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Some Considerations on Cohesion and Cohesion Policy in the Context of Integration and Disintegration Processess in the European Union

Abstract

In the last decades, the integration process has been stimulated and reflected in a gradual strengthening of the cooperation of member states in individual economic spheres and in the increase in the intensity of relations, also through the implementation of various policies at the EU level, including the regional policy, which aims to ensure union cohesion and to counter divergence processes. The main aim of the article is to identify the existing economic and social disparities in the EU in light of the indicators selected. The challenges for the EU cohesion policy in the face of the changing environment are also discussed. Integration and disintegration processes are currently taking place in the EU, in both political and economic dimensions, which in turn affect EU cohesion. Disparities in the EU can be identified. Various challenges that the EU have been experiencing call into question further and effective union integration, from the economic perspective as well. This gave an impulse to devise EU development scenarios, among which the scenario of multi-speed Europe is close to coming true. It is necessary to intensify integration further, in which cohesion policy will play a leading role, also in the future where it will counter and reduce negative repercussions unarguably associated with integration processes and will stimulate further integration development.

Key words: EU cohesion policy, economic and social cohesion, innovation, competitiveness, integration, disintegration, social progress index.

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Introduction

Within over 60 years the EU has incorporated new member states; at present, it includes as many as 28 member states. The vision of unity put forward in the Treaty of Rome, in which the founding Member States obliged to lay the foundation for closer cooperation between European citizens ("ever closer union") and to ensure economic and social progress through the elimination of existing barriers, the enhancement of the citizens' living and working conditions, taking an approach based on stable development, the consolidation of the unity of economies and the provision of economy development, was to be materialised. As was emphasised, solidarity was the principle of the unification of Europe (Treaty)[1].

In the last decades, the deepening process of the EU integration has been stimulated and reflected in a gradual strengthening of the cooperation of member states in individual economic spheres and in the increase in the intensity of relations, as well as through the implementation of various policies at EU level, including the regional policy, which aims at ensuring cohesion and countering divergence processes[2]. The development of a single market and the Economic and Monetary Union (EMU) constitutes an important achievement of European integration. The development of economic integration was also accompanied by taking action for political integration[3].

However, there were also various challenges and problems for the EU to tackle in order to maintain the dynamics of integration processes, which at the same time had an effect on the cohesion of this grouping. Nowadays they include: the financial and economic crisis and its aftermath, Eurozone crisis, European migrant crisis and they question further stable development of the EU and its cohesion. In fact, there are some divisions in the EU not only in economic and social terms, but also normative, such as: threat to the values or perception as to the uncontrollable occurrence of disparities (Barca 2017). Therefore, it is important to identify the existing disparities within the EU and to evaluate the economic and social cohesion being the main target of the EU Cohesion Policy.

Cohesion in this context is defined "as the degree to which disparities in social and economic welfare between the different regions or groups within the EU are

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[1] More on solidarity in the EU in: Ross, Borgmann-Prebil 2010.

[2] See discussion on: the Economic and Monetary Union and its impact on cohesion in: Molle 2012, Ardy and others 2002.

[3] More on the European economic integration and its development in: Molle 2006, Pelkmans 2001.

politically and socially tolerable" (Molle 2007, 5). Following this definition, the concept of cohesion adopted in this paper is identified with the existing economic and social disparities. The reduction of the degree of socio-economic disparities within this international grouping on different levels: national, regional is associated with the improvement of the cohesion[4].

The main aim of the article is to identify the existing economic and social disparities in the EU in light of selected indicators. The challenges for the EU Cohesion Policy in the face of the changing environment are also discussed.

It is said that the integration and disintegration processes in the EU affect the economic and social cohesion in this grouping, and that the multi-speed Europe can be identified. Some challenges for the EU to be faced render it necessary to develop a new economic model of the EU, i.e. its new framework and instruments, in which the Cohesion Policy should still play a significant role to ensure the cohesion of the EU and to counter disintegration processes. To examine this the statistical descriptive method has been applied.

The paper starts with the theoretical discussion focusing on the concept of integration and disintegration processes, particularly in the EU. Then the economic and social disparities in the EU with the use of the selected indicators are identified. The EU development scenarios by 2025 are presented. Finally, some challenges for the EU Cohesion Policy after 2020 are discussed.

1. Integration and Disintegration Processes in the European Union – Selected Aspects

Integration leads to the development of an economic entity, which stands out against the world economy and is characterised by close economic links that are high in cohesiveness (Kamecki 1967, 93–95). It is emphasised that it is a multi-stage process, which is associated with a gradual intensification of economic links, starting from a free trade area and ending with an economic and monetary union, and complete economic integration[5]. The integration process is to contribute to the development of a cohesive union; nevertheless, existing disintegration processes may negate or partially limit the effectiveness of the actions undertaken and, therefore, the achievement of this objective. How should disintegration processes in the EU be perceived then?

[4] See on the concept of cohesion in: Dziembala 2013, 52–56.

[5] On the stages of integration processes in: Balassa 2011; Pelkmans 2001.

A disintegration process denotes a decrease in integrity or entails the dissolution of a given structure (*Słownik Języka Polskiego*), and hence the reduction of the degree of its cohesion. The EU may be treated as a certain system with its own dynamics, in which there are processes that affect the cohesion degree of the union in various ways[6], including those leading to disintegration.

Disintegration is combined with a process during which a unified unit disaggregates itself into smaller constituents (Eppler and others 2016, 5). It may be related to the transition to lower integration forms, and its consequences entail not only the reduction of welfare and quantitative changes concerning other levels, such as national, regional or associated with the influx of foreign direct investment in particular. Qualitative changes triggered by changes in terms of economic policy and its coordination may also be highlighted (Gurbiel 2001). Disintegration is perceived as a definable outcome, which entails a complete loss of the EU importance as an entity and, at the same time, identifies the end of its operation, and means the return to the pre-integration position, i.e. to national policies, and, therefore, a total disintegration of the EU. On the other hand, another approach identifies disintegration as a process that may lead to results difficult to define; therefore, disintegration is treated as an indeterminate process. Disintegrating forces, with diverse dynamics, may transform the existing institutional balance. Importantly, it may also have an effect on these forces themselves (Rosamond 2016, 865, 867–868).

The process of political formation can be characterised by internal structuring, certain measure of closure and external consolidation (Bartolini 2005, 27ff, after Vollaard 2014, 1148). The political integration process should be associated with a "process of boundary re-definition" in the sense that national borders are crossed, whereas European ones are created. In this context, the disintegration process takes place at the national level, whereas the integration process at EU level. A self-integrating system is seen as one in which there is not only the external consolidation (e.g. through the strengthened system of border control or the strengthening of the system), but also internal consolidation of the structure, but it concerns the levels: system and system entities (players). On the other hand, the counter process may be described as disintegration. In this context, EU disintegration occurs when players and resources are not "confined in the EU", EU structure is weakened by subsequent exits, as well as EU potential (Bartolini 2005, 53, after: Vollaard 2014, 1149). Schmitter considers the occurrence of spillover effect resulting from the increase in the range

6 More on the EU as the system in: Dziembała 2013.

and extent of power. The counter process is spillback effect, which involves the return to previous dimensions (Schmitter 1970, 844–846).

In other contexts, the interconnectedness of economic and political integration is stressed, hence they are treated as one. Alesina et al. indicate that openness in trade, i.e. the progressing "globalisation of the markets" and political separatism, is parallel and represents the fact that "economic integration leads to political disintegration" (Alesina and others 2000, 1277) the example of which is the EU. Along with economic integration, there are regional separatisms in various member states of the union. It is also stressed that various cultural, linguistic and ethnic minorities may survive under the European market and separate safely from their home country (Alesina and others 2000, 1293). However, there is no clear evidence that political disintegration leads to trade disintegration (Sousa, Larotte 2007).

EU member states take actions to a varying degree for the purposes of economic integration, having different potential in this scope, which is reflected in, for example, the level at which they introduce regulations. This also has an impact on varying economic performance of EU member states within the scope of individual areas of economic integration (König 2014, 2–3). They also weaken the integration process in the EU; therefore, they are a disintegrating force affecting cohesion in the EU. However, European integration is not only a multidimensional process, but also a multidirectional one. It is claimed that integration and disintegration processes are parallel and simultaneous; there is also an issue with the measurement of their ultimate results. Therefore, an adopted set of indicators, which describe the dimensions of the process, may serve this purpose. While political integration involves the transfer of competence to the supranational level, the disintegration process shall concern the transfer of competence to the national level in this aspect. However, disintegration does not entail a collapse of the entire system (Eppler and others 2016).

As shown by the considerations, integration and disintegration processes take place parallel, and their perception is also dependent on which perspective one assumes. With regard to the previous considerations, the European integration process may entail the improvement of EU cohesion that is reduction of disparities reflected in the enhancement of the indicators concerning its individual dimensions: economic and social and perceived in the context of national and regional economies, and in reference to the institutional dimension, with an increase in the range and extent of the effect of the Cohesion Policy and other policies, so that that a certain degree of cohesion can be achieved. The disintegration process entails the reduction of this cohesion, which is reflected in the persistent dividing lines.

Cohesion Policy must serve further EU integration, but it must also meet the emerging challenges that have their repercussions as far as economic and social cohesion is concerned.

2. Cohesion in EU in the Context of Economic and Social Challenges at the Beginning of the 21st Century

The process of acceding new countries to the EU has been intrinsically concerned with the issue to ensure its cohesion and, simultaneously, to increase its competitiveness. To the Inner Six, which were the engines of the integration process and were characterized by strong economic performance, including Germany, France, Italy, other countries have gradually acceded and with them brought numerous social and economic problems. In particular, the enlargements that have been made since 2004, during which 13 new countries were incorporated, pose a challenge to the EU. Now the EU includes the countries that are characterised by various economic performance levels, competitiveness levels, different development dynamics. All of this causes dividing lines in the EU to persist and new ones to appear.

Currently, the EU must face a great number of challenges, which have a disintegrating effect on the future of European integration and affect the cohesion in the EU. They can be divided into three groups: economic, political and social. These challenges include:

- consequences of the financial and economic crisis that also affected European regions, and their impact in spatial terms – a core-periphery spatial arrangement. The areas of the EU core that are experiencing relatively modest effects of the crisis are concentrated predominantly in Germany, Poland and in the regions around these countries. On the other hand, the regions such as Ireland, Spain, and partially Italy, Greece, Cyprus, Lithuania, Latvia and Estonia suffered considerable to enormous consequences of the crisis. Although disparities decreased within the countries, they increased in the entire Union (Impact… 2014, 86). However, the analysis of the situation of EU member states indicates that some of them handled the crisis relatively well, but the situation of the European peripheral countries: Spain, Ireland, Portugal, Italy and Greece is more difficult because they experience the negative effect of the crisis to a greater extent (Competitiveness… 2015, 1),
- the Eurozone crisis,
- Brexit,

- the European migrant crisis which requires additional financial resources in order to counter its negative consequences, including funds for the integration of migrants. The scale of the phenomenon is significant because in 2015 4.7 million people (including 2.4 million people who are not EU citizens) immigrated to the EU-28, while 2.8 million people emigrated from it. Migration intensity has changed in subsequent years; the number of immigrants has gradually increased since 2013 (Migrant… 2017, 11–12).

Therefore, this poses the question: what is the shape of EU cohesion currently from the perspective of individual countries and their regions?

The largest contributors to the creation of the European Union's GDP are: Germany, France, Italy, Spain and Great Britain, whose overall contribution was over 70% (2016, in euro), while the EU-15 countries contribute over 91% of the EU's GDP. On the other hand, the potential of the EU-13 countries is not significant in this respect; they represent 8.1% of the EU's GDP. This indicates that a certain distance exists in this area of the EU. The period after the enlargement was characterised by increased dynamics of the economic growth of newly acceded countries, which also contributed to the reduction of the development distance in relation to the EU-15 countries. In the years 2004–2008, the average annual growth rate was significant in countries such as: Romania, Latvia, Slovakia, Lithuania, Bulgaria, Poland, the Czech Republic and Estonia (Table 1) while the rate was considerably smaller in the EU-15 countries. The period of a relatively rapid growth and prosperity curbed the economic and financial crisis, which brought about the decrease in the development dynamics especially in the "old" EU countries, with Greece being the most affected by the negative consequences of the crisis.

The prosperity of EU citizens reflected in the GDP *per capita* is diverse. The GDP *per capita* was the lowest in Southern Europe countries and new EU countries, especially in Bulgaria and Romania, where the GDP *per capita* constituted 47% and 57% of the average GDP *per capita* in the EU-28 countries in 2015 respectively. On the other hand, Greece, Spain and Portugal had the lowest GDP *per capita* among the EU-15 countries. The value of the GDP *per capita* in Italy approached the EU average, i.e. it amounted to 96% of the average EU's GDP in 2015. As far as the GDP *per capita* is concerned, the analysis of the changes that took place in the years 2004–2016 shows a gradual decrease in the development distance (according to the PPP). This period was characterised by an increase in the GDP *per capita* in all new EU member states; in the case of Poland, the GDP *per capita* increased from 11 300 to 20,100 PPP, and in the case of Lithuania from 11 000 to 21 900 PPP, which indicates a significant reduction of the development distance (Eurostat database).

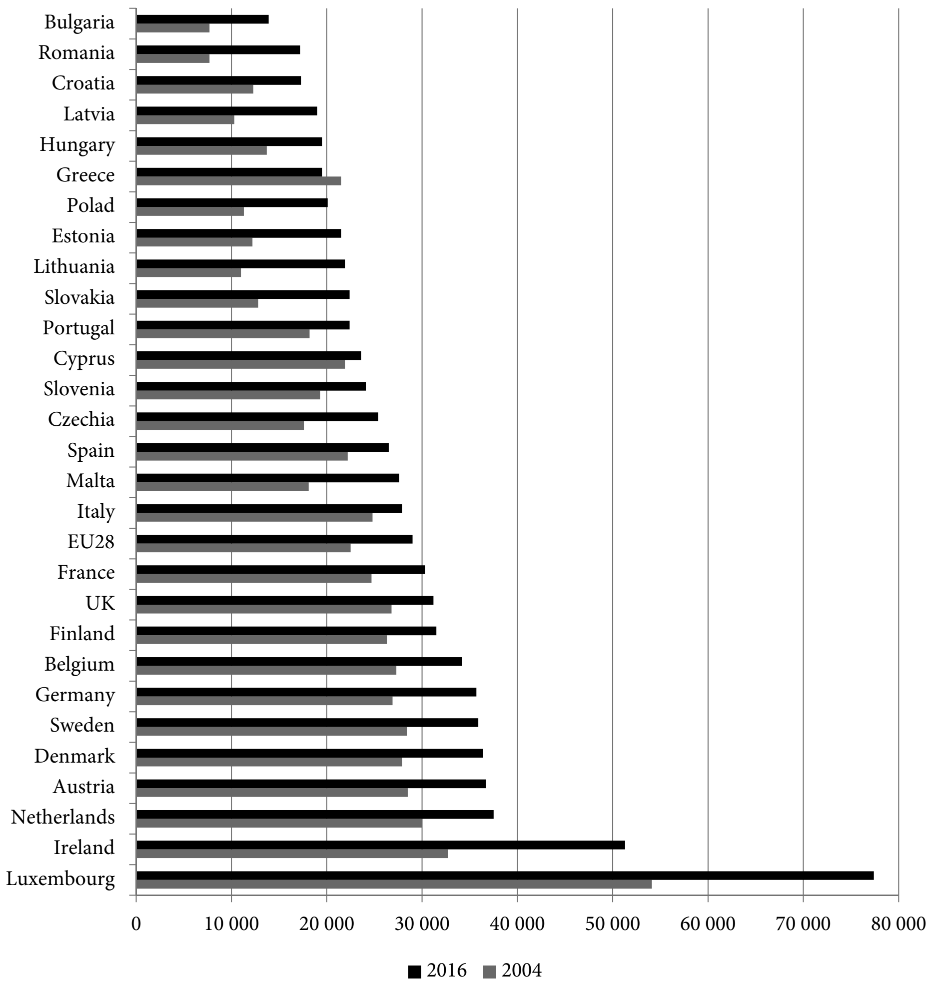
Table 1: Selected data on the GDP of the EU-28 countries and the changes in the GDP

Countries	Value of the GDP *per capita*, million euro	Contribution to the EU GDP (as % of the total EU GDP)	GDP as % of the EU-28 average, in PPP	GDP at market prices (million euro)				
				Previous year=100			Average growth rate (in %)	
	2016	2016	2015	2009	2015	2016	2004–2008	2009–2016
EU-28	14 824 759.1	100	100	94.2	105.1	100.7	4.1	2.7
EU-15	13 618 078.1	-	-	94.7	105.2	100.5	3.4	2.6
EU-12	10 512 303.8	-	-	96.5	103.3	102.6	4.1	2.1
Bulgaria	47 364.1	0.3	47	100.3	105.9	104.6	15.5	3.5
Czechia	174 412.3	1.2	87	92.2	106.6	104.5	13.8	2.3
Estonia	20 916.4	0.1	75	85.6	102.5	103.3	14.2	5.7
Croatia	45 818.7	0.3	58	93.7	102.5	104.0	9.5	0.2
Cyprus	17 901.4	0.1	81	98.3	100.4	101.5	8.1	−0.6
Latvia	25 021.3	0.2	64	77.0	103.1	102.7	20.2	4.2
Lithuania	38 637.4	0.3	75	82.4	102.0	103.5	15.7	5.3
Hungary	112 398.7	0.8	68	87.2	104.5	102.5	6.5	2.6
Malta	9 895.5	0.1	93	100.2	109.8	106.7	5.9	7.1
Poland	424 269.1	2.9	69	86.6	104.6	98.7	15.5	4.2
Romania	169 578.1	1.1	57	84.6	106.4	106.0	23.4	5.0
Slovenia	39 769.1	0.3	83	95.3	103.3	103.1	8.2	1.4
Slovakia	80 958.0	0.5	77	97.0	103.6	102.9	17.4	3.4
Belgium	421 611.0	2.8	119	98.5	102.4	102.8	4.3	2.7
Denmark	276 804.9	1.9	127	95.7	102.5	101.8	4.5	2.6
Germany	3 134 070.0	21.1	124	96.0	103.7	103.3	3.1	3.5
Ireland	265 834.8	1.8	177	90.4	132.4	103.9	4.7	6.6
Greece	175 887.9	1.2	68	98.2	98.7	100.1	5.7	−4.2
Spain	1 113 851.0	7.5	90	96.7	103.7	103.6	6.7	0.5
France	2 228 857.0	15.0	106	97.2	102.2	101.6	3.9	2.0
Italy	1 672 438.3	11.3	96	96.4	101.5	101.6	3.0	0.9
Luxembourg	54 194.9	0.4	264	97.0	104.7	103.5	8.1	5.6
Netherlands	702 641.0	4.7	128	96.6	103.1	102.8	5.1	1.9
Austria	349 344.3	2.4	128	98.0	102.9	102.8	4.9	2.9
Portugal	184,933.7	1.2	77	98.1	103.7	103.0	4.1	0.8
Finland	214 062.0	1.4	109	93.5	102.0	102.2	5.1	2.4
Sweden	462 057.5	3.1	124	87.9	103.3	103.4	3.5	5.9
UK	2 366 911.9	16.0	108	86.8	114.1	91.7	0.5	4.8

Source: Author's own calculations based on data: Eurostat database; Eurostat news release 2017.

This also involved a gradual increase in the social and economic development level in these countries. The best EU-13 country was the Czech Republic, which took only the 15th place in the GDP *per capita* ranking in 2016 (Figure 1). Greece took the 23rd place in this ranking, having taken the 15th place in the 2004 ranking. However, due to the crisis, the revenue of Greeks lowered sharply. What is more, it was the only EU country that suffered from such a situation. Therefore, the division in the EU-15 countries themselves was noticeable, with Southern Europe countries achieving worse results.

Figure 1: GDP *per capita* in the EU-28 countries, 2016 (current prices, acc. to PPP)



Source: Author's elaboration based on data: Eurostat database.

EU countries also achieve various results when it comes to competitiveness in the light of the World Economic Forum indicator – Global competitiveness index (GCI). Competitiveness is determined by a combination of factors, the selection of which depends on at what development stage a given country is. Thus, three stages may be indicated, the first of which is factor-driven. The competitiveness of the country at the first stage is determined by its factor endowments, primarily unskilled labour and natural resources. Along with the advances in development and the transition to the efficiency-driven stage, more emphasis is placed on the development of efficient production processes and increase in the product quality. The last and most advanced stage is the so-called innovation-driven stage. Among the EU-28 countries, Bulgaria and Romania were qualified for the second stage. Croatia, Hungary, Latvia, Lithuania, Poland, and Slovakia were in a transitory phase to the last stage; all the remaining countries were qualified for the last stage (World Economic Forum 2016, 37–38). This means that EU member states have a different ability to compete, which contributes to the determination of the division lines in the EU itself (table 2).

Table 2: Ranking of the EU-28 countries in terms of the GCI and its components

Countries	Ranking-position 2012–2013 (144 countries)	Ranking-position 2016–2017 (138 countries)	Ranking – position in terms of subindexes of the GCI 2016–2017		
			Basic requirements	Efficiency	Innovation
1. Netherlands	5	4	4	9	6
2. Germany	6	5	10	7	3
3. Sweden	4	6	7	12	5
4. UK	8	7	23	5	9
5. Finland	3	10	12	14	7
6. Denmark	12	12	13	17	10
7. Belgium	17	17	24	18	14
8. Austria	16	19	18	22	11
9. Luxembourg	22	20	9	23	16
10. France	21	21	25	19	15
11. Ireland	27	23	21	20	19
12. Estonia	34	30	20	28	33
13. Czechia	39	31	31	27	35
14. Spain	36	32	33	29	34
15. Lithuania	45	35	35	36	43
16. Poland	41	36	45	34	55
17. Malta	47	40	29	41	41
18. Italy	42	44	47	43	28

Countries	Ranking-position 2012–2013 (144 countries)	Ranking-position 2016–2017 (138 countries)	Ranking – position in terms of subindexes of the GCI 2016–2017		
			Basic requirements	Efficiency	Innovation
19. Portugal	49	46	43	39	38
20. Latvia	55	49	41	42	58
21. Bulgaria	62	50	60	44	71
22. Slovenia	56	56	38	54	37
23. Romania	78	62	72	55	100
24. Slovakia	71	65	54	47	57
25. Hungary	60	69	69	56	97
26. Croatia	81	74	68	68	92
27. Cyprus	58	83	67	71	68
28. Greece	96	86	80	67	70

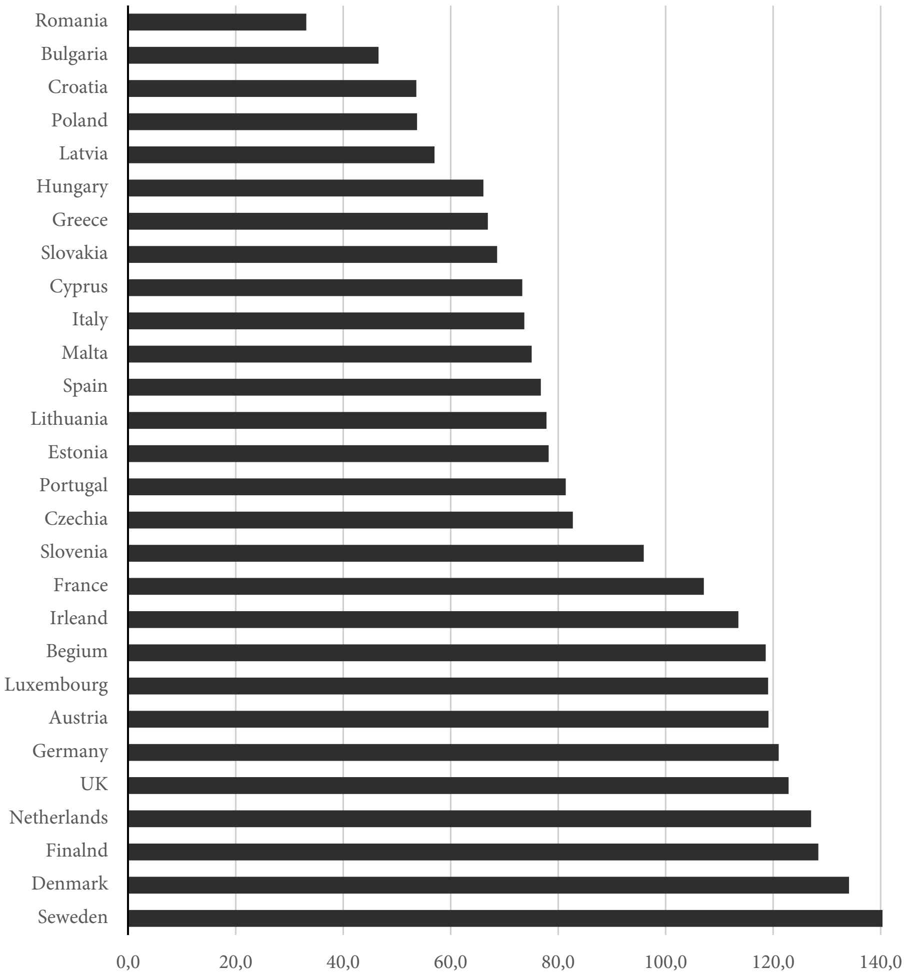
Source: World Economic Forum 2016.

The results of other studies concerning the EU-28 competitiveness indicate 4 country groups. The first one, which achieves the highest results, is comprised of Northern Europe countries (including Sweden, Finland and Denmark) and is at the forefront of the criteria such as: prosperity, education, innovation, business society, openness to the world; the second group includes continental Europe countries such as Germany, France (the results above the European average), which base their competitiveness on the industry sector. In terms of the results of the competitiveness ranking, the third group of countries includes Eastern Europe countries, which improved their results due to their EU membership. Their position is also influenced by their economic relations with Germany. Southern Europe countries, i.e. Portugal, Spain, Bulgaria, Romania, Italy, Croatia and Greece, achieved the lowest competitiveness level (*Competitiveness…* 2015, 2).

The results achieved by individual EU countries are also diverse in terms of innovation according to the European Innovation Scoreboard (Figure 2).

According to this indicator, four groups of countries were distinguished: innovation leaders (Denmark, Great Britain, the Netherlands, Finland, Germany, Sweden), strong innovators (Slovenia, France, Ireland, Belgium, Luxembourg, Austria), modest innovators (Bulgaria, Romania); the remaining countries fell into the group of moderate innovators (European Union 2017, 14).

Figure 2: Innovation of the EU-28 countries according to the results of the European Innovation Scoreboard 2017 (EU=100)

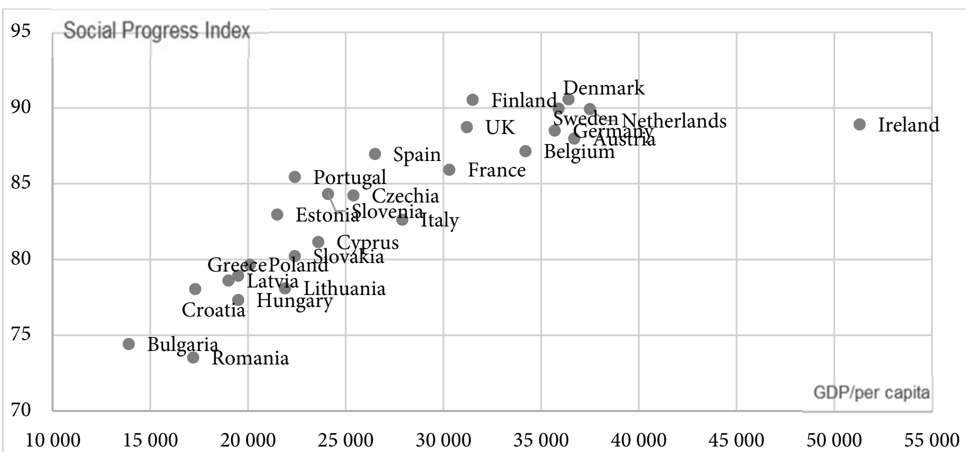


Source: European Union 2017, 14; European Innovation Scoreboard –data base.

However, it is also important to draw attention to social issues and social progress, represented by the Social Progress Index (Social Progress Index 2017). More and more stress is laid on social aspects that should improve along with economic development, including environmental issues. Social progress is defined as “the capacity of a society to meet the basic human needs of its citizens, establish the building blocks that allow citizens and communities to enhance and sustain the quality of their lives, and create the conditions for all individuals to reach their full potential” (Social Progress Index

2017, 2). The index is based on three dimensions, which group (result) indicators together and refer to: basic human needs, foundations of well-being, and opportunity; thus, no conventional economic indicators are used. In the 2017 ranking, which included 128 countries, Denmark, the Netherlands, Ireland, Great Britain, Germany and Austria qualified for the first group of countries (14 countries in total), which achieved the highest results of the indicator. The Nordic countries are prominent, whose model of development also enables these countries to achieve social goals, but not only them. Therefore, this indicates that the goal may be achieved in various ways. All remaining EU countries, except for Bulgaria and Romania, belonged to the group of countries with high social progress, and the lowest positions in this group were occupied by Hungary (37), Croatia (36), Lithuania (35), Latvia (34), and Greece (33). At the same time, Hungary is among the countries whose value of the indicator dropped to the greatest extent in comparison to the 2014 Social Progress Index. Romania and Bulgaria belonged to the group of countries with upper middle social progress, and took the 41st and 44th place respectively (Social Progress Index 2017) (Figure 3).

Figure 3: 2017 Social Progress Index 2017 (value) and the GDP *per capita* (current prices, PPP *per capita*) for the EU-28 countries



Source: *Social Progress Index 2017, 6* and author's own work.

There are also disparities in spatial terms because 27% of the citizens live in regions where the GDP is below 75% of the EU's GDP average (according to PPP). These regions mainly include Central and Easter Europe, but also Greece, Southern Italy, Portugal and some selected overseas regions (*EU regions…* 2017, 6).

Severozapaden was the poorest region in 2015 where the GDP *per capita* was 30% of the EU average; on the other hand, Inner London – West was the wealthiest region where the GDP *per capita* was 580% of the EU average. In the EU, there were 20 regions in countries such as Bulgaria, Hungary, Poland, Romania, Greece, including one in France, where the GDP *per capita* was below or slightly above 50% of the EU average (*Four regions…* 2017). Table 3 presents the regions of the EU-28 with the highest/lowest GDP *per capita*.

Table 3: 10 regions with the highest GDP *per capita* and 10 regions with the lowest GDP *per capita* in 2015 (in PPP, EU-28=100)

Regions with the highest GDP *per capita*	GDP *per capita*	Regions with the lowest GDP *per capita*	GDP *per capita*
Inner London – West (GB)	580	Severozapaden	29
Luxembourg	264	Mayotte (France)	32
Hamburg	206	Severen Tsentralen (Bulgaria)	33
Brussels	205	Yuzhen Tsentralen (Bulgaria)	33
Bratislava Region	188	Nord-Est (Romania)	34
Prague	178	Severoiztochen (Bulgaria)	39
Upper Bavaria	178	Yugoiztochen (Bulgaria)	39
Île de France	175	Sud-Vest Oltenia (Romania)	40
Inner London - East	175	Northern Great Plain	43
Stockholm	174	Southern Transdanubia	45

Source: *Four regions over double the EU average…*, Eurostat news release, 52/2017- 3340 March 2017.

In the years 2000–2015 there was an increase in the GDP *per capita* in the regions of CEE countries, and the EU average was a point of reference. It was the economic crisis that had negative impact on the convergence process, which took place due to a more rapid improvement of the regions with the lowest GDP *per capita*. In the years 2000-2008 inequalities were slightly reduced, but were increased in the years 2008–2015 (*EU regions are converging…*, 6–7).

EU member states participate in the process of economic integration to varying extents. Given the indicator that measures economic integration and involves four dimensions of European economic integration (EU single market, EU homogeneity, EU symmetry, EU conformity) (König 2014, 14–17) for 15 EU countries, the degree of economic integration in EU countries is diverse. Even this research, which was limited in terms of territorial range, shows that a group of core countries: Germany, Austria, France, Finland, the Netherlands and then Belgium, is a leading light in European integration. The next group consists of Italy, Portugal, Spain and another group involves Greece and Ireland, then Denmark, Sweden and Great Britain. Therefore, the existence of such groups of countries may render the improvement of economic integration, or an economic integration process itself more difficult (König 2014, 32).

On one hand, this entails the necessity to target economic policy activities but, on the other hand, a challenge to the Cohesion Policy in order to counter the emerging divergence (disintegration) process, also at the regional level. Discussions about this subject have already begun, and were reflected in EU development scenarios that are the subject of wide-ranging debates as well as a point of reference in terms of future reforms in the EU.

3. European Union Development Scenarios by 2025

Given the changes that are taking place in the external EU environment as well as the progressing disintegration processes, discussions about further EU development and EU future have begun through the publication of a white paper. The white paper offers 5 scenarios of the Union's evolution, which does not include Great Britain anymore[7]. Scenario 1 called *Carrying on* envisages the continuation of current activities by following a joint agenda. By 2025 the focus will be placed on employment, economic growth and investment. This will be carried out by strengthening the single market and by stepping up investment in digital, transport and energy infrastructures. Another scenario: *Nothing but the single market* entails focusing on deepening certain key aspects of the single market and, at the same time, resigning from joint policies. However, this scenario is rather unlikely to come true. Scenario 3: *Those who want more do more* involves multi-speed Europe and its formal confirmation as it envisages the emergence of one or several "coalitions of the willing" to work together in specific policy areas, such as defence, internal security, or social matters. New groups of member states agree on specific legal and budgetary arrangements to deepen their cooperation in chosen domains. Other member states retain the possibility to join these groups. This scenario assumes that the EU unity is preserved and citizens' rights start to vary depending on whether or not they live in a country that has chosen to do more. This is a formal confirmation of multi-speed Europe, which has already been in existence. In this case further EU fragmentation is a possible threat (*What*

7 The discussion about the scenarios in this part of the article (point 3) was based on: European Commission 2017.

could five scenarios…). Scenario 4: *Doing less more efficiently* involves focusing on selected priority areas such as innovation, trade, security, in which action should be quicker and more decisive. Elsewhere, the EU stops acting or does less. Therefore, it is essential to specify EU and member states responsibilities in this context. The implementation of this scenario poses a serious threat to the Cohesion Policy, which is perceived as the one that has very limited added value (What could five scenarios…).

Scenario 5: *Doing much more together* envisages that cooperation between all Member States goes further than ever before in all domains, the consolidation of the euro area and decisions being made faster at European level and speedily enforced. In other words, action is taken in favour of establishing a federation (European Commission 2017). The scenarios provide an impulse to discuss further changes in the EU so that the Union is unified based on the principle of solidarity. This also means heated discussions about further integration directions. It seems there is a very high probability that the scenario involving multi-speed Europe will be selected, and it is in fact already being carried out. This may lead to the creation of further divisions in the EU itself. Irrespective of the scenario in play, the Cohesion Policy will have a crucial role in relieving the consequences of numerous EU policies.

These scenarios should include many other factors that shape the future of Europe. It is important to specify "the border of Europe", which in the future will probably change due to further enlargements of the EU; therefore, there is the necessity to establish broader relations already. Varying integration speed also entails a cohesion issue as well as negative responses from other countries. The future of the euro area and of activities concerning further fiscal integration is also an important issue. However, the validity of fiscal integration activities is questioned due to various social models in different countries, especially the Nordic ones (Wolf 2017).

4. Cohesion Policy after 2020 – Challenges

Cohesion Policy affects the development of regions and contributes to cohesion by means of channelling help to less developed regions (Table 4). To that end, some instruments and directions are adapted to the needs of these regions. In the years 2014–2020, resources are aimed at two objectives: Investment for growth and jobs, European Territorial Cooperation, which involve all regions in general (Regulation No 1303/2013, art. 89).

Table 4: Allocation of Cohesion Policy financial resources to different region categories in the years 1989–2020 (expressed as percentage)

EU	EU-12	EU-15		EU-25	EU-27	EU-28
Region categories	1989—1993	1994—1999	2000—2004	2004—2006	2007—2013	2014—2020
Less developed regions	73.2	61.6	63.6	63.2	59.0	53.5
Transition regions	0.0	0.2	2.6	2.0	7.5	10.8
More developed regions	23.6	27.4	24.3	19.1	12.9	16.5
Cohesion Fund	3.1	10.8	9.4	15.7	20.7	19.2
Less developed regions and Cohesion Fund	76.4	72.4	73.1	78.9	79.7	72.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Inwestycje na rzecz wzrostu gospodarczego i zatrudnienia. Promowanie rozwoju i dobrego rządzenia w regionach UE i miastach, Szósty raport na temat spójności gospodarczej, społecznej i terytorialnej. 2014. Luksemburg: Urząd Publikacji Unii Europejskiej, 187.

It should be emphasised that further operation of the Cohesion Policy ought not to be disputed because it compensates poorer Member States for the costs associated with opening their markets to more developed countries, whereas the contribution paid by the countries serves as a kind of tax on benefits of the single market (Prusek 2009, 98–99). All member states reap the benefits of its operation (*Ocena korzyści…* 2017)[8]. Given the progressing disintegration processes, Cohesion Policy should be transformed. The so-called place-based approach was already suggested during the discussions about the Cohesion Policy after 2013. It was indicated that it should not limit its activities to income convergence of all locations only; therefore, the objective – harmonious development – should be subject to a different interpretation. It was emphasised that there was a necessity for further involvement of various entities in the development of a strategy and projects concerning innovation that are subject to public control. However, due to the issues in terms of public control and creative thinking, which put up barriers to development, the role of the Commission should be as a fair and impartial spectator to the activities of local authorities who are equipped with appropriate competences. The focus was placed on the necessity to provide the appropriate quality of regional and local institutions, and, if need be, the introduction of appropriate changes and adaptation to specific needs of the areas as well as to sectorial policies; in this context, external authorities will be responsible (the so-called *space-aware institutional changes*) (Barca 2017, 4–5).

[8] See also: Bradley and others, 2009.

Currently, there are ongoing debates over a multiannual financial framework after 2020 and, therefore, the future of Cohesion Policy. The changes should include: added value of the policy, performance, transparency, simplifications, or clarity. The debates in particular revolve around the question of added value (interpreted in various ways) of Cohesion Policy, and are held in the context of the convergence of less privileged regions and associated with solidarity. The issues of multiannual planning and investment, multi-level management, and place-based approach are also under discussion. The simplification of the European Structural and Investment Funds (ESIF) management and implementation system is postulated, and stress is placed on the reduction of administrative barriers in terms of management due to the time and costs concerning the implementation of ESIF programs as well as due to the reduction of financial resources allocated to the Cohesion Policy in many Member States (administration costs are significant). The issues concerning diversity in terms of cohesion policy management and referring to various regulations in relation to the mechanisms of the implementation of this policy in individual member states are also raised. The debates focus on performance and indicate that there is the necessity for a stronger orientation towards performance by stressing the results achieved to a greater extent. Synergy is also prioritised – more attention is paid to the approach involving the life cycle of the programme to take advantage of synergy. Elasticity is another area, which, on one hand, concerns the provision of investment stability in the medium term and, on the other, the response to new priorities. One of the suggested solutions is to create appropriate reserves with the use of resources allocated to facing new challenges (*Evolution…*, 2016).

Conclusions

To sum up, integration and disintegration processes are currently taking place in the EU, in both political and economic dimensions, which in turn affect cohesion in the EU. In addition, disparities between various EU countries have been identified; therefore, the existence of multi-speed Europe may be indicated.

The prosperity of EU citizens reflected in the GDP *per capita* is diverse. The GDP *per capita* was the lowest in the Southern Europe countries and new EU countries. Therefore, the division in the EU-15 countries themselves was noticeable, with Southern Europe countries achieving worse results. It was the economic crisis that had a negative impact on the convergence process. GCI shows that EU member states have a different ability to compete, which contributes to the determination of the division lines in the EU itself. In light of the social progress index 2017, Denmark, the Netherlands, Ireland, Great Britain, Germany and Austria qualified for the first group of countries, which achieved the highest results of the indicator.

Various challenges that the EU have been experiencing call into question further and effective union integration, from the economic perspective as well. This gave an impulse to devise EU development scenarios, among which the scenario of multi-speed Europe is close to coming true. It is necessary to intensify integration further, in which a leading role will be played by the Cohesion Policy, also in the future where it will counter and reduce negative repercussions unarguably associated with integration processes and will stimulate further integration development.

Cohesion Policy affects the development of regions and contributes to cohesion by means of channelling help to less developed regions.

Higher cohesion of the EU, which is reflected in its economic homogeneity, has a positive effect on its citizens' prosperity. Even the reduction of the life satisfaction level is possible when it is accompanied by a better operation of the common market (König 2014, 59). Therefore, the Cohesion Policy must be preserved in the multiannual financial framework in order to advocate the cohesion of the EU. Still, this policy and its instruments will, without doubt, be modified.

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