

## Crimea, Scotland...now Venice votes on breakaway



*Voters leave a polling station after having casted their vote in Venice, Italy*

By CNBC's Katrina Bishop: March 21, 2014

Crimea's residents aren't the only Europeans striving for secession, with referendums in both Scotland and Spain's Catalonia planned for later this year. But the phenomenon appears to be spreading: this week Venetians have been voting on breaking away from Italy, albeit in a referendum not recognized by Rome or regional authorities.

Paolo Bernardini, professor of European history at the University of Insubria in Como, Italy, has been campaigning for an independent Venice since 2007. He said the city was free for around 1,100 years – before losing its independence to Napoleon in 1797 – and it was "high time" for it to become an autonomous state once again.

"Although history never repeats itself, we are now experiencing a strong return of little nations, small and prosperous countries, able to interact among each other in the global world," he told CNBC.

"Venetian people realized that we are a nation (worthy of) self-rule and openly oppressed, and the entire world is moving towards fragmentation - a positive fragmentation - where local traditions mingle with global exchanges."

It is this fierce pride in their cultural heritage that unites the states striving for autonomy – and could lead to more independence bids in the future.

"Catalonia, Scotland, the Basque Country, Wales and Flanders are distinct nations with a long history behind and a strong will to govern themselves," Xavier Solano, former representative of the Catalan Government in the U.K., told CNBC.

"Perhaps not all of them will bid for independence, however it seems reasonable to believe that some of them may think that their future would be better in their own hands. I am convinced that EU internal borders will be re-shaped by the democratic will of the people."

### **Taxing reasons**

Much like in Scotland and Catalonia, those in favor of an independent Venice - as part of an autonomous Veneto region - cite economic reasons for breaking away from their parent states.

Italy receives around 71 billion euros (\$96 billion) each year in tax from Venice, according to AFP - some 21 billion euros less than it gets back in investment and services.

The debt problems of an independent Scotland?

Michael Gallagher, director of research at IDEAglobal, discusses whether Scotland would take on its share of the U.K.'s debt and how a Scottish bond could trade.

"Even without such a long history of statehood, Venice should regain its independence and keep home the fruits of their labor," he added.

Veneto makes up over 9 percent of Italy's gross domestic product (GDP). By contrast, Catalonia accounts for roughly one-fifth of Spain's gross domestic product, and Scotland accounts for just over 8 percent of the U.K. economic output (excluding North Sea oil and gas revenue).

### **Crimea is 'completely different'**

The Venice vote – due to end Friday – comes just a week after Crimea voted overwhelmingly in favor of leaving Ukraine and becoming part of the Russian Federation, although the European Union and U.S. have deemed the referendum illegal.

However Nicolas de Santis, president of global business think-tank Gold Mercury International, was quick to stress that Crimea's bid for independence was completely different to that in Scotland, Catalonia and Venice.

"The majority of people in Crimea speak Russian; they don't speak Ukrainian. And the way in which Crimea was gifted to Ukraine by the Soviet Union makes its history very different to that of Scotland and Catalonia," he told CNBC.

### **Would Scottish banks move south if Scotland was independent?**

Sam Bowman, research director at the Adam Smith Institute, says banks like the Royal Bank of Scotland could move to England if Scotland got independence as there would be no guarantee of getting a bailout should the institution collapse.

De Santis also stressed that Crimea had voted to join Russia - a country keen to have it - whereas the other European regions had no such plans. But they would need international partners - in defense, for example, in case they came under attack.

"They haven't thought this through properly," he said. "Catalonia, for instance, would be unlikely to be welcomed into the EU, given opposition from Spain. And English isn't their first language - so who are they going to partner with?" he asked.

Solano, however, argued that the EU should support a greater number of independent states, as it would be a good thing for Europe, boosting its productivity and making it more competitive.

"An independent Catalonia would design a new tailored tax regime adapted to our companies and also re-invest billions of euros that go to Madrid every year and never come back," Solano, who is now an adviser at the U.K. parliament, said.

"These two measures would significantly help our companies to grow and employ more people while, as a country, we would increase our contributions to the EU project in a way that would allow the EU to re-distribute part of these contributions among those EU territories that are struggling the most."

### **Why now?**

Perhaps the bids for independence from regions like Catalonia and Venice were a foregone conclusion, given their history – but the timing indicates they were also exacerbated by Europe's financial crisis.

Indeed, Spain and Italy were two of the countries worst affected by the euro zone crisis. Spain had to request a 100 billion euro bailout from international lenders in 2012 to support its banks, while Italy's unstable political situation has seen three prime ministers in less than three years - and both are battling high unemployment rates.

"The financial crisis has not been a European-wide crisis – it's been a national crisis, and some governments have fared better than others. Spain, Italy – they're suffering more than other countries," de Santis said.

"But it's political suicide for these guys to want independence. They're not bringing a better tomorrow for their people."

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