

Territorial divides and the rise of discontent in the EU

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1.

The European Union at stake



The idea of a united Europe



- 9 May 1950 – A plan for new political cooperation in Europe
- The European Coal and Steel Community; the European Economic Community; the European Union

But what have the Romans ever done for us?



ALL RIGHT, BUT APART FROM

THE SANITATION,
THE MEDICINE,
EDUCATION, WINE,
PUBLIC ORDER,
IRRIGATION, ROADS,
THE FRESH-WATER SYSTEM,
AND PUBLIC HEALTH,

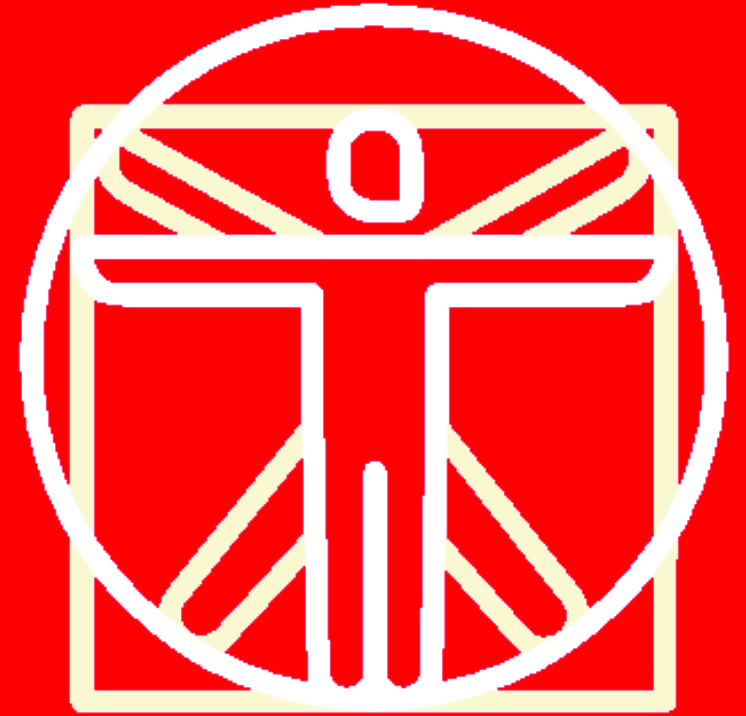
WHAT HAVE THE ROMANS EVER DONE FOR US?

The two visions of Europe



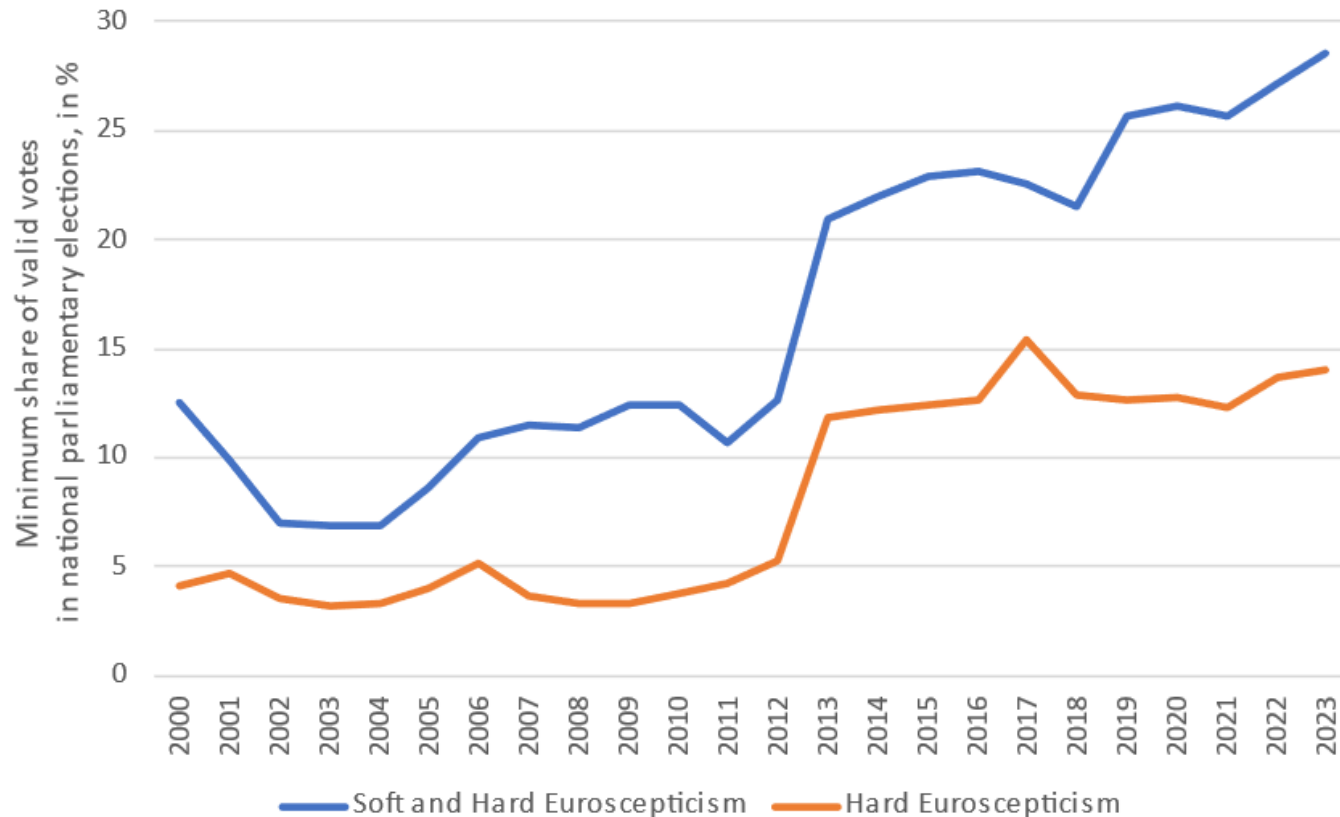
2.

Discontent and Euroscepticism



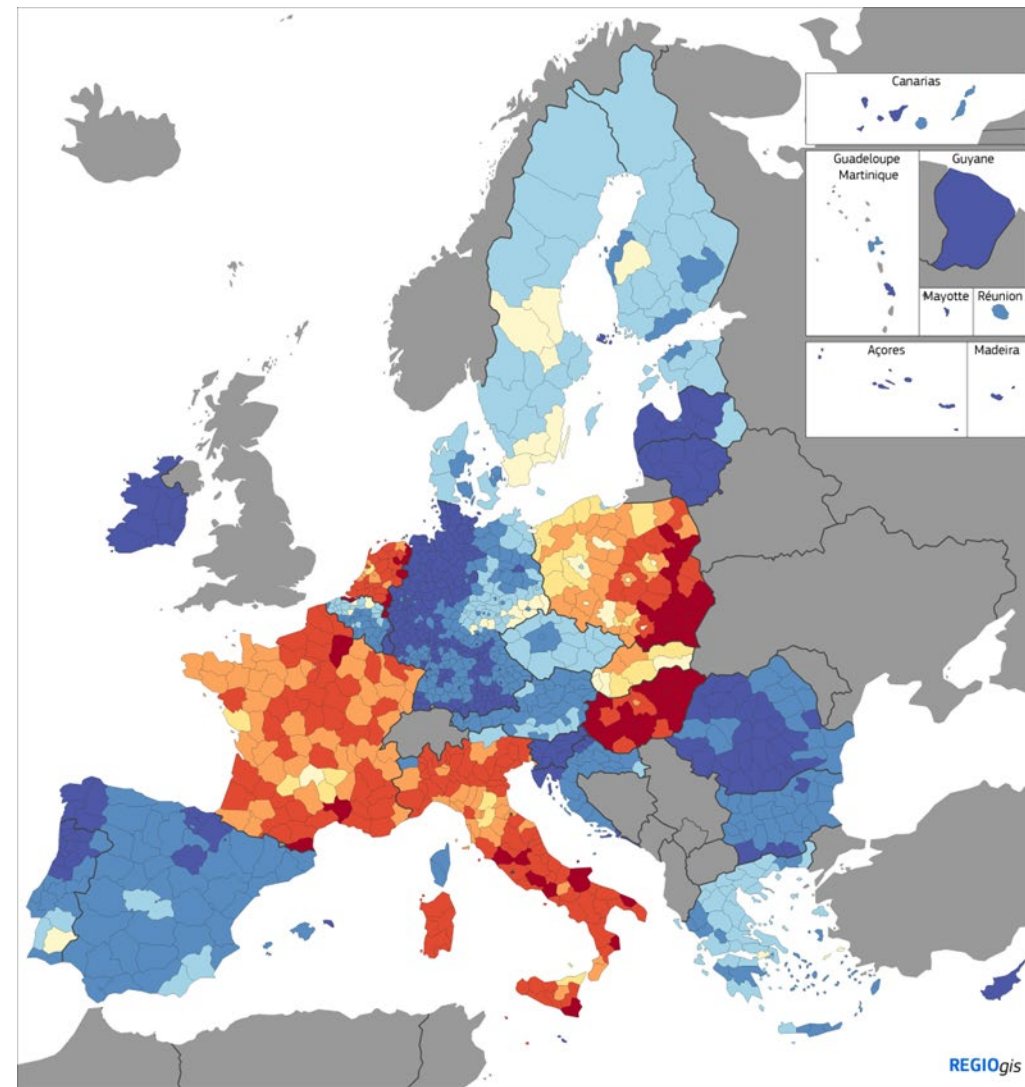
Euroscepticism on the rise

Votes for parties opposed to EU integration
in the EU-27, 2000-2023



- **R**ise of discontent
- **D**isenfranchisement of large layers of the population
- **L**oss of faith in the European project
- **A** big increase following the economic and financial crisis of 2008
- **W**hich has accelerated in the last few years

Moving towards a very different EU



Minimum share of votes for soft and hard Eurosceptic parties, 2019-2023

% of valid votes



EU-27 = 28.51

BG, EE, EL, ES, LU, NL, PL, SK, FI: 2023

DK, FR, IT, LV, HU, MT, PT, SI, SE: 2022

CZ, DE, CY: 2021

IE, HR, LT, RO: 2020

BE, AT: 2019

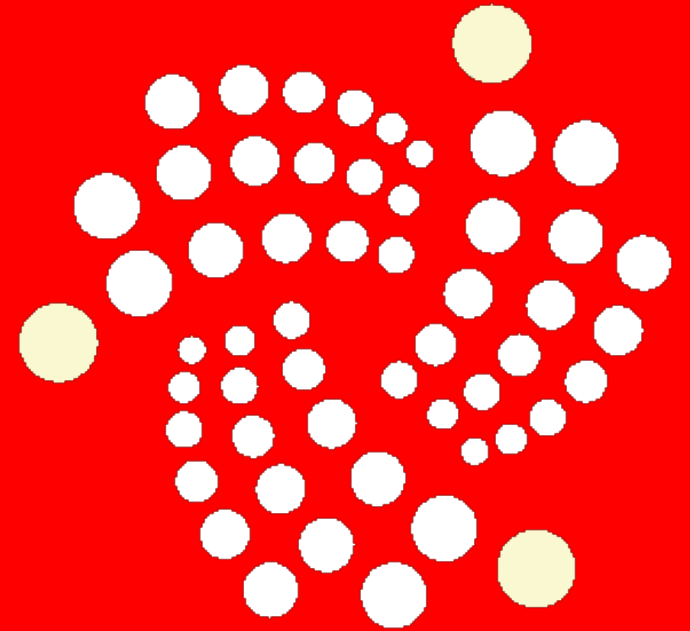
Source: DG REGIO based on EU-NED database, national administrative sources and Chapel Hill Expert Survey 2019

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3.

Why is this happening?



Classic and new explanations

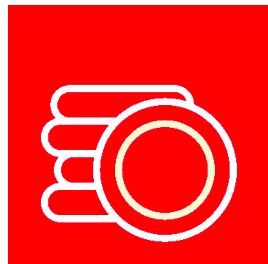
Classic



Individual factors: Education, ageing, migration



Geography: Location, rurality, density

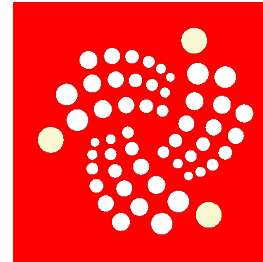


Economy: Employment, industrial decline, lack of opportunities

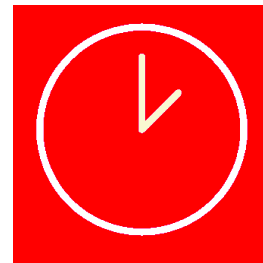
New: Development trap



Risk of a development trap



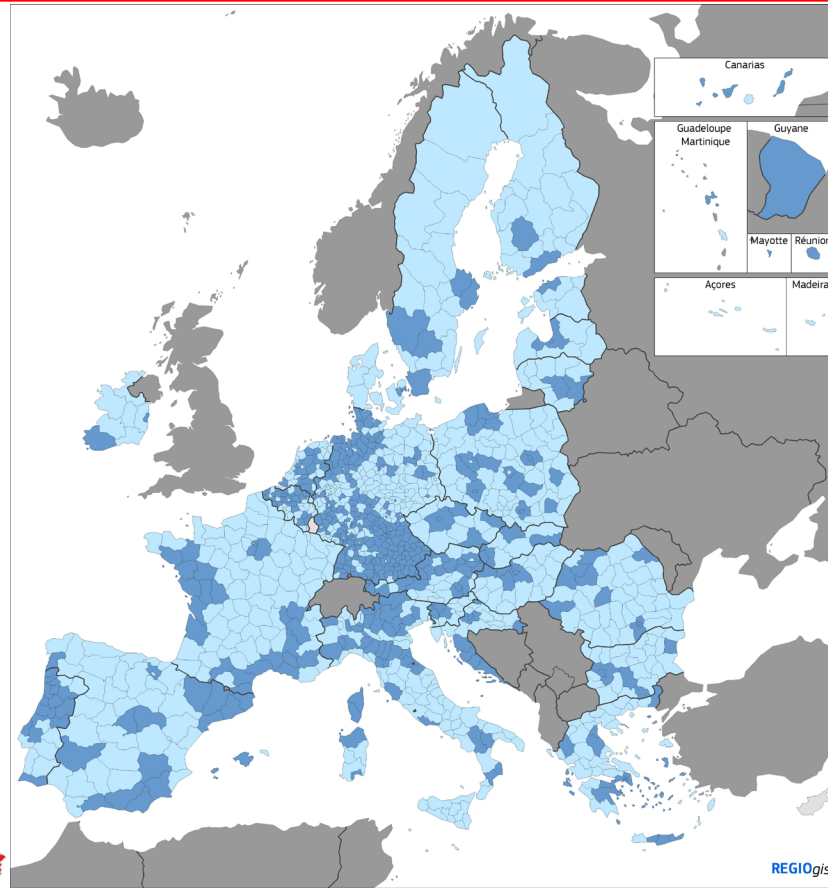
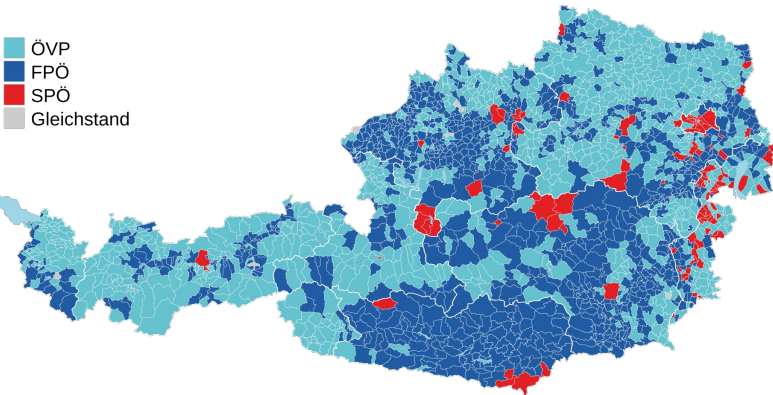
Intensity of the trap



Length of the trap

Polarisation

- **E**conomic growth increasingly concentrated in a few large urban areas
- **M**any regions falling into development traps
- **T**raps from which, in contrast to other parts of the world, escaping is challenging

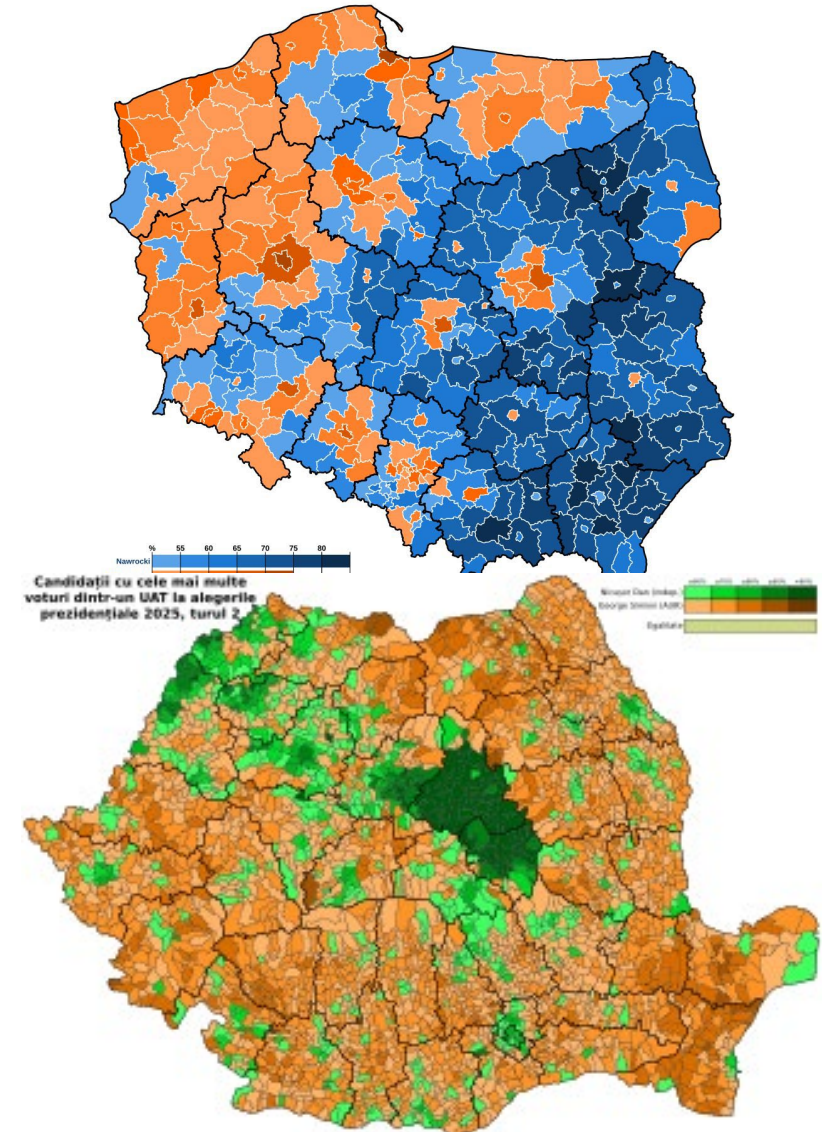


Regional economic growth relative to national growth, 1991-2023

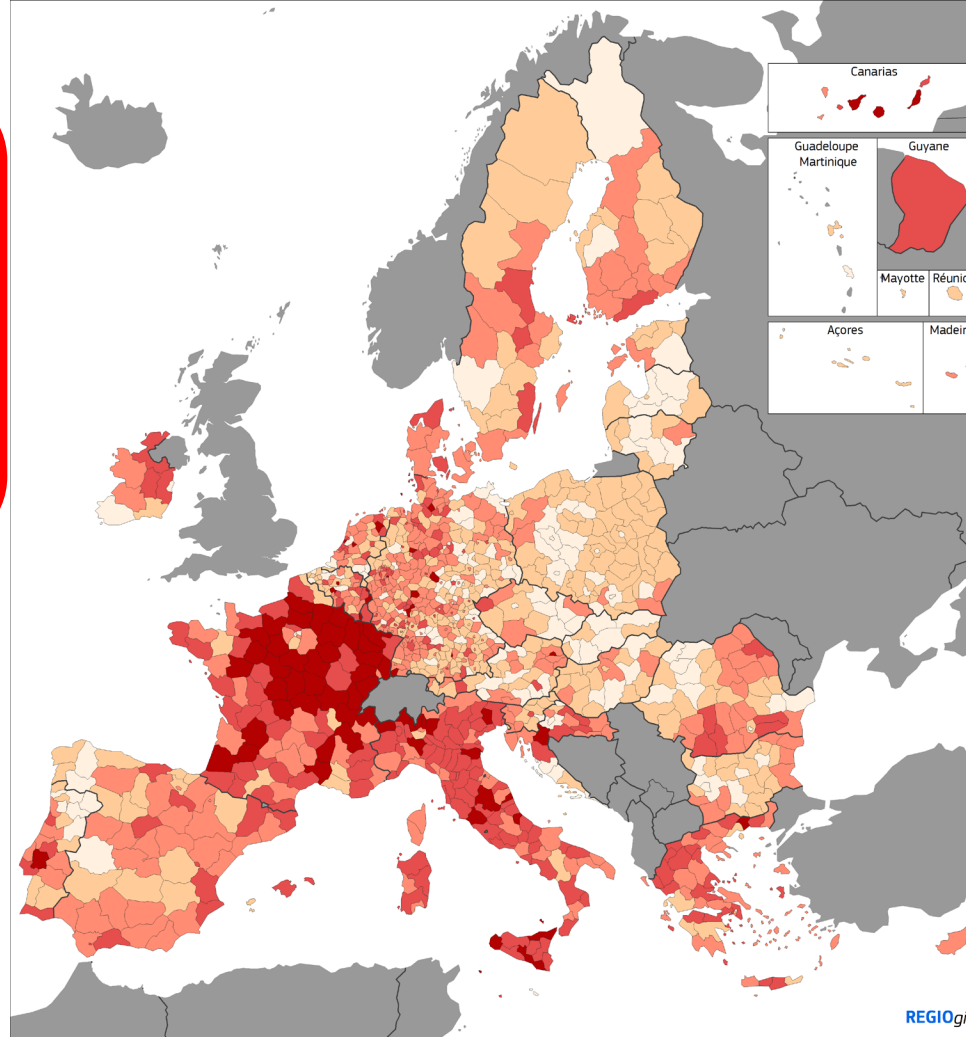
LV, LT: 1992-2023; EE: 1995-2023; SK: 1994-2023; EL: 1995-2023.
Source: JRC (ARDECO)

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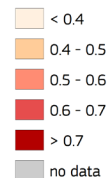


The development trap



Development Trap Index 1 at NUTS 3 level, 2001-2021

Likelihood of being in a development trap

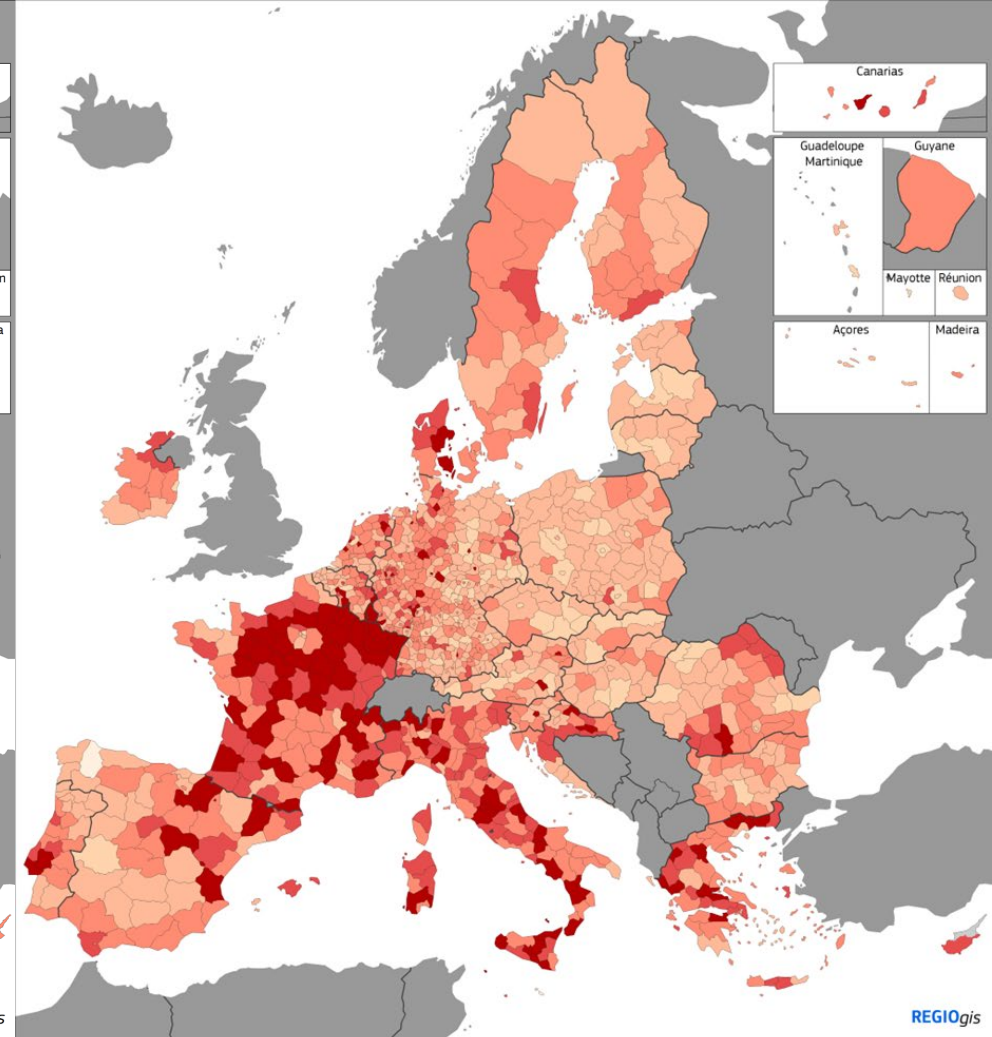


This index measures if a region's growth is lower than that of the EU, of its country, or of the region itself during the previous five years. It considers growth of GDP per head, productivity, and employment per head over a five-year period. A region scores 1 for each time its growth is higher. This score between 0 and 9 is then rescaled to 0 and 1.

Source: DG REGIO calculations based on JRC and Eurostat data

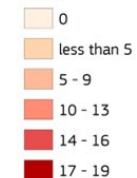
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Number of years in a development trap during 2001-2019

Years



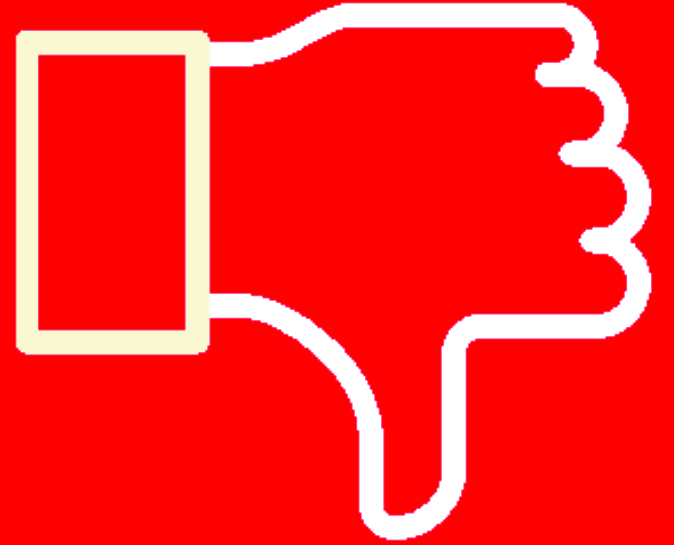
This map shows the number of years that a region scored 0.5 or more on the Development Trap Index 1.
Source: DG REGIO calculations based on JRC and Eurostat data

0 500 km

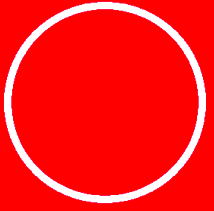
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4.

Traps and discontent



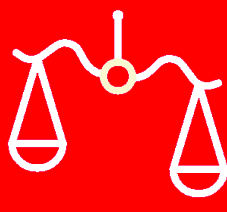
People vote more Eurosceptic if...



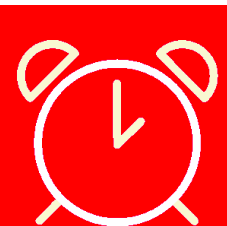
Their region (1) is at risk of a development trap, (2) is in an intense trap or (3) spent more years in a trap



This applies to both hard and soft plus hard Euroscepticism



For two electoral cycles (2013-2028 and 2018-2022)



Effect increases with time: **Seven times** bigger if measured over the entire 2001-2018 period than if considering 2018 alone

Houston, we have a problem

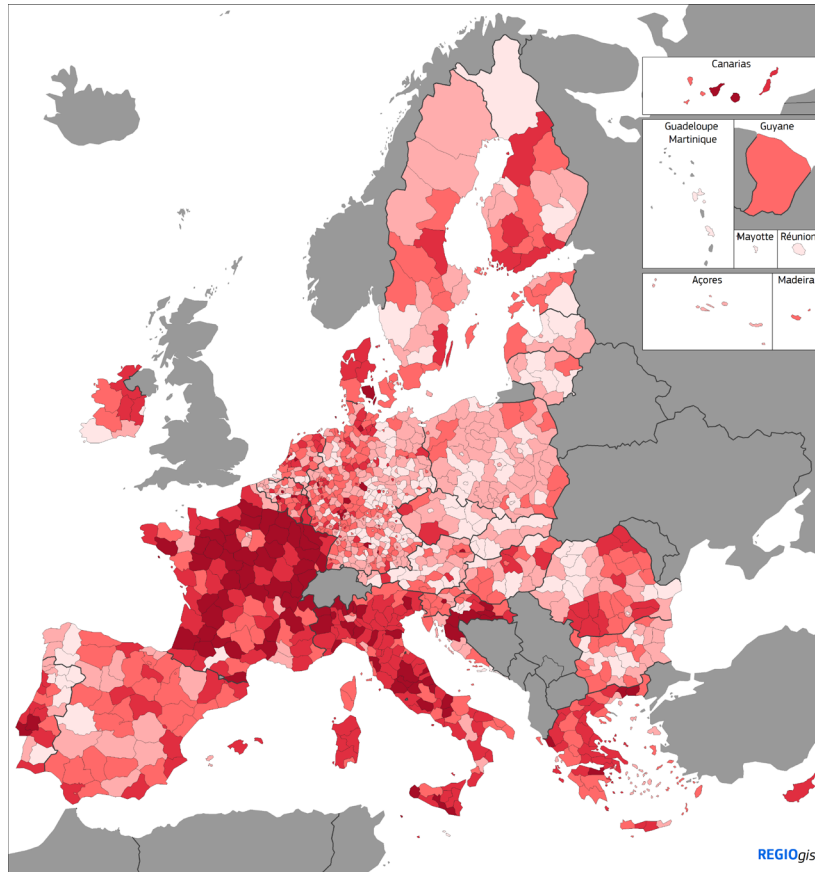


5.

What can be done?

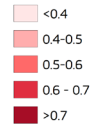


The problem is (partly) territorial...



Development trap index 1 at NUTS-3 level, 2001-2018

Likelihood of being in a development trap



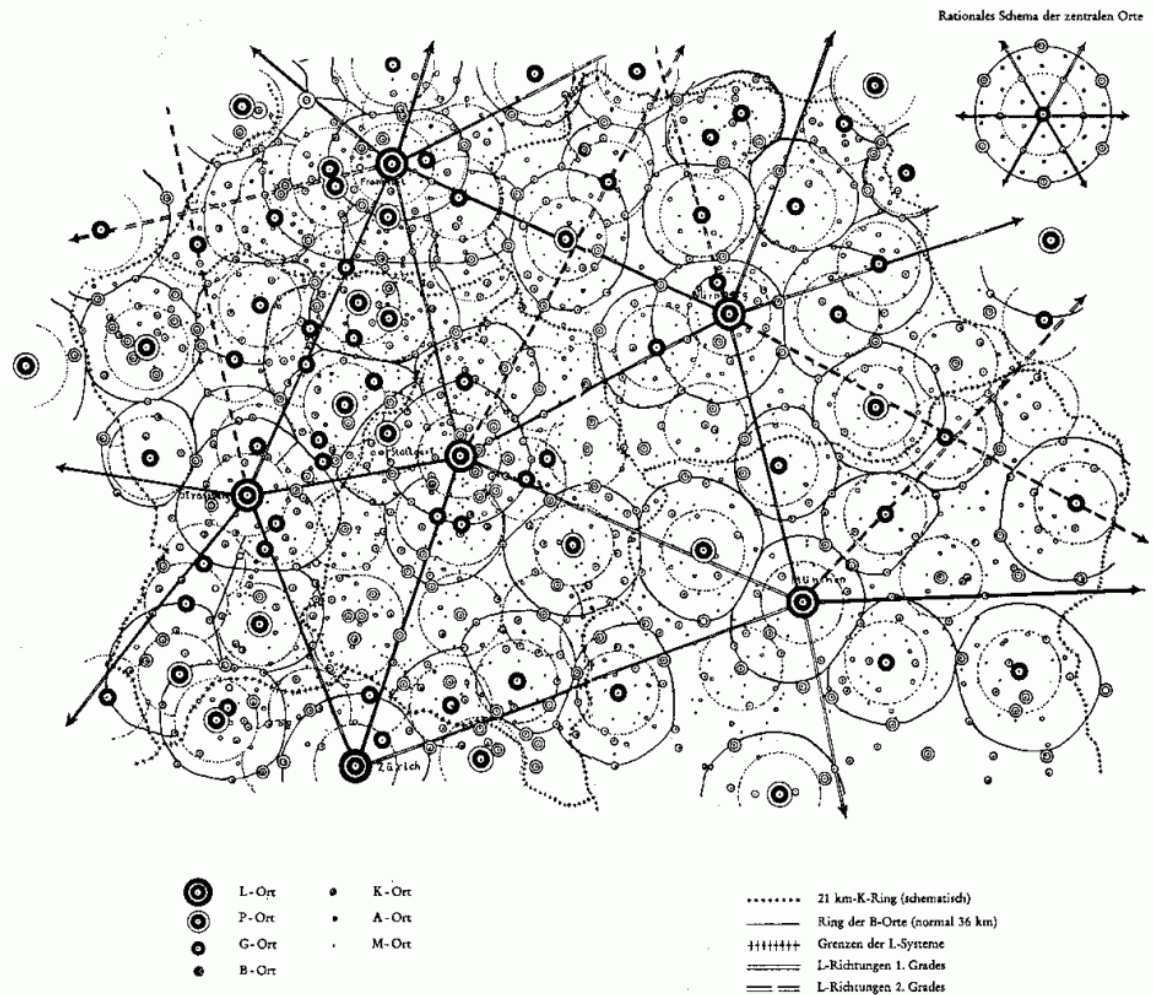
This index measures if a region's growth is lower than that of the EU, of its country or of the same region during the previous five years. It considers GDP per head, productivity and employment per head growth over a five year period. A region scores 1 for each time its growth is lower. This score between 0 and 9 is then rescaled to 0-1. Source: DG REGIO calculations based on JRC and Eurostat data

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So we need territorial solutions



Karte 4
Das System der zentralen Orte in Süddeutschland

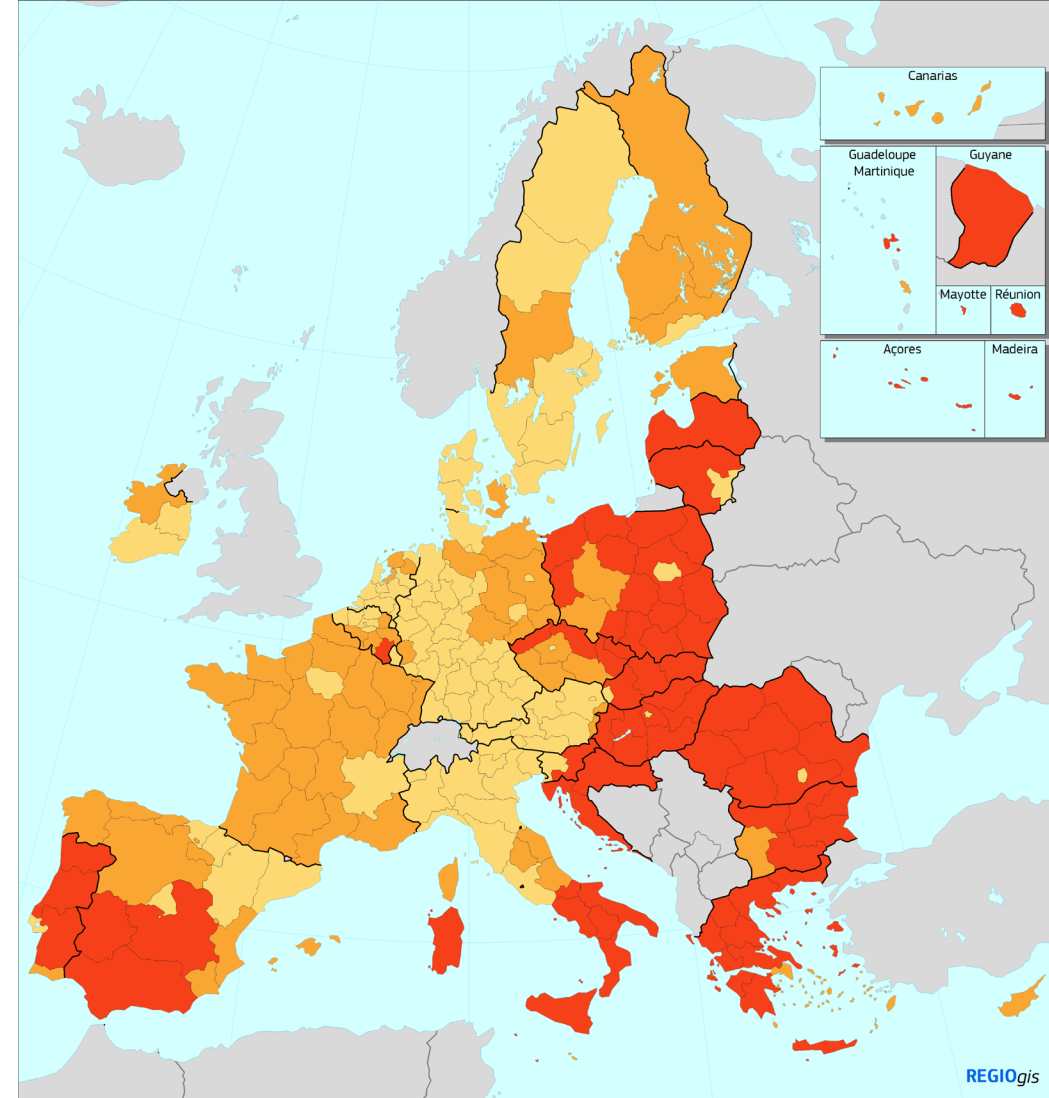
Cohesion policy

- Invested **€1,040** billion between the 1989 reform and 2023
- **€392** billion earmarked for 2021-2027

Results

- Fundamental driver of social and economic progress
- Lifted many Europeans out of poverty
- Amazing catch-up, especially by post-2004 Member States
- A policy that has been replicated across the world

	2000		2023	
	Population	% of EU	Population	% of EU
EU population living in less developed countries	106M	24.6	24M	5.4
EU population living in less developed regions	123M	28.8	120M	26.7



Investment for jobs and growth goal (ERDF and ESF+) eligibility, 2021-2027

Categories of regions

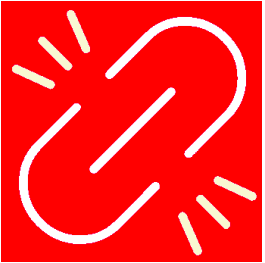
- Less developed regions (GDP/head (PPS) less than 75% of the EU-27 average)
- Transition regions (GDP/head (PPS) between 75% and 100% of the EU-27 average)
- More developed regions (GDP/head (PPS) above 100% of the EU-27 average)

GDP/head: average 2015-2016-2017

0 500 km

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Cohesion as the glue that binds us together



Cohesion is the glue that binds all Europeans together

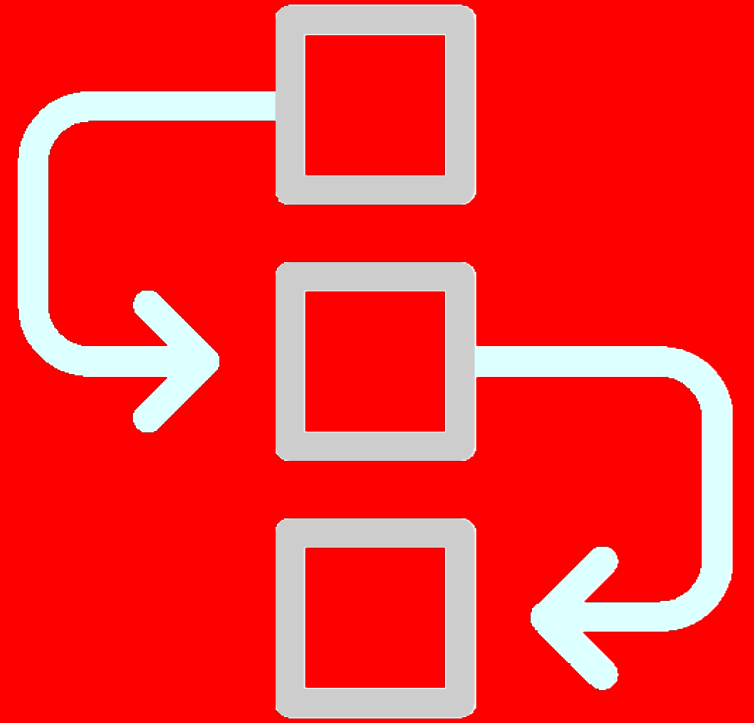


Cohesion promotes a shared sense of belonging (*Zusammenhalt*, Togetherness) and strengthens the European project



Cohesion ensures that no European is left behind

6.



What is being proposed instead?

The emerging picture



Commission proposing a wholesale re-organisation of EU finances—fewer funding instruments



A Competitiveness Fund to support strategic sectors and technologies critical to the EU competitiveness



Single National Plans: Unified national plans for each member states for key reforms and investments, similar to the Recovery and Resilience Facility model



Strong centralization of policy making at the EU and national levels (And where is cohesion in all this?)

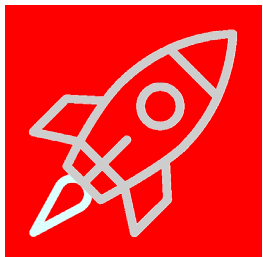
With double-edged axes



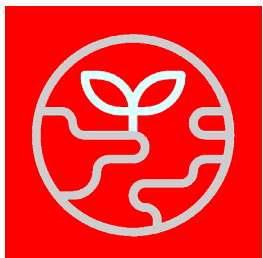
Competitiveness



Security



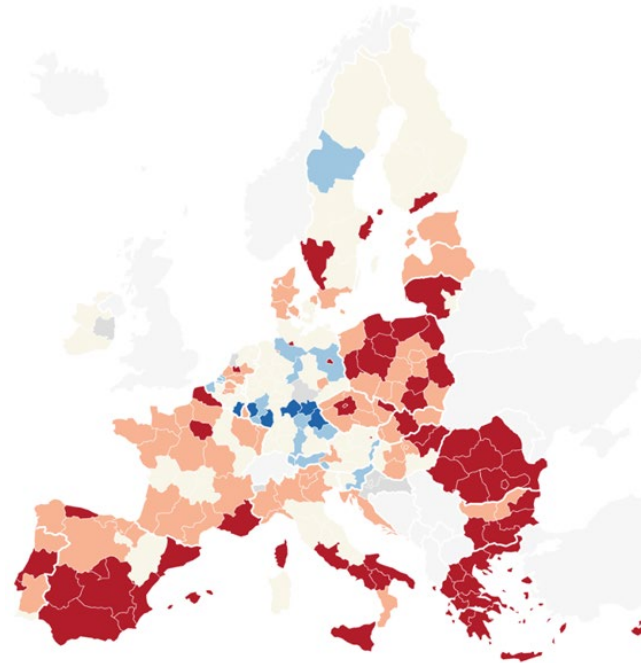
Missions



Green/digital transition

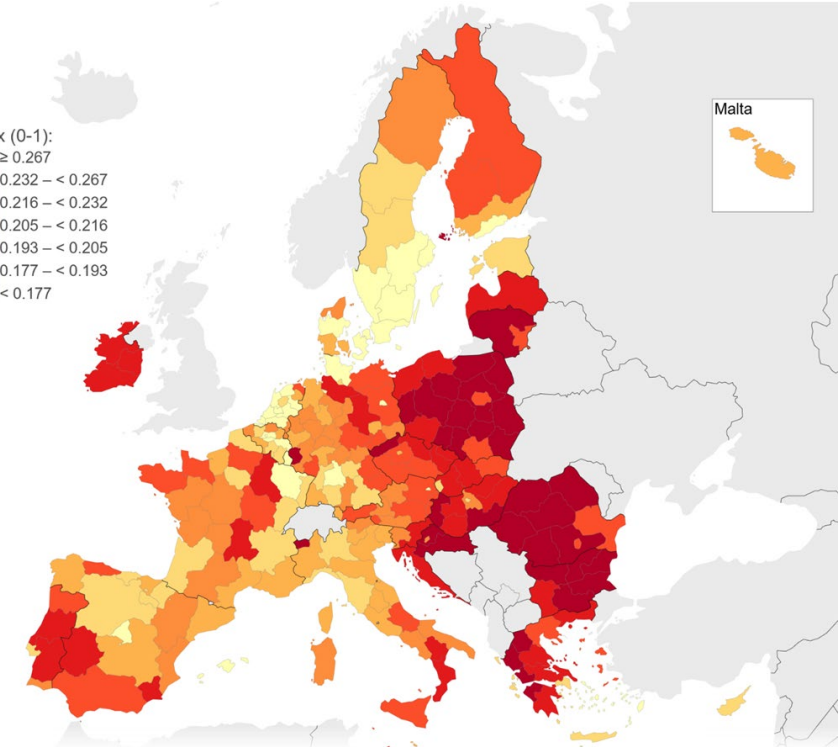
AI patent intensity (2018) (patents per million inhabitants)

< 1 1-2 2-5 5-8 ≥ 8

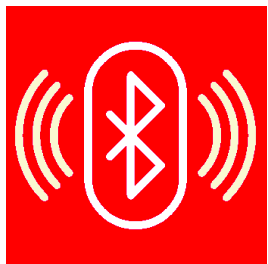


Vulnerability to the green transition

Index (0-1):
≥ 0.267
0.232 – < 0.267
0.216 – < 0.232
0.205 – < 0.216
0.193 – < 0.205
0.177 – < 0.193
< 0.177



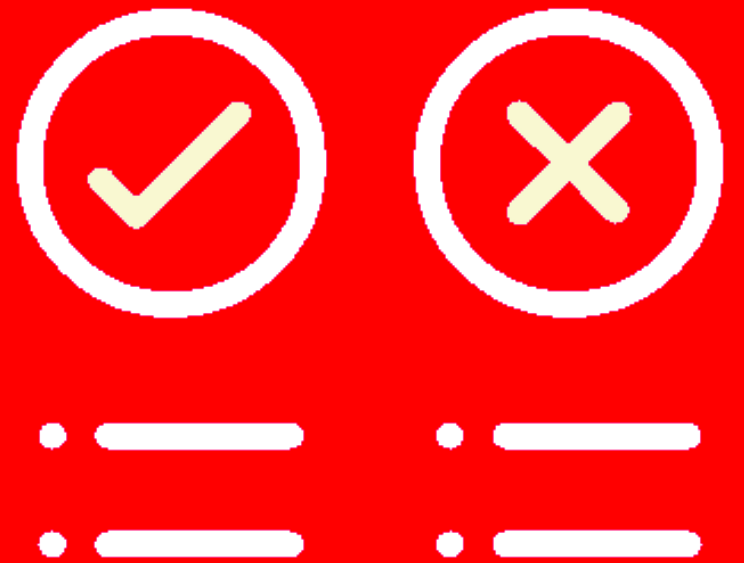
Need to build synergies between policies



Need to build strong synergies among EU policies and national initiatives to ensure that all policies deliver on their goals

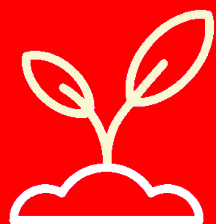
- Cohesion is far too important to be left to Cohesion Policy alone.
- There is no cohesion if the benefits of other EU and national policies concentrate in a few spaces
- But there can be no more competitive Europe, no more secure Europe, no green or digital transition, nor a well-functioning Single Market, nor a more innovative Europe without cohesion
- But without addressing other problems, we cannot have cohesion
- Hence, Cohesion Policy and other EU initiatives, as well as national policies, are mutually dependent and need to work in concert to achieve their collective goals

7.



But what Cohesion Policy?

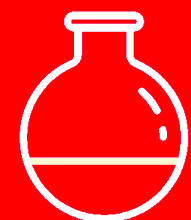
What should Cohesion Policy do?



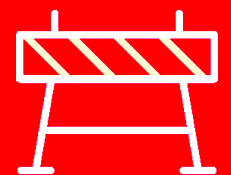
Cohesion policy is a systemic and dynamic policy that **taps into the EU's untapped economic potential**, especially in less developed and vulnerable areas, enhancing development throughout the continent and encouraging the generation and diffusion of economic activity



A policy that promotes territorial fairness



A policy that addresses the main structural challenges of the EU: low development; long-term economic stagnation; and lack of opportunities across all regions.



A policy that knows no borders and builds bridges across the EU's internal and external borders

A policy that tackles challenges head on

Challenge	Type of region	Intervention
Low development	Lagging behind	Improve infrastructure and other forms of productive capital, enhance education and upskilling, bolster institutional quality, develop local ecosystems capable of harnessing trade, FDI and Global Value Chains
Lack of economic dynamism	Development trap	Integrate education with upskilling and lifelong learning, drive innovation, improve institutional quality and address governance bottlenecks, target structural interventions to foster structural change and sustainable growth and jobs, mitigate the economic impact of internal and external borders, and prepare regions to withstand the shocks of changes in value chains, automation and AI
Lack of opportunities	Regions at Risk of Poverty & Social Exclusion	Invest in education and upskilling, provide early childhood education and care, implement effective labour market policies (including navigating the challenges from the adoption of digital technologies and automation), promote work-life balance, encourage active ageing, prioritise poverty reduction and social inclusion.

A place-based policy exploiting local potential

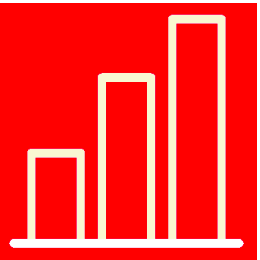


A place-based and transformative policy, with future-oriented investments sensitive to the unique strengths, challenges and needs of regions

- A policy that drives regional and local transformation
- Allows regions to reinvent themselves
- Integrates cohesion with broader development goals

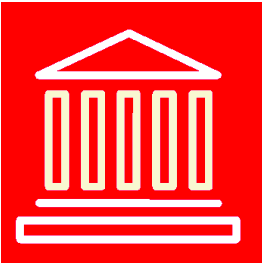


A policy that exploits local capabilities and potential and develops future opportunities for inclusive and sustainable growth through diversification and collaboration



A policy that remains fundamentally concerned with its original mission of driving sustainable development and boosting competitiveness, while maintaining flexibility to address urgent challenges

A policy that builds institutions and connects



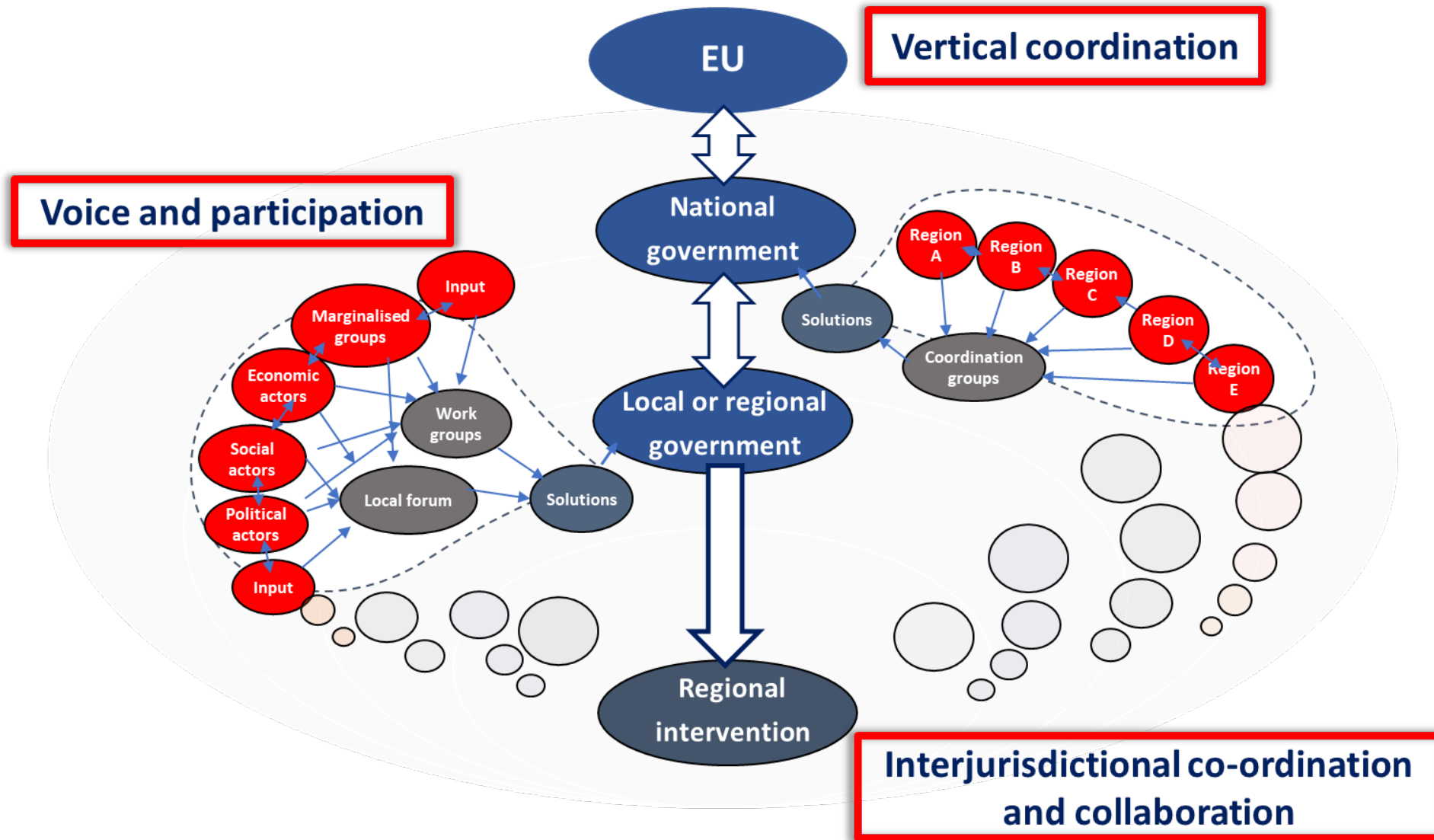
A policy that builds better institutions, putting institution and capacity building on par with investment in infrastructure and productive capital, human capital and innovation as the basic pillars to achieve development



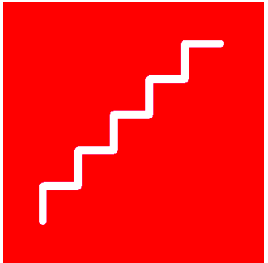
A policy to harness global opportunities

- A policy that connects local economic stakeholders to sources of knowledge and skills, tapping into a wider pool of ideas and expertise, wherever they are
- A policy that invests in creating the ecosystems that can effectively absorb and transform new knowledge into viable and sustainable economic activity

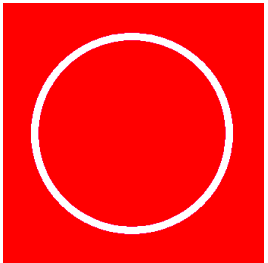
Improving governance



A simplified performance-based policy

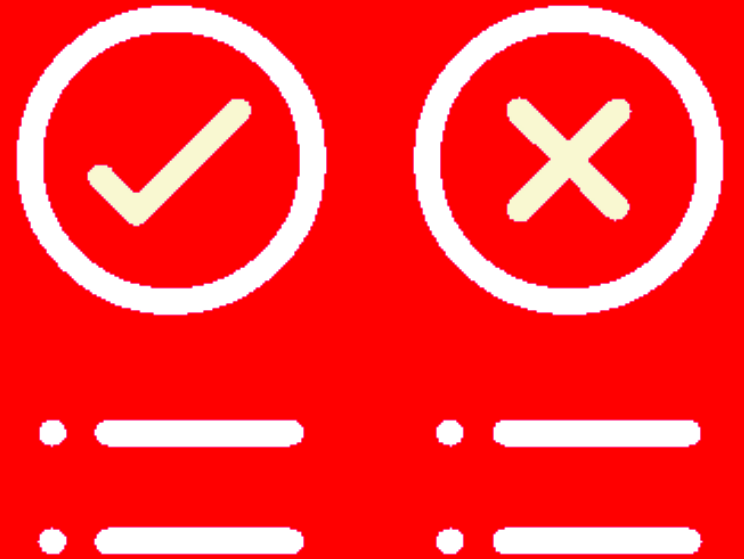


A policy that becomes even more performance-based, blending this approach with its territorial dimension



A policy that streamlines its administrative procedures, reducing paperwork, and adopts more efficient approaches to simplify processes and make them more user-friendly

8.



So, back to the drawing board

Back to the two visions of Europe



So, can the EU survive without cohesion?



I've seen much of the rest of the world. It is brutal and cruel and dark. Rome is the light!

Territorial divides and the rise of discontent in the EU

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