In the last few years the world map and national borders have been redrawn quite dramatically. This process of change is probably far from over as a large number of secessionist movements mushroom across the globe. In this course we will attempt to analyze economical and political reasons that prompt regions or provinces to be apart or together. Then we will try to establish criteria for national redistribution policies that would prevent a threat of secession. We will evaluate the impact that a threat of secession may have on the income distribution and transfers from the central government to the regions. It turns out that the structure of transfer payments is closely related to the degree of polarization of citizens' characteristics within the country. First, we will deal with the theoretical examination of the problem and, if time permits, we will turn our attention to an empirical analysis of various countries.

Reading List


Large versus Small: Efficiency and Stability Analysis


Constitutional and Contractual Analysis of Federations


**Income Distribution and a Threat of Secession**


**Fiscal Decentralization. Threat of Secession and Redistributive Policies**


**Theoretical Appendix**


