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Weakening cohesion as a security challenge for the European Union: the CEEs in focus

Abstract: One of the fundamental goals of European integration is to provide opportunities to less-developed Member States for both convergence and the strengthening of the economic and social cohesion. Prior to the 2008 global financial crisis, the convergence process across the EU had spectacular results. The aftermath of the crisis, however, threatens the prospects of convergence in the EU. In other words, the EU's cohesion policy, which could mitigate the crisis' impact, has not received a prominent status in the forthcoming programming period and in the 2014-2020 multiannual financial framework (MFF). As a result, in the medium term, economic and social cohesion in the EU's periphery is threatened, thus generating a number of security challenges for the Southern as well as for the Central and Eastern European countries (CEEs) members of the EU. This chapter dwells on the issue.

Keywords: convergence, crisis, Central and Eastern European countries, economic and social cohesion, cohesion policy

Introduction

The strengthening of the economic and social cohesion is a fundamental goal of the European Union (EU). At the same time, the economic and social cohesion renders European integration relevant to Europeans and serves as an attractive element of EU membership, particularly for the populations of the Southern, Central and Eastern peripheral countries. As cohesion policy has not received a prominent status in the new programming period 2014-2020, it is plausible that cohesion across Europe will be undermined, thus causing a num-

ber of security challenges not only for Europe's southern fringes but also at its eastern flank, i.e. the CEEs. The objective of this chapter is to explore this issue. To this end, in the first section of this paper, we discuss critically the achievements of and projections for convergence highlighting in this way the sources of potential vulnerabilities of the cohesion process. In the second section, we examine in which way the shift in the paradigm underlying the EU's cohesion policy as well as crisis-driven austerity policies across the EU have affected the support for the cohesion policy in the EU. In conclusion, we identify and compare the threats to cohesion specific to the CEEs and the countries of the EU's South and outline the security challenges that these threats generate.

1. Convergence: before and after the crisis

1.1. Convergence and its slowdown during the crisis

The capitalist transformation of the post-socialist EU Member States is regarded as a success story by both the experts of the European Commission and of the World Bank,[1] not only if measured by growth rates but also by catching-up with old Member States. The results of convergence are usually measured in GDP per capita. However, GDP per capita does not express the growth in a population's welfare, which is a key goal of convergence. Therefore, it seems appropriate to measure convergence by reference to another indicator, i.e. the actual individual final consumption[2]. Therefore, it is worth comparing the convergence of the CEEs to the EU averages of both GDP and final consumption. In 1995, the contraction resulting from the economic transition came to an end in the post-socialist countries. Choosing

1 European Commission, *Five years of enlarged Europe*, "European Economy", 2009, No. 1; I. Gill, M. Raiser, *Golden Growth. Restoring the Lustre of the European Economic Model*, The World Bank, Washington 2012.

2 Actual individual final consumption includes: expenditures on the consumption of goods and services by both households and non-profit institutions serving households and in-kind social transfers.

this year as a basis for comparison, all of the CEEs were catching up with the EU-27 averages, although each of them differently. Comparing each country's economic performance to its own initial position, each of the CEEs made substantial progress. The quality of statistical data was limited in the former socialist countries. Thus, the last comparison in Table 1, i.e. GDP per capita with year 1989 serving as the basis for comparison, should be considered cautiously. The Baltic states and Slovakia were the most successful in catching up with the EU-27 with regard to both GDP and final consumption between 1990 and 2007. However, only three so-called Visegrád countries (Poland, the Czech Republic and Slovakia) had not built up serious macroeconomic imbalances prior to the crisis.

Table 1. The catching-up of the CEEC in per capita GDP (at PPS) and in per capita actual individual final consumption with the EU-27 average and their economic performance in GDP per capita (at PPS) compared to 1989

	Estonia	Latvia	Lithuania	Poland	Czech Rep.	Slovakia	Hungary	Slovenia	Romania	Bulgaria
GDP per capita, EU-27=100										
1995	36	31	35	43	77	47	51	74	33	32
2007	70	56	59	54	83	68	62	88	42	40
Final consumption per capita, EU-27=100										
1995	36	34	38	44	68	38	49	75	35	35
2007	64	56	63	55	69	63	59	80	45	44
GDP per capita, 1989=100										
2007	150	124	116	169	139	154	135	151	120	107

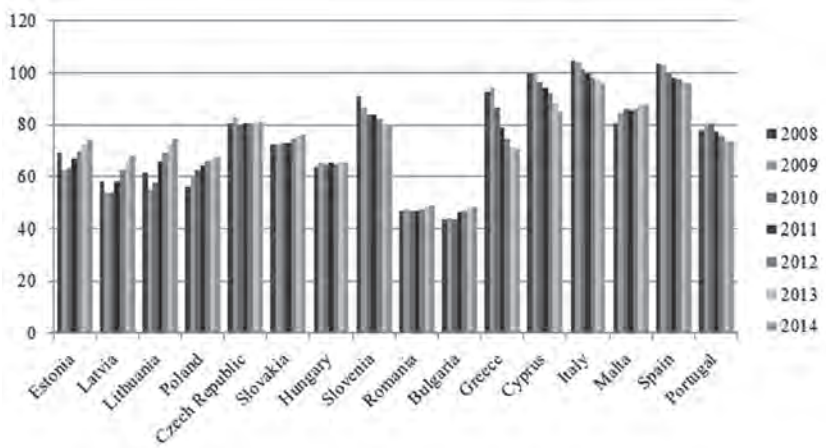
Note: Actual individual final consumption, including expenditures on the consumption of goods and services by households and non-profit institutions serving households and in-kind social transfers.
Sources: AMECO database; Eurostat database; EBRD, *Growth in transition, Transition report 2008*, European Bank for Reconstruction and Development, London 2008, p. 13.

Before 2008, the view prevailed that the 'old cohesion countries'[3] had reached (or at least closely approached) the EU-27 averages

3 The 'old cohesion countries' include Ireland, Greece, Portugal and Spain. The 'new cohesion countries' include Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia. Cohesion countries are supported by the Cohesion Fund of the European Union.

in both GDP and living standards. Therefore, the EU-15 were regarded as a well-integrated area and core countries of the world economy. Ireland, initially seriously affected by the global financial crisis, having launched the fiscal adjustment and a reform programme in 2010, has a relatively good chance to restore its economic position due to its geographic location, small size and well-embedded market institutions. At the same time, the countries of the European South (or the Mediterranean countries), including Greece, Portugal and Spain have diverged negatively from the EU-27 average GDP over the years.[4] Therefore, if we try to map the prospects for cohesion and the security challenges that may be involved in it, we must extend our investigation to the Mediterranean countries as well. Compared with the EU-27 average, the old cohesion countries, as well as Italy, have suffered a severe deterioration in their position (Figure 1).

Figure 1. The development of per capita GDP at purchasing power parity in the CEEC and the Mediterranean countries compared to the EU-27 average between 2008-2014 (EU-27=100)



Note: 2013, 2014: forecast.
Source: AMECO database.

4 On the different crisis management in the EU Member States see: Á. Kovács, P. Halmosi, *Similarities and Differences in European Crisis Management*, "Public Finance Quarterly", Vol. 58, 2012, Issue 1, pp. 9-27.

At its outset, the global financial crisis affected the CEEs and the countries of the Mediterranean countries differently.[5] In 2009, the rate of decline exceeded the EU average in every new member state, except for Poland. The Baltic economies contracted to the largest extent, i.e. by 14-17 per cent in 2009. By 2011, though, with the exceptions of Hungary and Slovenia, the rate of growth in the CEEs once again climbed above the EU average. This trend seems to be continuing into the current year. Additionally, since 2012, also the Czech economy has showed weak recovery. As regards the Mediterranean countries, in 2009 they did not experience an immediate, strong recession of the same kind as observed in the Baltic countries (ca. -15% GDP) or in Hungary (-6.8% GDP). Although at the beginning the countries of the European South faced what looked like smaller scale recessions, they entered prolonged and deepening downturns afterwards. Currently, it seems as though the majority of the CEEs will continue their convergence, but at a lower speed. The progress of Hungary and the Czech Republic has come to a halt with their current and projected growth rates remaining basically constant (see Figure 1). At the same time, Slovenia and the Mediterranean countries are diverging from the EU-27 average as the same figure shows.

The trend described above, whereby the Mediterranean countries are diverging from the EU-27 average and the CEEs demonstrate an uneven yet overall positive pace of convergence is not reassuring from the viewpoint of stability. That is, growing inequalities across the EU Member States induce emigration which reduces the economic growth potential of the emigrant countries and accelerates the ageing of their societies. Clearly, as a consequence of the economic decline in the Mediterranean countries, poverty will increase. This may undermine social stability, strengthen political extremism and euroscepticism. These threats may affect not only these countries but also weaken the power of European integration. In addition, the long-term projections indicate even more problems.

5 For an extensive overview, see: B. Farkas (ed.), *The Aftermath of the Global Crisis in the European Union*, Newcastle upon Tyne 2013.

1.2. Long-term projections on convergence

To evaluate the gravity of the stability challenges mentioned in the previous section, we need long-term projections concerning the prospects of convergence. Beyond cyclical changes, the potential growth rate indicates whether convergence is sustainable. The Commission of the EU prepares long-term projections to monitor the anticipated economic effects of ageing. Intermediate results from these investigations are instructive for our purpose, i.e. to evaluate the gravity of the stability challenges, as well. The Commission's investigations employ a production function relying on the neoclassical growth model. In this model, potential GDP can be expressed formally as total output, represented by a combination of factor inputs (labour and capital) multiplied by total factor productivity, which embeds technological capacity. It should be stressed that the uncertainty involved in these long-term projections is extremely high. As a result, the Commission's projections cannot account for future institutional and policy changes; they can only transpose current conditions into the future and in this way assess the probability of certain future developments. However, they offer very meaningful information on probable trends if the basic conditions are not modified.

The Commission's Ageing Report 2009[6] reveals that as a result of the decline in population, even without incorporating the potentially negative impact of the current economic crisis, the annual average potential GDP growth rate in the EU is likely to fall from 2.4%, in the period from 2007-2020, to 1.7%, in the period from 2021-2040, and then to 1.3%, in the period 2041-2060. This is the reason why labour productivity remains paramount; in time, it is the only driver of growth. The deterioration of the growth rates in the post-socialist EU Member States will be higher because of the higher, than in the EU-15, rate of population decline.[7] From 2000 to 2011, approximately half

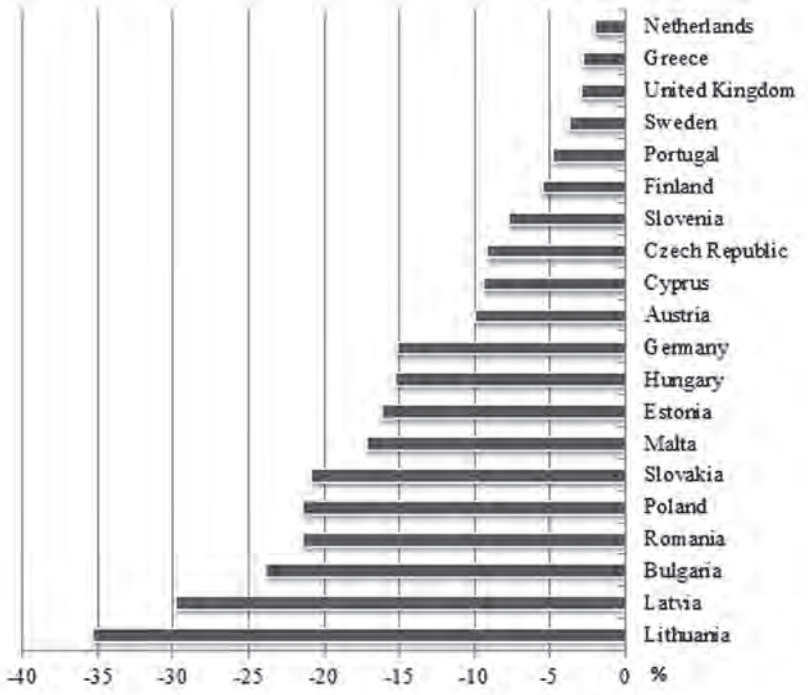
6 European Commission, *Ageing Report: Economic and budgetary projections for the EU-27 Member States (2008-2060)*, "European Economy", 2009, No. 2, pp. 23, 62.

7 Ibidem.

of the population decline in the post-socialist Member States is due to net migration and the other half to natural decrease.[8]

The most striking pattern in the population decline across the EU is that the decrease in the 0-14 age group is the most prominent in the CEEs. Figure 2 shows the EU Member States where the number of young people (aged 0-14) has diminished since 2000. Accordingly, Slovenia and the Czech Republic are the only post-socialist countries where the decrease is less than 10 per cent in this specific age group.

Figure 2. Population decrease in young population: aged 0-14, 2000-2011 in %



Source: AMECO database.

The Ageing Report 2012 was published at the end of 2011 and re-evaluated the potential growth rates of the EU and the Member

8 V. Gligorov, M. Holzner, M. Landesmann, S. Leitner, O. Pindyuk, H. Vidovic [et al.], *New Divide(s) in Europe?*, Wien 2012, p. 52.

States using a production function based methodology, as the previous reports did.[9] In Table 2, the projections of the Ageing Reports from 2012 and 2009 are compared. As expected, the data concerning countries affected most severely by the global financial crisis needed the greatest adjustments. The adjustment is the largest in the cases of Cyprus, Romania, Greece, Portugal and Hungary. However, for Greece and Portugal, the potential GDP projections did not incorporate the impact of the measures required in the economic programmes agreed with the EU, IMF, ECB. Demographic factors also played a role in longer-term negative adjustments. However, the primary reason for the adjustments was the expected decline in the productivity growth rate. The lower growth rate substantially deteriorated the long-run development prospects of per capita GDP as well (Table 2). It is remarkable that the Ageing Report 2012 abandons the assumption of absolute convergence in productivity and GDP levels between countries. This is because the growth rate needed to allow for this convergence in its projections would not be plausible in the short and medium term.[10]

Table 2. Potential growth rate and development level of the per capita GDP in the cohesion countries in the long run

	2010-2060 potential growth rate 2012 projection	Adjustment of 2012 projection compared to 2009 projection	GDP per capita in PPS in 2060	
			based on 2009 projection	based on 2012 projection
EU-27	1.4	-0.2	100.0	100.0
Bulgaria	1.3	-0.3	58.5	55.4
Czech Rep.	1.5	0.0	92.8	88.0
Estonia	1.5	-0.3	102.4	78.4
Greece	1.0	-0.6	104.2	78.8
Spain	1.6	-0.3	104.7	93.8
Cyprus	1.8	-0.9	101.5	78.9

9 In the 2012 Ageing Report, a key assumption for the long-term projection is that on the productivity growth rate, all countries should converge to the same total factor productivity growth rate (1%) at the end of the projection period (in 2060). European Commission, *The 2012 Ageing Report: Underlying Assumptions and Projection Methodologies*, "European Economy", 2011, No. 4, p. 122.

10 European Commission, *The 2012 Ageing Report: Underlying Assumptions and Projection Methodologies*, "European Economy", 2011, No. 4, p. 126.

Latvia	1.1	-0.3	78.7	65.5
Lithuania	1.3	-0.2	83.3	71.7
Hungary	1.2	-0.5	77.1	63.4
Malta	1.4	-0.2	78.5	91.0
Poland	1.5	0.0	66.4	75.9
Portugal	1.2	-0.6	77.6	70.6
Romania	1.1	-0.7	61.5	39.5
Slovenia	1.3	-0.1	94.3	89.9
Slovakia	1.6	-0.1	93.6	83.4

Sources: European Commission, *The 2012 Ageing Report: Underlying Assumptions and Projection Methodologies*, "European Economy", 2011, No. 4, p. 31; development of the per capita GDP is calculated in P. Halmai, V. Vásáry, *Convergence crisis: economic crisis and convergence in the European Union*, "International Economics and Economic Policy", 2012, No. 9, p. 319.

To sum up, in the Ageing Reports a production function framework is used in the long-term projection exercise to project long term GDP growth. In this framework, the drivers of growth include capital deepening, total factor productivity and total hours worked. Therefore demographic projections are crucial for the projection of economic development in the long-term. The crisis reduced capital formation and total factor productivity growth, whose impacts are amplified by the population decline. The lower potential growth rates limit the foreseeable convergence of the cohesion countries to the EU-27 average of GDP, even when projecting several decades ahead. Even if we consider the uncertainty of these projections, it is undisputable that to maintain cohesion, huge efforts at both the European and national levels will be required in the long run.

2. The changing role of the cohesion policy

2.1. New concept of the European cohesion policy

The treaties establishing the European Coal and Steel Community (ECSC) in 1951 and the European Economic Community (EEC) in 1957 recognized the existence of regional disparities. The preamble of the EEC Treaty included a provision that the Member States were determined to ensure harmonious development "by reducing the dif-

ferences existing between the various regions and the backwardness of the less favoured regions". This notion was strengthened in Article 2, where it was framed by the principle that the Community should promote harmonious development of economic activities throughout its territory. Despite this, the founding members did not consider it necessary to create a specific European regional development policy. The level of economic disparity among the founding members was not excessive. Therefore, it seemed appropriate to keep regional policy in the hands of the Member States and to address regional imbalances by national means and measures. This situation changed after the first enlargement of the Communities in 1973.

Following the entry into the EEC of the United Kingdom and Ireland, regional differences increased significantly. At that time, the Thomson Report of 1973 stated that regional problems across the Community should be handled at the Community level:

"No Community could maintain itself nor have a meaning for the people which belong to it so long as some have very different standards of living and have cause to doubt the common will of all to help each Member State to better the condition of its people."[11]

Accordingly, since the mid-1970s, regional cohesion has always been regarded as the most important means to promote cohesion and convergence at the Community level, whereby the success of the cohesion policy was measured by changes in per capita GDP and in employment rate across the Community.[12] A significant change in the understanding of the role and significance of the cohesion policy took place in 2009. An independent report entitled "An Agenda for a Reformed Cohesion Policy", prepared by Fabrizio Barca on the request of the Commissioner for Regional Policy, radically reinterpreted the meaning of the cohesion policy. Analysing the goals and achievements of the cohesion policy, the Barca Report states that a stronger conceptual foundation is necessary. At the centre of the approach to the cohesion policy suggested in the Report lays the so-called place-based paradigm. This

11 Commission of the European Communities, *Report on the Regional Problems of the Enlarged Community*, COM (73) 550 final, Brussels 1973, p. 4.

12 Cohesion Reports published every three years.

paradigm can be best explained by reference to the following excerpt of the Report:

"Convergence in per capita income (or GDP) of either countries or regions – however the latter are defined – is not the purpose of the policy paradigm, nor is it a good proxy of its objectives, nor is it an appropriate interpretation of what the EU Treaty calls for. Both the increase in capacity utilisation of places and the increase in social inclusion of people living in those places can take place independently of convergence, while convergence does not necessarily ensure either of the two."[13]

In other words, a reduction in capacity underutilization can take place even while agglomerations grow faster and disparities between the centre and the periphery widen. Poorer regions may be a priority, but the cohesion policy should apply to all regions because inefficiency and social exclusion traps can arise in all places. For the Barca Report, the place-based paradigm means that all regions must be given the opportunity to achieve their full potential and all citizens must be given the opportunity to live a life worth living. Only in this way, both dimensions of cohesion, i.e. efficiency and equity, can materialize.[14] The view on the cohesion policy laid down in the Barca Report constitutes a dramatic paradigmatic shift of the approach to the cohesion policy at the EU level. The views presented in the Barca Report stirred a lively debate at the EU level.

Eventually, Paweł Samecki, the European Commissioner in charge of Regional Policy, refined the statements included in the Barca Report. In his 'Orientation paper on future cohesion policy', Samecki emphasized that cohesion policy is the primary EU instrument for mobilizing territorial assets and potential as well as for addressing the territorial impacts of European integration. In view of the impact of the global financial crisis, Samecki stresses that the processes of convergence between Member States and regions could be impeded over the coming years by lower growth rates, weaker public investment and fiscal retrenchment. In these circumstances, Samecki underlines, the cohe-

13 F. Barca, *An Agenda for a Reformed Cohesion Policy, Independent Report prepared at the request of the Commissioner for Regional Policy*, Brussels 2009, p. 110.

14 Ibidem, p. 3.

sion policy must remain a pillar of European integration by facilitating adjustment to new situations. Finally, he stresses that the cohesion policy, the clearest expression of Europe's commitment to solidarity, must ensure faster convergence through economic and social integration and greater connectivity in the Single Market.[15]

2.2. Cohesion Policy in the Multiannual Financial Framework 2014-2020

Although the Barca Report is the most extensive and thorough document on the reform of the cohesion policy, the political discussion of the policy and its expenditures in the Multiannual Financial Framework (MFF) 2014-2020 was influenced by the economic crisis rather than the new paradigm outlined in the Report. The rather fierce debate on the MFF was driven not only by the fact that austerity programmes were on the agenda in the net-payer countries, but also by the fact that these countries bear the major costs of the European Stability Mechanism.[16] In the debate on the MFF, the Member States were divided mainly on three key elements of the European Commission's proposal[17], i.e. the overall size of the MFF in 2014-2020, the reform of the common agricultural policy and the future of the cohesion policy. Eventually, two groups of countries identifiable by their attitudes toward the cohesion policy were formed during the negotiations on the MFF, i.e.: the "Friends of Better Spending" and the "Friends of Cohesion Policy".[18] The first group did not object to the necessity of EU Cohesion Policy, but desired to limit public spending. The 'Friends of Cohesion Policy' focused on the fact that the EC's budgetary proposal constituted an absolute minimum for cohesion policy. As a re-

15 P. Samecki, *Orientation paper on future cohesion policy*, Brussels 2009, pp. 3-4.

16 S. Richter, *The EU's Multi-Annual Financial Framework for 2014-2020: an Old Construct Fit for a Changed EU?*, Kompetenzzentrum "Forschungsschwerpunkt Internationale Wirtshaft", Policy Brief, 2013, No. 19, pp. 1-2.

17 European Commission, *Proposal for a Council Regulation laying down the multiannual financial framework for the years 2014-2020*, Brussels, 29.6.2011 COM (2011) 398 final.

18 The "Friends of Better Spending": Austria, Germany, Finland, France, Italy, The Netherlands and Sweden. The "Friends of Cohesion": Bulgaria, Croatia, Czech Republic, Estonia, Greece, Hungary, Lithuania, Latvia, Malta, Poland, Portugal, Romania, Slovakia, Slovenia and Spain. See: M. Kölling, *The Multiannual Financial Framework 2014-20 – Best European value for less money?*, "Perspectives on Federalism", Vol. 4, 2012, Issue 3.

sult of the heated debate and prolonged negotiations, the European Council of 7/8 February 2013 agreed to an MFF smaller than the previous MFF (2007-2013) (Table 3).

Table 3. Comparison of the new and the last MFF in 2011 prices (according to the European Council Agreement)

	New MFF 2014-20	Last MFF 2007-13	Comparison 2014-20 v. 2007-13	
Commitment appropriations	*€mn*	*€mn*	*€*	*%*
1. Smart and Inclusive Growth	450.763	446.310	+4,5bn	+1,0%
1a. Competitiveness for Growth and Jobs	125.614	91.495	+34,1bn	+37,3%
1b. Economic, Social and Territorial Cohesion	325.149	354.815	-29,7bn	-8,4%
2. Sustainable growth: Natural Resources	373.179	420.682	-47,5bn	-11,3%
3. Security and Citizenship	15.686	12.366	+3,3bn	+26,8%
4. Global Europe	58.704	56.815	+1,9bn	+3,3%
5. Administration	61.629	57.082	+4,5bn	+8%
6. Compensations	27	n/a	+0,027bn	n/a
Total commitment appropriations	959.988	994.176	-35,2bn	-3,5%
as a percentage of GNI	*1,00%*	*1,12%*		
Total payment appropriations	908.400	942.778	-34,4bn	-3,7%
as a percentage of GNI	*0,95%*	*1,06%*		

Source: Summary of the European Council agreement, http://www.consilium.europa.eu/special-reports/mff/summary-of-the-european-council-agreement.

The European Council asserted:

"One important objective of the European Union is to promote economic, social and territorial cohesion and solidarity among Member States. Cohesion policy is in this respect the main tool to reduce disparities between Europe's regions and must therefore concentrate on the less developed regions and Member States".[19]

Although this statement implies the acceptance of both the redistribution- and convergence-supporting functions of the cohesion policy, "Economic, social and territorial cohesion" (subheading 1b) lost 8.4 per cent of its previous financial commitment appropriation. Furthermore, a new category has been introduced into the cohesion pol-

19 European Council, *Conclusions*, EUCO 37/13, Brussels, 8 February 2013, p. 10.

icy, i.e. transition regions with GDP per capita between 75 and 90 per cent of the EU-27 average. An overwhelming majority of these regions belong to the old Member States; therefore, support will be decreased in the new Member States to an even larger extent. This agreement cannot be regarded as the final solution because the European Parliament did not accept it and reopened the debate on the MFF.

During the negotiations, the Member States' representatives followed neither the traditional concept of cohesion nor the new paradigm of the Barca Report. The Sapir Report from 2003 has not lost its relevance: "(…) the current budget is more the expression of different deals and attempts by governments to claw back in receipts as much of their contribution as possible (…) than a coherent set of measures aimed at pursuing EU objectives".[20]

The fiscal crisis in the EU has weakened solidarity and the willingness of net contributor countries to finance the cohesion policy. However, the economic problems, first of all high (especially youth) unemployment rate in the Mediterranean countries, require well-targeted, efficient actions to avoid social and political instability. The European Council Agreement tried to solve this task at the expense of the post-socialist countries by decreasing the financial support they receive. This, irrespective of the fact that their long-term growth potential is also endangered and weakening the peripheral countries may weaken and destabilize the entire European Union.

3. Conclusions: is the cohesion policy a tool for convergence or security?

The Barca Report strives to find a method for a much more heterogeneous integration than was contemplated by the Thomson Report of 1973. It reveals both the limits and failures of the cohesion policy as implemented in the EU since the mid-1970s. Faced with these limits and failures, the Barca Report relinquishes convergence as the goal of the cohesion policy. As we have already pointed out, the Ageing Report 2012 also abandons the assumption of absolute convergence

20 Cited in: S. Richter, *The EU's Multi-Annual Financial Framework for 2014-2020...*, p. 3.

in productivity and GDP levels between countries. The reason is that the growth rate needed to allow for this convergence in its projections would not be plausible in the short and medium term.

Despite serious theoretical problems, the European Council formally maintained the traditional concept of convergence in its February Conclusions on the MFF 2014-2020. However, the debates and the agreement show that solidarity has weakened in the aftermath of the economic and financial crisis.

Neither the theoretical concept nor the political discussion addresses the aspects of security. However, the Mediterranean countries have been diverging from the EU averages (GDP and final consumption) and the threat of a recession spiral is more relevant than ever. The extremely high unemployment rate, especially among youth, endangers social stability. In contrast, due to smaller economic imbalances in the Visegrád countries prior to the crisis, and to the quick adjustment in the Baltic states, in the medium term social and political security is a less challenging issue in the CEEs than in the Mediterranean countries. Nevertheless, emigration seems to be accelerating during the crisis and, due to a natural decrease and a net emigration population decline, is diminishing their growth potential.

In spite of the severe limits of convergence, Cohesion Policy, paradoxically, must remain an essential part of the EU policy. Even if the efficiency of cohesion expenditures is not satisfactory and needs to be improved, the EU Member States should not abandon their support for cohesion. The *raison d'être* of the cohesion policy is not the absolute convergence that was hoped for in the 1970s or at the beginning of the post-socialist system change. Instead, it is the avoidance of both divergence and destabilization of peripheral EU countries that should drive the implementation of the cohesion policy in the EU today. Without the cohesion policy, both security and sustainability of the four freedoms, the achievements of the European integration, may be endangered.

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