



RESUMEN AMPLIADO

Título: EU Regional Policy and Identification with the European Project

Autores y e-mail de todos ellos:

Enrique López-Bazo (elopez@ub.edu)

Vicente Royuela (vroyuela@ub.edu)

Departamento: AQR-IREA Research Group

Universidad: Universidad de Barcelona

Área Temática: (S12 – *Regions in Europe: Past, present and future trends*)

Resumen:

The European Union Regional Policy (EU-RP) is expected to have a clear impact on the citizens' everyday lives. On the one hand, the socio-economic situation of each territory and the prospect of its development guide the design of policy interventions. On the other, investments under the umbrella of the EU-RP account for about a third of the EU budget. Importantly, the bulk of the funds are allocated to less developed regions, resulting in a significant redistribution of resources, that may well strength the idea of solidarity and care for others within the EU, which is a pillar of the civic dimension of the European identity. Against this background, the main aim of this study is to provide evidence on the impact of the EU regional policy on the citizens' identification with the European project. The hypothesis is that perception of this policy by individuals in a region increases with the intensity of the policy in the region (measured by the amount of EU funds expended per inhabitant). In turn, this increase in citizens' perception of the regional policy affects the process of EU identity-building. In addition, a rural-urban divide in the impact of the EU-RP on the citizens' perception and identification with the EU project is explored. Individual-level data from the PERCEIVE Survey, merged with aggregate regional measures of the EU-RP, are used to test the above-mentioned hypotheses. Important policy implications as regards the strengthening of a European identity, and its connection with the EU-wide regional development policy, are derived from the results.

Keywords: *Cohesion Policy; European Identification*

Acknowledgement: This work received financial support from the European Union's Horizon 2020 Framework Research and Innovation Programme, PERCEIVE Project, Grant agreement no.: 693529.



1. Introduction

Among the factors and determinants influencing individuals' identification with Europe, previous contributions to the literature have pinpointed a list of EU policies and institutions with a clear impact on the everyday life of citizens, such as the adoption of a common currency, having a common flag, the Erasmus program, etc. Still, as stressed by Capello and Perucca (2017a, b), the evidence verifying the role of Cohesion Policy on the construction of European identity is surprisingly scarce. These authors list up to four reasons for expecting a positive impact of Cohesion Policy on the citizens' identification with Europe: i) the Cohesion Policy is designed to solve specific regional needs and, consequently it is a "tangible manifestation" of the EU in citizens' everyday lives; ii) it is a relevant investment tool as it represents about a third of the total EU budget (some 350 billion € over the 2007-2013 programming period); iii) the request and management of the Cohesion Policy interventions is developed mostly at the regional level, with an important participation of local actors; and iv) over 80% of the Cohesion Policy budget is allocated to less developed regions, what implies a strong redistribution effect of the policy over the EU, strengthening the idea of solidarity and care for others within Europe, a pillar of the civic dimension of the European identity.

Against this background, the main aim of this study is to provide evidence on the impact of the EU regional policy on the citizens' identification with the European project. The hypothesis is that perception of this policy by individuals in a region increases with the intensity of the policy in the region (measured by the amount of EU funds expended per inhabitant). In turn, this increase in citizens' perception of the regional policy affects the process of EU identity-building.

The regional dimension of Cohesion Policy is out of doubt. In fact, we hypothesize that there are regional particularities in the process of building a European identity that can have to do with the impact of the EU regional policy, which may even differ between rural and urban areas within a region. As for the mechanisms of individual identification with Europe, the levels of awareness of individuals may well vary dramatically within countries. For instance,



differences between regions and, more importantly, between urban and rural areas in terms of education are quite significant (Rodríguez-Pose and Tselios, 2009, 2011). Overall, educational inequality is fundamentally a within-region phenomenon, as 90 percent of the educational inequality in Europe occurs between citizens living in the same region. Regional variations in the so-called experience-based mechanism could also be sizeable. Clearly, contact with other European citizens is easier in urban than in rural areas, what favours the growth of a European identity in cities compared to smaller villages. The perception of the impact of EU policies with a territorial dimension can dramatically differ as well. For example, the European Agricultural Policy is, by definition, mostly rural. As for the Cohesion Policy, one can expect that a spatially differentiated implementation will matter as well to produce a more positive impact on citizens of particular areas.

As for the determinants of European identity, the existence of important regional identities within each country can mediate the way in which territorial identities, either civic or ethnic, are built. If a strong regional identity grounded on ethnic aspects is present, it can hinder the growth of identification with Europe. Still, a European orientation can arise if it is associated with the possibility to overcome the national identity by the regional identity, being the former substituted by the European one. As for the rural-urban dimension, there are no clear arguments to support that the ethnic or civic dimensions of local identities are stronger in one type of area vis-à-vis the other. It can be argued, for instance, that this is linked with the ethnocultural identification of every territory. The opportunities to interact with EU non-nationals can be different in cities than in rural areas. In addition, the areas can largely differ in terms of the type of EU immigrant residents, as more educated and wealthier EU15 citizens residing in other Member States are expected to live in a greater proportion in larger cities, while citizens from EU13 living in other EU countries may be distributed more homogeneously over the territory. In any case, it may well exist a sort of rural-urban divide in the building of European identification due differences in the civic/ethnic aspects. Therefore, empirical scrutiny could shed light in this interesting aspect.

Finally, in our view there are two additional elements that could originate spatial disparities in the European identity process. On the one hand, the particular structure of the political system in general and, in particular, of the system of parties in each country. A system with strong regional parties, as opposed to a structure of predominant national parties, is an important



feature that can affect the determinants of European identity throughout the territory. Among other ways, by creating a differentiation in the messages transmitted to citizens in different regions/areas. On the other hand, the economic performance of the country and its regions, in absolute terms and in relation to other EU countries and territories, is a crucial aspect that, as previously discussed, have been shown to affect the building of the European identity. To be clear, the Cohesion Policy is regionally defined, and consequently there are net beneficiary regions and net paying regions. Under the economic utilitarian arguments, this should result in differences between citizens across territories in the degree of their European identification. In addition to this type of economic effect, there is another one in connection with the territorial incidence of the on-going process of economic integration. This is so if citizens from the poorest regions see themselves, and their regions, as losers in the free-trade open market competition that is under the EU building. In contrast, those in the economic core areas can value to more extent the benefits of such a process. This disparity in perceptions can clearly hinder the identification with Europe, and in particular with the EU, in some areas and strengthen it in others.

2. Data

Results in this paper are obtained from a comprehensive survey carried out under the umbrella of the EU H2020 PERCEIVE project.¹ 17,147 individuals from 15 selected EU member states were interviewed during the summer of 2017. The set of surveyed countries were selected on the basis of variation in terms of geography, size and institutional quality, representing over 85% of the EU population.² The survey asks about the identification with Europe in two separate questions, which are similar to questions included in the Eurobarometer. The PERCEIVE survey also includes questions about the citizens' awareness, perception of benefits, and support to the EU Cohesion Policy. This results in a rich dataset on identification with Europe and the citizens' assessment of the Cohesion Policy for a

¹ <http://www.perceiveproject.eu>

² Countries included are Austria, Bulgaria, Estonia, France, Germany, Hungary, Italy, Latvia, Netherlands, Poland, Romania, Slovakia, Spain, Sweden, and UK. See Charron and Bauhr (2017) for further details. It is important to stress that the PERCEIVE survey includes more information on both the citizens' identification with the EU project and their awareness and perception of the EU Cohesion Policy. This feature makes it more appropriate than the information available in the Eurobarometer for the type of analysis we are interested in.



representative sample of individuals in a group of countries covering most of the EU population. The survey, then, is the most convenient data source for our analysis.

The formation of collective identification with Europe depends on the European discourse and the attention paid by individuals. In that regard, the awareness and perception of the policies designed and developed by the EU in general, and the Cohesion Policy in particular, are expected to play a crucial role. For the Cohesion Policy to contribute to the identification with the EU project, citizens must be aware of it (information based mechanism), and they should evaluate that such policy interventions benefit them in a way or another. Besides, and even if they are not directly benefited by the policy, they should agree with a territorial redistribution of opportunities and wealth. Consequently, the analysis in this section exploits the information contained in the PERCEIVE survey about awareness, perception and support to the EU Cohesion Policy, and about identification with Europe. To be clear, we have analysed the responses to the following questions:

- Citizens' identification with the EU Project:
 - *In general, do you think that (YOUR COUNTRY'S) EU membership is: **a good thing, a bad thing, neither good nor bad, not sure.** (UK not included).*
 - *On a 0-10 scale, with '0' being 'I don't identify at all, and '10' being 'I identify very strongly', how strongly you identify yourself with Europe?*
- Citizens' awareness of the EU Cohesion Policy:
 - In general, have you ever heard about*
 - *the EU Cohesion Policy? (Yes, No)* – *the Structural Funds? (Yes, No)*
 - *the EU Regional Policy? (Yes, No)* – *any EU funded project in your region or area? (Yes, No)*
- Citizens' perception of benefits and support to the Cohesion Policy:
 - *To your knowledge, have you ever benefited in your daily life from any project funded by the EU? **Yes; No; Don't know***
 - *In your opinion, the EU should continue Cohesion Policy, where wealthier countries contribute more, and poorer EU regions receive more funding." **Strongly agree; Agree; Disagree, Strongly disagree***

As a crucial aspect for our analysis, the survey includes the size of the place of residence of respondents. This allows us to distinguish three categories to capture the rural-urban



dimension: i) large towns, as those places with more than 100,000 inhabitants, ii) middle-sized towns, whose number of inhabitants range from 10,000 to 100,000, and iii) rural areas when inhabitants are less than 10,000. Finally, the survey also includes the region in which the respondent lives. This has allowed us to merge the individual information in the survey with the data on the regional breakdown of the total Structural Funds expenditures per inhabitant (SFpc) in the programming period 2007-2014. Based on the corresponding figures, four groups of regions in the 15 surveyed countries were defined based on the quartiles of the SFpc distribution. The group based on the first quartile is the one with less SFpc whereas the one based on the fourth quartile corresponds to the set of regions receiving higher amounts. Additionally, we have considered the distinction between the group of regions eligible as *Less Developed* in the current programming period 2014-2020 and those that are not in this group of EU regions.³

Our study includes a wide list of controls of individuals' characteristics (demographics, perception of own economic situation, political and social values, perception of corruption) and of the regional context (distinguishing between that perceived by the respondent and objective measures). Further details of the variables used in the empirical study are provided in Table 1.

3. Methods and expected results

First, the paper will describe responses in the survey on the EU regional policy awareness and perception, and about the degree of identification with the EU project. The descriptive analysis will distinguish between respondents in different types of regions, defined in terms of the intensity of the EU regional policy and considering the urban-rural divide. Then, it will explore the effect of the EU regional policy on the process of EU identity-building, through its effect on the perception of the policy, by means of multivariate techniques. It will do so taking into consideration:

³ Although figures on the amount of SFpc allocated to each region in the current programming period can also be computed, we have preferred to use in this analysis the (almost) final amount of expenditures in the previous programming period as, in our opinion, this is a closer measure of the actual impact of the EU policy in each region. In contrast, eligibility as a *Less Developed* region in the current programming period is, in our opinion, a more appropriate proxy on the present relative socio-economic situation of the region and, therefore, on the current intensity of the Cohesion Policy in the set of regions under analysis. In any case, the results in this section are qualitatively similar when using the previous programming period.



- a multi-equation setting,
- the multi-level characteristic of the data (combination of individual with country/region-level data),
- spatial sorting effects that could confound the estimated impact of the policy variables,
- that the variables of interest (proxies for perception and identification) are not continuous,
- and the spatial heterogeneity in the effect of the policy on identification.

The estimation of the parameters of the appropriate specification will allow computing the corresponding marginal effects of the regional policy variables on perception, and through it, on identification. Separate marginal effects will be computed for large and middle-sized town, and rural areas. This will allow assessing differences in the impact of the EU regional policy on the degree of identification between citizens in locations of different size.

A flavour of the evidence that will be obtained is summarised in the results reported in Table 2. They correspond to the estimation of the direct effect of the measures used to proxy for the EU regional policy in the degree of identification with the EU project, and awareness and perception of the EU policy. They allow for differences between urban and rural areas.

The first two columns of results in the table correspond to the two indicators for the identification with the EU project. It can be observed that living in a town, regardless of its size, has no direct effect in the individuals' propensity to think that EU membership of their countries is a good thing. However, there seems to be an indirect effect through the impact of being in a region eligible as Less Developed. The estimates suggest that respondents in small and middle-sized cities of regions in this category are less prone to have a negative view of EU membership than those in the same type of regions but living in rural areas. On the other hand, conditioned to the distinction between eligible and non-eligible regions, there is no evidence of an urban-rural divide in the impact of the Structural Funds expenditures on the assessment of EU membership. As for the indicator about the degree of identification with Europe, there is a significant gap favourable to individuals living in large cities with respect to those in smaller cities and rural areas. However, no differences across locations of different size are observed in the effect of the EU Regional Policy. In other words, neither the



interaction with the Less Developed regions nor the one with the amount of Structural Fund expenditures per capita in the region are significant from a statistically point of view.

The next four columns in Table 2 summarise the results for the indicators of awareness of the EU policies with an immediate regional impact. The estimated effect of the type of area, both the direct one and the indirect through the modulation of the impact of the EU Regional Policy, is very similar for the awareness of the Cohesion Policy and the Regional Policy. In brief, there are no significant differences between areas of different size and there is no effect through the interaction with living in a Less Developed region. However, the positive impact of the intensity of the Structural Funds in the region is significantly higher for individuals living in large cities. Remarkably, neither there are significant differences associated to the area size nor there is an effect of the EU Regional Policy indicators on the citizens' awareness of the Structural Funds. This is in contrast with the evidence derived for awareness on any EU project in the region or area, particularly because of the effect through the interactions. Results in this case suggest that the probability of awareness is higher in the rural areas of the Less Developed regions than in their cities, particularly in the largest ones. On the contrary, the increase of awareness with the amount of funds per capita expended in the region is significantly more pronounced in cities than in rural areas. Two aspects arise here. First, large cities in less developed countries are likely to be eligible for Structural Funds, although the citizens there (more developed areas within their countries) may not perceive such a negative relative position in European terms and consequently the options to receive funds. And second, despite controlling for individual cognitive resources, such as education, the concentration of more skilled people in larger cities might be the reason for a positive awareness against the rural.

Finally, the last two columns report estimates for the indicators of perception and evaluation of the Cohesion Policy. In the case of the first one, there is no evidence supporting a significant interaction effect on having benefited in the daily life from any EU project. As in most indicators of awareness, there is no substantial difference related to the size of the place of living beyond the lower propensity for respondents in small and middle-sized towns. The conclusion is different in the case of the indicator of evaluation of the Cohesion Policy, as there are significant differences between urban and rural areas through the interaction with the policy indicators. It is observed how the negative impact on the support to the Cohesion



Policy of living in a region eligible as Less Developed is driven entirely by respondents of these regions living in cities. Interestingly, the same applies to the positive effect exerted by the amount of Structural Funds. Only individuals in cities of regions receiving increasing amounts of these EU funds are more prone to support the Cohesion Policy, whereas they have a negligible effect on individuals in rural areas. As above, we interpret that significance of parameters only for urban areas are the expression of higher levels of awareness and likelihood of experiences in these territories.

Overall, these results confirm that there exists an urban-rural divide in the citizens' identification with the EU project and in their perception of the EU Cohesion Policy. They also show that the effect that EU policies have on identification and perception can well vary among individuals in rural and urban areas, and even between those who live in large and small and middle-sized cities.



Table 1. Definition of variables

INDIVIDUAL CHARACTERISTICS

Demographics:

- Gender (Female, *Male*)
- Age and Age² (in years)
- Occupation Status (*Employee in the public sector*, Employee in the private sector, Self-employed, Unemployed, Housewife/Houseman, Pensioner/retired, Student/Trainee, Other)
- Education (*Less than Secondary*, High-School, University, Post-Graduate)

Perception of own economic situation:

- Income level (*Low*, Medium, High, Don't know/refused)

Political and social values:

- Trust in people (0 – “people cannot be trusted” to 10 – “most people can be trusted”)
- More restrictions on immigration (0 – “Fully disagree” to 10 – “Fully agree”)
- Increase income redistribution (0 – “Fully disagree” to 10 – “Fully agree”)
- Strong leader (0 – “Fully disagree” to 10 – “Fully agree”)
- Voting in the last two elections (*Neither*, Once, Both times, Don't know/refused)

Perception of corruption of:

- The European Union (0 – “There is no corruption” to 10 – “Corruption is widespread”)
- The National governing institutions (0 – “There is no corruption” to 10 – “Corruption is widespread”)
- The Regional/local governing institutions (0 – “There is no corruption” to 10 – “Corruption is widespread”)

Place of living:

- Type of area (Large town, Small and Medium-sized town, *Rural area*)
- Years in the area

REGIONAL CONTEXT

Perception:

- Satisfaction with the economic situation (Yes, *No*)
- Economy in the region today in comparison to 5 years ago is... (*Better*, About the same, Worse)

Objective:

- GDP per inhabitant in Euro as % of EU average
- Accession to EU (1957, 1973-1995, 2004-2013)

EU REGIONAL POLICY

Less Developed region: Dummy variable coded as 1 if the region falls under “Objective 1” status (2000-2006 parlance), “Cohesion” status (2007-2013 parlance) or “Less Developed” status (2014-2020 parlance), and 0 otherwise.

Structural Funds per capita: yearly average of the 2007-2013 period of the total annual Structural Fund expenditures in a region (includes the region's OP and National OP) over the region's total population of the corresponding year.



Table 2. Results of models with interactions of regional policy and place size.

	EU membership	Identif. Europe	Cohesion Policy	Regional Policy	Structural Funds	Any EU project	Benefited EU projects	Support to Cohesion P.
Type of area								
Small & Medium town	-0.0391 (0.0698)	0.126 (0.133)	-0.0967 (0.0639)	-0.0306 (0.0631)	-0.0731 (0.0654)	-0.0887 (0.0679)	-0.179** (0.0829)	-0.0127 (0.0742)
Large town	0.0577 (0.0785)	0.370*** (0.112)	-0.0266 (0.0710)	-0.0729 (0.0700)	0.0952 (0.0723)	-0.0656 (0.0758)	-0.00364 (0.0878)	0.0893 (0.0835)
EU REGIONAL POLICY								
Less Developed region	-0.786*** (0.204)	0.404 (0.354)	0.470* (0.258)	0.728*** (0.204)	0.408 (0.277)	0.746** (0.293)	0.662** (0.260)	-0.140 (0.202)
additional effect in Small-Medium Towns	0.381** (0.172)	0.349 (0.344)	0.136 (0.162)	-0.212 (0.157)	0.0743 (0.163)	-0.268 (0.173)	0.0485 (0.184)	-0.480** (0.206)
additional effect in Large Towns	0.159 (0.188)	-0.253 (0.251)	-0.0614 (0.178)	-0.168 (0.170)	-0.149 (0.178)	-0.357* (0.192)	0.167 (0.196)	-0.437* (0.226)
Structural Funds per capita	0.00197*** (0.000745)	0.0031** (0.00132)	0.00184* (0.000953)	0.000772 (0.00074)	0.000136 (0.00103)	0.00214* (0.00110)	0.00227** (0.000952)	0.000652 (0.000725)
additional effect in Small-Medium Towns	-0.000683 (0.000598)	-0.00105 (0.00111)	0.000265 (0.000564)	0.000469 (0.00055)	0.000161 (0.000571)	0.00127** (0.000632)	0.000136 (0.000634)	0.00200*** (0.000732)
additional effect in Large Towns	-0.000650 (0.000703)	4.93e-05 (0.00097)	0.00148** (0.000667)	0.0014** (0.00064)	0.000648 (0.000664)	0.00180** (0.000745)	0.000161 (0.000729)	0.00146* (0.000860)

Note: *** p<0.01, ** p<0.05, * p<0.1. All specifications include the individual and regional controls described in Table 1.