense than in Nigeria, and quite evidently related to natural resources. As previously, the secessionist movement appears to be more closely related to external commercial interests than to bottom-up assertions of identity or demands for self-government for its own sake.

Indonesia is, like Nigeria, a large, resource-rich country facing secessionist pressures. To date, that of East Timor has been successful, and that of Aceh, at the other end of the archipelago, has been contained. Both of these provinces are rich in natural gas with small populations, whereas the island on which most of the Indonesian population lives, Java, has neither oil nor gas. East Timor, despite having a population of only 800,000 people, is not socially cohesive: indeed, it has a prior history of war.<sup>3</sup> Since gaining independence the government has concluded an offshore oil and gas contract. Prior to independence, these resources were untapped, because of the disputed legal status of the oil and gas fields. Aceh has a per capita GDP triple the Indonesian average, although this is not reflected in living standards, since the oil income accrues nationally rather than locally. After a dispute about an oil contract, a businessman formed the independence

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<sup>3</sup> In 1975 the Portuguese colony of East Timor was invaded by Indonesian forces. For an in depth analysis of the conflicts in Indonesia see Ross (2002).

movement in 1976. Both East Timor and Aceh indisputably have distinct historic identities that can be tapped. However, this is true all over Indonesia. The ability of these particular secessionist movements to function effectively over long periods may, however, be related to the perception on the part of the populations of these areas that secession would confer ownership of important resources.

Another long-standing secessionist movement is that of the Southern Sudan. The populations of the Southern Sudan do not have a common identity – indeed, there has been civil war within the region as well as between it and Northern Sudan. In the late 1960s, substantial oil fields were discovered in Southern Sudan. Until very recently these could not be exploited because of war, but they may have provided these disparate populations some sense of political commonality.

We now turn to three secessions that are not linked to natural resources – Eritrea, Slovenia, and Croatia. Superficially, these do not fit our thesis at all, since they are all supposedly about deep-rooted assertions of identity. However, all three of them fit surprisingly closely into the Buchanan-Faith framework. Eritrea was the richest region of Ethiopia. This was not due to natural resources, but because Italian colonists had occupied Eritrea well before the rest of Ethiopia and so had established industry there. Eritrea had a per capita income around double that of the rest of Ethiopia. In 1951, following the withdrawal of the Italians and their successors, the British, Eritrea held a referendum as to whether to become independent or to federate with Ethiopia. The population voted for federation, suggesting that at that time Eritrea was not an 'imagined

political community'. A decade later, the emperor of Ethiopia dissolved the Federation and imposed direct rule. This had important fiscal implications – net tax transfers would evidently be from Eritrea to Ethiopia. Shortly after the dissolution of the Federation, the Eritrean independence movement was formed. With the support of a large diaspora, it was astonishingly successful, although independence came only after a very long military struggle.

Slovenia was the richest region of Yugoslavia. In the Tito years, Yugoslavia was a federation, so that large income inequalities were not offset by taxation. However, in the economic chaos following the collapse of the Soviet Union, economic policy in Yugoslavia was substantially centralized; for example, foreign exchange reserves were pooled. This enabled the Serbian dictator to use non-Serb resources for his own agenda. Slovenia was able to secede from Yugoslavia, partly thanks to diplomatic cover from the EU. Once Slovenia had seceded, Croatia became the richest region of the remaining Yugoslavia. With the Slovene precedent, it too seceded, although in this case the secession was not peaceful.<sup>4</sup>

Thus, all three of these successful secessions had elements of 'tax-exits'. Of course, in each case the shared economic interest coincided with cultural identities. However, cultural identities are usually fluid. For example, Eritrea, although a country of only 2.5 million people carved out of the 50 million people of Ethiopia, is far from culturally

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<sup>4</sup> Although Slovenia and Croatia declared independence on the same day ( 25<sup>th</sup> July 1991), Slovenia held a referendum and prepared for independence before Croatia. Croats did not want to be left behind and president Tudjman stated that if Slovenia seceded, Croatia would not stay "a day longer" in Yugoslavia (Silber and Little, p 148).

homogenous. Its population includes three major religious groups, five ethnic groups, nine official languages, and three official writing scripts. Further, the creation of the country split its major ethno-linguistic group, the Tigrini, into a majority living in Ethiopia and a minority in Eritrea. Ethiopia is full of groups with secessionist aspirations, but the only question of interest is why the only successful secession is that of Eritrea.

We now turn to two major secessionist movements that, while not linked to natural resources, can be seen as having economic causes: Bangladesh and the Confederacy. Bangladesh was initially East Pakistan. Pakistan was itself created as a religious secession from India negotiated by a few political leaders as part of independence from Britain. Because Pakistan did not secede from an independent India but was created as part of the process of decolonization, it is probably best treated as distinct from the secessions that we are analyzing. The secession of East Pakistan from Pakistan, despite a common religious identity, can be seen in economic terms. During the 1950s and 1960s, Pakistan embarked upon an industrialization strategy of import substitution behind high protective tariff barriers. This was a standard strategy at the time, but Pakistan took the policy to extremes. In the early stages of such industrialization, industry tends to agglomerate in a single location to reap scale economies, and, in Pakistan, the industry agglomerated in the West. As is inevitable with highly protected import substitution, the policy involved a massive transfer from exports, which were implicitly taxed through exchange rate overvaluation, to industry. Pakistan's exports at the time were dominated by jute, which was produced in East Pakistan. Hence, the economic policy involved a massive transfer from East Pakistan to West Pakistan. The lack of contiguity of East and

West Pakistan, and the evident interest of India in dividing Pakistan, greatly facilitated secession. However, there also was a clear economic incentive for East Pakistan to secede.

Somewhat surprisingly, the secession of the US Confederacy was very similar to the secession of East Pakistan. The Northern states were primarily manufacturing, while the Southern states produced the export good, cotton. In 1828, the North attempted to impose high protective tariffs, which would have produced a large income transfer from the South to the North. This tariff proposal was termed in the South the 'tariff of abominations' and was vigorously opposed. Northern interests backed down until 1860, when the tariff was imposed. Obviously, this was not the only issue that provoked Southern secession, but it is often greatly underplayed relative to the more readily grasped issue of slavery (World Bank, 2000).

There is one important recent secession which radically contradicts our thesis, that of Slovakia. Slovakia was the poorer part of the Czech-Slovak federation and so stood to benefit fiscally from continued federation. In economic terms, Slovakia made a serious mistake by seceding. There is only one respect in which the secession of Slovakia is compatible with our thesis, which was that it was not resisted by the richer partner, the Czechs, but instead was agreed to with an otherwise astonishing alacrity. However, fully peaceful secessions are rare, because the circumstances in which they are in the interests of both parties are rare. Usually, secession appears to be initiated by the party that will

benefit economically from it, and these attempts are invariably opposed by the party that will suffer economically.

## **5. Diasporas and secession**

We noted above that in our previous work we have found that the size of the diaspora in the United States relative to the population in the home country is a significant predictor of the revival of conflict in post-conflict societies. Our results have focused on the US for the simple reason that data are readily available. Further, since immigrants to the US have a common economic and legal environment, they can more meaningfully be aggregated than immigrants located in many different societies. The presumption should be that diasporas in other high-income countries have similar effects.

There are various ways in which a diaspora might revive conflict. The two most obvious routes are to continue to publicize grievances and/or to finance violent organizations. Diasporas are likely to use both of these techniques. First, migration is often partly related to a group grievance. Once detached from the home society and living in a highly absorptive multi-cultural society, the cultural incentive is for the diaspora to preserve prominent aspects of its identity; extremist political allegiance is an inexpensive means of asserting that identity. Diasporas do not suffer from the violence that they support and so face lower costs than the home population. The diaspora is also considerably richer than the home population, so its financial contribution to organizations of violence is

disproportionately important. Further, detachment means that the diaspora never has to find a modus vivendi with the group that it opposes, whereas those who remain behind face a real need, and are presented with real opportunities, to move on from violence.

Our descriptive statistics in Table 1 do not indicate that countries with identity wars have proportionately larger diasporas. However, as discussed above, we rely exclusively on US immigration data and therefore place a disproportionate importance on the analysis of diaspora communities originating from Latin America and the Caribbean. None of these countries experienced a war about identity, and it is thus difficult to find statistical evidence for our hypothesis. We would prefer to use aggregated immigration data from OECD countries in this analysis; unfortunately no such data set exists. However, case study evidence supports the role of diasporas in secession and the revival of violence<sup>5</sup>. The secession of Slovakia was apparently initiated within the Czechoslovak societies of cities in North America. Most recently, the Kosovo Liberation Army, which desires the secession of Kosovo from Yugoslavia and perhaps the secession of the Albanian minority from Montenegro, apparently receives substantial material support from Kosovars based in Europe. The Liberation Tigers of Tamil Eelam (LTTE) secessionist movement in Sri Lanka is financed in part from Canada; for example, the 1996 bomb that killed 86 civilians and injured a further 1,400 in Colombo was mainly financed by the Tamil diaspora in Canada.<sup>6</sup> We have already noted the critical role played by the Eritrean

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<sup>5</sup> For an overview see for example Angoustures and Pascal (1996).

<sup>6</sup> 'A Singapore bank account opened by a Canadian of Sri Lankan origin was used to pay for 60 tons of explosives ... imported from the Ukraine by the Liberation Tigers of Tamil Eelam ...' (S. Bell, National Post 10<sup>th</sup> March 2000). It is estimated that the Tamil diaspora raised about \$450-500 millions worldwide per year, much of it was used to supply the Tamil Tigers with arms. However, fewer governments are now willing to sanction these fund raising efforts and following the Tigers' ban in the UK and other countries, their funds are drying up (The Economist, March 10<sup>th</sup> 2001).

diaspora in the USA. Equally evident, the Irish Republican Army has for many years received its material support predominantly from the Irish diaspora in the USA. The globalization of political violence thus long pre-dates September 11<sup>th</sup>; only the targets have changed.

## **6. Conclusion: do secessions deserve support?**

Clearly, no generic analysis such as our own can answer the question of whether, in a particular case, a secession is likely to be broadly beneficial or to carry serious dangers.

In economic terms, the trend is towards greater integration rather than secession. Thus, the European Union is attempting to forge a common policy across fifteen states and is likely to have several more members in the near future. On a more modest scale, NAFTA is also building a common economic area among the USA, Canada, and Mexico. In contrast to these integrating trends among developed countries, many developing and transition countries are facing strong secessionist pressures, often supported by diasporas in multi-cultural high-income societies.

If our statistical analysis of civil conflict is broadly correct, then secessions in low-income countries may carry some dangers. Secession commonly reduces ethnic and religious fractionalization without eliminating it: the quest for an ethnically pure society is a chimera. Our results suggest that a reduction in ethnic and religious fractionalization

is likely to increase the danger of civil war rather than diminish it. Indeed, the most dangerous countries from the aspect of social composition are those in which the largest ethnic group is in a majority, but with a significant minority present. At present, most developing countries are too diverse to be characterized by such 'ethnic dominance,' but secessions are more likely to create such dominance than to eliminate it. For example, once Slovenia and Croatia had seceded from Yugoslavia, Serbs became ethnically dominant in the remaining territory, perhaps contributing to the violent conflicts in Bosnia and Kosovo.

Further, if our analysis is broadly correct, secessionist movements should not *in general* be seen as cries for social justice. Those few secessionist movements that are able to scale-up to being organizations with a serious political or military capability are likely to occur in rich regions and contain an element of a 'resource grab'. They may also reflect the fantasies of diasporas settled in rich countries and a poorly educated population. Secessionist organizations are usually built on the foundations of romantic localism, and this will continue to shape their discourse. However, such localism is found almost everywhere. That viable secessionist organizations are rare indicates that romantic localism, and its associated discourse of grievance, is not by itself decisive. Romantic localism is not necessarily dishonest or irrelevant, but it offers a misleading explanation for what makes a secessionist organization strong.

If the cocktail of natural resource wealth, diasporas, and illiteracy succeeds in dismembering large, multi-cultural developing and transition societies, the world is

unlikely to become a safer place. The secession of Eritrea from Ethiopia, heroic as it was, has not resulted in peace. It transformed a civil war into an international war, with a huge escalation in human and economic costs. It also has created a nation of 50 million people without direct access to the sea.

Nor are the small new societies that are created by secession necessarily internally cohesive. In Eritrea, the President recently arrested around half of the members of his cabinet. East Timor has sixteen different political parties, one for every 50,000 people. It would surely be disturbing if, at the same time as developed countries were integrating as never before, developing countries were disintegrating into tiny but disputatious ethnic theme parks.

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## Tables

**Table 1: Means of the Socio-Economic Determinants of War**

	(1)	(2)	(3)	(4)
	Sample	War Starts	Identity War	Ideology War
Male Secondary Schooling (Gross Enrolment Rates)	42.7	30.3	29	29.2
GDP per capita (constant US\$)	3921	1645	1571	1870
GDP per capita growth (previous five years)	1.56	-0.23	-0.26	0.18
Primary commodity exports/GDP	0.164	0.149	0.134	0.165
Social fractionalization (Index 0-10,000)	1784	2320	2348	1959
Ethnic Dominance (% with main ethnic group 45-90%)	0.47	0.45	0.42	0.57
Peace duration (Months)	327	221	209	258
Population (Millions)	26.1	43.8	61	11.5
Geographic concentration of the Population (Gini-Coefficient 0-1)	0.58	0.60	0.59	0.62
% of observations where Oil is the main export commodity	0.168	0.25	0.30	0.17
Diaspora (relative to population of country of origin)	0.017	0.004	0.003	0.016
Observations (max-min)	918-1266	54-78	36-47	14-24

**Table 2: Determinants of Identity Wars**

Dependent Variable	(1)	(2)	(3)	(4)	(5)
	War Start	Identity War	Ideology War	War Type	War Type
Male Secondary Schooling	-0.032 (0.001)***	-0.054 (0.000)***	-0.008 (0.509)	-0.074 (0.091)*	-0.081 (0.035)**
(GDP growth) <sub>t-1</sub>	-0.115 (0.007)***	-0.125 (0.016)**	-0.088 (0.223)	-0.011 (0.949)	-0.159 (0.278)
Primary Commodity Exports/GDP	18.937 (0.001)***	30.461 (0.002)***	10.456 (0.182)	19.191 (0.405)	28.231 (0.184)
(Primary Commodity Exports/GDP) <sup>2</sup>	-29.443 (0.012)**	-55.722 (0.009)***	-15.730 (0.286)	-53.192 (0.217)	-48.728 (0.205)
Social Fractionalization	-0.000 (0.019)**	-0.000 (0.010)**	-0.000 (0.465)	-0.000 (0.709)	-0.000 (0.264)
Ethnic Dominance (45-90%)	0.670 (0.058)*	0.785 (0.083)*	0.949 (0.113)	0.757 (0.506)	0.929 (0.401)
Peace Duration	-0.004 (0.001)***	-0.005 (0.000)***	-0.002 (0.370)	-0.002 (0.545)	-0.002 (0.652)
In Population	0.768 (0.000)***	1.139 (0.000)***	0.254 (0.288)	1.601 (0.093)*	2.164 (0.016)**
Geographic Dispersion	-2.487 (0.013)***	-4.523 (0.002)***	-0.045 (0.976)	-6.619 (0.088)*	-5.838 (0.094)*
Oil Dummy				3.872 (0.144)	
Observations	688	688	688	42	43
No of events (war observations)	46	30	13	29	30
pseudo R <sup>2</sup>	0.24	0.34	0.07	0.38	0.36

Note: Logit regressions, all specifications include a constant, p values in parentheses, \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%.

## Appendix

**Table 2A: Determinants of Identity Wars (Alternative Specification)**

Dependent Variable	(1)	(2)	(3)	(4)	(5)
	War Start	Identity War	Ideology War	War Type	War Type
In GDP per capita	-0.950 (0.000)***	-1.098 (0.001)***	-0.489 (0.175)	-1.826 (0.117)	-0.492 (0.504)
(GDP growth) <sub>t-1</sub>	-0.098 (0.018)**	-0.080 (0.100)	-0.076 (0.285)	0.130 (0.414)	0.013 (0.897)
Primary Commodity Exports/GDP	16.773 (0.001)***	20.362 (0.008)***	12.514 (0.092)*	-7.208 (0.660)	-4.475 (0.756)
(Primary Commodity Exports/GDP) <sup>2</sup>	-23.800 (0.018)**	-34.827 (0.033)**	-16.843 (0.211)	-15.280 (0.652)	-0.373 (0.989)
Social Fractionalization	-0.000 (0.007)***	-0.000 (0.015)**	-0.000 (0.343)	-0.000 (0.806)	0.000 (0.835)
Ethnic Dominance (45-90%)	0.480 (0.144)	0.519 (0.202)	0.822 (0.150)	0.126 (0.898)	-0.195 (0.821)
Peace Duration	-0.004 (0.000)***	-0.005 (0.000)***	-0.001 (0.517)	-0.003 (0.314)	-0.006 (0.053)*
In Population	0.510 (0.000)***	0.588 (0.000)***	0.254 (0.247)	0.172 (0.724)	0.254 (0.432)
Geographic Dispersion	-0.992 (0.275)	-1.760 (0.142)	0.279 (0.847)	-3.022 (0.389)	-0.679 (0.785)
Oil Dummy				5.071 (0.044)**	
Observations	750	750	750	45	48
No of events (war observations)	52	34	14	32	34
pseudo R <sup>2</sup>	0.22	0.34	0.07	0.33	0.21

Note: Logit regressions, all specifications include a constant, p values in parentheses, \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%.

**Table 3A: Determinants of Identity Wars (Licklider Data)**

	(1)	(2)	(3)	(4)
Dependent Variable	Identity War	Ideology War	War Type	War Type
ln GDP per capita	-0.050 (0.001)***	-0.014 (0.289)	-0.695 (0.134)	-0.081 (0.053)*
(GDP growth) <sub>t-1</sub>	-0.111 (0.029)**	-0.129 (0.120)	4.774 (0.137)	-0.049 (0.807)
Primary Commodity Exports/GDP	29.903 (0.001)***	7.158 (0.402)	577.603 (0.119)	51.449 (0.196)
(Primary Commodity Exports/GDP) <sup>2</sup>	-51.078 (0.008)***	-13.630 (0.422)	-1,560.809 (0.123)	-64.362 (0.501)
Social Fractionalization	-0.000 (0.005)***	-0.000 (0.591)	-0.005 (0.137)	-0.001 (0.107)
Ethnic Dominance (45-90%)	0.706 (0.117)	1.051 (0.110)	-2.267 (0.488)	0.882 (0.477)
Peace Duration	-0.006 (0.000)***	-0.000 (0.838)	-0.157 (0.135)	-0.006 (0.229)
ln Population	1.135 (0.000)***	0.136 (0.593)	32.119 (0.119)	3.350 (0.019)**
Geographic Dispersion	-4.735 (0.001)***	0.984 (0.551)	-161.931 (0.115)	-11.062 (0.033)**
Oil Dummy			138.239 (.)	
Observations	688	688	41	42
No of events (war observations)	31	11	31	31
pseudo R <sup>2</sup>	0.35	0.07	0.78	0.51

Note: Logit regressions, all specifications include a constant, p values in parentheses, \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%.

**Table 4A: Determinants of Identity Wars (State Failure Project Data)**

	(1)	(2)	(3)	(4)
Dependent Variable	Identity War	Ideology War	War Type	War Type
ln GDP per capita	-0.046 (0.002)***	-0.015 (0.250)	-0.048 (0.237)	-0.059 (0.126)
(GDP growth) <sub>t-1</sub>	-0.149 (0.005)***	-0.033 (0.672)	-0.254 (0.219)	-0.316 (0.116)
Primary Commodity Exports/GDP	28.758 (0.004)***	11.331 (0.149)	16.143 (0.477)	22.492 (0.293)
(Primary Commodity Exports/GDP) <sup>2</sup>	-51.485 (0.016)**	-17.249 (0.247)	-37.606 (0.340)	-40.457 (0.283)
Social Fractionalization	-0.000 (0.005)***	-0.000 (0.671)	-0.001 (0.200)	-0.001 (0.121)
Ethnic Dominance (45-90%)	0.805 (0.085)*	1.008 (0.095)*	1.035 (0.403)	0.994 (0.415)
Peace Duration	-0.006 (0.000)***	-0.000 (0.864)	-0.007 (0.119)	-0.006 (0.131)
ln Population	1.082 (0.000)***	0.353 (0.144)	1.871 (0.097)*	2.331 (0.029)**
Geographic Dispersion	-4.020 (0.008)***	-0.539 (0.710)	-6.760 (0.124)	-6.145 (0.136)
Oil Dummy			1.835 (0.357)	
Observations	688	688	41	42
No of events (war observations)	29	13	29	29
pseudo R <sup>2</sup>	0.35	0.06	0.37	0.38

Note: Logit regressions, all specifications include a constant, p values in parentheses, \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%.

**Table 5A: Classification of Identity/Ideology Wars (Sambanis, 2000)**

Country	Start of the War	End of the War	Identity War	Ideology War
Afghanistan	04/78	02/92		*
Afghanistan	05/92	Ongoing	*	
Algeria	07/62	12/62		*
Algeria	05/91	Ongoing	*	
Angola	02/61	11/75	*	
Angola	11/75	05/91	*	
Angola	09/92	Ongoing	*	
Azerbaijan	04/91	10/94	*	
Bosnia	03/92	11/95	*	
Burma/Myanmar	68	10/80	*	
Burma/Myanmar	02/83	07/95	*	
Burundi	04/72	12/73	*	
Burundi	08/88	08/88	*	
Burundi	11/91	ongoing	*	
Cambodia	03/70	10/91		*
Chad	03/80	08/88	*	
China	01/67	09/68	*	
Columbia	04/84	ongoing		*
Congo	97	10/97		*
Cyprus	07/74	08/74	*	
Dominican Rep.	04/65	09/65		*
El Salvador	10/79	01/92		*
Ethiopia	07/74	05/91	*	
Georgia	06/91	12/93	*	
Guatemala	07/66	07/72	*	
Guatemala	03/78	03/84	*	
Guinea-Bissau	12/62	12/74		*
India	08/65	08/65	*	
India	84	94	*	
Indonesia	06/75	09/82	*	
Iran	03/74	03/75		
Iran	09/78	12/79		*
Iran	06/81	05/82	*	
Iraq	09/61	11/63	*	
Iraq	07/74	03/75	*	
Iraq	01/85	12/92	*	
Jordan	09/71	09/71	*	
Laos	07/60	02/73		*
Lebanon	05/75	09/92	*	
Liberia	12/89	11/91		*
Liberia	10/92	11/96		*
Morocco	10/75	11/89	*	
Mozambique	10/64	11/75		
Mozambique	07/76	10/92		*

**Table 5A** continued

Country	Start of the War	End of the War	Identity War	Ideology War
Nicaragua	10/78	07/79		*
Nicaragua	03/82	04/90		*
Nigeria	01/66	01/70	*	
Nigeria	12/80	08/84	*	
Pakistan	03/71	12/71	*	
Pakistan	01/73	07/77	*	
Peru	03/82	12/96		*
Philippines	09/72	12/96	*	
Romania	12/89	12/89		*
Russia	12/94	08/96	*	
Russia	09/99	Ongoing		
Rwanda	11/63	02/64	*	
Rwanda	10/90	07/94	*	
Sierra Leone	03/91	11/96		*
Sierra Leone	05/97	07/99		
Somalia	04/82	05/88		
Somalia	05/88	12/92	*	
Sri Lanka	04/71	05/71		*
Sri Lanka	07/83	ongoing	*	
Sudan	10/63	02/72	*	
Sudan	07/83	ongoing	*	
Tajikistan	04/92	12/94	*	
Turkey	07/91	ongoing	*	
Uganda	05/66	06/66	*	
Uganda	10/80	04/88	*	
Vietnam	01/60	04/75		*
Yemen	05/90	10/94		*
Yemen, Arab Rep.	11/62	09/69		*
Yemen, People's Rep.	01/86	01/86		*
Yugoslavia	04/90	01/92	*	
Yugoslavia	10/98	04/99	*	
Zaire/Dem. Rep. of Congo	07/60	09/65	*	
Zaire/Dem. Rep. of Congo	09/91	12/96	*	
Zaire/Dem. Rep. of Congo	09/97	09/99		
Zimbabwe	12/72	12/79	*	

Note: Wars for which there is no indication whether they are identity or ideology wars are not included in the Sambanis data set.