

Center-Periphery Bargaining in the Age of Democracy

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Abstract: *This paper introduces the key concepts used in this special issue – center, periphery, and vertical bargaining – and inquires why some national groups within democratic states demand outright independence, while others mobilize for regional autonomy and still others settle for even less. It then specifies a theoretical framework that tries to explain cross-sectional differences and temporal changes in both peripheral demands and central responses. The building blocks of that framework include cultural distinctiveness, credibility of the exit threat and central dependence on the periphery. As an empirical illustration, the paper discusses the case of the Bernese Jura in Switzerland, and then briefly introduces the contributions to this special issue.*

KEYWORDS: Federalism, secession, bargaining, democracy, center-periphery

Introduction

This special issue deals with center-periphery bargaining in liberal democracies. Building on research in federalism and territorial politics, nationalism and regionalism, and conflict and peace research, we develop a framework for understanding the timing, type and causes of what Riker (1964 and 1975) called a “constitutional bargain among politicians.” However, unlike Riker, we are not concerned here with bargains among regional politicians, pooling their resources to aggrandize their military capacity and, in the process, giving up their independence. Instead, we focus on *vertical* bargaining among (at least) one political center and a subordinate administrative entity in a territorially divided democratic system. Theoretically, our framework complements Riker’s emphasis on micro-level rational choice mechanisms with a focus on the power of peripheral nationalism. More specifically, we ask why some national groups within democratic states demand outright independence, while other groups mobilize for regional autonomy and still others settle for even less, and how we can explain change over time in both peripheral demands and the center’s responses.

The relevance of this issue is further underscored by recent developments in Europe. Whereas the Scottish electorate was allowed to vote on an ‘all or nothing’ question about independence in September 2014, the Spanish government has so far refused to give the Catalan people that right (Gillespie 2015; Griffiths et al. 2015). Even if the demand for secession usually comes from the barrel of a gun in non-democratic states – like Ukraine (Bilaniuk 2006; Bustikova 2015), Georgia (Coppieters 2004; Siroky and Aprasidze 2011),

China (Wang 2001; Van Wie Davis 2008), Nigeria (Ayoade 1973; Ohwofasa Akpeninor 2013), Russia (Siroky and Dzutsev 2015; Souleimanov and Siroky 2016), Sudan (Christopher 2011; Madut Jok 2013), Iraq (Brancati 2004; Harris 1977), and Syria (Carpenter 2013; Gorgas 2009) – there too the center ultimately must determine whether to accede to peripheral demands, either in full or in part, or to ignore them (Cunningham 2013; Walter 2009).

This special issue thus engages with earlier and current efforts to model center-periphery bargaining and offers evidence that when a center gives in *at the right time*, it can in fact increase the democratic legitimacy of the whole polity (cf. Swenden 2016; Anderson & Costa 2016). Governments can offer various concessions to quench a group's demands for greater power, but the key question for understanding center-periphery bargaining is *why, when and to what extent* governments offer such concessions. To address these questions, the next section presents a game-theoretic framework, which uses existing formalizations of Hirschman's exit, voice, loyalty framework (Clark et al. 2013; Clark et al. forthcoming; Gelbach 2006), and applies the framework to explain these center-periphery dynamics.

1. Theoretical framework

What determines a center's willingness to devolve power to a periphery? Of course, the very demand for separate powers – including secession – is at least partly shaped by the potential willingness of the center to consider granting concessions to the periphery in the first place. But what influences the center's willingness to accommodate the periphery, and under what conditions can the periphery extract greater concessions? We predict that the outcome is determined by three parameters: (1) a periphery's cultural, political and economic distinctiveness from the center, (2) its exit credibility, and (3) the center's dependence on that periphery.

First, the leaders of a peripheral region will emphasize that specific element of a group's identity that *distinguishes* it best from the rest of the polity. The particular identity marker can be religion, language, race, or even political ideology. It can also be linked to economic characteristics (Wittman 1991, Zirakzadeh 1989), such as a greater propensity to work, increased efficiency, and the economic performance of a region (e.g., the Lega Nord; cf. Biorcio 2016). Externally, such an identity provides the region with the most leverage in extracting concessions from the center; internally, it legitimizes political change.

This instrumental use of identity is consistent with recent constructivist emphases on the malleability of ethnicity (Chandra 2012) and research on the social, economic and political conditions conducive to self-rule in the literature on nationalism (e.g. Hechter 2000, Roeder 2007; Sambanis and Milanovic 2014, Gillespie and Hay 2015). The fate of those demands is quite another matter, however: we still know very little about the conditions under which a periphery is able to extract concessions from the center. For this, we need to look at the actual bargaining process (cf. Petersohn et al. 2015 for a similar approach).

Bargaining always occurs under the shadow of the future (Axelrod 1984; Powell 1999). Both the center and the periphery are similarly aware that the altered political arrangements (for example, outright separation) would reconfigure the social, economic, cultural and political distribution of the population in the new polities (Griffiths et al. 2015) – although the unintended consequences of this change are unlikely to be anticipated by either side. This also holds for federal political systems, where regional demands usually fall short of independence but still point in the direction of increased self-rule (e.g. less fiscal equalization

or linguistic recognition) and/or shared rule (e.g. a territorial chamber or a veto over constitutional change). Beer's (1978) discussion of "topocracy", or rule by place, is highly illustrative in this regard. We posit that a center must somehow *depend* on a periphery, since otherwise it would ignore the region's demands and merely allow it to depart (Hechter 1987). Such dependence can be material and economic (in the case of richer regions, such as Catalonia, Flanders and the Basque country), political and symbolic (Corsica, South-Tyrol and pre-North Sea oil Scotland), or both (Quebec and Scotland today).

But even if dependence on a distinctive region keeps the center from allowing the periphery to exit, all threats to leave the overarching polity must be *credible*. If the threat to exit is not credible, the center will not enter into serious negotiations to change the status quo. Thus, in the absence of credible alternatives (politically and economically viable independence, or integration into another political community, e.g. Northern Ireland and the Irish Republic), regional demands can typically be ignored. In Spain, the absence of such an alternative seems to keep Madrid from entering negotiations about a different political relationship between Catalonia and Spain – this absence is due not least to constitutional rigidity, mutual economic dependence and the European Union, where the existing nation-states remain the gatekeepers (Griffiths et al. 2015).

Three implications follow from these reflections. First, our framework implies that the center is willing to grant concessions only when it is dependent on a periphery, which is culturally distinct, and when that periphery has a credible exit threat. Yet a *non-dependent* center rarely if ever offers concessions to the periphery regardless of the periphery's ability to exit, as the case of Czechoslovakia suggests (Basta and Bustikova 2016). Second, and as just discussed in the case of Catalonia, when the periphery has no credible exit option, however pronounced the center's dependence, concessions are also highly unlikely. Thus, if we see a center ignoring a periphery, we *cannot* infer that the center is non-dependent – the center may be very dependent on the periphery, but can safely ignore it when the periphery lacks a credible exit threat. We also *cannot* infer that the periphery lacks a credible exit threat – the periphery may have an exit option, but is ignored because the center is non-dependent.

The third situation involves concessions along the lines of the promises made by the leaders of the UK's three main parties in the run-up to the 2014 Scottish independence referendum. Given that polls had indicated a narrow win for the yes-vote, making independence a real (and thus highly credible) possibility, the leaders all vowed to give Scotland "extensive new powers" if it remained within the UK – and all this occurred merely *two days* before the referendum.¹ The federalization of Belgium can also be read as a direct response to increasingly assertive autonomist parties and the development of Flanders into a European economic powerhouse. Whereas the rise of the *Nieuw-Vlaamse Alliantie* increased the credibility of popular support for independence, Wallonia and Belgium as a whole have become ever more dependent on the Flemish economy, reversing the economic hierarchy between North and South (e.g. van Haute and Pilet 2006).

2. The payoffs of vertical bargaining

To formalize our assumptions about these dynamics and enable us to examine different payoffs, we present a game based on Clark et al.'s (2013) interpretation of Hirschman's

¹ "David Cameron, Ed Miliband and Nick Clegg sign joint historic promise which guarantees more devolved powers for Scotland and protection of NHS if we vote No", *The Daily Record*, 15 September 2014, <http://www.dailyrecord.co.uk/news/politics/david-cameron-ed-miliband-nick-4265992> (last accessed: 23 April 2015).

(1970) classic work. We interpret this game in terms of bargaining between a peripheral region and a political center, and for simplification assume that both regions are unitary actors. Scenarios 1 to 5 (Table 1) illustrate this game's moves, which Table 2 summarizes in reduced 2×2 form. Figure 1 shows the game in extensive form. The *choice nodes* are marked by the name of the player making a move at that moment in the game.

The game always starts at the leftmost node (the initial node) with the periphery making a decision about whether to exit, use voice, or remain loyal to the center. If the periphery decides to exit, then the center gets to keep whatever concessions it was considering offering to the periphery if it used its voice option, and the periphery gains the benefits of secession. This is outcome 1 in Table 1. If the periphery remains loyal, then the center also keeps the concession it was considering offering to the periphery, and the periphery gets nothing (outcome 2). If the periphery chooses to use voice, then the center must determine whether, and if so how, to respond. If the center offers concessions to the periphery, then the center must give up these benefits (outcome 3). However, if the center ignores the periphery's voice, then the periphery must again decide whether to remain loyal or to exit. If the periphery remains loyal, then the center keeps the concessions and the periphery gains nothing, but incurs the cost of having used its voice to no avail (outcome 4). Finally, if the periphery chooses to exit, after having had its voice ignored, then the center can keep the concessions, but the periphery gets the benefit of secession in return, minus the cost of having used its voice (outcome 5).

Next are the payoffs to each of these outcomes (Table 1). If the periphery exits, it gets an exit payoff, E . The value of E is determined by the credibility of the periphery's exit option. If the periphery remains loyal, after having had its voice ignored, then it forgoes any possible concessions from the center, and gets 0. The model assumes that asking for concessions (using "voice") is costly in the sense that it requires some effort and could entail negative repercussions – for example, punishment in the form of redistricting or reduced fiscal transfers. The cost that the periphery pays for using voice is called c , where

Table 1: Set-up of the model – scenarios 1 to 5

Scenario	Outcome	Payoff Periphery	Payoff Center
1	Center does not offer concessions and periphery exits	E	1
2	Center offers no concession and periphery is loyal	0	$1 + L$
3	Center offers concessions after periphery bargains	$1 - c$	L
4	Center offers no concessions and periphery asks but gets nothing	$0 - c$	$1 + L$
5	Center offers nothing after periphery asks and periphery exits	$E - c$	1

Note: Under outcome 1, the periphery's payoff is E , indicating that it exited, and the center's payoff is 1 because it kept the concessions for itself. Under outcome 2, the periphery's payoff is 0, because it chose loyalty, and the center's payoff is $1 + L$, since it kept the concessions and a loyal periphery. Under outcome 3, the periphery's payoff is $1 - c$ because the periphery gains the concession but had to pay a cost to get it, and the center's payoff is L from retaining a loyal periphery. Under outcome 4, the periphery's payoff is $0 - c$ because the periphery chose loyalty but only after using voice unsuccessfully. The center's payoff is $1 + L$ because it keeps the concession and retains a loyal periphery. Under the fifth outcome, the periphery's payoff is $E - c$, since it exits after using voice, and the center's payoff is 1 because it keeps the concession. Source: Clark et al. 2013.

Table 2: Summary of the Center-Periphery Bargaining Game

The Periphery (Region)	The Center	
	Is autonomous ($L < 1$)	Is dependent ($L > 1$)
<i>Has credible exit threat</i> ($E > 0$)	Exit, Exit; Ignore(Outcome 1)	<i>Voice, Exit; Respond(Outcome 3)</i>
<i>Has no credible exit threat</i> ($E < 0$)	Loyalty, Loyalty; Ignore (Outcome 2)	Loyalty, Loyalty; Ignore (Outcome 2)

Source: Clark et al. 2013.

$c > 0$. If the center keeps the concession it might have otherwise offered, because the periphery exits, then it receives a positive payoff of 1 (without loss of generality). If the center keeps the concessions, because the periphery chose loyalty, even though its voice was ignored, then it also gets a loyalty payoff L , where $L > 0$. This illustrates the idea that the center places some value on the loyalty of the periphery. It makes governance easier, provides taxes, and endows the rulers with some legitimacy (see Horne et al. 2016). The size of L will vary across center-periphery relations in different parts of the world because some peripheries are more valuable, both in material and symbolic terms. This discussion is summarized in Table 2 (Clark et al. 2013: 54).

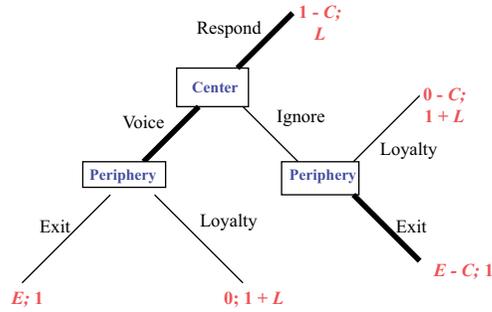
The model assumes that $E < 1 - c$, which simply means that the value the periphery obtains from exiting (E) is less than the benefit it gains from successfully using voice to gain concessions (c). This implies that it is restricted to situations in which concessions can possibly have some effect of stemming the demand to exit. If this assumption were not made, then nothing the center ever offered would make any difference, and the periphery would always choose to exit when granted the opportunity. That would be less politically interesting and arguably less general.

The game is solved using backward induction for the subgame perfect Nash equilibrium. We consider two different values for each of two key parameters – E and L – which results in four versions of the game. In the first version of the game, $E > 0$ and $L > 1$, which means that the periphery has a credible exit threat and the center is dependent on the periphery. Starting with the last decision, and working backward, the periphery decides whether to exit or to remain loyal. If the periphery chooses to exit, then it receives a payoff of $E - c$. If the periphery remains loyal, it receives a payoff of $0 - c$. Clearly, the choice depends on whether $E > 0$. The assumption that $E > 0$ implies that the periphery has a credible exit threat. Since $E - c > 0 - c$, the periphery chooses to exit rather than remain loyal. This branch is bold in the game tree for Scenario 1, indicating that it is a sub-game perfect equilibrium (Figure 1).

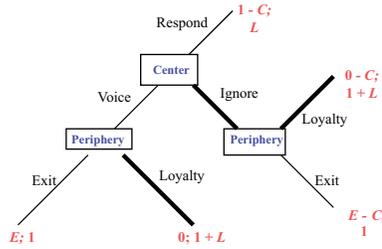
Moving backward in the tree, the center has to decide whether to offer concessions to the periphery or to ignore its requests. If it offers concessions, it receives a payoff of L . If it ignores the periphery, then it knows the periphery will exit, since it looks down the game tree, and thus the center will receive a payoff of 1. The choice clearly depends on whether $L > 1$. When $L > 1$, we interpret this to mean that the center is dependent on the periphery. Finally, we move backward and arrive at the first node. The periphery here chooses whether to exit, remain loyal, or use voice. If the periphery chooses exit, it receives a payoff of E . If it remains loyal, then it gets a payoff of 0. If it chooses to use voice, then it will receive a payoff of $1 - c$, since the center will offer concessions in

Figure 1: A game-theoretic model for vertical bargaining [Colour figure can be viewed at wiley onlinelibrary.com]

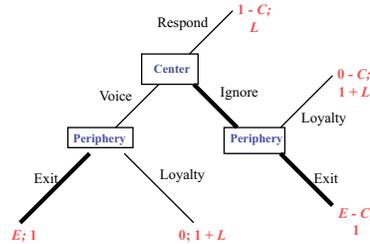
Scenario 1 (Voice, Exit; Respond): The Periphery has a credible exit threat ($E > 0$) and the Center is dependent ($L > 1$)



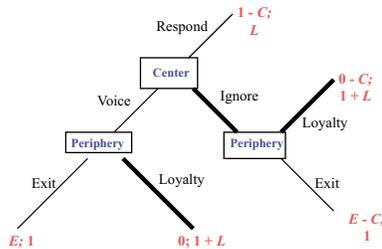
Scenario 2 (Loyal, Loyal; Ignore): The Periphery Has No Credible Exit Threat ($E < 0$) and the Center Is Dependent ($L > 1$)



Scenario 3 (Exit, Exit; Ignore): The Periphery Has Credible Exit Threat ($E > 0$) and the Center Is Autonomous ($L < 1$)



Scenario 4 (Loyal, Loyal; Ignore): Periphery Has No Credible Exit Threat ($E < 0$) and the Center Is Autonomous ($L < 1$)



Source: Clark et al. (2013). Actors' names have been modified for this application.

anticipation of its ability to exit. This result depends on two key assumptions about the value of parameters that we relax in scenarios 2 – 4, namely that $E > 0$ (the periphery has a credible exit threat) and that $L > 1$ (the center is dependent on the periphery). Given this, the periphery will choose to use voice and obtain a payoff of $1 - c$, over exiting with a payoff of E , or remaining loyal with a payoff of 0 .

Thus, on the basis of this model of center-periphery bargaining, we can infer that the center will grant concessions to a distinctive region under two conditions only: the periphery must have a *credible* exit threat and the center must be *dependent* on the periphery. In turn, an *autonomous* center will never offer concessions to the periphery, no matter the threat's credibility, and a center's dependence is irrelevant for its willingness to offer concessions when the periphery has *no* credible exit option. The next section briefly exemplifies these conditions and dynamics, which are further elaborated in Clark et al. (forthcoming), applied to a less well-known case – the Swiss Jura – before we turn to the contributions from other parts of the democratic world.

3. The case of the Bernese Jura

To illustrate how this model might be applied and to illuminate a concrete case of center-periphery bargaining dynamics, we present an original study on territorial change in Switzerland, a stable, prosperous and democratic federation. In fact, Switzerland is so stable that our study concerns the *only* territorial change to Switzerland's political structure since 1848: the creation of the canton of Jura in the 1970s and its aftermath (Jenkins 1986; Linder 2010, 28-30).

A French-speaking and predominantly Catholic area, and a French *département* for almost two decades, the territory was attached to the German-speaking and predominantly Protestant Canton of Berne at the Congress of Vienna in 1815 (Mueller 2013). The incorporation progressed slowly but steadily, with only minor nationalist protest at the turn of the 20th century (cf. Bassand 1975, Jenkins 1986, Pichard 2004). However, after World War II, with the growing role of the state in providing social welfare, and access to education and economic development, neglect was added to linguistic and religious discrimination on the list of peripheral grievances.² By 1970, secessionist pressure and violence had become so great that the Bernese constitution was amended to include a reference to the *peuple Jurassien*; to grant the periphery one out of seven executive seats; and to allow the holding of an independence referendum (APS 1970). That vote was held in June 1974, with district- and local-level votes in the following year (APS 1974-5). It eventually led to the split of the region and the separation of the largely Catholic North, which as of 1979 formed its own canton: *Jura Canton*. However, the largely Protestant South remained part of the Canton of Berne and came to be known as *Bernese Jura* or *Jura Bernois*, since it is predominantly French-speaking, although Protestant.

After further pressure and agitation from the Jura Canton and secessionists within the Bernese Jura (cf. Mueller 2013 for a timeline), both cantonal governments agreed to schedule a second vote for November 2013. The referendum was held both in Jura Canton and the Bernese Jura on the same day. It asked voters whether they wanted to start a process whereby the two territories would be united into a single canton. However, a large majority within the Bernese Jura re-affirmed its place within Berne, whereas an equally large majority within Jura Canton was willing to unite (Siroky et al. 2015). What is

² For a recent treatment of grievances as a motivation for ethnic collective action, see Cederman et al. 2013.

interesting for our purposes here is that shortly before that vote, in September 2013, the government of Berne promised to increase the political power of the Bernese Jura if it chose to remain in Berne (Berne 2013). After the Bernese Jura had said “No” to leaving the Canton of Berne, but with the threat remaining credible in the “border city” of Moutier, the government duly delivered on its promises by presenting a series of specific measures (Berne 2014; IDHEAP & Eco’Diagnostics Forthcoming). Our theoretical framework should be able to assess the extent to which those concessions were indeed granted because the region possessed sufficient bargaining power, stemming from its ability to *credibly* exit and from the center’s³ *dependence* on it. We discuss both of these issues next, before turning to the actual concessions that were granted.

3.1 *Dependence and exit threat credibility*

Although neither the population size of the Bernese Jura nor its economic power is very significant,⁴ Berne is still dependent on retaining the Bernese Jura to preserve its bilingual status among Swiss cantons. This status enables it to play a brokerage role, thereby filling a structural hole in Swiss politics (Burt 1992), and directly contributes to its influence among the other Swiss cantons. Most of the 26 cantons are in fact monolingual, even though Switzerland is a quadrilingual entity. Only the cantons of Berne, Fribourg and Valais are bilingual, and Grisons is trilingual (Stojanovic 2008). The other 22 cantons are monolingual. The city of Berne is also both the capital of the canton and the capital of Switzerland (the latter is due in good measure to its bilingualism; cf. Haenni 1993, 96). This has allowed it to position itself as a bridge builder between the various linguistic communities of Switzerland, and has attracted financial investments to Berne.⁵

Indeed, in the immediate build-up to the November 2013 vote, the government of Berne strongly emphasized its bilingualism and promised to build on this strength in the aftermath (Berne 2013 and 2014). Bilingualism is also an important asset for Berne with regard to policy cooperation involving other cantons in the areas of police, education, environment protection, or transport.⁶ The cantonal education ministers, for example, convene in two separate forums, the Conference of German-speaking Education Ministers (D-EDK) and the *Conférence intercantonale de l’instruction publique de la Suisse romande et du Tessin* (CIIP).⁷ However, Berne is a member of *both* bodies, further facilitating its role as bridge builder between the French-speaking West and the German-speaking East in an important regional policy domain.

Turning to the credibility of the exit threat, it is clear that the precedent of the 1970s (the creation of Jura Canton) made the scenario of the Bernese Jura voting to leave quite

³ After 1979, the model could also be interpreted as bargaining between the Bernese Jura and the capital of the new Jura canton, Delémont, but for reasons of simplicity we focus on bargaining between the periphery and one center only.

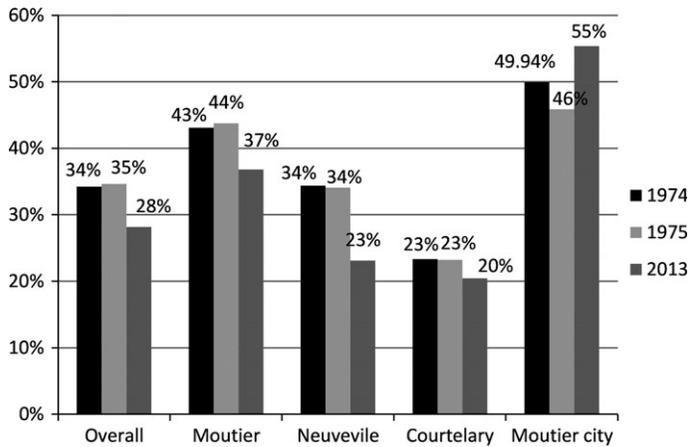
⁴ With 53,000 inhabitants at the end of 2015, the Bernese Jura comprises a mere 5.3% of Berne’s total population. Economically, its per capita GDP of 60,000 CHF in 2015 stands at 79% of the Bernese average (76,000 CHF); data from Statistik Bern, at <http://www.be.ch/statistik> (last accessed 26 September 2016).

⁵ Cf. <https://www.hauptstadtregion.ch/fr/themes/developpement-economique-et-territorial/> (last consulted 26 September 2016).

⁶ E.g. through the Conference of Governments of Western Switzerland, of which Berne is a member alongside all six exclusively or predominantly French-speaking cantons, cf. <http://www.cgso.ch/fr/index.html> (last consulted 26 September 2016).

⁷ Cf. <http://www.edk.ch/dyn/13326.php> (last consulted 26 September 2016).

Figure 2: Share of the voters in favor of leaving Berne Canton



Source: Voting registry of Canton Berne. The percentages of valid votes in favor of leaving canton Berne are displayed for the overall region, by district, and separately for the city of Moutier.

realistic. Although the overall result had been clear in the 1970s, with 35% of today's Bernese Jura voting to leave Berne, the result was extremely tight in the city of Moutier, the region's capital, where 49.94% voted to exit in 1974 (Figure 2).⁸ The particularly close race in Moutier has contributed to maintaining the credibility of the exit option – if not for all of Bernese Jura, then at least for key municipalities within it.

Moreover, a survey published on 29 October,⁹ in the run-up to November 2013, reported that 60% in the Bernese Jura were against launching the merger process, 9% remained undecided and 3% gave no answer (Demoscope 2013, 3). However, a majority of 57% within Moutier city was reported to be in favor of leaving Berne (ibid.). Another poll published on 5 November¹⁰ showed only 55% of voters in the Bernese Jura to be against launching the merger process with Jura canton, with 7% still undecided (MIS 2013, 10). At the same time, in Moutier city, 62% were now declared to be in favor of leaving Berne (ibid. 11-12). Hence, although the negative result of 1974/5 seemed likely to be reaffirmed, uncertainty about the outcome remained, and thus the credible of exiting persisted, which leads us to look at the concessions that the center offered in more detail.

3.2 Concessions

The linguistic distinctiveness of the periphery, the center's political dependence on it for its bilingual status, and the periphery's credible exit option have led to various concessions over time. These were granted or promised by Berne at five stages: prior to the departure of (Northern) Jura in 1974/5, shortly thereafter, between 1993 and 2004, before the 2013 vote, and most recently in February, 2015.

⁸ However, in the all-decisive third round at the municipality level, in September 1975, "only" 46% voted to leave.

⁹ *Bieler Tagblatt*, p. 1 and 9.

¹⁰ In, amongst others, *Le Quotidien Jurassien*, pp. 1-3, *Le Matin* and *Le Temps*.

1. *Pre-1974/5*. Concessions before the 1974/5 referenda include the recognition in the cantonal constitution of Berne of the *peuple Jurassien* (Arts. 1 and 2), the guarantee that the French-speaking minority had two of nine cantonal government ministers (Art. 33), and the formal equality of both French and German as cantonal state languages (Art. 17; all introduced in October 1950; cf. Pichard 2004).¹¹ When the exit threat was at its highest, the center offered the greatest concessions.
2. *Post-1975*. After the departure of the North into the new Jura canton, the remaining French-speaking community in Berne saw its privileges significantly curtailed. It now only had one instead of two guaranteed seats in the cantonal government,¹² the recognition of the *peuple Jurassien* was revoked from the cantonal constitution, and French was downgraded from second cantonal state language to one confined to Bernese Jura and the city of Biel only (Haenni 1993, 72). In exchange, the *Fédération des communes du Jura Bernois* (FJB) was created in 1977 to ensure both policy cooperation among the remaining municipalities in the Bernese Jura with regard to culture and language and to provide for a platform to discuss cantonal bills with regional implications (Weibel 1990, 155-6). But the FJB was a politically weak and inefficacious organ. Since the Bernese Jura had explicitly voted *against* leaving Berne, the credibility of its exit threat had all but vanished: if its population so clearly wanted to stay anyway, the government in Berne may have reasoned, why extend concessions?
3. *1993–2004*. The status quo held until a report commissioned by the government of Berne on the status of the French-speaking Bernese found there was inadequate political and administrative representation, and attested to widespread feelings in the Bernese Jura of being “bullied by Jura, but neglected by Berne” (Haenni 1993, 62 and 66-69). The report recommended “progressive regional autonomy” as the best way to alleviate the malaise (Haenni 1993, 153). Thus a new *Regional Council* was installed in 1994 to increase the self-governing capacity of the Bernese Jura (Gilg 2011), replacing the FJB and re-uniting all the cantonal MPs from the Bernese Jura plus the regional prefects (representatives of the cantonal government). The new cantonal constitution of 1993 also re-introduced the bilingual status of French for the whole canton (Art. 6), granted the Bernese Jura 12 out of 160 seats in the cantonal parliament (Art. 73.3) and allowed for “a special position” to be accorded institutionally to the Bernese Jura (Art. 5 and Haenni 1993, 72).
4. *2004–2013*: That special position was realized in 2004 through a new regional body, this time elected directly and separately from the cantonal MPs, and dubbed *Conseil du Jura Bernois* (CJB). The CJB – a regional parliament in all but name – was given decision-making power in culture and sports and vertical participatory and horizontal coordination rights.¹³ This renewed attention given to the Bernese Jura can be understood as a response to the re-emergence of the Bernese Jura’s exit option to form one larger Jurassian canton (AIJ 2009, 29-30; cf. also Widmer 1993, 34-35). The 24 members of the CJB first assumed office in 2006 and, in the buildup to the 2013 vote,

¹¹ The text of the cantonal constitution of 1893 and its various modifications can be found here: <http://www.verfassungen.de/ch/Berne/verf93-i.htm> (last accessed 20 August 2014).

¹² The number of cabinet members was reduced to seven in September 1989, but the one Jura Bernese seat has remained guaranteed until today.

¹³ Cf. *Loi le statut particulier du Jura Bernois et sur la minorité francophone du district bilingue de Bienne*, of 13 September 2004, at <https://www.belex.sites.be.ch/frontend/versions/20?locale=fr> and <http://www.conseildujurabernois.ch> (both last consulted 26 September 2016).

further negotiations took place between representatives of the CJB and the Government of Berne to increase the autonomous decision-making powers of the CJB. While the CJB affirmed its support for remaining with Berne, it nevertheless demanded an upgrade to its regional power status (Berne 2014). With the referendum only months away, in September 2013, the government of Berne promised to deliver on several demands (Berne 2013).

5. *Post-2013*. After the Bernese Jura resoundingly rejected leaving the Berne canton, this time even more clearly than in 1974 (cf. Figure 2), one might have expected the center to renege on its promises, or even to revoke some of its earlier concessions. Yet, despite the aggregate numbers, the credibility of exit was maintained because Moutier city had voted, for the first time ever, *in favor* of leaving – and this time, *any* single municipality was allowed to vote anew on whether it wanted to leave Berne canton or not. Thus, in February 2015, the Bernese government organized a large press conference and presented its 90-page report on how to further “develop the particular status of the Bernese Jura and cantonal bilingualism” (Berne 2014, *Le Matin* of 20 February 2015). Its main proposal was to strengthen the rights of the CJB, namely through a veto on legislation with regional impact and more spending discretion on cultural subsidies.

In sum, the most far-reaching concessions were offered between 1950 and 1970, when the cantonal constitution was reformed and the basis for the 1974 referendum was established. But some of these concessions were revoked after 1975, when the exit option for the remaining Bernese Jura had all but vanished. Before 2013, the credibility of the Bernese Jura leaving was lower than previously, but persisted due to the historical precedent of the North having left and successfully created its own canton. Even if, eventually, the loyalist vote in the Bernese Jura in 2013 further reduced the credibility of Bernese Jura’s exit, the victory in the city of Moutier – the regional capital – sustained a credible exit option for a select group of municipalities. This explains why Berne still promised concessions before the 2013 vote and delivered on them in February 2015. The final vote in Moutier on joining Jura or staying with Berne is set for 18 June 2017 (IDHEAP & Eco’Diagnostics 2016; Rüttsche 2016). To the extent that the vote in 2013 in Moutier predicts the vote in 2015, then the model would lead us to expect that Berne should offer sufficient concessions to Moutier to keep it from exiting, if and only if Berne is dependent on Moutier. Since arguably Berne’s bilingual status would be preserved if only Moutier left to join the Canton of Jura, the exit threat is insufficiently credible to generate concessions of any significance. As a result, the model predicts few if any concessions to Moutier, regardless of whether it votes to remain in Berne.

4. Discussion and Conclusion

Our brief discussion of the Bernese Jura as a linguistically distinctive region shows that peripheries are only able to extract political concessions when the center is dependent on them *and* they have a credible exit option. Similarly, when the last opinion polls prior to the September 2014 referendum on the secession of Scotland from the UK indicated that the vote was too close to call – suddenly making Scotland’s exit very credible – all three major British political parties “vowed” to offer substantially greater powers to Scotland if it remained within the Union.

The difference between these two examples is of course that Scotland was voting on outright independence, whereas the Bernese Jura was voting on a “mere” change of canton

within the Swiss federation. However, the border between “external” and “internal” secession is arguably less clear-cut than one might suppose, given that even Scotland had the intention of keeping the Pound Sterling, the Queen and the UK army, and rejoining the European Union, whereas in Switzerland cantons autonomously decide on a whole range of issues, from law and order to education and welfare provisions. More generally, the issue is about increased self-rule (recognition, autonomy and resources) and/or shared rule (access to higher levels of decision-making and veto-rights). A key result of this bargaining game thus seems to be that a center that attends to the demands of a periphery by granting concessions can gain legitimacy over time (Ferwerda and Miller 2014; Hechter 2013; Lawrence 2013). In this way, the center’s concessions help mitigate the demand for peripheral separatism (Anderson 2014; Hechter 2000), just as retracting concessions can exacerbate the demand (Siroky and Cuffe 2015).

To conclude, we have presented a model of vertical center-periphery bargaining and argued that the center grants concessions only when the periphery has a credible exit threat *and* the center is somehow dependent on that periphery (cf. Ker-Lindsay 2014). All the contributions to this special issue flesh out this basic model. They do so by either assessing its external validity against other empirical cases and unpacking the nature of dependence and credible exit threats (Czechoslovakia: Basta & Bustikova 2016; India: Swenden 2016; Bosnia-Herzegovina: Zdeb 2016); specifying one or several of its causal mechanisms, namely the legitimacy of native vs. alien rule (Horne et al. 2016), the framing of territorial issues by political parties in Turkey (Röth et al. 2016) and economic voting in the German *Länder* (Thorlakson 2016); extending it to non-territorial forms of autonomy (in the US: Kincaid 2016); and contextualizing its institutional properties in a wider set of cases (Anderson and Costa 2016). Taken together, this special issue on center-periphery bargaining in the age of democracy thus contributes to the literatures on nationalism, democracy and federalism and helps to reveal the conditions for, and form of, successful territorial power-sharing more broadly.

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