

# European Union Cohesion Policy and Euroscepticism: A Literature Review

**Dana Kubenkova**

*Economic University of Bratislava, Department of Public Administration and Regional Development, Slovakia,  
dana.kubenkova@euba.sk*

**ABSTRACT:** The aim of this article is to provide a consolidated overview of existing knowledge on the relationship between European Union Cohesion Policy and voter support for Eurosceptic political parties, identify gaps in research, and suggest recommendations for further studies. The literature review is conceived from the perspective of regional economics and politics. Our analysis will investigate whether the increased levels of investments in creating jobs, enhancing human capital, promoting innovation, improving the quality of life, infrastructure, environment, and other attributes through the European Union Cohesion policy have resulted in a decline in support of voters for Eurosceptic political parties. Furthermore, we will examine whether these investments have no effect in this context or have actually contributed to increasing such support. Our literature review will be limited to studies that have examined this issue at the regional level of current or former European Union member states and which are based on the disciplines of regional economics and politics.

**KEYWORDS:** Euroscepticism, cohesion policy, voter support, populism

## Introduction

Could the EU's cohesion policy have an impact on the attitudes of European citizens towards the processes of European integration? Is there a greater level of support for the European project among citizens who directly benefit from this policy? There are two reasons why we raise these questions at the beginning of this article. Firstly, the cohesion policy is a crucial instrument of the European Union, with a significant portion of its financial resources allocated to less developed regions. As such, we assume that its interventions have a substantial impact on people's daily lives. Secondly, the redistributive nature of the cohesion policy can mitigate socio-economic asymmetries that arise in regions disadvantaged by the European integration process and directly decrease the current level of Eurosceptic threats. Utilitarian economic theory suggests that individuals have a positive view of the European Union if they benefit from the integration process and the various tools of EU policies (Verhaegen, Hooghe, and Quintelier 2014). For the period of 2014-2020, the European Union spent nearly a third of its budget on cohesion policy, which represents approximately €351.8 billion to support job creation, competitiveness of firms, economic growth, sustainable development, and improving the quality of life for inhabitants in regions and cities of the European Union (European Commission 2020). Based on the theory of utilitarianism, we might assume that the investment and effects of EU policy would result in positive attitudes towards the EU among European citizens. However, based on recent events we can assume that there is a growing discontent with the EU and a rise in Euroscepticism among Europeans. This discontent, as argued by several authors (Rodriguez-Pose 2018; Dijkstra et al. 2020), stems from long-term economic decline, regional socio-economic disparities, persistent poverty, and limited opportunities in underdeveloped regions within individual countries. The recent phenomenon of "places that don't matter" seeking revenge, which refers to areas deemed unimportant in the UK, and whose residents voted to leave the EU in the referendum (Rodriguez-Pose 2018), may serve as evidence for these conclusions. Nevertheless, Eurosceptic attitudes are not confined to the UK alone. The mounting conflict between Hungary and the European Union and the increasing voter support for the French movement Marine Le Pen are further examples of the current era of Eurosceptic political parties. While the manifestation of populism and Euroscepticism varies slightly in each country, there are commonalities across all cases. The ascent of populist attitudes could be seen as a sign of

a return to confrontational political leadership and political polarization, where policies become more personalized and leaders play a disproportionately large role, leading to widespread distrust of institutions. The rise of populism and Euroscepticism is concerning because it signifies a rebellion against the liberal principles and institutions that underpin the European Union, according to Muller (2016). The European Commission is actively seeking ways to promote integration and cohesion within the EU. The EU Council has recognized the importance of improving the efficiency and visibility of cohesion policy for European citizens, while the European Parliament views it as a means of combating Euroscepticism and restoring public confidence, as stated by the Council of the European Union in 2017. Our aim is to offer a literature review that concentrates on examining the connection between the EU's cohesion policy and the level of backing from voters for Eurosceptic political parties, based on the assumed correlations.

### **EU Cohesion Policy and Euroscepticism**

The EU is a distinctive integration bloc established to foster an economic and political partnership among its partner member states. Its values, which encompass human dignity, democracy, equality, the rule of law, and the protection of minority human rights, are articulated in Article 2 of the EU Treaty. Moreover, the Treaty emphasizes that these values apply to all member states in a pluralistic, non-discriminatory, tolerant, just, solidary, and gender-equal society (EU Treaty 2012). European integration has long played an important role in strengthening national democracies. In addition to fulfilling its initial commitments to maintaining peace and prosperity, the EU has also created policies aimed at addressing problems that are increasingly difficult for individual national governments to effectively solve in a globalized world. It can be argued that deepening European integration has been beneficial for individual member states of the European Union, but it has also brought unexpected negative effects, which have resulted in deepening regional disparities among individual member countries. The issue was recognized at the Paris Summit in 1972, where the leaders of member states agreed to create the European Regional Development Fund (ERDF) through a formal mandate. The need for the ERDF was driven by expansion pressures, with Ireland and the United Kingdom leading the way, as well as the establishment of the economic and monetary union, which was anticipated to exacerbate regional disparities within member countries. The EU's cohesion policy as we know it today is the European Union's strategy to promote overall harmonious development of its member states and regions. Its aim is to strengthen economic and social cohesion by reducing development gaps between regions through improving conditions in key areas (Dür and Zimmermann 2016). Financial resources from the EU's cohesion policy are provided through the European Structural and Investment Funds (ESIF). These EU cohesion policy funds are implemented through operational programs that focus mainly on research and innovation, digital technologies, support for low-carbon economies, sustainable management of natural resources, and small businesses (European Commission 2020).

As we mentioned in the introduction of our work, the European Union is currently experiencing an interesting paradox. On one hand, the EU has allocated 355.1 billion euros for cohesion policy for the 2014-2020 period through regional policy, which represents one-third of the total EU budget (European Commission 2020). On the other hand, despite the EU's enormous effort towards regional development, we can observe several indications of growing dissatisfaction among European citizens resulting from regional disparities (Rodriguez-Pose 2018). The most extreme expression of such dissatisfaction was perhaps the outcome of the Brexit referendum, with 51.9% of votes in favor of "leaving" the EU. However, dissatisfaction is not limited to Brexit, as evidenced by the results of Eurobarometer surveys, which indicate that nearly 45% of the EU population expresses a certain degree of distrust in European projects. Finally, we can also observe the rise of Euroscepticism through the results of elections

at the regional level, where we see increasing preferences for political parties that are either partially or completely opposed to European integration (Rodriguez-Pose and Dijkstra 2020). Euroscepticism, as one of the possible expressions of dissatisfaction, represents a form of hostile attitude towards the EU and European integration. Leconte (2015) defines Euroscepticism based on a more detailed discussion of the philosophy of skepticism as: *"Eurosceptics are those who call for a closer examination of European integration, believing that support for European integration should not be based on theoretical or normative conviction, but on a practical analysis of costs and benefits, and its respect for individual national differences, whether political, cultural, or normative diversity."* In our work, we define Euroscepticism, based on an expert survey by the University of Chapel Hill<sup>1</sup>, as a group of political positions expressing varying degrees of conditional or absolute opposition to the EU and European integration, with political parties strongly against European integration, against European integration, or only having moderate reservations about European integration. The causes of Euroscepticism, as well as the effectiveness of cohesion policy, are the subject of rich scientific discussions, but we believe that the question of the relationship between EU cohesion policy and voter support for Eurosceptic political parties still receives little attention. In the following section, we will try to summarize important findings of current available research on the relationship between cohesion policy and voter support for Eurosceptic political parties. We will evaluate whether higher levels of investment from EU cohesion policy towards job creation, human capital stimulation, innovation, and improving the quality of citizens' lives have led to a decrease in voter support for Eurosceptic political parties or have been irrelevant, or conversely, have led to increased support for Eurosceptic political parties.

In general, research on EU cohesion policy and voter support for Eurosceptic political parties can be classified into two categories - those that have found a relationship between the two, and those that have not. The publication "Money can't buy EU love: European Funds and the Brexit referendum" by Fidrmuc et al. (2016) suggests that their quantitative analysis found no such relationship. Their study used data from the Brexit referendum, analyzing 382 electoral districts in the UK and the EU's report on funding allocation under the cohesion policy to regions in the UK, as well as variables such as GDP per capita, average hourly wage, employment rate, and migration rate. The results indicated that previous EU investment activities had little to no impact on the referendum outcome, and that cohesion policy had only a small effect on the results. This suggests that regions supported by EU cohesion policy funds did not show stronger pro-European sentiments. Similar results were obtained by Becker et al. (2017), who studied the relationship between cohesion policy and the Brexit referendum results. Their analysis of voting shares and turnout rates in 380 territorial districts in the UK showed that provided EU structural funds have no impact on the decision to remain or not in the EU, despite their initial theoretical prediction that such funds and benefits from EU membership would be important variables.

As previously stated, the second set of studies on this topic uncovered a correlation between EU cohesion policy and the backing of Eurosceptic political parties by voters. However, a closer examination of this group is required, dividing it into subcategories - studies that concentrated on examining the relationship within regions exclusive to one country, and those that incorporated regions from multiple EU member countries into their investigation.

---

<sup>1</sup> The Chapel Hill expert survey is one of the most commonly used sources for determining the attitudes of political parties in individual EU countries. The survey methodology is based on the principle of selecting experts from countries included in the survey, who are tasked with evaluating the attitudes of political parties not only towards European integration, but also towards specific EU policies such as security, foreign, or cohesion policies. The Chapel Hill questionnaire offers experts the opportunity to assess political parties from the perspective of their overall orientation on the question of European integration on a scale from one, which corresponds to the attitudes of political parties expressing strong opposition to European integration, to seven, which expresses a position "for" European integration.

The first subgroup definitely includes the research of authors Bachtrogler and Oberhofer (2018), who examined the relationship between Euroscepticism and cohesion policy in terms of the effectiveness of cohesion policy on voting behavior. They studied this relationship at the micro level. The aim of their research was in response to previous studies that could not determine the relationship or only estimated an ambiguous effect of EU cohesion policy on the voting shares for the possibility of "leaving the EU" in regions of Great Britain. They consider that the main drawback of these studies is that they only take into account the amount of funds paid out, which is insufficient to explain the perception of EU cohesion policy by European citizens. Therefore, they focused on the presidential elections in France in 2017. They created a case study from these elections, which not only takes into account the amount of expenditure from EU cohesion policy funds but also their effects in the target region as potential determinants for pro-European or Eurosceptic voting behavior. The results of their model reveal a statistically significant negative relationship between the effectiveness of EU funding allocation and the share of votes for Eurosceptic candidate Marine Le Pen. They also found a positive relationship between higher regional income, lower unemployment, and votes cast for pro-European candidate Emmanuel Macron. A similar question was addressed by Grescenzi et al. (2020) in their work entitled "It's not about the money. EU funds, local opportunities, and Euroscepticism". They also criticized the authors of previous works for studying too large, aggregated units without attempting to identify causal factors. They also pointed out that different results within these studies may be due to the omission of more significant local factors that mediate the impact of EU funds on EU electoral support. The subject of their research is the question of under what conditions can EU cohesion policy influence support for the EU. They assume that if the basic motive for Eurosceptic preferences by European citizens is economic hardship, then improving economic conditions in regions that are recipients of funds should improve their perception of European integration and therefore minimize Eurosceptic voices. To address these questions, they used a database of the results of the 2016 British referendum at the constituency level, supplemented by information on socio-economic and demographic conditions and labor market conditions. They used Regression Discontinuity Design (RDD) as a quantitative method, with the treatment group being constituencies in West Wales and The Valley, which represent highly funded regions, and the control group consisting of constituencies in East Wales. The RDD analysis suggests that there is no difference between the groups, meaning that highly funded regions do not differ in their support for remaining in the EU compared to regions that received lower levels of funding. On the contrary, voters were more likely to support remaining in the EU only if EU funding was tied to tangible improvements in local labor markets, such as the creation of new jobs and positive socio-economic transformation of regions. Albanese et al. (2019) also identify the relationship between EU cohesion policy and voter support for Eurosceptic political parties in their work. Based on their results, they conclude that financial transfers from EU regional policy to underdeveloped regions in Italy were able to change the political preferences of local citizens, with a significant decrease in voter support for Eurosceptic parties such as Lega and Cinque Stelle.

Regarding the second subgroup, it should be noted that research on the relationship between EU Cohesion Policy and Euroscepticism is relatively recent and involves a larger sample of regions from different EU member states. As a result, only four studies were identified, which will be discussed in greater detail in the following section. The University of Zurich was the first to attempt to determine the causal effect of redistributing EU funds within Cohesion Policy on improving public attitudes towards European integration and political preferences. The authors recognized the limitations of previous studies in establishing causality between EU transfers and attitudes towards the EU, as well as the potential bias in their estimates due to omitted variables not included in their models, creating a reverse causality problem. To address these issues, they developed a new database using data from the European

Social Survey (ESS), political party data, and records of financial transfers from European institutions. The authors found that financial transfers from the EU have reduced the growth of Eurosceptic attitudes in long-term recipient regions. Increasing the transfer to one person in the region by 1000 euros for the period 2000-2014 decreased the share of Eurosceptic individuals by 8 percentage points and voter support for Eurosceptic political parties by 10 percentage points. However, the authors' use of voter preferences from surveys rather than actual election results is a significant disadvantage, and the sample of 98 regions used in the quantitative RDD method is too small from a regional perspective. Similarly, Schraff (2019) followed a similar approach, using data from the ESS along with information on regional financing for 123 EU regions. In his work, he points out that the probability of voting for Eurosceptic political parties increases and is almost highest in regions where EU funds were insufficiently compensated. According to him, cases of insufficient compensation occur in regions with medium income that are cut off from most financial resources due to the targeted approach of regional policies. At the same time, he also highlights the fact that such situations occur even in the poorest regions, as more developed areas are preferred over poor ones in redistributing financial resources.

Henceroth and Oganesyanyan (2019) brought about a change in the existing research by fulfilling the requirement to expand the analysis to include real election outcomes. By utilizing the latest results from the European Parliament elections, the authors aimed to answer the practical question of whether voters in these elections are willing to reward current governments for directing funds towards their regions. Their findings suggest that EU structural and investment funds have increased to the point where they are beginning to play a role akin to macroeconomic variables such as GDP growth and unemployment, which are known to influence voting behavior. The authors conclude that EU cohesion policy spending has a small but growing influence on voters in European Parliament elections. While the use of real election results is commendable, the study has limitations. The authors only examine two program periods of structural and investment funds, each lasting seven years, whereas European Parliament elections take place every five years. As a result, their analysis has a limited number of observations and lacks flexibility. Moreover, their research exclusively focuses on whether voters in regions reward incumbent political parties for providing structural and investment funds.

We consider Rodriguez-Pose and Dijkstra's (2021) article "Does Cohesion policy reduce EU discontent and Euroscepticism?" to be the most comprehensive and current research on the relationship between cohesion policy and support for Eurosceptic political parties. The study addresses several deficiencies in prior research by including 63,000 electoral districts from 27 EU member states, including the United Kingdom, and using a comprehensive database of election results from the included countries to overcome the limitations of previous research that relied on secondary elections to the EP. The authors differentiate between the three EU cohesion policy funds over various program periods and degrees of Euroscepticism adopted by political parties, ranging from strongly against European integration to moderately opposed. To test their research question, the authors use an OLS model supplemented by an instrumental variable to minimize endogeneity problems. Fertility is used as the instrumental variable since the authors argue that it will influence the economic performance of the region, prosperity, and level of EU cohesion support, assuming that geographic differences in fertility do not affect election results. The authors' conclusion is that investments in regional development through EU cohesion policy have led to a reduction in support for all eurosceptic political parties, regardless of the degree of their euroscepticism.

## Discussion

Given the previous section, it can be argued that the relationship between EU cohesion policy and voter support for Eurosceptic political parties remains unclear. The first reason for such a claim is the studies that have been conducted at the regional level of individual countries. Depending on the country selected, a difference in EU support due to the implementation of EU cohesion policy was either found or not found. Differences in the results of individual studies may be due to the chosen quantitative method, as well as other unobserved characteristics. Some studies relied solely on including voter preferences or only results from the European Social Survey, which may not fully reflect reality. Other studies used a small sample of regions, which could lead to insufficient geographic completeness. All these factors could have led to different results in the context of determining the relationship between EU cohesion policy and voter support for Eurosceptic political parties, and the overall picture in this context remains unclear.

Despite the fact that some of the studies we presented have concluded that EU cohesion policy may lead to a decrease in voter support for Eurosceptic political parties, it is necessary to consider whether this relationship is sufficiently strong and reflective of reality. We should not forget about studies that did not identify such a relationship and in fact came to the conclusion of no differences in EU support among citizens, regardless of whether they came from regions that were recipients of higher or lower support from EU cohesion policy funds. The question that arises in this context is: why has EU cohesion policy not been able to stop the growing trend in Eurosceptic voting? Of course, it should be noted that the goal of EU cohesion policy is not to decrease voter support for Eurosceptic political parties. However, as we have already stated in our work, EU cohesion policy can be the best and most viable candidate to combat the growing wave of Euroscepticism, regardless of its stated goal. Just as a reminder, if we assume that the increasing level of dissatisfaction with the EU, along with the growth of Eurosceptic voter voices, is caused by long-term economic and industrial decline in lagging regions, then the investments provided by EU cohesion policy funds could be the solution to this problem. So why can it be, but may not be so? The first and most obvious reason could be the fact that, despite the significant financial resources allocated to lagging regions in EU member states, they may still not provide sufficient compensation to balance out the growing economic and social insecurity. The second factor causing the failure of the EU cohesion policy may be the insufficient or even incorrect estimation of the needs of citizens living in the regions receiving funding. From this perspective, it is possible to view the issue from a human factor, in that citizens of funded regions have unrealistic expectations of the EU cohesion policy and what can be achieved through it, which can significantly contribute to their dissatisfaction with the EU. Another interesting perspective is the level of perception and awareness of EU cohesion policy activities. For example, in the case of the difference between studies conducted on Brexit, where the authors did not identify a relationship between EU cohesion policy and voter support for staying in the EU, despite some regions of Great Britain being recipients of significant investments from EU cohesion policy funds. In comparison to the study by Bachtrögler and Oberhofer (2018), which concluded that the employment growth generated by EU cohesion policy financial resources led to a statistically significant decline in voter support for Eurosceptic candidate Marine Le Pen. The only reason for this difference may be the assumption that French citizens had better awareness and were better informed about the activities and results of EU cohesion policy than British voters, who, despite the implementation of EU cohesion policy, voted to leave the EU. Lastly, it remains to be considered to what extent and whether EU credits are appropriately attributed to the financial resources provided at the national level by individual government officials.

We believe that research on the relationship between EU cohesion policy and Euroscepticism is still in its early stages and there is considerable room for further investigation of this relationship. From our perspective, it would be interesting to link research that attempted

to determine the causal effect of EU cohesion policy on the decline of Eurosceptic support with those that met the requirement of geographic complexity and used a sample of election results from all EU member states. Certain limitations are also found in a closer examination of this relationship in Eastern European countries, which to our best knowledge, has not yet been carried out.

## Conclusions

The aim of this literature review was to provide a consolidated overview of existing knowledge regarding the relationship between EU cohesion policy and voter support for Eurosceptic political parties, to identify research gaps, and to suggest recommendations for further studies. We sought to investigate whether a higher level of investment by EU cohesion policy in creating jobs, improving human capital, innovation, quality of life, infrastructure, environment, and other attributes in recipient regions led to a reduction in voter support for Eurosceptic political parties, or whether it was irrelevant or even stimulated such support. We believe that we have achieved this goal. In the literature review, we provided an overview of current research, focusing exclusively on studies that investigated this issue at the regional level of current or former EU member states and drew from the disciplines of regional policy and economics. We divided the available research into two groups. The first group consists of studies that did not identify a relationship between EU cohesion policy and voter support for Eurosceptic political parties. The second group consists of studies that did identify this relationship and is further subdivided according to whether the authors conducted analyses at the regional level of a specific country or took into account a larger sample consisting of regions from multiple EU member states.

## References

- Albanese, G., Barone, G., & de Blasio, G. 2022. "Populist voting and losers' discontent: Does redistribution matter?" *European Economic Review* 141: 104000.
- Bachtrögl, J., & Oberhofer, H. 2018. "Euroscepticism and EU Cohesion Policy: The impact of micro-level policy effectiveness on voting behavior." WU Vienna University of Economics and Business.
- Becker, S. O., Fetzer, T., & Novy, D. 2017. "Who voted for Brexit? A comprehensive district-level analysis." *Economic Policy* 32(92): 601-650.
- Boldrin, M., & Canova, F. 2001. "Inequality and convergence in Europe's regions: reconsidering European regional policies." *Economic policy* 16(32): 206-253.
- Borin, A., Macchi, E., & Mancini, M. 2021. "EU transfers and euroscepticism: can't buy me love?" *Economic Policy* 36(106): 237-286.
- Cappelen, A., Castellacci, F., Fagerberg, J., & Verspagen, B. 2003. "The impact of EU regional support on growth and convergence in the European Union." *JCMS: Journal of Common Market Studies* 41(4): 621-644.
- Council of the European Union. 2017. "Making Cohesion Policy more effective, relevant and visible to our citizens." [online] [cit. 2021-01-18] Available on: [https://ec.europa.eu/regional\\_policy/sources/newsroom/pdf/gac\\_25042017\\_conclusions.pdf](https://ec.europa.eu/regional_policy/sources/newsroom/pdf/gac_25042017_conclusions.pdf).
- Crescenzi, R., Di Cataldo, M., & Giua, M. 2019. "It's not about the money! EU Funds, Local Opportunities, and the Brexit Vote" (November 9, 2019). *LEQS Paper* (149).
- Dall'Erba, S., & Le Gallo, J. 2007. "The impact of EU regional support on growth and employment." (No. hal-00485024). *Czech Journal of Economics and Finance* 57 (7-8): 325-340.
- Dijkstra, L., Poelman, H., & Rodríguez-Pose, A. 2020. "The geography of EU discontent." *Regional Studies* 54(6): 737-753.
- European Commission. 2020. "The EU's most important investment policy." [online] [accessed on 2021-01-18] Available online: [https://ec.europa.eu/regional\\_policy/en/policy/what/investment-policy/](https://ec.europa.eu/regional_policy/en/policy/what/investment-policy/).
- Fiaschi, D., Lavezzi, A. M., & Parenti, A. 2018. "Does EU cohesion policy work? Theory and evidence." *Journal of Regional Science* 58(2): 386-423.
- Fidrmuc, J., Hulényi, M., & Tunali, C. B. 2016. "Money Can't Buy EU Love: European Funds and the Brexit Referendum." *CESifo Working Paper* no. 6107.
- Henceroth, N., & Oganessian, R. 2019. "The effect that Structural and Investment Funds have on voter behaviour in European parliamentary elections." *JCMS: Journal of Common Market Studies* 57(3): 599-615.

- Leconte, C. 2015. "From pathology to mainstream phenomenon: Reviewing the Euroscepticism debate in research and theory." *International Political Science Review* 36(3): 250-263.
- Mohl, P., & Hagen, T. 2010. "Do EU structural funds promote regional growth? New evidence from various panel data approaches." *Regional Science and Urban Economics* 40(5): 353-365.
- Müller, Jan-Werner. 2016. *What is Populism?* Philadelphia: University of Pennsylvania Press.
- Rodríguez-Pose, A. 2022. "The rise of populism and the revenge of the places that don't matter." *Origins and Alternative Policy Responses*, 79.
- Rodríguez-Pose, A., & Dijkstra, L. 2021. "Does cohesion policy reduce EU discontent and Euroscepticism?" *Regional Studies* 55(2): 354-369.
- Schraff, D. 2019. "Regional redistribution and Eurosceptic voting." *Journal of European Public Policy* 26(1): 83-105.
- Treaty on European Union, 1992, European Union. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:12012M/TXT&from=EN>
- Verhaegen, S., Hooghe, M., & Quintelier, E. 2014. "European identity and support for European integration: A matter of perceived economic benefits?" *Kyklos* 64: 295–314.