



Economic crisis, Cohesion Policy and the eroding image of the European Union at the regional level

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Abstract

As a result of a combination of political and economic crises engulfing the European Union (EU) since 2008 has deteriorated considerably its image among the citizens, undermining its legitimacy and future. Cohesion Policy, providing funding for a variety of investment projects across the European territories that have a direct impact on the lives of the EU citizens, is one the key instruments at the disposal of the EU that could positively influence that image. But does it? The paper probes the extent to which the regional performance in implementation of Cohesion Policy affected the perceptions of the EU before and after the apogee of the economic crisis to shed more light on the capacity of this policy shape the citizens' EU identity across different European regions.

KEYWORDS

European Union, cohesion policy, economic crisis, perceptions of the European Union, regional development

JEL CLASSIFICATION

R58; R11; O18

1 | INTRODUCTION

1.1 | The economic crisis and EU public opinion

The European Union has been engulfed by multiple crises. From the rise of Eurosceptic and nationalist populism, through the “refugee crisis” related to the dramatic inflow of refugees and immigrants from war-torn and impoverished states in the Middle East, Central Asia and Africa, to the unprecedented economic crisis. The latter



was linked to a global crisis starting in 2008, initiated by the collapse of the banking sector in the US, but manifested in Europe with the so-called sovereign debt crisis in parts of the eurozone and deep recession in most EU countries, leading in turn to drastic austerity measures and deepening inequality between citizens and between European territories. These crises combined, undermined the legitimacy of and public support for European integration among the EU citizens and created a highly volatile and unpredictable political situation in Europe, risking the breakdown of the European integration project, as best illustrated by the great confusion stemming from the decision of British citizens by referendum to leave the EU, but also the various centrifugal pressures related to right-wing populist parties appearing from France, through Netherlands, to Austria, Hungary and Poland.

These are, however, probably the economic factors relating to the crisis, which was the greatest global economic turmoil witnessed since the great recession of the 1930s (Eichengreen & O'Rourke, 2010) and its consequences, that are the key driver behind this disenchantment with the EU (Braun & Tausendpfund, 2014). The economic crisis had an impact not only on the macro-economic situation of the EU member states, but equally it had a visible impact on the quality of life and well-being of the citizens of individual nations, particularly on those most deeply affected by the recession. A number of economic sectors were most severely hit, for example, the construction industry as a result of the property market crash, as well as some lines of industry, partly due to the reduced flow of direct foreign investment (McCann, 2015). Consequently, unemployment grew significantly in many regions of EU member states, and this directly led to a drop in incomes and a growth in the number facing poverty or social exclusion (e.g. Choudhry, Marelli, & Signorelli, 2012; Chzhen, 2017; Gorzelak, 2011; Lallement, 2011; Torres, 2013). Counter measures adopted by governments in response to the crisis led to a significant growth in public debt in the second phase of the recession (Crescenzi, Luca, & Milio, 2016), which necessitated the adoption of austerity measures, and this in turn directly impacted on the quality and availability of many public services (e.g., Andreotti & Mingione, 2014; Lopez-Valcarcel & Barber, 2017).

The crisis inevitably led to a marked deterioration in the public mood. One symptom of this was a drop in public trust of central governments, which was visible in most European countries and was the more pronounced, the greater the public debt of a given country (OECD, 2013). According to a survey by the Eurobarometer (2015) on the two most important challenges faced by the EU in 2012–2013, over half of the respondents pointed to the economic situation, and 30% to unemployment, this latter being gradually overtaken by the poor state of public finances (around 40% in 2013), owing to the adoption of austerity measures by individual countries. It was not until 2015 that the migration crisis moved into first place as the greatest challenge faced by the EU. This did not mean that social and economic problems had been solved, as each of the three issues mentioned above continued to be indicated by around 20% of respondents, but it reflected the emergence of a new negative phenomena which had become a greater focus of public opinion. While the economic crisis has given a new impetus for elite mobilization for closer integration (Schimmelfennig, 2014), at least within the eurozone, these reforms have not been met with enthusiasm of the public opinion (Kuhn & Stoeckel, 2014).

How did the crisis affect the citizens' support for the EU? While some studies other impacts of the global crisis on EU support suggested that national identity and political institutions remain key determinants of the surging Euroscepticism (Serricchio, Tsakatika, & Quaglia, 2013), more recent research has shown that negative economic effects of the crisis in the EU, and especially the surging unemployment, have indeed negatively impacted upon the levels of support for the EU, particularly among younger citizens (Gomez, 2015). The decline in EU support was more related to the Euro crisis, rather than the global economic slowdown, and thus this relationship was more pronounced in the Eurozone countries (Braun & Tausendpfund, 2014). The impacts of the crisis have also resulted in an increase in voting for Eurosceptic parties in the elections for the European Parliament in 2014, which were held against the backdrop of the apogee of the crisis (Hobolt & De Vries, 2016). In the case of Greece for instance, a country that has been the worst hit by the euro-crisis and austerity measures, the negative impacts of those appear to be the drivers of Eurosceptic vote and a shift towards more negative image of the EU (Verney, 2015), even if, despite this "sea change" in the citizens' perceptions of the EU, the support for the common currency and staying in the EU remained strong (Clements, Nanou, & Verney, 2014). In the eurozone as a whole, while support for the EU had



declined amidst the crisis and growing unemployment, the support for the euro took a relatively small dip only (Roth, Jonung, & Nowak-Lehmann, 2016).

The crisis and its impacts on EU support also had a regional dimension, which, however, remains far less studied. This regional dimension was determined to a considerable degree by the situation in each individual country (Crescenzi et al., 2016; Milio et al., 2014). Available analyses on the spatial dimension of the recession (e.g., Gorzelak, 2011) have led to the hypothesis that regions least likely to suffer are first, metropolitan regions with the most diversified economic structures, and second, agricultural regions least involved in globalization processes. Later studies, on the one hand, confirmed that capital city regions of individual member states managed fairly well even in new member states that were most severely affected by the crisis (e.g., Smętkowski, 2015), but, on the other hand, showed that rural regions as well as regions with a large share of construction industry suffered to a greater degree, along with some regions specialized in crisis vulnerable industries (Crescenzi et al., 2016). Most recently, Dijkstra, Poelman, and Rodriguez-Posé (2018) studied the regional drivers of EU discontent and showed that it was the economic and industrial decline that was the main factor boosting anti-EU voting in what one may call “places that don’t matter.”

In the macro-spatial dimension, regions of the so-called “cohesion countries” located in Southern Europe, namely, Greece, Spain and Portugal, were most severely hit, while the economy of Ireland recorded a visible rebound after the first shock phase. Greece was hit particularly hard, partly due to a very high level of debt which spurred a range of negative knock-on effects, these being hard to counter due to an inability to devalue the national currency (Monastiriotis, 2013; Petrakos, 2014). Other countries, for example, Italy, were marked by strong regional differentiation of the impacts of the crisis (Crescenzi et al., 2016). Meanwhile, in terms of unemployment, many countries exhibited a tendency towards regional convergence (Bubbico & Dijkstra, 2011; Crescenzi et al., 2016).

While there is a considerable literature on the relationship between the crisis and the support for the EU, we know little about how it played out on the regional level. Given the abovementioned findings on the uneven impacts of the crisis across the European regions, one can expect a differentiation in this relationship on the regional level. But is it the case? Also, one may ask, what can be done about it? What instruments does the EU have at its disposal to counteract the decline in the citizens’ support for it?

1.2 | The impact of Cohesion Policy on the perceptions of the European Union

EU Cohesion Policy appears a key tool to deal with the decline of EU support, especially in times of crisis and if one considers the regional level (Berkowitz, Von Breska, Pieńkowski, & Rubianes, 2015). It is, in fact, the EU’s main investment policy, corresponding to a third of its budget. In the period of the height of the crisis, nearly 350 billion euro were invested as part of it through European Structural and Investment Funds (ESIF), often administered at the regional level, to support a variety of projects to develop infrastructure or invest in human resources, job creation, regional competitiveness and innovation or environmental protection (e.g., Bachtler, Berkowitz, Hardy, & Muravska, 2017). These interventions could not only have a counter-cyclical effect, by stimulating investment in times of recession and austerity, but are also the most likely to offer a concrete manifestation of what the EU does for its citizens through improvement of their environment. Other more intangible results might be achieved via European Territorial Cooperation that aims to reduce divisive effects of national borders and to strengthen regional co-operation. The objective is far less important in financial terms (e.g., Medeiros, 2017), but may play a role in overcoming co-operation obstacles in certain border regions (Gorzelak & Zawalińska, 2013). As result Cohesion Policy, as one may expect, could have a positive impact on EU support among the inhabitants. This could take place through three main channels. The first of these are the tangible effects of Cohesion Policy implementation, which can be felt in everyday life. These might include, above all, different types of investment in infrastructure used by the citizens, but equally actions taken to improve the qualifications of workers or those directed at persons starting or already running their own business. The second channel relates to communication actions on Cohesion Policy, not only through the ubiquitous (and often largely ignored) panels informing about co-financing from EU funds used to deliver a given project, but also information and media campaigns and coverage praising the projects implemented with ESIF support in hope to shape



a positive image of Cohesion Policy and the EU. Finally, the third channel relates to the impact of Cohesion Policy implementation on the overall processes of socio-economic development taking place at the regional level. In this case, the impact will be of an indirect nature, being the outcome of various phenomena, even those independent of interventions carried out under Cohesion Policy. It can be assumed that in this case, the significance of Cohesion Policy will be greater in those regions that receive more substantial funding from this source (mostly less economically developed regions classified under the Convergence objective, which tend to be located mainly in Southern and Eastern European Member States). However, this would refer only to those poorer regions where ESIF interventions can be seen as effective tool for resolving major developmental issues.

That said, the role of Cohesion Policy as a possible tool to reduce the negative impacts of the crisis (and by doing so to improve the image of the EU) is not obvious. Given its long-term orientation expressed in 7-year programming periods and the specific timing of negotiations of the provisions and budget for those periods, it was not easy to adjust its provisions for that period in response to the economic crisis which started in 2008 and its adaptation to this new economic context could only be slight. Research has shown, however, that Cohesion Policy had a cushioning effect by stimulating demand, through boosting public and private investment (e.g., Wójtowicz & Olechnicka, 2016). In fact, the funding had a leverage effect through the requirement of its own contribution to the investment benefiting from Cohesion Policy support.

Against this background and to explore the capacity of Cohesion Policy to shape regional-level EU identity trends in a context of crisis, we ask the following research questions. Does the performance in implementation of Cohesion Policy affect the citizens' perceptions of the EU? What channels of Cohesion Policy impact were the most effective in the wake of the crisis? Thus, two hypotheses can be put forward. The first is based on the assumption that the changes in attitudes to the EU were more the result of phenomena encompassing the whole continent, like the economic crisis, and less the result of processes taking place at country level, leading to convergence of opinions on EU image at the regional level. This implies that Cohesion Policy ought to have a positive influence on EU image ratings in a situation where intervention had a positive impact on development trends within individual regions. The second hypothesis assumes that such an impact should be dependent on the intervention characteristic and, in particular, the scale and structure of the intervention related to the regional objectives of Cohesion Policy.

The paper provides answers to those questions and tests those hypotheses by studying the change of EU image at the regional level over a period from right before and after the height of the crisis, and by exploring the degree to which Cohesion Policy implementation characteristics (scale, achievements, impact), in European regions affected the shifts in EU image among the inhabitants. To achieve this, we conducted factors analysis based on Eurobarometer surveys data on EU image and a range of regional variables related to Cohesion Policy implementation characteristics related to three factors: (i) scale and structure of EU funds allocation; and (ii) the reported achievements of EU Cohesion Policy programmes; and growth dynamics (see subsection 2.2). The key finding from this analysis is that the role of Cohesion Policy in shaping the citizens' image of the EU is limited, as compared to the role of the negative impacts of the crisis on growth dynamics; however, that role depends mainly on the scale and structure of funding and on the strength of positive EU image prior to the crisis. Moreover, we found that the reported achievements of Cohesion Policy in regions hardly matters for the relationship between this policy and the evolution of EU image. These findings bridge an important gap in our understanding of determinants of EU identification through the prism of Cohesion Policy and through a regional-level focus.

The subsequent section maps the change of EU image over time at the regional level and outlines the methodology used to research the impacts of the various dimensions of EU implementation and performance on this variable. This is followed by the description of the multivariate regression analysis carried out and discussion of its results. The paper closes with concluding remarks on the meaning of the findings for the debate on Cohesion Policy as a tool for shaping the citizens' perceptions of the EU and an outline of areas for further investigation.



2 | CONTEXT AND METHODOLOGY

2.1 | EU image dynamics

2.1.1 | Data sources

This paper draws on data from recent Standard Eurobarometer surveys to describe and compare the differences in attitudes to EU identification across Europe. Eurobarometer surveys are public opinion surveys that are conducted regularly on behalf of the European Commission since 1973. These surveys address a wide variety of topical issues relating to the EU throughout its Member States. The surveys are conducted by TNS Opinion on behalf of the European Commission, Directorate General Communication (Strategy, Corporate Communication Actions and Eurobarometer Unit). Eurobarometer results are published by the European Commission's Directorate-General Communication. The Standard Eurobarometer was established in 1974. Each survey consists of approximately 1,000 face-to-face interviews per country. Standard Eurobarometer reports are published twice yearly.

Question concerning the EU's image appear regularly in Eurobarometer surveys. Interviewees are asked (in their local language) to express their current general opinion about EU image by choosing from one of those five options: (i) very positive; (ii) fairly positive; (iii) neutral; (iv) fairly negative; or (v) very negative. For the purpose of the typology developed in this study, regionally coded at NUTS 2 level¹ waves (in order to have N at least over 20 per region; on average over 300²) of the Eurobarometer survey from the beginning of the crisis (2008/2009)³ and latest available year (2015/2016)⁴ were used.

2.1.2 | Country-level EU image dynamics

Before exploring the regional variation in EU image it is worth to put it against the background of overall trends on the EU-wide and national levels. Prior to the crisis, in 2007, 52% of Europeans surveyed declared having a positive image of the EU, 31% neutral and only 15% negative. The share of respondents with a positive EU image has declined significantly during the crisis dipping down to 31–30% between 2011 and 2013, then climbing back to 41% in early 2014, dipping again by 2016 to 34% and climbing back up to 40% by 2017.⁵ At the same time, the share negative image remained low with 15% of respondents declaring it in the first survey of 2007, but it spiked up during the same period, reaching 29% of respondents between 2012 and 2013 and then declined up to 2015 to climb up again to 27% by 2016 and decline to 21% in 2017. Meanwhile, the share of neutral respondents remains more or less stable between 2007 (31–37%) and 2017 (37%).

Zooming into national trends, in 2008⁶ the share of respondents with a positive image of the EU was the highest in countries like Ireland (65%), Romania (67%), Slovenia and Bulgaria (60% in both), Poland, Cyprus, Belgium (58% in each), Spain (58%), Belgium (58%) or Poland (58%) and Portugal (55%). Positive image was a majority view in most of the Central and Eastern European Member States, apart from Estonia (47%), the Czech Republic (43%), Hungary (39%) and Latvia (29%); and also in the Southern European states like Spain (58%), Portugal (56%) and Greece (51%), apart from Italy (49%). Thus, in most countries that have been or are still major recipients of Cohesion Policy funding, positive image prevailed. The countries with the lowest share of respondents with a positive image were Finland (34%), Austria (28%), Latvia and the United Kingdom (each 28%).

¹For some countries data were aggregated at NUTS 1 level, namely, Germany, Italy and the United Kingdom.

²The average number of responses across EU regions was 318 in 2008/09 with a standard deviation of 276. Only in nine regions there were less than 50 responses, and in two less than 30 responses. In turn, in 2015/2016 the average number of responses was 347 with a standard deviation of 270. Only in five regions there were less than 50 responses, and in one less than 30 responses.

³Eurobarometer 69.2, March–May 2008; Eurobarometer 70.1, October–November 2008; Eurobarometer 71.3, June–July 2009.

⁴Eurobarometer 85.2, May 2015; Eurobarometer, 84.5 September–October 2015; Eurobarometer, 86.6 November 2016.

⁵Standard Eurobarometer 88, Autumn 2017.

⁶Standard Eurobarometer 68, September 2007.



At the height of the crisis, in 2012,⁷ the dip in positive EU image was visible across the board with only 14 countries (Belgium, Bulgaria, Denmark, Germany, Ireland, France, Italy, Lithuania, Luxembourg, Malta, Netherlands, Poland, Romania, Slovenia) with a percentage of positive image above the EU average of 30%. However, a particularly strong shift was observed in countries that seemed to be the most hit by the crisis, like in Greece, where negative image corresponded to 49% of responses (vs 51% positive in 2007) or Cyprus with 44% of negative image responses (vs. 53% positive in 2007). Most positive EU image was maintained in Poland (40%), Romania (42%), and Bulgaria (56%).

By 2016,⁸ when image of the EU has improved across Europe, positive opinions were a majority or just below majority views in Ireland (55%), Poland (51%), Romania (50%), Bulgaria (49%), and Portugal (48%). The outlook was the worst in Greece with 47% of respondents having a negative image of the EU and only 17% positive. Low shares of positive image responses were also noted in Spain and France (29% in both), in the Czech Republic and Austria (28% each) and Cyprus (26%), interestingly, far behind the traditionally eurosceptic United Kingdom. France stood out with a sharp increase of the share of negative image responses (39%) and a reversal of the previous trend of predominance of positive responses. Negative image gained ground in nine Member States in 2016. While positive image was on the rise in as much as 15 countries, most notably in Germany, Romania, and Portugal.

However, the country level analysis overlooks significant regional differences in terms of EU image. As shown below, the degree of regional differentiation of EU image in individual countries can be relatively high, both in the larger ones, such as France, Spain or the United Kingdom, as well as in smaller ones like Austria, Belgium or the Czech Republic.

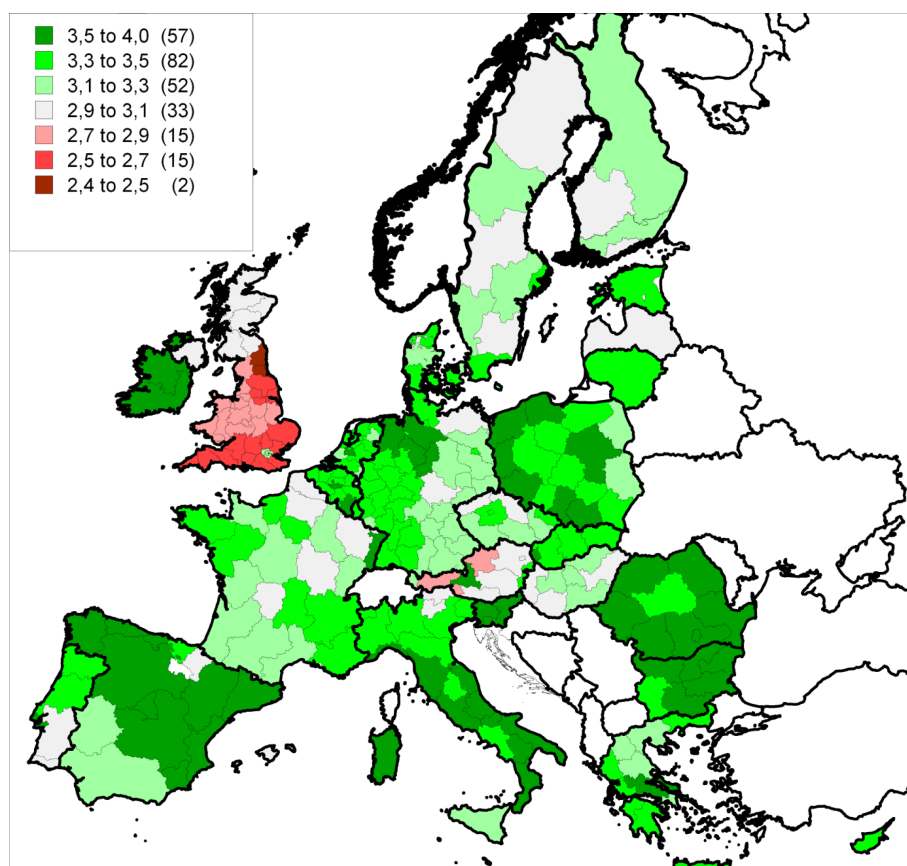
2.1.3 | Regional mapping of EU image

In 2008, at the brink of economic crisis and its beginnings in June–July 2009, positive image of the European Union still clearly dominated among inhabitants in most regions of Member States (Figure 1). The main exception at this time were the English regions, which were dominated by moderately sceptical opinions (esp. Northumberland and Tyne and Wear) apart from traditionally pro-European London. In a number of other regions, positive and negative opinions were balanced, and this was particularly evident in Austria, as well as some regions of Sweden (e.g., Norra Mellansverige), Finland, Hungary, Portugal and a few regions of France and Germany. At the other extreme, regions where positive opinions of the EU clearly dominated could be found particularly in Ireland and Slovenia, as well as other new member states, including Romania, Bulgaria and Poland, and in old member states such as Spain and Italy. A focus on the regional dimension of EU image also allows us to indicate where the scale of differentiation across the national territory was relatively high, including not only UK and Austria, but also the Czech Republic, Poland, Germany, as well as France, Spain and Portugal.

By 2015–2016, the number of regions showing a predominantly negative opinion of the EU had risen from 32 in 2008 to 93, and in the remaining 79 regions the number of positive and negative opinions were at a similar level. At the same time, the number of regions with a clear predominance of positive opinions fell by more than half, from 211 to 84. These latter included, above all, regions of Ireland, Poland, Romania and Bulgaria as well as selected regions of northern Italy, Western Germany, and, finally, isolated regions within the Scandinavian countries, the Iberian Peninsula and Hungary (Figure 2). Negative image of the EU began to predominate—aside from the previously witnessed scepticism of United Kingdom (mainly in England but also in the less eurosceptic Scotland)—particularly in Greece, which was hit hardest by the crisis, but also in certain regions of Austria (Oberösterreich), France, the Czech Republic (esp. industrial regions Severozapad and Moravskoslezsko),

⁷Standard Eurobarometer 78, Autumn 2012.

⁸Standard Eurobarometer 86, Autumn 2016.



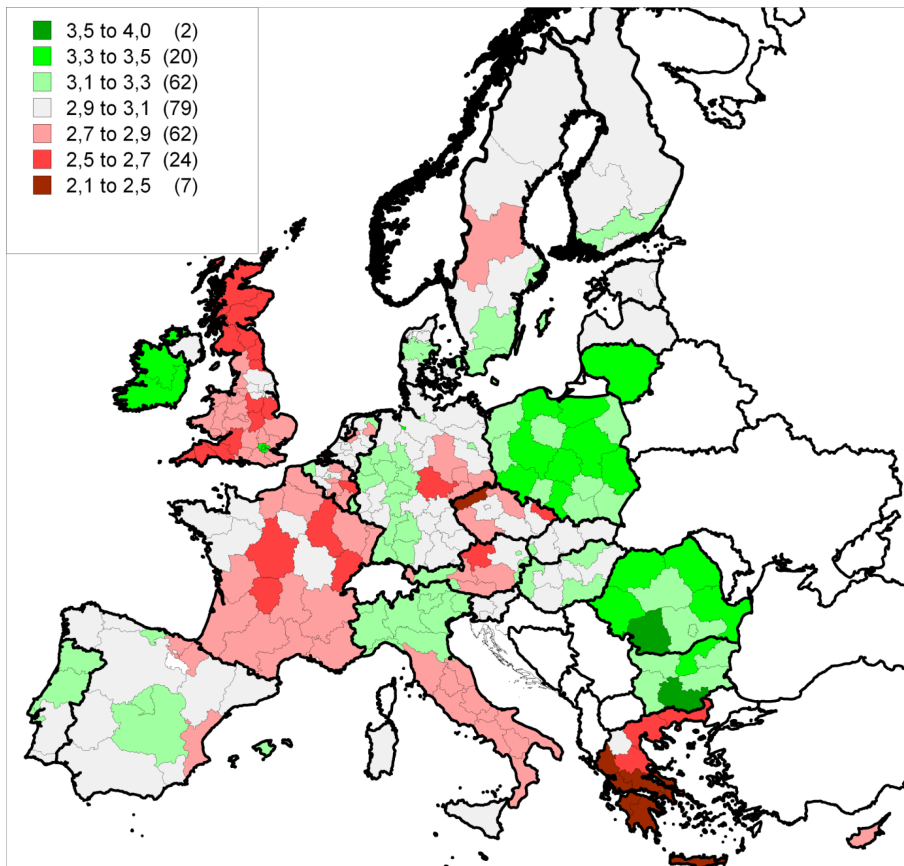
* assessment average on scale from 1 – very negative to 5 – very positive

Source: own elaboration.

FIGURE 1 EU image perceived by citizens in 2008/2009

as well as Central and Southern regions of Italy, some regions of Belgium (esp. Liege) and certain regions of Eastern Germany (esp. Thuringen).

The rate of deterioration of the EU's public image was the greatest in certain regions of Southern Europe, particularly in Greece, but also in Italy and Spain (Figure 3). In Italy the highest deterioration of EU image took place in central part of the country (Toscana, Lazio, Marche, Abruzzo and Molise), while the situation worsened to a lesser extent in the Southern part ("convergence" regions) and was relatively stable in Northern Italy. In turn public opinion in Spain was negatively affected primarily in Aragon and also in regions of Valencia and Murcia (the latest both "phasing" regions, respectively "in" and "out"), while Southern regions under "convergence" objective observed smaller deterioration. EU perceptions also worsened in new Member States (except some of those where the EU image had already been low in 2008 such as Latvia and Hungary). In this case, erosion of the positive EU image was almost as pronounced as in the core EU countries such as France, Germany and the Benelux. Differences in EU image between regions of individual countries have generally increased, which was visible the most in Romania, Bulgaria, Greece, but also Belgium and Germany. Nevertheless, it is also possible to point out to countries such as Spain or Portugal, where the level of regional polarization in EU image has decreased.



* assessment average on scale from 1 – very negative to 5 – very positive
Source: own elaboration.

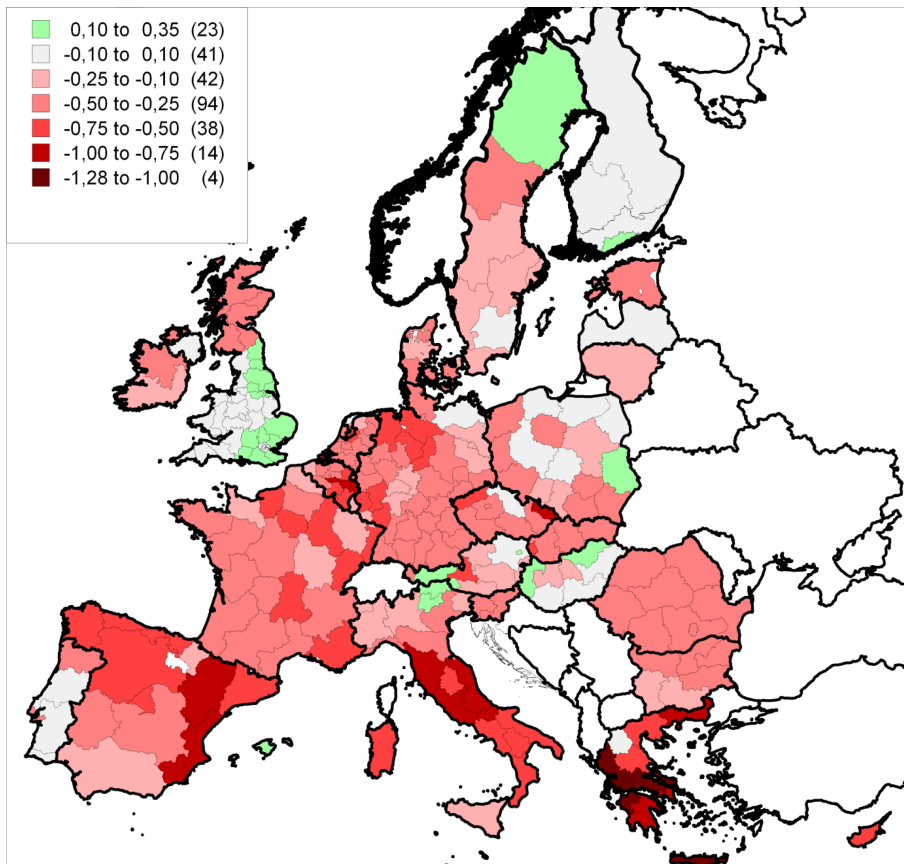
FIGURE 2 EU image perceived by citizens in 2015/2016

2.2 | Cohesion Policy – the regional dimension

Changes in EU image among inhabitants of member state regions in the post-crisis study period could have been largely shaped by the effects of implementation of Cohesion Policy in the programming period 2007–2013, since the expenditure of funds in the 2014–2020 programming period did not actually start until 2016. As a result, the following data and factor analysis method was used to characterize the implementation of Cohesion Policy in this initial phase. The application of this method enabled the creation of synthetic, uncorrelated and independent variables, which were later used to explain the changes in EU image at regional level (Appendix A). Such composite indicators might have an advantage over single variables as they illustrate broader spectrum of phenomena that may shape citizens' perceptions of the EU. It stems from the fact that the image of the EU in the eyes of the inhabitants can be shaped by various channels/dimensions related directly or indirectly to the intervention of the Cohesion Policy. This includes not only Cohesion Policy's direct effects, but also the way in which they are presented to the public, as well as the indirect impacts of this intervention on the processes of socio-economic development.

2.2.1 | Data and variables

Following a review of the availability of data on Cohesion Policy implementation and performance at the regional level, and an assessment of their quality and utility for evaluation, the research investigated their



* assessment average on scale from 1 – very negative to 5 – very positive

Source: own elaboration.

FIGURE 3 Change of EU image perceived by citizens 2008–2016 (in percentage points)

potential impact on the perception of Cohesion Policy by the residents of European regions (for details see Płoszaj, Rok, & Smętkowski, 2016). The research used 11 variables which illustrated Cohesion Policy implementation and its effects, set in the context relevant for the development level of a given region.⁹ The latter aspect was discussed using the GDP *per capita*, expressed in euro in the base year, that is, 2008, the year when projects funded from the previous financing perspective were still being implemented (the *n* + 2 principle),¹⁰ whilst the distribution of funds allocated in programmes under the 2007–2013 perspective had not practically begun yet. In addition, we analysed the dynamics of regional development in the wake of the financial crisis, that is, between 2008 and 2014, which could have been influenced by intervention undertaken as part of Cohesion Policy.

Cohesion Policy's implementation was described with regard to the volume of the allocation and its changes compared to the 2000–2006 financing perspective, the structure of the allocation, and the absorption level in 2014 with the

⁹The data was based mainly on Integrated database of allocations and expenditure for 2007–2013 (*ex post* evaluation of the ERDF and CF: Key outcomes of Cohesion Policy in 2007–2013: WP13: geography of expenditures) and ERDF CF 2007–2013 output indicators—full database including all core indicators and programme specific indicators. (*ex post* evaluation of the ERDF and CF: Key outcomes of Cohesion Policy in 2007–2013: WP0: data collection and quality assessment) (for details see Płoszaj et al., 2016)

¹⁰The actual year of closure to spend Structural Funds of the 2000–2006 programming period was 2009, because of the difficulty of spending resources due to the economic crisis



use of six variables. The first was the volume of the Cohesion Policy allocation, set against the level of development of a given region in the base year. The second was the comparison of the situation in a given region to the previous programming period, namely, the years 2000–2006, expressed on the ordinal scale owing to wide percentage differences. Other variables illustrated the allocation structure, for simplicity's sake, broken down into: “basic infrastructure” (thematic categories: energy; environment and natural resources; transport infrastructure); “innovative environment” (thematic categories: business support; human resources; IT infrastructure; R&D); and “quality of life” (thematic categories: social infrastructure; tourism and culture; revitalization) expressed as a percentage. The last indicator covered the degree of the funds' absorption in relation to the allocation made in the years 2007–2013, showing the situation as it was at the end of 2014. Indirectly, this indicator could be viewed as evidence of considerable efficiency in implementing Cohesion Policy (e.g., Bachtler, Mendez, & Miller, 2017).

Owing to the lack of reliable and cross-sectional data highlighting the results of Cohesion Policy (significant mismatch is observed between different sources, see Płoszaj et al., 2016), we decided to employ the data provided in the national implementation reports showing the situation in 2014. While these data are very broad in scope, they are hard to compare not only because of the differences in the definitions and data collection procedures, but also because different indicators are used in individual countries for monitoring the outputs and effects of Cohesion Policy. With this in mind, we resolved to use only the information that was available across a broad spectrum of countries (and was disaggregated at the regional level, taking into account the size of the financial allocation for the category associated with a specific type of effects (e.g., new jobs in R&D created at country level were distributed among the regions in respect to share of the regions in total EU funds allocated to R&D in particular country), which was tantamount to assuming the same interregional effectiveness and efficiency in the utilization of funds). We used the statistics on the number of newly created jobs, relativized with the overall number of people in work in a given region on the basis of Eurostat data, in addition to the number of new jobs in the R&D sector, statistics that were similarly relativized with the number of people employed in this sector. The last indicator showed the number of grants for SMEs, which in its absolute form is an output indicator but, when compared to the number of enterprises registered in a given region, it can demonstrate the extent of the distribution of EU assistance in the business sector.

The above procedure was carried out separately for two types of regions in terms of Cohesion Policy objectives. It results from the fact that the scale of the allocation of Cohesion Policy funds was strongly differentiated nationally and regionally, a direct consequence of its underpinning assumptions, which among their priorities listed assistance to less favoured countries and regions. Furthermore, it is increasingly emphasized that the impact of cohesion policy depends on “conditional factors” indicate when and how policy is effective (e.g., Fratesi & Wishlade, 2017). The former were dubbed “cohesion” countries (with the Cohesion Fund made available to them), while the latter were termed “convergence” regions during the 2007–2013 programming period, and “less developed” and/or “transition” regions in the current programming perspective. As a result, two subsets of regions were distinguished, the first comprising “convergence” (including phasing-out) regions, and the second – “competitiveness and employment” (including phasing-in) regions (“competitiveness” was used for short). The first group additionally benefited to a greater extent from the Cohesion Fund, which further increased the differences between these two types of regions. On average, the value of financial assistance was approximately ten times higher in “convergence” regions than in “competitiveness” regions.

2.2.2 | Research methodology

The potential impact of Cohesion Policy on EU perception may be related to its varying dimensions, which were characterized using factor analysis based on the above variables illustrating the Cohesion Policy implementation and its effects. This factor analysis identified the key dimensions of differences between the European regions in terms of expenditure and effects of Cohesion Policy (detailed results are presented in the Appendix).

The “scale and structure of allocation” proved to be one of the major factors differentiating European regions regarding Cohesion Policy (33% of the explained variance after varimax rotation). In addition to the amount of the Cohesion Policy allocation compared to the regional GDP, this particular factor was also



linked to low regional income *per capita*, a result of the equalizing mechanism embedded in this policy as result of using GDP *per capita* as the main eligibility criterion. It can be assumed that this was more strongly associated with the differences observable between individual countries than with the regions within these countries. The factor “scale and structure of allocation” was also associated with a specific structure of expenditure, manifested by extensive outlays on “basic infrastructure” at the expense of expenditure on an “innovative environment”. This factor was also negatively correlated with the absorption rate of the Cohesion Policy funds.

“Reported achievements” of Cohesion Policy were another equally important factor differentiating European regions (19% of the explained variance after varimax rotation). This factor comprised all variables which demonstrated the reported achievements of this policy. It could tentatively suggest that the dissimilar results in particular countries were, to some extent at least, a consequence of the assumptions and methodologies adopted for the purposes of monitoring the effects of the implementation of Cohesion Policy and reporting these to the European Commission.¹¹ The highest loading factor (corresponding to the correlation between the factor and the variable) was observed for newly created jobs relativized with the number of people employed in a given region. The loading factors of the remaining two variables, namely, jobs in the R&D sector and the number of assistance grants for small and medium-sized enterprises were, however, also relatively high.

The last adopted factor pointing to the dissimilarities between individual regions was the “growth dynamics” factor (14% of the explained variance after varimax rotation). This term, associated with the real growth of the regional GDP, is particularly suitable for all regions and for the convergence regions analysed separately (lagging regions with GDP *per capita* below 75% of EU average, receiving most of funding as part of Cohesion Policy). However, it should be pointed out that the percentage of Cohesion Policy expenditure aimed to improve the “quality of life” (through basic infrastructures, regeneration of public space, etc.) made a significant contribution to the factor in question. According to expectations, this correlation was negative, which means that this category of intervention could only exert a negligible impact on economic growth processes. The rate at which the EU funds were being expended (absorption rate) was a factor of a much greater significance. It possibly indicates the capacity of institutions responsible for policy implementation, as well as the presence of the demand effect, that is, stimulation of the economy through spending on goods and labour necessary to conduct investment activities.

The obtained dimensions of regional differentiation in implementation and effects of Cohesion Policy were used to explain changes in EU perception in the years 2008–2016 using a multiple regression method (model 1). In order to determine whether the initial impact of inhabitants’ EU rating was significant for the scale of change observed (for example there is a possibility of a saturation effect in a situation where either positive or negative ratings clearly predominate), the next step was to take into account the average rating for the base year, 2008 (model 2). The last stage was to check whether the obtained model is dependent on consideration of the regional situation of individual countries. This was done by adding a dummy variable for each country (model 3). Such an approach allows for checking, first, the extent to which factors related to Cohesion Policy were important in explaining the regional diversity of the citizens’ attitudes towards the EU in the light of general convergence/divergence processes of perception of the European Union. Second, it allows for verifying whether the specific situation of an individual country could have a significant impact on the results.

3 | THE COHESION POLICY'S IMPACT ON EU IMAGE

This section attempts to respond to the question posed in the introduction, that is, whether the Cohesion Policy can influence the EU image among the citizens at the regional level and which channels of this influence were significant

¹¹This was especially visible for Hungary that reported significantly higher achievements of Cohesion Policy interventions in comparison to other CEE countries.



in the study period. To this aim, in accordance with the methodology described in the previous section, three regression models were performed for all regions, as well as separately for “convergence” regions and “competitiveness” regions (Table 1).

Model (1), which only takes into account dimensions of regional differentiation in Cohesion Policy implementation and performance, showed its relatively limited influence on explaining change in EU image by inhabitants at a level of 17% variance in the case of the all regions. At the same time, each of the identified dimensions turned out to be statistically significant. The dimension which had the strongest positive impact on EU perceptions was “growth dynamics”, also allowing for a high rate of Cohesion Policy funds absorption as well as a relatively low level allocation earmarked for improving the quality of life. A degree of significance was also seen in the scale of the “reported achievements” of Cohesion Policy, but mainly as a result of situation observed in “convergence” regions. Meanwhile, a surprisingly negative impact on EU image was shown by the high level allocation focused mainly on infrastructure projects. Analysis of the two identified regional sub-groups showed that this mainly applied in “competitiveness” regions, while in “convergence” regions the dimension of “scale and structure of allocation” was not shown to be significant.

Adding EU perceptions in the base year to the OLS regression (model 2) significantly improved prediction of the dependent variable (adjusted $r^2 = 0.52$). However, it reduced the statistical significance through factors directly related to Cohesion Policy, namely, “scale and structure of allocation” and the “reported achievements”. In this model, besides EU perceptions in the base year, the only statistically significant composite indicator was the “growth dynamics.” The impact of adding the new variable on the model specifications in the case of “convergence” regions was not so pronounced. This model showed the significance of the level of funding from Cohesion Policy funds, which - allowing for differentiation in base year perceptions - positively influenced changes in the inhabitants' image of the EU. That said, in the case of “competitiveness” regions, the significance was reduced when it came to “growth dynamics,” while funding levels continued to impact negatively on EU image – possibly due to the specific situation in regions of cohesion countries belonging to this group.

The last step was to check if the model is affected by the impact of individual countries on the results obtained (model 3). As considering fixed effects for all countries at once leads to insignificance of the model¹² it was decided to apply iterative procedure adding each country dummy separately. As a result the model was expanded by a dummy variable for Greece, which was the only country dummy that, besides being statistically significant, also noticeably altered the specifications¹³ of the model (Appendix). The situation in Greece was specific because its inclusion weakened the significance of the “growth dynamics” rate on explaining the change in perceptions of the EU among inhabitants of European regions. Nevertheless, the level of regional financing from Cohesion Policy funds earmarked for developing basic infrastructure became significant. This was particularly pronounced in the case of less developed “convergence” regions. Moreover, in the case of these regions, separate consideration of Greek regions was “absorbed”, leading to a weakened “growth dynamics” factor for EU image among the citizens at the regional level. However, obviously the influence of Greece was not evident in analysing “competitiveness” regions, owing to the fact that only two Greek regions (Sterea Ellada and Notio Aigaio) could be found in this group.

4 | DISCUSSION OF RESULTS

In the study period 2008–2016 the positive image of the EU among the citizens across European regions has clearly eroded. This was accompanied by a fairly strong inter-regional convergence of opinion. This growing convergence pointed out to greater disillusionment with the EU in those regions where the image of the EU was more positive

¹²F statistics of the model with country fixed effects are the following: All countries $F(32.2) = 22.2$; Convergence regions $F(22.6) = 10.4$; and Competitiveness regions $F(21.9) = 20.1$.

¹³Both significance and signs of model parameters were the same regardless of whether other than Greece significant country dummies were added separately or altogether.



TABLE 1 Factors influencing inhabitants' EU image rating connected with Cohesion Policy – multiply regression model (beta coefficients)^a

Variables	Dependent variable: EU image change 2008-2016								
	ALL regions (N = 257)			Convergence regions (N = 91)			Competitiveness regions (N = 166)		
	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3
"Scale and structure of allocation"	-0.23***	0.05	0.15***	0.06	0.19**	0.27***	-0.40***	-0.19***	-0.13**
"Reported achievements"	0.17***	0.07	0.03	0.36***	0.19 ^a	0.07	-0.07	-0.07	-0.05
"Growth dynamics"	0.32***	0.25***	0.09 ^a	0.37***	0.39***	0.10	0.22***	0.07	0.04
EU image [average] 2008		-0.66***	-0.70***		-0.42***	-0.51***		-0.72***	-0.73***
Dummy Greece			-0.34***			-0.51***			-0.17***
R2 (adjusted)	0.17	0.52	0.60	0.27	0.37	0.54	0.18	0.64	0.67
Significance of model	F(3.253) = 18.601 p < .000	F(4.252) = 69.842 p < 0.00	F(5.251) = 78.612 p < 0.00	F(3.87) = 11.926 p < .000	F(4.86) = 14.426 p < .000	F(5.85) = 22.093 p < .000	F(3.162) = 13.189 p < .000	F(4.161) = 75.155 p < 0.00	F(5.160) = 66.584 p < 0.00

Note: ^asignificance at level: ***0.01; **0.05; *0.10.
Source: own elaboration



before the crisis. It may mean that the phenomena encompassing the whole continent, and less the result of processes taking place at country or regional level, have had an impact on the deteriorating EU image. Undoubtedly, as the literature cited in the introduction suggests, one such factor negatively influencing EU image were issues related to the economic crisis.

This implies that Cohesion Policy ought to have a positive impact on EU image ratings in a situation where EU intervention has a visible impact on development trends within individual regions, cushioning the negative effects of the crisis. The significance of the economic growth factor, also including the rate of EU funds absorption and higher share of combined spending on upgrading basic infrastructure or creating innovative environments, was evident in all groups of regions. At the same time, however, the significance of this factor weakened when the level of EU image ratings in the base year was taken into account.

Furthermore, it should be noted that the impact of this factor was largely due to the results of the economic crisis seen in Greece. This country presented a classic example of ineffective outside intervention in a crisis. Greece plunged into deep recession and was not able to deal with it despite receiving significant financial aid, not only from Cohesion funds but above all from Eurozone emergency funds. This, of course, negatively affected the opinion of the inhabitants of this country regarding the EU.

In this context, the level of financial aid from Cohesion Policy funds, even allowing for potentially more visible infrastructural projects, was generally not a sufficient factor to positively affect the image of the EU among inhabitants. This was particularly true for the more developed regions with a “competitiveness” orientation, where the general level of Cohesion Policy funding was very low compared to that in “convergence” regions. Moreover, regional differences regarding the development of basic infrastructure, which was less needed in these “competitiveness” regions, not only did not impact positively on EU image ratings, but was indeed negatively correlated with changes in EU image. Meanwhile, in the case of “convergence” regions, bearing in mind the overall size of investment used for bridging the infrastructural development gap, it was possible to see a certain degree of impact of this policy on improved perceptions of the EU, particularly in those regions whose previous citizens' perceptions of the EU had been less positive (e.g., Latvia and most of Hungarian regions except Budapest). The impact on the inhabitants' opinion in regions that having a predominantly positive opinion of the EU prior to the crisis was relatively less pronounced, and the change in outlook was more due to the general economic trends, or also possibly, to a certain extent, to the scale of the reported achievements of Cohesion Policy (e.g., some Polish regions). The latter, in general, thus turned out to be relatively less significant in terms of changes in EU perceptions. Cohesion Policy funds did not have a visible impact on the opinions of inhabitants in “competitiveness” regions, and in the case of “convergence” regions, their significance was limited when considering for inhabitants' previous EU image ratings, and less pronounced when the specific situation in Greece was taken into account. Nevertheless, as in the case of the funding levels, the reported achievements of Cohesion Policy, mainly relating to positive impacts on the labour market, enterprise and R&D sector, could have had a degree of impact on EU perceptions in less developed regions.

5 | CONCLUSIONS

The study presented in this paper adds to the debate on the understanding of the reasons behind the dramatic erosion of the image of the EU among the European citizens observed in the recent years. It contributes to it by exploring this phenomenon on the regional level over the period from 2008 to 2016, during which the EU was engulfed in an economic crisis. In particular, the study shed light on the role of the implementation of Cohesion Policy, the EU's main investment policy, for the changing public opinion on EU image at the regional level. The study considered, for the first time, the different potential aspects of influence of Cohesion Policy on EU image in regions, including not only the types of interventions that EU funds supported, but also the reported achievements of those interventions and the potential impacts of those interventions on the economic growth dynamics. Moreover, the study probed the extent to which the influence of Cohesion Policy interventions on EU image depended on the regional context,



considering the classification of regions into “convergence” (less developed, more funding allocated) and “competitiveness” regions (more developed, smaller allocation of EU funds).

The first conclusion from the study is that the role of Cohesion Policy in shaping the inhabitants' EU image at the regional level was relatively small, especially compared to that of the economic crisis and other major events affecting the EU during that turbulent period. The result of those was a clearly visible convergence of opinions on the EU across the regions. This finding corroborates the insights from previous studies which pointed to the economic crisis engulfing Europe since 2008 as the main factor behind the growing euroscepticism and disenchantment with the EU (e.g., Braun & Tausendpfund, 2014; Gomez, 2015). Our regional level analysis, however, offers a more nuanced view by showing that the erosion of positive EU image was particularly strong in regions where previously positive opinions on the EU predominated prior the crisis. By contrast, we also showed that in those regions where the majority of citizens tended to be less positive about the EU before the “Great Recession,” this erosion was less pronounced or even in some cases the image of the EU improved to a degree. Thus, this study indicates that the influence of Cohesion Policy on EU image could be perceptible above all in regions where ESIF spending could have a positive impact on economic growth. The factor analysis showed that this could be related especially to the ability of the regions to effectively absorb EU funds, regardless of whether these funds were spent on supporting basic infrastructure development or creating good conditions for innovation and entrepreneurship.

The case of the Greek regions stands out as a special case where the disillusionment with the EU resulting from the deep economic recession was particularly strong. As a result, one could notice that the relationship between “growth dynamics” (indirectly affected by Cohesion Policy) and EU image was to large extent explained by magnitude of the Greece's downturn at the regional level. However, the regional situation in other countries as Italy and Spain indicated, that Cohesion Policy intervention in “convergence” regions might have slightly alleviated growth of negative EU assessment in comparison to the regions similarly affected by crisis, but with more limited access to EU funds.

The scale and structure of funding in the specific types of regions – “convergence” or “competitiveness” regions – proved to be a further factor determining the influence of Cohesion Policy on EU image in regions. This relationship, however, is not entirely straightforward. In fact, our findings indicate that the influence of EU funds clearly depended on the regional context. We observed a differentiation on this relationship between the less developed “convergence” regions and the more developed “competitiveness” regions. In the former, and excluding the specific case of the Greek regions, our findings suggest that the size of the allocation of EU funding could have a positive influence on the EU image, reflecting observations that citizens living in (less developed) regions receiving more substantial amounts of EU funding are more aware of Cohesion Policy interventions in their areas and are more likely to claim that they have benefited from these interventions (Borz, Brandenburg, & Mendez, 2018; Charron & Bauhr, 2018). However, our findings show that this is the case particularly in regions where funding was mainly used to invest in infrastructure and where opinions on the EU were less positive prior to the crisis. Conversely, in “competitiveness” regions the relationship was inverse: the magnitude of spending of EU funds on basic infrastructure negatively affected EU image. Part of the explanation for this could be that the “competitiveness” group of regions included the so-called “phasing-in” regions, where the scale of funding was significantly reduced as compared to the past programming period (2000–2006). This can also indicate that significant spending of EU funds on infrastructure in regions which are relatively well-developed and well-endowed in infrastructure is no longer perceived by the inhabitants as a relevant or sensible way of investing EU money. Exploring this relationship in more depth offers an exciting avenue for further research, ideally through qualitative case studies in selected groups of regions.

Moreover, the study revealed that the level of reported achievements of Cohesion Policy in regions in terms of jobs created, support for enterprises or increase in employment in research and development sector was relatively the least relevant for the relationship between Cohesion Policy and EU image change, if controlling for other variables. This factor was only relevant in “convergence” regions, but only when the impact of Greek regions was not controlled for. While exploration of Cohesion Policy communication strategies and their effectiveness in building awareness of this policy



was beyond the scope of this research, this finding does indicate that there is room for improvement of these strategies. This, in turn, points to the need for further research on how the communication of the achievements of Cohesion Policy interventions to the public is done and whether and how it is shaping the image of the EU in the eyes of the citizens. Such studies could focus on the development of a typology to appropriately select cases for an in-depth qualitative research on this issue. This finding also allows for drawing an important lesson for policy, particularly in the context of the heated debate on the (uncertain) future of Cohesion Policy: communication on Cohesion Policy achievements seems to be hardly effective in conveying a positive message on what the EU does to support the development of European regions to their inhabitants.

Finally, in light of the debate on the interplay between the effects of globalization, economic crisis, and growing nationalism and populism, especially in declining and/or peripheral “places that don't matter” (see Dijkstra et al., 2018; Rodríguez-Pose, 2018), the results presented here allow for drawing two further recommendations for Cohesion Policy. One is that external intervention, through EISF, should focus on building endogenous development potential of regions, especially the economically lagging ones, because only solid foundations of economic development may protect the image of the EU in the eyes of the citizens in times of economic crisis. The second one is that more emphasis should be put on the use of ESIF to reinforce territorial cohesion through “soft” people-to-people initiatives as part of European Territorial Co-operation, which are more likely to have a significant impact on positive image of the EU, while dedicating less on communication of EU policies that tend not be very effective, especially in times of economic downturn.

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APPENDIX A



TABLE A1 Factor analysis of regional differentiation in the implementation of Cohesion Policy^a (varimax rotation)

	Factor loadings				
	All regions ^a N = 257	"Competitiveness regions" ^a N = 166	"Convergence" regions ^a N = 91	Factor 1: "Scale and structure of allocation"	Factor 2: "Reported achievements" Factor 3: "Growth dynamics"
GDP per capita 2008 (EUR)	24 600	30 900	13 200	-0.74	-0.27 0.08
GDP growth in 2008–2014 (2008 = 100)	101.5	102.2	100.2	-0.07	-0.03 0.84
Cohesion Policy (CP) funds as % of regional GDP in 2008	6.4	0.7	16.8	0.78	0.42 -0.06
Change in CP allocation 2000–2006/2007–2013 ^a	0.8	0.1	2.0	0.77	0.03 0.27
CP allocation for "basic infrastructure" ^a (%)	30.8	18.8	52.7	0.90	0.08 -0.08
CP allocation for "innovative environment" ^a (%)	45.6	54.9	28.6	-0.83	-0.05 0.16
CP allocation for "quality of life" ^{af} (%)	12.5	11.4	14.5	0.08	0.23 -0.54
CP funds absorption level in 2014 (%)	73.6	76.6	68.0	-0.57	0.21 0.40
Reported number of new jobs as result of CP intervention in relation to the number of employed (%)	0.6	0.4	0.9	0.07	0.82 -0.06
Reported number of new jobs in the R&D sector as result of CP intervention as a percentage of all employed in the sector	2.6	1.1	5.2	0.27	0.68 0.30
Reported number of CP grants for SMEs in relation to the number of business entities	1.2	0.7	2.1	0.14	0.74 -0.22
Eigenvalue					
% of Total Variance				3.68 0.33	2.05 0.13

Notes:

^afactor loadings over 0.40 were marked in bold.

^bunweighted averages; phasing-out regions were combined with convergence regions while phasing-in with competitiveness regions.

^cexpressed on the ordinal numbers i.e. -2 for the allocation lower than 50% of its value in the former period; -1 for the allocation of 50%–80%; 0 for the allocation of 80%–120%; 1 for the allocation of 125%–200%; 2 for the allocation of 200–500%; 3 for the allocation of over 500%, and 4 when the region was not a beneficiary of Cohesion Policy in the former period (i.e. regions of Bulgaria and Romania that joined the EU in 2007).

^d"Basic infrastructure" includes: energy; environment and natural resources; transport infrastructure; "innovative environment includes: business support; human resources; IT infrastructure; R&D; "Quality of life" includes social infrastructure; tourism and culture; revitalization.

Source: own elaboration.

**TABLE A2** Model 3: country fixed effects—significance of individual countries^a

ALL regions N = 257		Convergence regions N = 91	Competitiveness regions N = 166
AT	0.00	0.09	-0.02
BE	-0.07	0.04	-0.08
BG	0.11 ^a	0.12	
CY	-0.04		0.01
CZ	-0.13**	-0.23**	0.01
DE	0.05	-0.03	0.11 ^a
DK	0.01		0.01
EE	0.00		
ES	-0.01	0.01	-0.02
FI	0.07		0.10 ^a
FR	-0.14***		-0.13**
GR	-0.34***	-0.51***	-0.17***
HU	0.14 ^a	0.33**	
IE	0.08		0.10 ^a
IT	0.01	-0.04	0.04
LT	0.05	0.08	
LU	0.04		0.04
LV	0.03	0.08	
MT			
NL	0.05		-0.03
PL	0.11	0.04	
PT	0.13**	0.31**	0.06
RO	0.14**	0.17	
SE	0.05		0.10
SI	-0.04	-0.10	
SK	-0.03	-0.04	0.01
UK	-0.03	-0.17	-0.12

Notes: ^asignificance at level: ***0.001; **0.01; *0.05.