

Euroscepticism and inequality in the European Union: the two sides of the same coin

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1. THE NEW LANDSCAPE OF THE DEVELOPMENT MAP IN THE EUROPEAN UNION

Economic and social inequalities have been a longstanding issue in the European Union. The Treaty of Rome (Article 2) paid particular attention to the creation of a unified Europe with harmonious development, *un développement harmonieux*. Cohesion policy, the flagship policy of the European Union, has played a pivotal role in the process of the European integration.

Results regarding the impact of cohesion policy on convergence are far from unambiguous. While the majority of studies agree that there had been signs of regional convergence during the 1990s, albeit highly heterogeneous, its duration and strength gradually waned, and stabilized in 2000, before it became a clear trend of divergence and increasing inequality thereafter.

The year 2008 signifies a turning point. The sluggish convergence of the 1990s and early years of the 2000s, turned out to a complete reversal, leading to growing gaps and highly polarized development between a more prosperous geographical 'corridor' spanning across the Southern regions of Sweden, up to the Northern regions of Italy, on the one hand, and the rest of Europe, on the other. A clear centre-periphery model was emerging with the notable exceptions of the Capital cities and large agglomerations in the periphery.

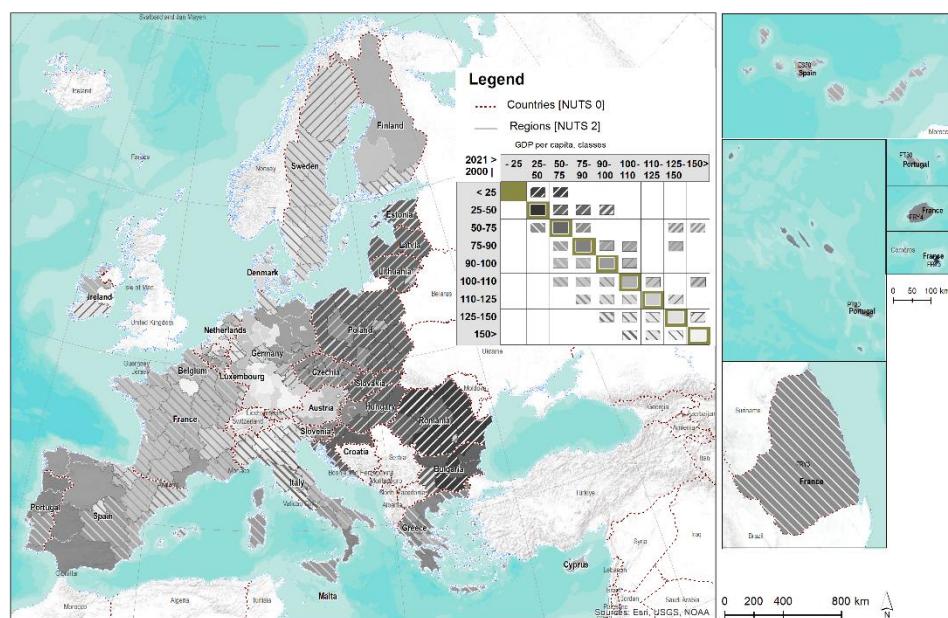
The economic crisis of 2008 ushered European Union into an era of sequential and overlapping crises. Arguably, the inequality trends had been exacerbated by the sequential and overlapping crises that followed the economic recession. The pandemic took a heavy toll on the economies across the globe; however, the costs were not shared equally geographically and socially. Especially for Europe, the emerging map shows a more divided, highly polarized and more urbanized European landscape.

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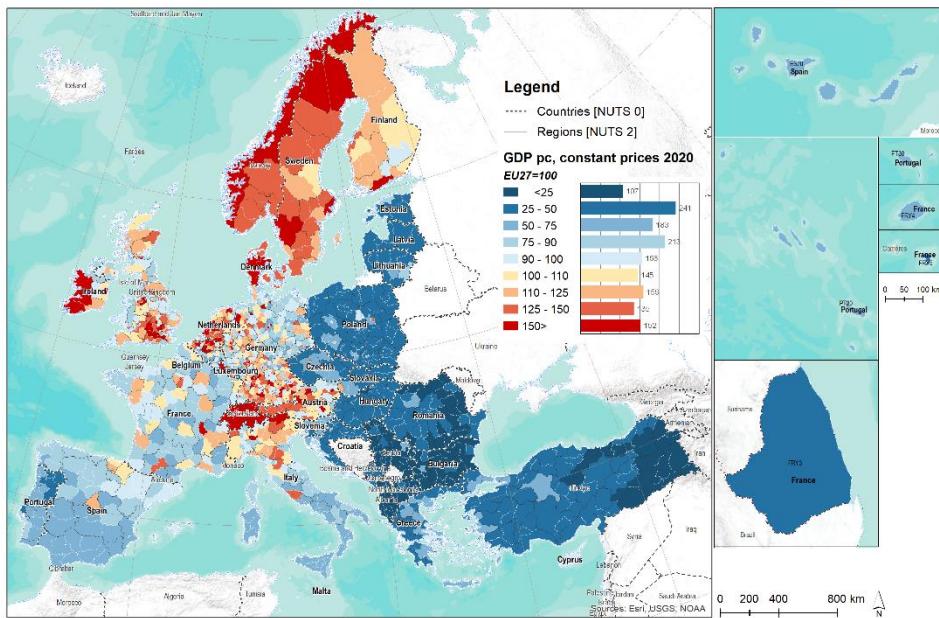
Figure 1 presents the changes in the relative position of the NUTS 2 regions in the development map of the European Union during the period 2000-2021. This period starts from the year of the economic crisis and includes 2020 and 2021, the first years of the pandemic. Results show that while there is relative stability of the core regions in the development map of Europe, there is a decline in the relative position of regions belonging to the middle-income cases, in 90-100 and 100-120 deciles. The large percentage of these changes, especially in the middle positions in the development ranking, lost ground and fell into brackets of lower scale development (see the left part of the horizontal line). The only exceptions are some 'dots' in the map of the Central East European Union countries, representing areas with higher levels of economic development, namely the capital cities and large urban agglomerations. The convergence of the Central and East European countries to the EU has been achieved with a cost on increasing interregional inequalities.

Figure 1. Transition Matrix results in the relative ranking of EU regions based on GDP per capita in PPS 2000-2021 (NUTS 2 regions, EU-27 = 100)



Source: Eurostat (own elaboration).

Moving on, Figure 2 shows that since the pandemic, the pattern of development has remained relatively stable with the pattern of the core regions in the European 'corridor' and the development gaps either in the western part of the 'corridor' and the even more severe gaps in the eastern part of the 'corridor'. This has become the standard/dominant feature of the development map of Europe. Some exceptions to this rule are the capital cities and the metropolitan areas on both sides of the European 'corridor' which act as magnets within the national context leading to the 'double' peripheralization of regions outside the capital cities and metropolitan areas; one within the European Union and another in the national context (Iammarino, Rodriguez-Pose, & Storper 2019; MacKinnon, Béal, & Leibert 2024).

Figure 2. GDP per capita at NUTS 3 EU regions 2024

Source: Eurostat (own elaboration).

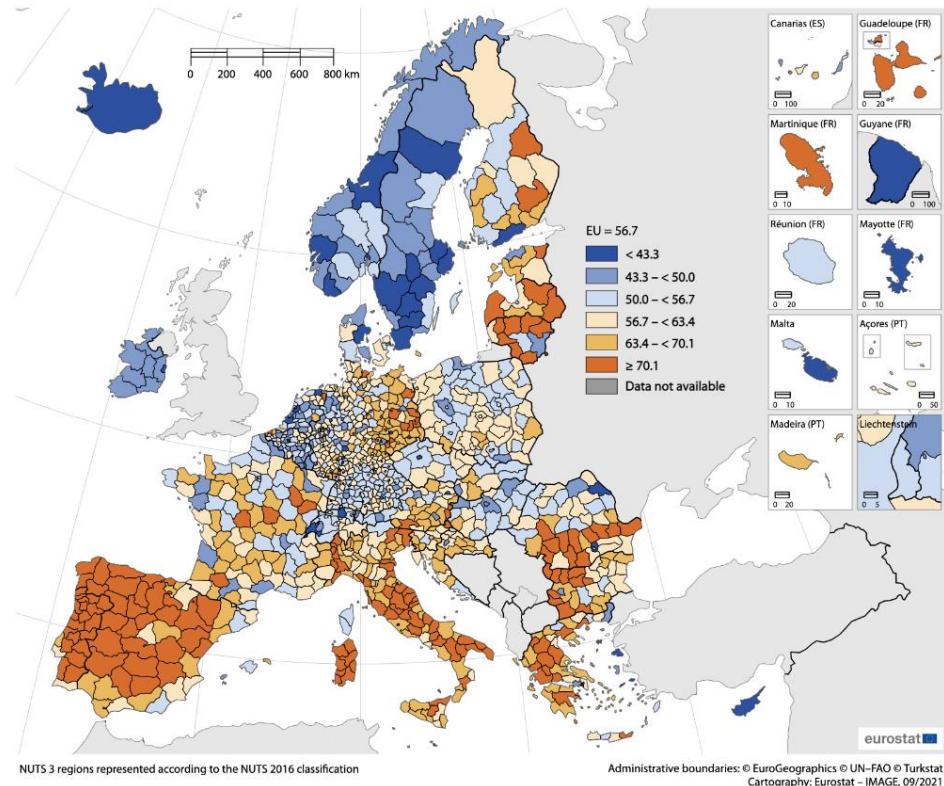
To sum up, the dominance of the metropolitan areas denotes another peripherality within the countries lagging behind. As a result, an increasing number of regions are suffering from a “double peripherality”; peripherality within the European Union and peripherality within the individual countries.

2. DEPOPULATION AND POPULATION AGEING

The population decline and the asymmetries in this decline across EU regions has become a very severe problem for the countries, the people and specific territories. In addition, the ageing of the population of the EU is harming the intergenerational stability of the pension system and putting the welfare conditions and health care systems for the most vulnerable segments of population across the EU at risk.

The ageing of the population and population decline, along with the brain-drain migration, especially of the young and the most educated people, is undermining the future prospects and the development potential of the regions that suffer from this problem. Even more, this process is causing severe disruptions in family relations and connections with localities, eroding local and family bonds and diminishing the social capital.

The shrinking population and ageing have resulted in a significant increase in loneliness and people living alone. These issues require specific attention from the cohesion policy and national states in order to sustain a decent living conditions and quality of life for the people across all the regions and localities.

Figure 3. Mapping population decline in NUTS 3 EU regions 2024

Source: Eurostat.

3. THE GEOGRAPHY OF EUROSCEPTICISM AND EU DISCONTENT

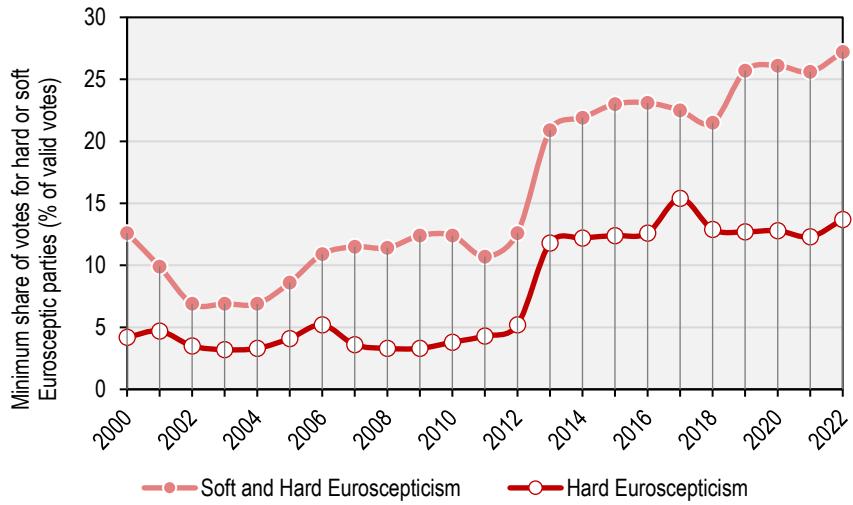
The geography of Euroscepticism and discontent is closely connected with the geography of inequality. The intensity of discontent and the anti-systemic voting is firmly related to the areas and people that feel that they are 'left behind' (Pike et al 2024; Rodríguez-Pose, Dijkstra, & Poelman 2023; Rodríguez-Pose, 2018).

Figures 4 and 5 show the evolution of Euroscepticism and the mapping of votes in favor of the Eurosceptic parties. These figures show that Euroscepticism is increasing and that the geographical pattern in favor of Eurosceptic parties is highly consistent with the geographical pattern of development and inequality.

Figure 5 clearly indicates that the pattern of discontent is highly related to the areas lagging in terms of economic development (figure 2) and those suffering in terms of population decline (figure 3).

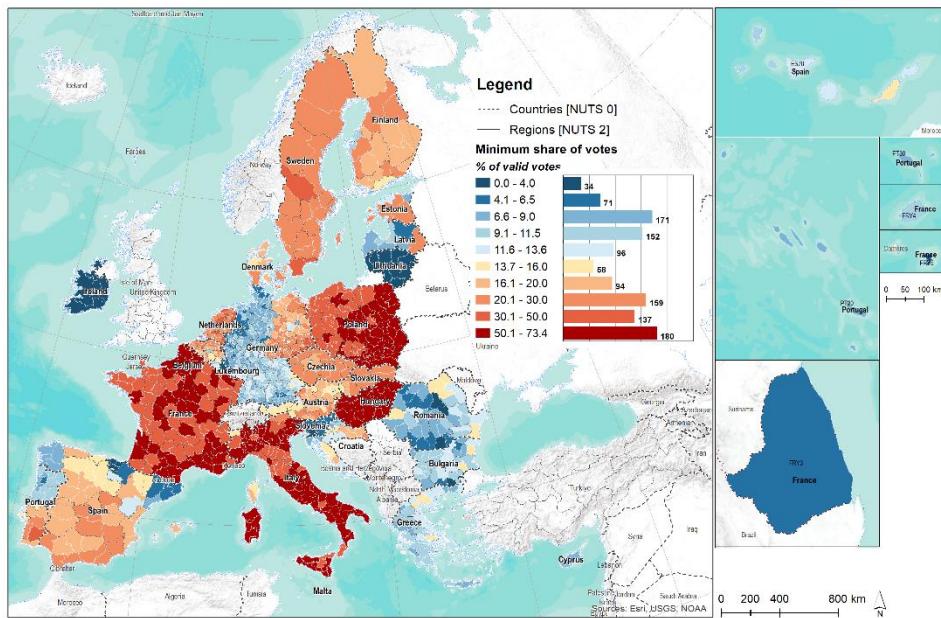
The growing economic and social inequality increased further as a consequence of the severe and overlapping crises (Pscharis, Tselios, and Pantazis 2023; Pscharis, Tselios, and Pantazis 2024). Discontent, populism and Euroscepticism could not only undermine European integration but, these trends could undermine democracy (Dijkstra, Poelman & Rodríguez-Pose 2024).

Figure 4. Soft and hard Euroscepticism: Votes for parties opposed to EU integration in the EU-27, national elections 2000-2022



Source: Adapted from Rodríguez-Pose et al. (2024).

Figure 5. The geography of EU Euroscepticism and discontent: Votes for Eurosceptic parties, 2018-22.



Source: Adapted from Rodríguez-Pose et al. (2024).

The intensity of discontent and the anti-systemic voting is firmly related to the areas and people that feel that they are 'left behind'.

Therefore, cohesion policy is today even more necessary in order to play a more active role in support of the less well-off regions and localities and the most deprived groups of citizens. A cohesion policy which is more active, inclusive and closer to people and territories will be the most effective way to ameliorate inequalities, improve living conditions and reverse discontent and Euroscepticism.

4. EMERGING DIRECTIONS OF COHESION POLICY BEYOND 2027

On 18 September 2025, the amending Regulations (EU) 2021/1058 and (EU) 2021/1056 as regards specific measures to address strategic challenges in the context of the mid-term review were released. The reasoning for the amendments was based on the new challenges among which geopolitical dynamics stand out.

During the next programming period 2028-2034 there are new emerging challenges. These challenges have been described in the amendments of the mid-term evaluation of the programming period 2021-2027. These amendments have primarily to do with the geopolitical environment.

More precisely quoting the Mid-term review: *"In light of the unprecedented geopolitical instability and the need for the Union to ensure its own defence and civil preparedness, cohesion policy funding should be swiftly mobilised to directly support investments in defence capabilities and civil security. It is therefore necessary to create new specific objectives for support from the ERDF and the Cohesion Fund to finance industrial capacities in the defence sector and to allow for investments in resilient defence or dual-use infrastructure, with a view to fostering military mobility and enhancing civil preparedness including cyber and civil security that are not necessarily related to mobility, in line with the scope of those funds and the 'do no significant harm' principle and in cooperation with regional and local authorities."* Regulation (EU) 2025/1914 (art. 6).

The mid-term evaluation clearly states that to address "geopolitical instability and the need for the Union to ensure its own defence and civil preparedness, cohesion policy funding should be swiftly mobilised to directly support investments in defence capabilities and civil security" ... to allow for investments in resilient defence or dual-use infrastructure. In addition, it should be possible to support civil preparedness as part of territorial and local development strategies. Industrial capacities to foster defence capabilities should relate to the technological development and production of defence products and other products for defence purposes" (article 6).

(1) Therefore, cohesion policy should prioritize the defence industry's dual use defence infrastructure. Quoting the exact expression, it is stated that: *"In the allocation and implementation of cohesion policy resources directed towards defence-related objectives, Member States should prioritise projects that promote employment, skills development and industrial diversification at regional level".* *"Investments in upgrading transport networks to meet military requirements also deliver significant benefits for civilian mobility, economic connectivity and crisis response capacities within the Union."*

(2) Housing

Housing has been another area of policy intervention. The evaluation report denotes that: *"Affordable and sustainable housing is another challenge that has come to the forefront due to the significant increase in prices and rents in recent years. Disadvantaged groups and low and middle-income families are particularly affected and face more difficulties in accessing housing and face a growing risk of homelessness".*

(3) Water

Natural resources and especially water management and sustainable water use have also been given prominent attention by cohesion policy.

"Water plays a vital role as a resource for the security of food, energy and economic systems. Its role as a resource is also a key aspect of ensuring climate resilience. Given the challenges posed by the impact of climate change on water resources, further investments in water resilience should be encouraged. The implementation of water and marine protection legislation should be enhanced, water efficiency should be improved, water scarcity should be addressed, and progress towards a water-resilient Europe should be made. These measures are required urgently. Their implementation requires significant investments in water reuse for non-agricultural purposes, blue biotechnology, infrastructure for addressing water stress and drought prevention, the deployment of nature-based solutions, the ecological restoration of freshwater ecosystems, and the improvement of wastewater treatment".

5. PROPOSALS

What should cohesion policy do in order to tackle the challenges that the EU is facing today? What can we do in order to solve problems and further promote integration?

One important issue is related to the new consensus over the EU Budget. For the next programming period, it is essential to keep the budget, and especially cohesion policy funds, at least at a level equal to that of the current period.

The enhancement of EU Budget with new own resources along with common borrowing by issuing bonds would be a possible way of settling the EU Budget financial sustainability for the next programming period 2028-2024. A strategic issue would be to enhance to provision of EU public goods.

Cohesion policy funds should remain at least constant. Cohesion funds could not be compensated for by the increasing defense spending.

The second intervention is related to the amendment of the Stability and Growth Pact (SGP) and the Treaty on Stability, Coordination and Governance (fiscal compact). A recent guidelines report of the European Commission (8/3/2024) proposes an agreement that the 3% and 60% of GDP reference values for the deficit and the debt respectively should remain unchanged. However, while the ceiling could stay as it is, it would be important to exclude the national contribution to the EU financed project for the estimation of deficit. These amendments will provide more fiscal space for public investment and at the same time correct the imbalances that are caused by military expenditures, particularly for countries which are obliged to maintain a high level in their security forces.

The third issue is related to the need to bring cohesion policy closer to the citizens and localities, especially those that have been left behind. Higher involvement of people and localities, a multilevel approach to policy design and implementation and higher support of bottom-up policies could trigger a higher involvement of people, increase the visibility and acceptance of the cohesion policy as well as its efficiency, coherence, and inclusiveness.

In summary, in turbulent times, cohesion policy could be the catalyst for the promotion of resilience and inclusiveness for all people across localities and the driving force towards greater EU integration.

Place-based and people-targeted policies are necessary to promote regional, territorial and social cohesion and to ensure that no more territories or people are left behind in order to further EU Integration.

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