

Paying for Euroscepticism

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Abstract

Over the past two decades, support for Eurosceptic parties has climbed from fringe to nearly one-third of voters. Promising renewed prosperity through less European integration, these parties imply Euroscepticism is a ‘free lunch.’ Drawing on an original panel of 1,166 European NUTS-3 regions (2004-2023) and using fixed-, random-effects, and difference-in-differences designs, we test how rising Euroscepticism connects with regional economic and demographic outcomes. We track GDP per capita, productivity, employment, and population growth. We find that a region 10 points more Eurosceptic than another could have ended up with GDP per capita roughly 5% lower than the less Eurosceptic region, as the negative economic influence of Euroscepticism compounds across cycles and intensified after the financial and austerity crises. The same applies for productivity and employment. Demographic impacts are smaller but point in the same direction. Even without governing, Eurosceptic support appears to deter investment and raise uncertainty, deepening the very stagnation that fuels discontent. There is no free lunch: political backlash against European integration carries a measurable costs for the regions that embrace it.

Keywords: Euroscepticism; Economic development; Population growth; European integration; Political discontent; Regions; EU

JEL Codes: F15; D72; R11

Disclaimer: The views expressed are purely those of the authors and may not in any circumstances be regarded as stating an official position of the European Commission

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1. Introduction

Euroscepticism has transformed from a peripheral current into a mainstream force in European politics. Eurosceptic parties —those seeking to roll back key aspects of European Union (EU) integration or even facilitate their country’s exit— have rapidly gained electoral ground. In national legislative elections between 2004 and 2008, such parties collectively garnered barely 3.7% of votes. By the most recent electoral cycle for which we have full data (2020–2023), their support had risen to roughly one-third of the vote, when considering support for all Eurosceptic parties (European Commission, 2024), and 15%, when focusing on support for the hardest of Eurosceptics (Rodríguez-Pose *et al.*, 2024). In some EU regions —especially parts of Italy, France, and Eastern Europe— close to one-half of voters now back Eurosceptic forces. This dramatic rise invites an urgent question: what are the economic and demographic consequences when a large share of the electorate turns against the European project?

Eurosceptic leaders often paint European integration as the culprit behind societal malaise. They promise that reclaiming national ‘sovereignty’ from Brussels will unleash prosperity, by freeing businesses from EU regulations, redirecting funds back home, or shielding domestic industries from foreign competition through tariffs. In their telling, voting for Eurosceptic parties is almost a cost-free proposition for citizens dissatisfied with the status quo: it offers the chance to throw off an ‘unwanted EU yoke’ while purportedly boosting growth, jobs, and welfare at home. In other words, Euroscepticism is sold as a free lunch: voters can express their discontent with the EU and be rewarded economically for it.

But is it really so? Mounting a protest against European integration at the ballot box may signal legitimate grievances. Yet it may also carry hidden costs. Thus far, most research has looked at the causes of Euroscepticism rather than its consequences. We know that economic stagnation and regional decline have fuelled the surge in anti-EU voting (Rodríguez-Pose *et al.*, 2024; Vasilopoulou & Talving, 2024). We also know that when anti-system forces gain power, they often implement policies that hurt growth (Funke *et al.*, 2023; Guriev & Papaioannou, 2022). However, we know far less about the development consequences of Euroscepticism and, in particular, about the economic effect of Euroscepticism when it manifests as an opposition movement at the polls rather than government policy. In other words, even if Eurosceptic parties have rarely governed until now, has rising support for them affected economic and population outcomes in the regions they represent?

This paper explores that under-studied question. We use a panel dataset of 1,166 European regions in all EU27 countries over two decades to explore whether regions with growing support for Eurosceptic parties subsequently experience divergent development

trajectories. Our analysis employs multiple empirical strategies—including panel regressions with regional random-effects and fixed-effects models, a difference-in-differences approach around the 2012–2013 eurozone crisis, and an event study analysis—to isolate the relationship between Eurosceptic voting and regional performance. We focus on four key indicators of regional development: growth in GDP per capita, productivity, employment, and population. Crucially, our study encompasses a period when Eurosceptic parties were mostly in opposition (with a few exceptions), allowing us to capture effects that operate through channels other than direct policy changes by a governing Eurosceptic regime.

The findings show that, contrary to the bonanza promised by Eurosceptic leaders, rising support for Eurosceptic parties is associated with worse development outcomes at the regional level. Even controlling for a host of other factors, a modest uptick in the Eurosceptic vote share correlates with slower GDP, productivity and employment growth in the following years. These effects may seem small in annual terms but compound significantly over multiple electoral cycles, contributing to widening gaps between Eurosceptic-leaning regions and the rest. We also find evidence that the Eurozone crisis acted as a turning point. After 2012, regions with high Eurosceptic sentiment suffered sharper declines in income, productivity and employment, suggesting that political distrust and economic stress reinforced each other. By contrast, the link to population decline is less pronounced. But, even in this case, the data hint that persistently Eurosceptic regions face headwinds in retaining residents relative to more pro-EU areas.

In short, the rise of Euroscepticism appears to carry a development price tag and one ultimately borne by the citizens in those very regions demanding change. This dynamic can create a vicious cycle: economic grievances drive Eurosceptic voting, which in turn further undermines economic performance, energising discontent. By shedding light on this feedback loop, our contribution is twofold. First, we provide evidence that Eurosceptic political preferences are not merely a symptom of economic stagnation but can become a cause of it, even without Eurosceptics formally in power. Second, we underscore the importance of addressing the root causes of Euroscepticism—such as regional ‘development traps’ and inequality—through policy, because simply venting frustration at the EU may inadvertently worsen the local economy, entrenching the very problems that gave rise to Euroscepticism in the first place.

The remainder of the article is structured as follows. We begin by charting the rise of Euroscepticism across Europe and examining the development messages espoused by Eurosceptic parties in their manifestos. Next, we review the relevant literature on the drivers of Euroscepticism and what is known about the economic consequences of anti-system

voting. We then describe our data and methodological approach. The core of the paper presents the empirical results of the analysis. We discuss the implications of these findings for theory and policy and conclude with reflections on how Europe might break the cycle of discontent and decline, ensuring that citizens are not left paying the price for Euroscepticism.

2. The Rise of Euroscepticism

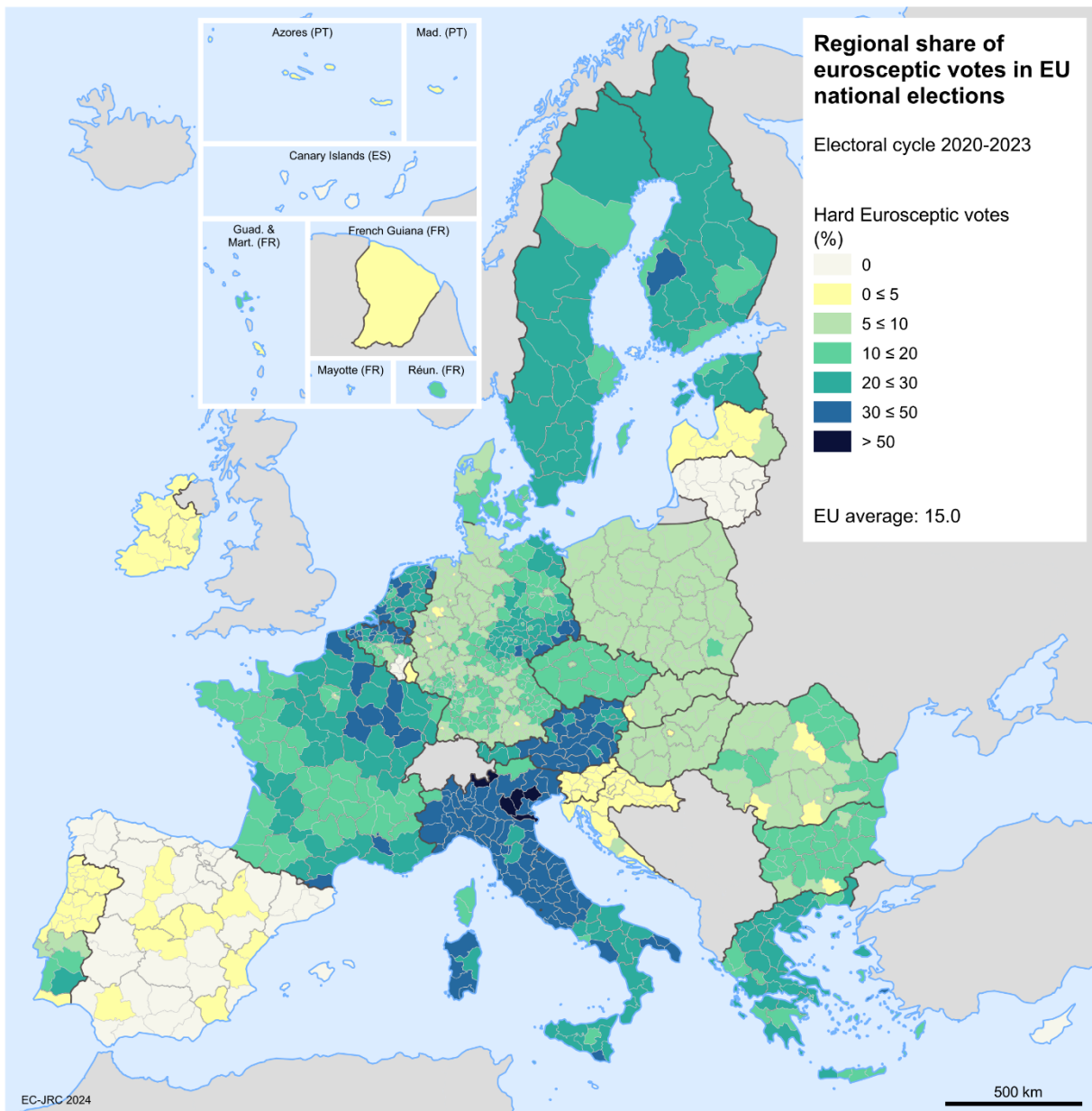
Euroscepticism in Europe has evolved from a marginal movement into a defining feature of the political landscape (Brack & Startin, 2015; Hooghe & Marks, 2009; Mudde, 2016). Two decades ago, explicitly anti-EU parties attracted only a sliver of the electorate in most countries (Szczerbiak & Taggart, 2008; van der Brug, Fennema, & Tillie, 2003). Between 2004 and 2008, Eurosceptic parties¹ garnered on average about 3.7 percent of votes in national parliamentary elections across the EU (Dijkstra *et al.*, 2020). At the time, many of these parties were fringe movements, often dismissed as protest mouthpieces amid relatively prosperous economic conditions (Taggart, 1998; van der Brug *et al.*, 2003). Moreover, analysts observed that voters tended to use European Parliament elections —seen as ‘second-order’ contests with lower stakes— to cast protest votes for Eurosceptics, while sticking with mainstream choices in national elections (Reif & Schmitt, 1980; Norris, 1997). Indeed, the choice to focus on national elections in our analysis is deliberate: national elections have more direct bearing on policy and thus offer a clearer view of genuine support for Eurosceptic agendas, filtering out some second-order protest noise (Rodríguez-Pose *et al.*, 2024).

Since the 2007-8 financial crisis and, in particular, since the austerity crisis of 2012-2013, however, support for Eurosceptic parties in national elections has climbed dramatically. By 2020–2023, these parties averaged about 15% of the vote across EU countries, with considerably higher peaks in certain places. While some EU member states —such as Lithuania— have largely resisted the Eurosceptic tide, others have seen it surge. Italy stands out: in the September 2022 Italian general election, over 30% of votes went to parties with Eurosceptic platforms (principally the *Lega* and Brothers of Italy), and in several northern provinces of Italy, more than half of voters supported Eurosceptic candidates. Likewise, parts of eastern Germany (especially in Saxony and Thuringia) now routinely give 25–30% of their votes to the Eurosceptic *Alternative für Deutschland* (AfD), and regions of France’s north and south have delivered similarly high shares to Marine Le Pen’s National Rally.

¹ Defined as those having a score of 2.5 or less in the Chapel Hill Expert Index on their position towards European integration. See the Data and Methodology section for a full explanation.

The map of Europe's political geography has been transformed. In the latest electoral cycle, many regions —from the Po Valley to rural Sweden, from eastern Estonia to the Greek periphery— have become bastions of Eurosceptic sentiment (Figure 1).

Figure 1. Regional share of Eurosceptic votes in EU national legislative elections (electoral cycle 2020-2023)

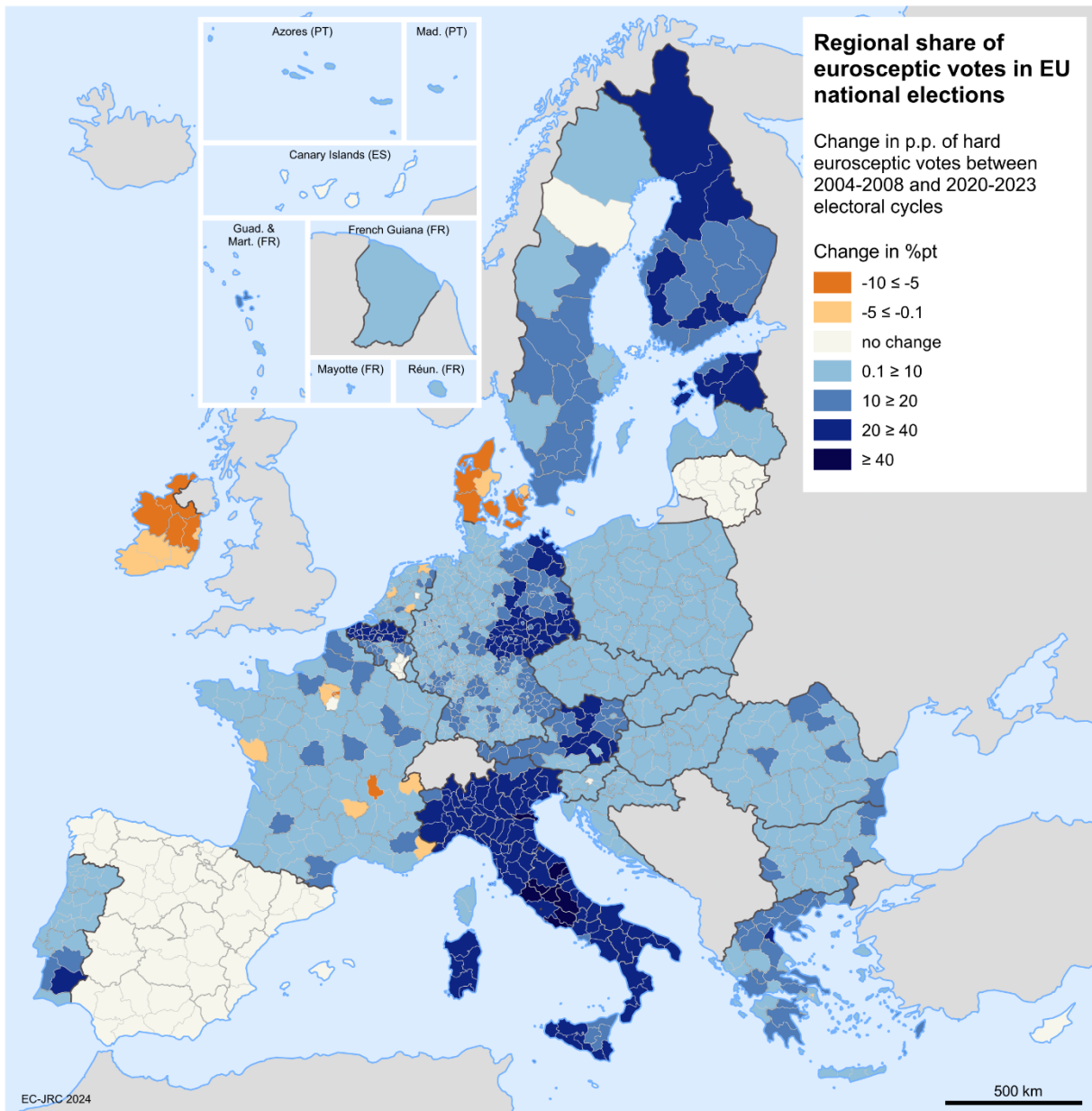


Source: own elaboration

The increase in Eurosceptic vote share since the mid-2000s has been steepest in precisely those countries hit hardest by economic and financial turmoil (e.g. Italy, Greece) and in

areas experiencing longer-term industrial, economic, and social decline (e.g. northern France, east Germany, and central and southern Sweden) (Figure 2).

Figure 2. Change in the regional share of Eurosceptic votes in EU national legislative elections between the electoral cycles 2004-2008 and 2020-2023.



Source: own elaboration

Several factors lie behind this rise. The late 2000s and 2010s saw Europe weather consecutive storms —the global financial crisis, the eurozone sovereign debt crisis and ensuing austerity measures, surges in migration, and the COVID-19 pandemic— which in

different ways strained economies and social contracts (Dustmann *et al.*, 2019; Jones *et al.*, 2021). In many countries, these shocks intensified pre-existing regional inequalities and discontent. Stagnant real wages, deindustrialisation, and public spending cuts provided fertile ground for anti-establishment politics (Funke *et al.*, 2017; Colantone & Stanig, 2018; Rodríguez-Pose *et al.*, 2023). Eurosceptic parties capitalised on these grievances by linking local adversities to European integration: blaming Brussels for burdensome regulations, pointing to EU fiscal rules or bailouts as causes of austerity, and decrying EU immigration policies as threats to local jobs and security (Rodríguez-Pose *et al.*, 2023). In essence, they made the EU the scapegoat for a decade of dislocation (Dijkstra *et al.*, 2020).

Yet beyond these structural causes, there is a self-reinforcing dynamic: as Eurosceptic parties grew more popular, they gained credibility and media attention, which helped them attract even more support across election cycles (Brack & Startin, 2015; van Spanje & de Vreese, 2019). Mainstream parties, in turn, often shifted their rhetoric or policies to accommodate Eurosceptic sentiments, implicitly validating some of their claims (De Vries & Hobolt, 2021; Abou-Chadi & Krause, 2020). This political feedback loop has entrenched Euroscepticism as a potent force even in relatively stable economic times, visible in elections even outside crisis contexts (such as Sweden or Finland in recent years) (Figure 2). The stage is thus set for an examination of what comes next: with Euroscepticism now firmly on stage, what does it actually do to the fortunes of the regions that cheer it on?

Before turning to that analysis, it is important to scrutinise what Eurosceptic parties themselves propose. What development vision do they offer to voters? Understanding their narrative —and how it converges or diverges across the political spectrum— provides context for evaluating their claims against economic reality.

3. Euroscepticism in party manifestos: Promises of prosperity

Eurosceptic parties, whether on the far-right or far-left, place development grievances and promises at the heart of their manifestos. They argue that EU membership and its associated policies undermine national and local prosperity. However, the specifics of their economic prescriptions often differ by ideology. Broadly, far-right Eurosceptics emphasise sovereignty as a means to deregulate and prioritise local industries, whereas far-left Eurosceptics consider sovereignty as a means to redistribute wealth and expand public investment free from EU constraints. Despite these differences, both ends of the spectrum converge on a core contention: Brussels is the problem and exit or defiance is the solution to development ills.

3.1. Far-right narratives: Sovereignty, protection, and national competitiveness

Far-right Eurosceptic parties portray the EU as a meddling supranational entity that shackles the nation's development potential: "an institution that increasingly grabs power, consumes tax money, and imposes dictates" (Partij voor de Vrijheid, 2023: 43). A recurring theme in their manifestos is the restoration of national sovereignty —over budgets, borders, and regulations— to spark economic revival. For example, the first measure of Marine Le Pen's —leader of the then known as National Front— in the June 2017 French Presidential election was that France should "regain [its] freedom and control over [its] destiny by restoring to the French people their sovereignty" (Front National, 2017). Similarly, the German AfD's 2021 election manifesto proposed the "withdrawal from the European Union and the establishment of a new European economic and interest-based community" (Alternative für Deutschland, 2021: 28). And the Dutch "Party for Freedom chooses a sovereign Netherlands. A Netherlands that is once again in control of its own money, its own borders, and makes its own rules" (Partij voor de Vrijheid, 2023: 43). This encapsulates the far-right Eurosceptic creed: EU rules and the common currency are cast as fetters on the national economy. Freedom from them is equated with unleashing growth. In the same vein, the AfD advocates quitting the Euro and reintroducing the Deutschmark, arguing that "the reintroduced Deutsche Mark would regain its strong purchasing power relative to other countries, in line with the high performance of the German economy" (AfD, 2021: 53). Monetary sovereignty is thus touted as a panacea for renewed economic progress.

Right-wing Eurosceptics frequently couple this sovereignty rhetoric with protectionist and mercantilist policies, albeit framed as 'fairness' or 'reciprocity.' Marine Le Pen's 2017 presidential campaign also proposed to "support French businesses in the face of unfair international competition by implementing intelligent protectionism and restoring a national currency adapted to our economy—a lever for our competitiveness" (Measure 35, Front National, 2017). The manifesto promised to rebuild prosperity by regaining control over trade policy and favouring French firms (Front National, 2017). Geert Wilders' PVV goes even further in its 2023 manifesto, proposing a 'Nexit' referendum to stop Dutch contributions to the EU budget and instead fund domestic needs and to prevent what they consider to be the imposition of 'absurd regulations' on Dutch farmers (Partij voor de Vrijheid, 2023).

Another leitmotif is opposition to EU fiscal transfers and bailouts. The EU is often labelled pejoratively as a 'transfer union' (AfD, 2021) and far-right manifestos often decry the idea that their taxpayers should underwrite what they see as profligacy elsewhere. The AfD railed against the EU as a "transfer union that [will] lead to the decline of all European economies and to conflicts between the states" (AfD, 2021: 27), while the Dutch PVV pushed for "reclaiming our billions from Brussels and significantly reducing our EU contributions" (Partij

voor de Vrijheid, 2023: 43). This narrative casts the EU as an exploitative arrangement: thrifty northern European nations are allegedly footing the bill for irresponsible neighbours, draining resources that could be better spent at home.

Far-right Eurosceptics also often attack EU regulations and red tape as smothering local businesses. They complain that EU standards —whether on the environment, labour, or competition— hamper national industries, farmers, and even public services. For instance, France’s National Rally argues that EU competition rules prevent France from renationalising sectors like rail, energy, and healthcare, which it claims is necessary to protect jobs and ensure affordable services (Rassemblement National, 2022). Hence, the far-right promises to remove EU constraints —whether budgetary rules, trade agreements, or regulatory regimes— so that the nation can pursue its own economic strategy, typically involving a mix of protectionism, support for traditional industries (like farming or manufacturing), and selective deregulation to favour domestic businesses.

The arguments used by today’s Eurosceptics are not new inventions. More than twenty years ago, far-right Eurosceptic parties were already making very similar claims, suggesting a deep continuity in this political tradition. For instance, in its November 2001 election manifesto, the Danish People’s Party had insisted it was “unacceptable for outdated industrial structures in some member states to be maintained through permanent subsidies from others. A low tax level in some members must not mean they continually receive transfers from high-tax countries” (Dansk Folkeparti, 2001). Finland’s True Finns party warned in its 2003 manifesto that expanding EU rules would force Finland to conform to large-scale farming models, undermining family-run farms (True Finns, 2003). Likewise, the Danish People’s Party in 2005 cautioned that an EU ‘federal state’ would install distant elite rule. It also bemoaned that Denmark’s high productivity was underwriting less disciplined countries through EU. The manifesto of Austria’s Freedom Party (FPÖ) in 2006 warned that EU directives were forcing the liberalisation or privatisation of essential public services and pledged to veto any such attempts in order to preserve local control (Freedom Party of Austria, 2006). And Geert Wilders’ PVV back in 2006 already pledged to stop the Netherlands’ annual contributions to Brussels. Finally, Marine Le Pen’s father, Jean-Marie Le Pen, leading France’s Front National in 2007, similarly argued that the EU was imposing an ultraliberal free-trade regime that destroyed French jobs and that EU structural funds were “dismantling nation-states from below” (Front National, 2007) by bypassing national authorities to work directly with regions.

In summary, the far-right Eurosceptic economic vision is one of economic nationalism: it proposes strong national borders, retreat from shared European commitments, and a return to a Europe of independent nation-states each pursuing its perceived self-interest.

Prosperity, in this vision, flows from sovereignty. By taking back powers ‘usurped’ by the EU, governments could purportedly cut bureaucracy, privilege their own workers and companies, and spend public funds at their sole discretion. The subtext, of course, is that economic integration is a hindrance rather than mutually beneficial.

3.2. Far-left narratives: Sovereignty, redistribution, and economic justice

On the opposite end of the spectrum, far-left Eurosceptic parties criticise the EU's economic framework primarily through the lens of social justice and public investment. These parties advocate for sovereignty not as a means of market deregulation, but rather to reclaim democratic control over economic policy from restrictive EU fiscal rules. For instance, Greece's Syriza in its May 2012 electoral manifesto (Syriza, 2012) argued —after enduring severe austerity in the country— against EU economic policy. The party suggested that austerity had turned Greece into a debt colony and insisted on restructuring the country's debt. It proposed substantial public investment in education, healthcare, and renewables (Syriza, 2013). Syriza even planned on reintroducing national monetary controls, reflecting their belief that economic sovereignty, potentially through exiting the Eurozone, was essential for revitalising national growth and alleviating social hardship.

Similarly, *Podemos'* December 2015 Spanish election manifesto argued explicitly against austerity-driven economic governance. The party emphasised instead policies aimed at addressing employment deficits, social inequalities, and structural economic weaknesses (Podemos, 2015). *Podemos* specifically criticised the EU's prioritisation of rapid deficit reduction over social investment and postulated significant increases in public expenditure. This represented a stark rebuke to the EU Stability and Growth Pact, which *Podemos* saw as an embodiment of neoliberal orthodoxy that undermined public welfare and economic sovereignty. By confronting EU austerity and advocating a progressive tax reform alongside rigorous anti-fraud measures, *Podemos* argued for a more equitable redistribution of wealth, positioning themselves firmly against the neoliberal fiscal discipline mandated by Brussels.

Both *Podemos* and Syriza thus stressed reclaiming national economic policymaking from EU-imposed constraints as crucial for achieving social justice and equitable growth.

Far-left manifestos also target the EU's market liberalisation and competition policies, but with a different aim than the far-right. Whereas the right worries EU rules impede protection of domestic businesses, the left argues EU rules impede public ownership and social investment. Germany's *Die Linke* (The Left) in its 2021 programme asserted that the EU serves banks and corporations, not workers and that there dismantling of its Stability and

Growth Pact would allow Germany to fund a Green New Deal, cut military spending, and halt privatisations (Die Linke, 2021).

France's *La France Insoumise* (LFI) under Jean-Luc Mélenchon went further in its 2022 presidential campaign manifesto, stating that "the Europe of our dreams is dead. The current Union is only a single market, and the people are subjected to the dictatorship of banks and finance" (La France Insoumise, 2022: 79). Mélenchon campaigned on defying EU treaties and halting France's contribution to the EU budget as a way to free up resources and massively increase public spending on ecological transformation.

Thus, the far-left promises a different kind of economic independence: not one aimed at enhancing capitalist competitiveness, but at enabling the expansion of public expenditure. To them, 'taking back control' means the freedom to tax the rich, nationalise key industries or utilities, expand welfare programmes, and direct large-scale investment to address inequality and climate change. All without EU oversight or restriction. They see the EU as an agent of neoliberal discipline (imposing market competition, fiscal restraint, and free movement of capital and companies) which must be curtailed to allow more democratic, locally-tailored economic choices. In their rhetoric, EU structures are often depicted as anti-democratic barriers: decisions made by technocrats in Brussels or Frankfurt (at the European Central Bank) are blamed for undermining the will of the people.

3.3. Common themes and the illusion of a 'free lunch.'

Despite their ideological differences, far-right and far-left Eurosceptic parties share some striking commonalities in their economic narratives. Both position the EU as an external oppressor of sorts; as a source of economic pain that can be alleviated by reforming it or breaking away. Each promises a kind of economic liberation. The far-right envisions liberation for the entrepreneur and taxpayer (through less regulation, fewer transfers abroad, more national industry), whereas the far-left envisions liberation for the worker and public services (through breaking austerity and neoliberal policies). In both cases, though, the message to voters is that sovereignty regained will translate into prosperity regained.

This convergence is evident in the language of manifestos: almost all Eurosceptic parties, regardless of stripe, argue that EU membership drains resources from the nation. It could be financial resources (net contributions to the EU budget, or the costs of eurozone bailouts), industrial resources (jobs 'exported' due to EU trade deals or firms relocating under single market competition), or policy autonomy (being 'forced' to follow economic policies not attuned to local needs). As a result, the remedy offered is to reclaim those resources by reclaiming decision-making power. In campaign slogans and documents this is often

couched in positive terms, e.g., a promise to spend EU budget contributions on national priorities instead, or to use repatriated powers to implement domestic stimulus packages. The underlying implication is that there are untapped gains which Eurosceptic policies can unlock at no real cost to the public. This is the ‘free lunch’ theory of Euroscepticism.

The consistency of these themes over decades —sovereignty, protection, opposition to transfers, and anti-elite sentiment— underscores that Euroscepticism’s economic narrative has long been articulated. Voters in many regions have been hearing versions of this story for years: that Brussels is to blame for local decline and that prosperity can be restored by reasserting national control. That this narrative remains persuasive owes in part to the genuine struggles of people living in places struggling to adapt to European integration and sluggish economic performance. But it also owes to the lack of clear evidence to the contrary. Eurosceptic parties very rarely confront potential trade-offs in their manifestos. These project unqualified optimism. Leaving the EU is portrayed as a return to a natural state of prosperity and the electoral programmes are filled with claims saying that voting for them would lead to better outcomes. After all, they had seldom been in power to test their policy proposals. However, this one-sided narrative can be misleading. This is why examining the outcomes associated with Eurosceptic support is so crucial. As we shall see, while the rhetoric promises salvation, the reality appears far more sobering.

Before delving into the data, we turn to academic research that has explored related questions: Why do distressed regions turn to Euroscepticism? And what happens in development terms when anti-system or Eurosceptic forces gain influence or power? These insights will frame our hypotheses and help interpret the patterns we observe.

4. The economic origins and consequences of discontent and Euroscepticism

4.1. Economic grievances as fuel for Euroscepticism

Recent scholarly research has found that economic stagnation and relative decline are key drivers of Eurosceptic and anti-system voting. In regions where people feel ‘left behind’ or trapped in a cycle of poor economic performance, voters lose faith in establishment politics and become receptive to anti-EU, anti-globalisation appeals (Rodríguez-Pose *et al.*, 2024; Ejrnæs *et al.*, 2024). Voters in regions in a development trap —those that have experience long periods of low growth in GDP, jobs, or productivity relative to both their own past and the rest of the country (Diemer *et al.*, 2022)— have embraced Euroscepticism (Rodríguez-

Pose *et al.*, 2024). This is often the case of middle-income regions stuck in long-term low growth, which tend to exhibit the lowest trust levels in the EU (Vasilopoulou & Talving, 2024).

When people see their region stagnate or fall behind, many direct their frustration at the EU, which is often perceived (rightly or wrongly) as symbolic of remote, technocratic governance and globalisation forces beyond local control. Moreover, it is not only the existence of economic stagnation that matters, but its severity and duration. The longer a region remains stuck in low growth and the farther it lags behind national or European averages, the more vehement the political backlash tends to be (Rodríguez-Pose *et al.*, 2024). People's patience wears thin after years of promises that EU membership or national policies will deliver convergence. Voting for radical change becomes a way to express the sentiment that 'enough is enough.' In other words, it is the feeling of unrealised potential or broken momentum—rather than low-income—that most saps confidence in the European project (Vasilopoulou & Talving, 2024)

These findings help explain why regions like northern Italy (Urso *et al.*, 2023; Barbera & Bell, 2025) or eastern Germany (Höhne *et al.*, 2025)—which are not the poorest parts of Europe, but have experienced relative decline or stagnation in recent decades—have become hotbeds of discontent and Euroscepticism. Residents of such areas often perceive that they are not reaping benefits of EU integration. When local industries shutter or young people move away, the narrative of “the EU is holding us back” finds a receptive audience.

Parallel research has highlighted specific economic shocks that translate into anti-system or Eurosceptic support. A prominent example is the impact of trade globalisation, notably the so-called 'China shock' (Autor *et al.*, 2016; Guriev and Papaioannou, 2022). From this perspective, areas with greater exposure to import competition (for instance, manufacturing regions hit by surging imports from China or Eastern Europe) experienced larger increases in votes for far-right, nationalist, and Eurosceptic parties (Guriev and Papaioannou, 2022). Likewise, regions facing public sector cuts and wage stagnation under austerity—such as parts of Greece, Italy, Spain, or the UK around 2012-2013—saw growing disillusionment with centrist parties and often swung toward Eurosceptic positions (Alabrese *et al.*, 2019). Indeed, studies of the Brexit vote found that local exposure to fiscal cuts and manufacturing decline were strong predictors of a Leave vote (Becker *et al.*, 2017; Alabrese *et al.*, 2019).

Adding to the mix, migration and demographic change have interacted with economic factors (Dustmann *et al.*, 2019; Dijkstra *et al.*, 2020; Höhne *et al.*, 2025). While opposition to immigration can be rooted in cultural concerns, it often overlaps with economic anxiety in areas that feel under stress. The 2015 refugee crisis, for instance, amplified support for Eurosceptic and anti-immigration parties in regions that were already struggling economically, especially if those regions experienced an influx of newcomers (Dalton *et al.*,

2020). Uneven immigration flows reinforced grievances in declining areas (Guriev and Papaioannou, 2022).

Scholarly research paints a picture of Euroscepticism as deeply rooted in economic discontent. Persistent unemployment, industrial decline, and austerity-related privations eroded trust in mainstream governance and provided fertile soil for parties that propose a radical break from the status quo. The appeal of these parties was solidly embedded in places where citizens felt they had nothing to lose and saw trying alternative political options as a way to shake the political tree and exact revenge on national and/or Brussels elites (Rodríguez-Pose, 2018).

4.2. Anti-system governance and economic performance

If economic pain drives voters to Euroscepticism, what happens when those Eurosceptics (or similar anti-establishment forces) gain popularity? A growing body of research has tackled this question by examining historical and contemporary cases of anti-system leadership. While our focus is on Eurosceptic support in general (not necessarily resulting in governing power), these studies provide insight into the economic consequences of anti-system policies, which often overlap with the agendas of Eurosceptic parties.

Funke *et al.* (2023) have assembled data on anti-system leaders worldwide from 1900 to 2020—spanning both left-wing and right-wing—and measured economic outcomes during their tenures. They find that, on average, anti-system rule leads to significantly worse economic performance in the medium to long run. Specifically, real GDP per capita is about 10% lower 15 years after they take office compared to a counterfactual scenario without anti-system leadership. Notably, this decline is not immediate but becomes evident a few years into the anti-system rule and then deepens over time. The fact that the downturn is delayed suggests that anti-system leaders often enjoy an initial period of relative stability or even mild boom (sometimes through unsustainable stimulus or commodity windfalls), but the cumulative effect of their policies proves harmful as time goes on (Funke *et al.*, 2023). They also report that there is no significant difference in the economic damage caused by left-wing versus right-wing anti-system rulers. They both tend to harm growth.

What drives this economic underperformance? The literature points to several mechanisms of decline under anti-system government (Acemoglu *et al.*, 2013; Guriev & Papaioannou, 2022; Funke *et al.*, 2023). One key mechanism is macroeconomic mismanagement. Anti-system governments often pursue short-term expansionary policies—tax cuts, spending sprees, monetary easing—without regard for fiscal sustainability or inflation, in order to deliver quick wins to their base. Such policies can lead to rising public debt, high inflation,

or balance-of-payments crises. Anti-system governments may also engage in currency manipulation or capital controls that scare off investors. The collapse in business confidence can further stifle investment and growth (Funke *et al.*, 2023). Anti-system regimes often see declining international trade and financial integration. This decoupling from economic integration aligns with nationalist rhetoric (tariffs, import substitution), but it also means fewer efficiency gains from trade and possibly retaliation from trading partners.

Another mechanism is the erosion of institutions. Populists, by definition, pit ‘the people’ against ‘the elites’ (Mudde, 2004) and often seek to remove checks and balances that they claim subvert the people’s will. In practice, this can mean undermining the independence of the judiciary, weakening central banks and regulatory agencies, muzzling independent media, and sidestepping the rule-of-law. Such moves might consolidate anti-system governments in power, but they tend to damage the business environment and investor confidence (North & Weingast, 1989; Acemoglu & Robinson, 2012). Entrepreneurs and investors become wary of arbitrary government interference or lack of legal protection. Over time, this institutional degradation can considerably hamper economic growth.

Most of these studies, however, examine cases where populists govern. In Western Europe, until recently, Eurosceptic parties have rarely led governments (with a few exceptions such as Greece’s Syriza for a period, Hungary’s long Viktor Orban rule, Italy’s recent political trajectory, or shorter-lived experiments elsewhere). Thus, voters backing Eurosceptic parties have limited experience of the implications of a shift to Eurosceptic parties. This is precisely why our study is needed: to see if even the support and associated local influence of Eurosceptic parties has economic repercussions absent full control of policy. There are plausible channels even without national office: for instance, if a region elects Eurosceptic legislators, they might divert local discourse and decisions in ways that deter outside investment or reduce cooperation with EU development programmes. Alternatively, high Eurosceptic sentiment might induce uncertainty about a country’s future relations with the EU (think of the business jitters in the UK pre-Brexit referendum), leading to a pullback in investment in those areas.

In essence, scholarly research on anti-system economics provides a cautionary backdrop: it suggests that policies favoured by parties at the extremes, like most of those Eurosceptic parties—be it fiscal profligacy, trade protectionism, or institutional disruption—often come back to bite economically. Even without enacting these policies, the expectation or risk of them might be enough to affect the behaviour of firms and consumers (Guiso *et al.*, 2019). A region known for strong Eurosceptic sentiment might be seen as a political risk zone by investors.

Hence, existing research gives us two crucial pieces of the puzzle: a) economic stagnation fuels Euroscepticism (the demand side); and b) populist policies tend to hurt economic performance (the aftermath side). Our research bridges these by examining whether the presence of Euroscepticism (even before they access power) implies development costs for regions. This addresses a gap in existing knowledge, which has been more about the link between economic stagnation and the rise of discontent than about whether support for Eurosceptic parties is affecting economic progress and demographic change.

5. Data and methodology

To explore whether the rise of Eurosceptic political support is connected to changes in development outcomes, we construct a panel dataset covering 1,166 Nuts3 regions corresponding to the entire territory of the EU-27. The dataset measures four-year electoral periods, starting with 2004–2007 and finishing with 2016–2019. Where multiple elections fall within a cycle (2004–2008, 2008–2011, 2012–2015, 2016–2019), we use the last election before the period’s end.

The main explanatory variable is the share of Eurosceptic vote. It is measured for every region and electoral cycle using the percentage of valid votes cast in national legislative elections for parties that the experts involved in the Chapel Hill Expert Survey (CHES) classify as Eurosceptic.² The baseline analysis includes parties scoring ≤ 2.5 on the CHES’s 1–7 scale of overall support for European integration (1 = “strongly opposed”, 7 = “strongly in favour”). Vote totals come from official national electoral-commission returns. We then match each party to its most recent CHES score available prior to the election and sum the votes for all parties meeting the ≤ 2.5 threshold.³ This procedure ensures temporal alignment between the expert assessment of a party’s EU stance and the election in which the party competes. The list of parties with scores of 1 to 3 in the CHES European integration questions in 2019 is included in Table A1 in the Appendix.

² The CHES is an expert survey conducted approximately every four years since 1999 that asks country specialists to locate political parties on a common set of ideological and policy scales, including European integration. Because it relies on expert judgement rather than manifestos alone, it captures both formal programme commitments and consistent rhetorical positioning, making it particularly well suited to identify genuine Eurosceptic actors across countries and over time. We put the focus on national-parliament elections—rather than European Parliament contests—to capture first-order political preferences (Reif & Schmitt, 1980).

³ If a party lacks a CHES score in a given year, we linearly interpolate between adjacent waves. The great majority of parties encoded in CHES will have recorded a score in a window of, at least, ten years.

We use the share of Eurosceptic vote to examine four main outcomes in the period following each election cycle: a) GDP per capita growth; b) productivity growth; c) employment growth; and d) population change. Growth rates are calculated over the four-year period following each election cycle to capture medium-term changes and reduce the risk of endogeneity. For example, if a region's Eurosceptic vote share is measured in an election in the 2008-2011 electoral cycle, we look at that region's economic performance from 2012 to 2015. GDP per capita (in real terms), total employment, and population come from the ARDECO dataset. Productivity is proxied by GDP per worker. By focusing on growth rates (or percentage change for population) over multi-year spans, we mitigate year-to-year noise and align with political cycles. Notably, by measuring outcomes after the vote share is observed, we can interpret correlations as Eurosceptic support preceding economic performance (though not necessarily causing it without further identification).

The models include a range of controls to account for other factors affecting regional growth. These include initial levels of GDP per capita (to capture convergence effects), educational attainment (share of adult population with tertiary education, from Eurostat), indicators of industrial structure (e.g. share of employment in manufacturing vs. services), and a measure of institutional quality (the European Quality of Government index at the regional level). We also control for country-level and time-period effects as described below. All the variables included in the analysis are presented in the appendix in Table A2.

Given this panel data, our baseline estimation strategy uses a random-effects model with country-level and time fixed effects. The basic regression takes the form:

$$\Delta y_{it} = \beta_0 + \beta_1 \text{EuroscepticVote}_{i,t-1} + \gamma \bar{X}_{i,it} + \alpha_c + \tau_t + \varepsilon_{i,t} \quad (1)$$

where Δy_{it} is the growth rate of an outcome (GDP per capita, employment, productivity, and population) in region i over and electoral cycle $t-1$; $\text{EuroscepticVote}_{i,t-1}$ is the vote share for Eurosceptic parties in the preceding election; $\bar{X}_{i,it}$ is a vector of control variables measured at the start of the period (including the lagged outcome level and other covariates); α_c are the country fixed-effects, controlling for country specific factors that may affect changes in economic and demographic variables; and τ_t are period-fixed effects, controlling for any shocks common to all regions in a given timeframe. We use random-effects rather than fixed-effects for the main specification to allow inclusion of time-invariant or slow-changing variables (like education or institutional quality) and because Hausman tests did not reject the random-effects specification in our data. However, we also estimate region fixed-effects

models as a robustness check (Table A3 in appendix). Standard errors are clustered at the regional level.⁴

In addition to the panel regression, we employ a difference-in-differences (DiD) approach to assess how the 2012–2013 eurozone austerity crisis influenced the relationship between Euroscepticism and development outcomes. The Eurozone crisis and its aftermath (when many countries enforced strict austerity or received bailouts) can be seen as a quasi-natural experiment that heightened economic stress and uncertainty in Europe. We introduce an interaction term $EuroscepticVote_{i,t-1} \cdot Crisis_t$ to see if regions with higher Eurosceptic support fared differently during and after the crisis compared to before. In practice, we split the panel into crisis and post-2012 periods, and include a crisis dummy and its interaction with vote share in the model. This allows us to capture any differential effect of Euroscepticism under crisis conditions, effectively a DiD where the ‘treatment’ is the crisis hitting regions with varying levels of prior Eurosceptic sentiment. We verify the parallel trend assumption for this approach by examining crisis trends: if regions with high vs. low Eurosceptic support had similar growth trajectories before 2012, then post-2012 divergences can be more credibly attributed to the impact of the crisis.

We further conduct an event study analysis around the crisis to map out the trajectory of the Euroscepticism effect over time. This involves creating leads and lags of the crisis interaction (e.g., interactions of Eurosceptic vote share with dummies for each subperiod). The coefficients on these terms show how the association between Eurosceptic support and development outcomes changed in during and after the crisis. Insignificant coefficients in the crisis years would support the notion of parallel trends (i.e., no impact before the crisis), strengthening causal interpretation for the post-crisis period impact (Angrist & Pischke, 2009).

To address potential endogeneity concerns —namely, that poor economic performance itself may boost Euroscepticism (reverse causality)— our use of lagged vote share and the DiD approach provide some leverage. However, one might worry about omitted variables that drive both Euroscepticism and poor performance (for example, a decline in a particular industry). We attempt to mitigate this by estimating a fixed-effects model, which absorbs time-invariant differences linked to history, identity, or geographic location, and by controlling for sector-specific employment shifts where data allow. Nonetheless, we caution that establishing strict causality is challenging; our aim is to carefully describe the

⁴ We also experimented with clustering by country to account for any within-country correlations (since regions within a country share national policies). The results similar. They are available on demand.

relationship and timing consistent with a causal interpretation and rule out alternative explanations to the extent possible.

Finally, we incorporate a robustness check using fixed-effects models and alternative definitions of Eurosceptic support (e.g., using different thresholds to define Eurosceptic parties).

Overall, our methodological toolkit combines descriptive panel evidence (random effects), causal inference techniques (DiD and event study for the crisis), and robustness tests (fixed effects and variations in the measurement of Euroscepticism) to ensure that any identified economic impacts of Euroscepticism are not spurious.

With the setup in place, we now turn to the results. We first present the baseline panel findings linking Eurosceptic vote share to subsequent regional economic performance. Next, we explore how the crisis altered this relationship, unveiling a sharper ‘penalty’ in its aftermath. We then discuss the magnitude of these effects and their potential mechanisms.

6. Empirical results

6.1. Baseline analysis: Eurosceptic support and regional performance

The baseline panel estimation (Table 1) links the ballot box to our economic and demographic outcomes using a random-effects panel data model that controls for initial conditions and other factors that drive regional change. The results uncover a clear and statistically robust penalty on growth whenever electorates drift towards Eurosceptic parties. Specifically, an extra percentage point of vote share for these parties in any given electoral cycle is connected, on average, with a 0.035–0.042 percentage point reduction in annual GDP per capita growth over the subsequent four-year period (Table 1, Regressions 1–2). The estimate—significant at the 1 per cent level—may seem low, yet its economic weight becomes fully visible once time compounds the effect. A modest 0.035 per cent annual drag translates into roughly 1.4–1.7 percentage points of lost GDP per head over a single cycle. Extend that arithmetic across three cycles—twelve years—and a region ten percentage points more Eurosceptic than its neighbour could find itself around 4.2 per cent poorer.

The pattern is not confined to income. Productivity growth likewise stutters in Eurosceptic regions. Coefficients of 0.014 and 0.010 percentage points (Table 1, Regressions 3–4) imply an annual knock of roughly a tenth of a percentage point for every additional ten points of anti-EU vote share. Cumulatively, that means a region so inclined would see productivity some 1.7 per cent lower after three electoral cycles, relative to a less Eurosceptic peer.

Employment tells a similar tale. With coefficients hovering between -0.025 and -0.027 percentage points (Regressions 5–6), the labour market cost mounts to about 3 per cent fewer jobs over the dozen year horizon for a ten-point gap in Eurosceptic support. Population dynamics are more muted but no less telling: coefficients of -0.0007 to -0.0019 (Regressions 7–8) translate into a cumulative shortfall of roughly 0.1–0.2 per cent in resident numbers over twelve years: small in absolute terms, yet emblematic of places that struggle to retain or attract people when economic prospects dim. In plain English, high-Euroscepticism areas are not haemorrhaging residents, but they are hardly magnets for new arrivals either.

Crucially, these findings persist after an extensive set of controls. We adjust for initial GDP levels —thereby guarding against the possibility that the results are mere convergence in disguise— alongside neighbourhood population density, educational attainment, quality of government, age structure, and electoral turnout. The coefficient on Eurosceptic vote share barely shifts across specifications, underscoring the robustness of the relationship and suggesting that we are not simply capturing omitted, time invariant traits.

Table 1. Eurosceptic support and regional performance (CHES threshold ≤ 2.5)

Dependent variable	(1) GDP per capita growth	(2) GDP per capita growth	(3) Productivity growth	(4) Productivity growth	(5) Employment change	(6) Employment change	(7) Population change	(8) Population change
Support for Eurosceptic parties (≤ 2.5)	-0.0417*** (0.00348)	-0.0348*** (0.00327)	-0.0142*** (0.00301)	-0.00964*** (0.00286)	-0.0271*** (0.00194)	-0.0249*** (0.00202)	-0.000743 (0.000661)	-0.00192** (0.000764)
GDP per capita (ln)		-0.258** (0.126)		0.130 (0.145)		-0.416*** (0.128)		0.692*** (0.0555)
Density		-1.01e-05 (1.79e-05)		-1.64e-05 (1.38e-05)		6.26e-06 (1.22e-05)		-2.05e-05** (8.90e-06)
Education		0.0310*** (0.00691)		0.0112 (0.00789)		0.0171** (0.00819)		-0.00444 (0.00387)
Quality of government		0.151 (0.118)		0.183* (0.106)		-0.0398 (0.0796)		-0.00569 (0.0336)
Population 65 and over		0.00465 (0.0109)		0.0240* (0.0137)		-0.0239 (0.0160)		-0.0382*** (0.00620)
Electoral turnout		-0.0766*** (0.00650)		-0.0627*** (0.00618)		-0.0133*** (0.00429)		0.00177 (0.00145)
Observations	4,664	4,632	4,664	4,632	4,664	4,632	4,664	4,632
Number of regions	1,166	1,164	1,166	1,164	1,166	1,164	1,166	1,164
Country FE	YES	YES	YES	YES	YES	YES	YES	YES
Time FE	YES	YES	YES	YES	YES	YES	YES	YES
Overall R ²	0.482	0.482	0.482	0.482	0.482	0.482	0.482	0.482
Between R ²	0.644	0.644	0.644	0.644	0.644	0.644	0.644	0.644
Within R ²	0.482	0.482	0.482	0.482	0.482	0.482	0.482	0.482
Intraclass Correlation (ρ)	0.351	0.351	0.351	0.351	0.351	0.351	0.351	0.351
RMSE	0.425	0.425	0.425	0.425	0.425	0.425	0.425	0.425

Random-effects panel data estimations. Robust standard errors (clustered at the regional level) in parentheses

*** p<0.01, ** p<0.05, * p<0.1

To probe further, we turn to a fixed-effects specification (Appendix Table A2) that sweeps away any regional inherent characteristics —e.g., culture, history, identity, topography— leaving only within-region shifts to carry the explanatory load. The result is an even starker figure: the GDP-growth coefficient steepens to -0.04 percentage points (Regression 2). Put differently, once we strip out unchanging quirks of place, each additional point of Eurosceptic support is linked to a shaving of almost 0.06 percentage points off annual growth. One reading is that the ‘true’ potential price of Euroscepticism is stronger than the random-effects model implies. Another is that regions historically blighted by economic and demographic malaise —and thus predisposed to Euroscepticism— experience sharper slow-downs when their discontent intensifies. Either way, the sign remains unambiguously negative.

The story that emerges is therefore not one of freak correlations or statistical artefacts. Rather, it is of a persistent economic toll levied on regions where Eurosceptic parties prosper at the polls. Voters may be crying for help, protesting perceived neglect or decline, but in doing so they —unwittingly perhaps— endorse a political path correlated with slower income growth, productivity declines, weaker employment creation, and, at best, stagnant demographic trends. In effect, Euroscepticism looks less like a passport out of malaise and more like a stamp that confirms a region’s membership of Europe’s economic slow-lane.

6.2. The crisis as a turning point

The financial crisis, the European sovereign-debt drama of 2012–13, and the fiscal hair-shirt that followed provide a natural experiment in how political discontent and economic destiny intertwine (Dijkstra et al., 2020). We exploit that juncture with a DiD strategy, asking whether regions that were already tilting towards Eurosceptic parties before the financial crisis fared differently once the belt-tightening began and subsequently. In practice, we interact each region’s previous-cycle Eurosceptic vote share with a Post-2012 dummy (Figure 3).

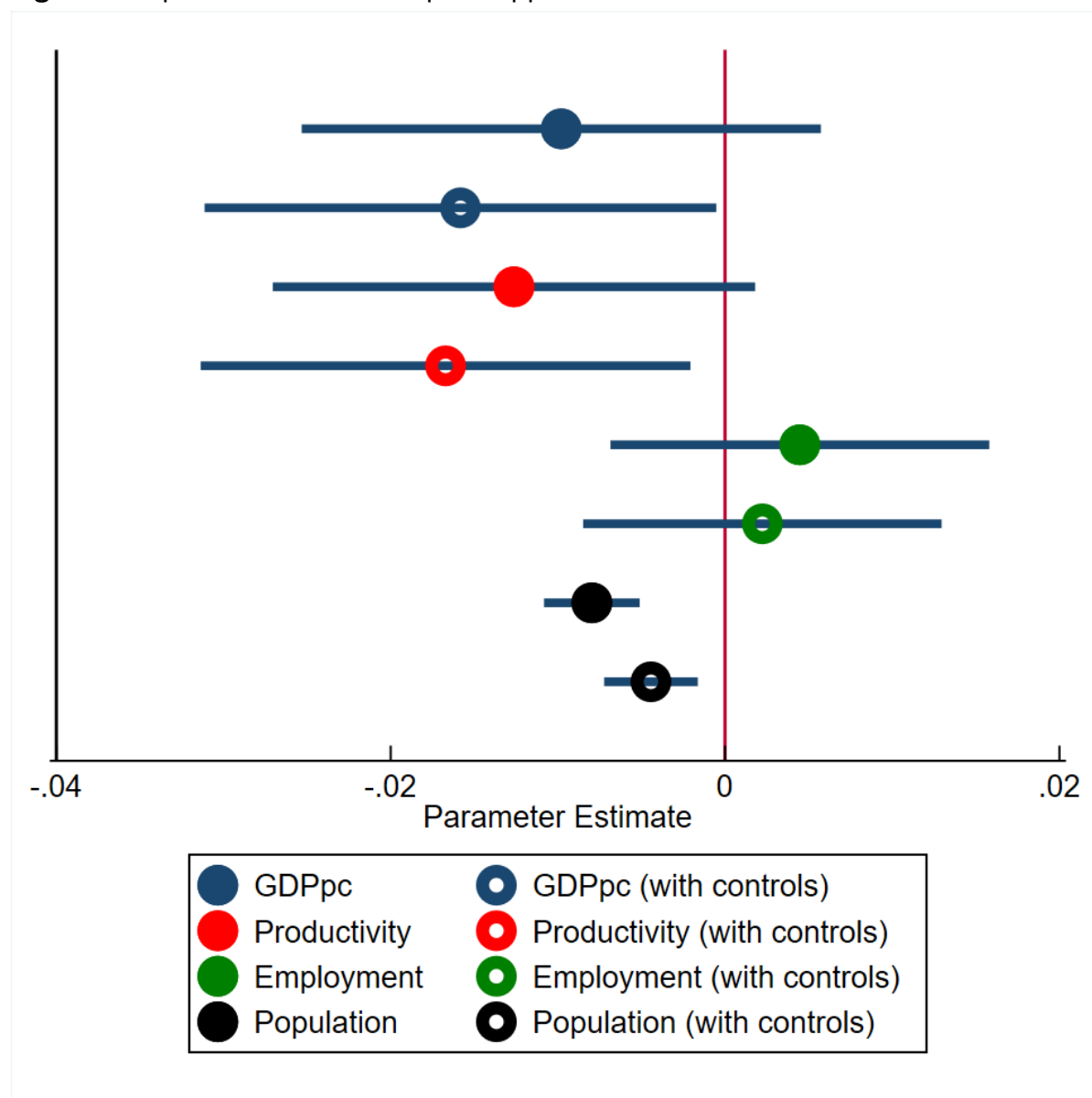
The results show that austerity deepened the economic shadow cast by Euroscepticism. During the financial crisis, every additional percentage-point of Eurosceptic vote in the earlier electoral period shaved about 0.022 percentage points off annual GDP per capita growth. After 2012 the penalty rose by a further 0.016 points, yielding an overall post-crisis slope of roughly -0.038 percentage points per vote point each year. A region ten points more Eurosceptic than its neighbour therefore forfeited about 0.38 points of growth annually, or roughly 1.5 percentage points of income over a single electoral cycle and 4.5 points until 2023.

Productivity is similarly affected. The crisis trajectory becomes, after 2012, a post-crisis drag of around -0.016 percentage points per vote point each year. A ten-point Eurosceptic differential thus shaves 0.16 points off annual productivity growth, or slightly less than two per cent lower output per worker by 2023.

Labour markets are less sensitive to the austerity shock, still underperform. The interaction coefficient turns positive but insignificant. Figure 3 shows no jobs wipe-out, but hardly a sign of regional dynamism.

Population trajectories hover near zero during the crisis and only tip modestly negative after it. Even so, the combined coefficient suggests that heavily Eurosceptic regions lost roughly 0.03 percentage points of population growth for every ten-point swing, consistent with places that repel rather than attract people.

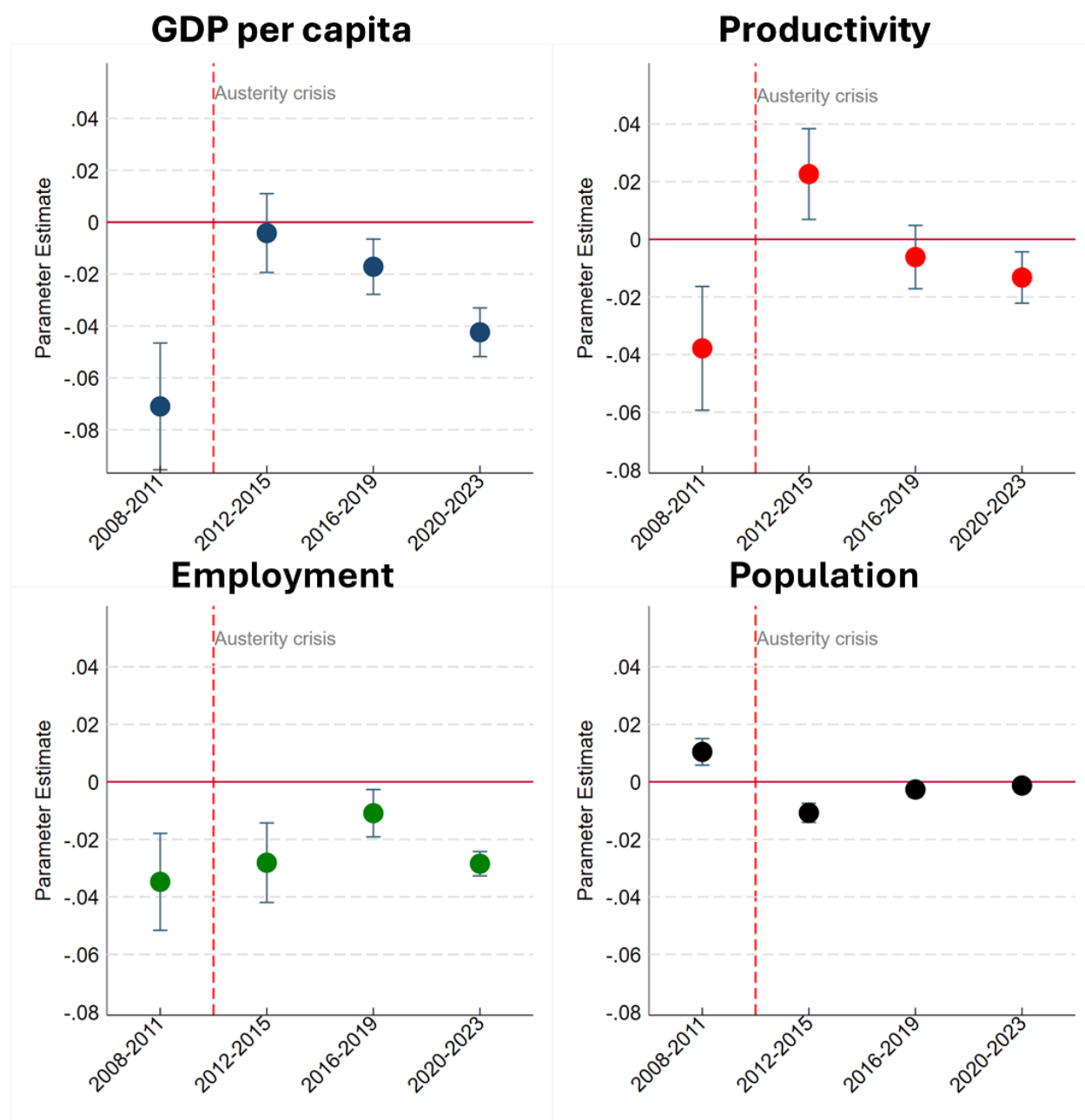
Figure 3. Implications of Eurosceptic support and the crisis. DiD estimates.



In order to capture greater nuance in the post-crisis temporal dynamics, we resort to an event study approach. This approach implies generating relative time dummies and interaction terms, allowing to evaluate how the relationship between Eurosceptic support and outcomes evolves during and after the austerity crisis. It can also estimate causality if the coefficients for the crisis period interactions (the two first electoral cycles considered, between 2004 and 2011) are close to zero and insignificant. This occurs in the case of GDP per capita and productivity, but not for employment and population change, meaning that

for GDP per capita and productivity the parallel trends assumption holds, strengthening the causal interpretation of estimates for subsequent periods.

Figure 4. Implications of Eurosceptic support and the crisis. Event study analysis.



Note: The period on the horizontal axis refers to the period after the electoral cycle

In the case of GDP per capita, after 2012 a region that was one percentage-point more Eurosceptic than its peer during the crisis period (2008-2015) barely records any additional

annual growth shortfall relative to less Eurosceptic regions. However, this situation is short-lived and in the period 2016-2019, the shortfall is close to -0.02 points. By 2020-23, the penalty deepens to more than -0.04 points. Scale that to a ten-point vote gap and extend it across three post-crisis cycles and the cumulative income loss approaches 5.5 per cent; enough to widen a respectable living-standards gulf into a yawning one.

For productivity, the supply-side story is initially more nuanced. A brief post-crisis uptick (+0.02 points) hints at austerity-induced housekeeping, yet the rebound is fleeting. From 2016 onwards the coefficient turns negative and deteriorates by the latest cycle. Over twelve years, a ten-point Eurosceptic margin translates into roughly 2.5 per cent lower output per worker, a drag that compounds sluggish GDP growth.

For employment, pre-crisis coefficients are modestly negative but statistically insignificant, failing to satisfy the parallel trends assumption. This limits causal interpretation but still offers insights into temporal patterns. During the crisis, employment growth in Eurosceptic regions performs relatively worse than in their less Eurosceptic counterparts (-0.035 percentage points). On the whole, employment growth in Eurosceptic areas again lags the pack, leaving them with roughly 3.5 per cent fewer jobs than more Euro-friendly counterparts by 2023.

Demographic trends show near-zero coefficients across all periods, with no significant deviation from parallel trends. This indicates that population change—whether through migration or fertility—was largely unresponsive to the shocks of the financial and austerity crises. However, the marginal but consistent negative coefficients across the post-crisis periods suggest a slow, steady demographic decline in Eurosceptic regions (Figure 4). Over three cycles that amounts to a quarter-percentage-point population shortfall.

Taken together, the event-study confirms and magnifies our earlier DiD story. The years of fiscal retrenchment did not merely expose a latent Eurosceptic growth penalty; they amplified it. By 2023 the arithmetic for a region with a ten-point higher Eurosceptic vote share is sobering: all four indicators considered are lower compared with otherwise similar, more Europhile areas. In other words, what began as a protest ballot has turned—in the crucible of crisis—into a structural economic handicap, one that shows little sign of self-correcting. These findings align with existing literature on the economic impacts of political uncertainty and institutional distrust. Guiso *et al.* (2019) and Alabrese *et al.* (2019) have documented similar negative relationships between Euroscepticism and economic performance, though mostly at national levels or for the Brexit case. Our regional analysis extends these findings by showing heterogeneous effects across different economic indicators and revealing the fundamental role of the crises as turning points. The financial and austerity crises acted as catalysts for the negative economic effects associated with

Euroscepticism. In crisis conditions, whatever latent disadvantages regions with high shares of Eurosceptic vote had, these were exacerbated. A few channels to explain this trend can be surmised. First, there are the financial and policy channels. During the crises, the EU and national governments directed assistance (bailouts, investment funds) under certain conditions. Regions vocally opposed to the EU or with Eurosceptic local leaders might have been less effective at securing or making the most of aid. A lower uptake of structural funds exactly when they were most needed could have undermined economic performance. Also, investors, when deciding where to allocate scarce capital post-crisis, might have shied away from regions known for political instability or hostility to the EU, fearing those areas might eventually push the country into conflict with the EU. This investment shortfall would hurt growth and productivity.

Moreover, the crises heightened regional polarisation (Rodríguez-Pose *et al.*, 2024). Regions with strong Eurosceptic sentiment may have doubled down on anti-establishment attitudes, potentially leading to less trust and cooperation even at the local level. Conversely, in less Eurosceptic regions, perhaps there was greater social cohesion or trust in institutions to address the crisis, aiding faster recovery.

Finally, there is a feedback loop. The crises amplified economic pain in already discontented regions that likely further boosted Euroscepticism there (indeed, many countries saw record Eurosceptic votes in 2014–2015). Such an ongoing rise could perpetuate uncertainty and negative expectations about those regions' future policies or stability, leading to a self-reinforcing cycle.

Our results show that these patterns did not simply revert when Europe returned to modest growth in the second half of the 2010s. Instead, the divergence persisted into the late 2010s and early 2020s, suggesting a potentially enduring structural split. Eurosceptic regions have not caught up in the recovery; if anything, they have fallen further behind in productivity, income, and employment (Figure 4). This underscores that Euroscepticism's impacts are not static; they evolve with broader economic context. A political stance that might have relatively benign effects in good times can become quite harmful in bad times.

6.3. Robustness check

To test whether our findings hinge on precisely where we draw the Eurosceptic line, we recalculate the baseline model (Table 1) using progressively tighter and looser CHES

thresholds.⁵ The story barely wobbles, yet the nuances are instructive. Tightening the CHES threshold to 1.5 (Table A4) pares the sample down to the most strident anti-EU parties. Their aggregate vote share is smaller and the point estimates for growth contracts. Yet the direction and significance endure: GDP per capita and productivity still fall by roughly 0.014 percentage points for every extra vote point and the coefficients remain statistically solid, while population decline actually becomes more pronounced. This provides evidence that the regions backing the Eurosceptics are also those people quietly leave. Shifting the cut-off to 2.0 (Table A5) restores the broader Eurosceptic family and the numbers snap back almost exactly to the baseline in Table 1. GDP and productivity penalisation in the -0.034/-0.010 range, a hefty employment drag of about -0.025 points, and only a faint demographic ripple. In short, the economic tax is not an artefact of an extremist fringe but a property of Eurosceptic politics writ large.

Casting the net wider still to include the softer sceptics ($\text{CHES} \leq 3$) (Table A6) dilutes the punch without reversing it. The GDP penalty eases to around -0.024 points, while employment cost is very similar and stays firmly negative. Productivity significance fades to the cusp of statistical noise. The population coefficient even flips sign —insignificantly positive once controls enter— hinting that moderate Eurosceptic votes can emerge in places with otherwise some demographic dynamism. Across all three alternative definitions the ancillary covariates behave as before and goodness-of-fit measures barely budge, reinforcing the core message: the harder a region leans against European integration, the steeper and more consistent the economic price it appears to pay.

7. Conclusion

Rising support for Eurosceptic parties is often interpreted purely as a consequence of economic hardship; the cry of angry voters demanding change (Rodríguez-Pose, 2018). This study adds a crucial new dimension: Euroscepticism is not only an outcome of economic trajectories but also an input shaping those trajectories. Our research provides evidence spanning European regions and several election cycles to show that citizens in Eurosceptic-leaning regions effectively pay for Euroscepticism through foregone growth and missed development opportunities (Chen *et al.*, 2018; Crescenzi *et al.*, 2020).

When voters gravitate towards parties promising liberation from Brussels and prosperity, they may initially experience emotional satisfaction, hope, and optimism. However, findings

⁵ CHES scores run from 0 (unequivocally anti-integration) to 7 (fervently pro-integration). The baseline cut-off of 2.5 is conventional; shifting it to 1.5 or 2.0 excludes progressively more “borderline” parties, while 3.0 pulls in more moderate Eurosceptics.

suggest these regions subsequently suffer slower improvements in living standards, reduced job creation, and stagnant productivity. Notably, these adverse outcomes emerge even when Eurosceptic parties fail to secure national power. Thus, merely signalling widespread Euroscepticism can trigger detrimental economic dynamics, independent of policy implementation (Sampson, 2017).

The paper further reveals that this latent effect became particularly pronounced during the Eurozone crisis. Acting as a stress test, the crisis disproportionately affected regions already harbouring Eurosceptic sentiments, exacerbating their economic difficulties (Rodríguez-Pose, 2018; Diemer *et al.*, 2022). This quasi-experimental context strengthens the causal inference, highlighting that political discontent combined with economic shocks yields notably poorer outcomes. Throughout the 2010s and early 2020s, the divergence between Eurosceptic and other regions became entrenched, creating a self-reinforcing dynamic (Vasilopoulou & Talving, 2024).

Addressing this issue demands more than dismissing or neglecting Eurosceptic constituencies. Labelling voters as ‘hopeless’ —or, in Hillary Clinton’s words, ‘deplorables’— or considering certain regions as inevitably declining risks perpetuating a vicious cycle (Rodríguez-Pose, 2018). Transfers alone are also not enough (Borin *et al.*, 2021). Instead, a dual strategy of political re-engagement and targeted economic reinvestment is required (McCann & Rodríguez-Pose, 2011; Barca *et al.*, 2012; Garcilazo & McCann, 2025). Politically, genuine attention to local grievances and enhanced community involvement can diminish the attractiveness of extremist options (Rodríguez-Pose, 2018). Economically, targeted initiatives promoting development, education, access to capital, and economic diversification are essential (Crescenzi *et al.*, 2020).

Importantly, humility is necessary. Many voters turned towards Eurosceptic parties because mainstream politics failed them economically, yet their choice seemingly worsened their economic prospects (Chen *et al.*, 2018). The problem resides not solely with voters or institutions but in their fractured relationship. Rebuilding trust in democratic institutions, including the EU’s capacity to deliver broad-based prosperity, is paramount. Recent EU initiatives, such as the joint recovery fund and emphasis on a ‘just transition’ in climate policy, represent positive steps, but they basically touch the tip of the iceberg (Rodríguez-Pose and Bartalucci, 2024) and these must tangibly target Eurosceptic regions to succeed (Ongaro *et al.*, 2022).

In conclusion, Euroscepticism is no free lunch. Its rise exacts an economic toll disproportionately affecting those who anticipated benefiting from it. This irony underscores the hidden costs unveiled by our analysis. Europe’s future depends on ensuring Euroscepticism does not become a permanent barrier to development. Responsive

governance can transform today's Eurosceptic strongholds into future success stories, reintegrating disenfranchised citizens into a more prosperous and unified Europe.

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APPENDIX

Table A1. Parties whose average score on the CHES “EU position” question ranges between 1 and 3 (2019 CHES survey).

Range 1 – 1.5 ($1 \leq \text{score} < 1.5$)

Party	Country	EU 2019
Forum voor Democratie (FvD)	Netherlands	1.077
Communist Party of Greece (KKE)	Greece	1.111
Golden Dawn (XA)	Greece	1.222
Party for Freedom (PVV)	Netherlands	1.308
Kotleba – People’s Party Our Slovakia (ĽSNS)	Slovakia	1.313
Confederation Liberty & Independence (Konfederacja)	Poland	1.368
Rassemblement National (RN)	France	1.375
Debout la France (DLF)	France	1.429
Freedom & Direct Democracy (SPD)	Czechia	1.481

Range 1.5 – 2 ($1.5 \leq \text{score} < 2$)

Party	Country	EU 2019
Finns Party (PS)	Finland	1.643
Lega (LN)	Italy	1.684
Nye Borgerlige (NB)	Denmark	1.786
Živi Zid – “Human Shield” (ZZ)	Croatia	1.818
Alternative for Germany (AfD)	Germany	1.905
Fratelli d’Italia (Fdi)	Italy	1.947

Range 2 – 2.5 ($2 \leq \text{score} < 2.5$)

Party	Country	EU 2019
Danish People’s Party (DF)	Denmark	2.000
Solidarity – People Before Profit (S-PBP)	Ireland	2.000
Conservative People’s Party of Estonia (EKRE)	Estonia	2.083
Popular Unity (EL)	Greece	2.125
Attack (Ataka)	Bulgaria	2.200
Sweden Democrats (SD)	Sweden	2.235
Vlaams Belang (VB)	Belgium	2.250
Freedom Party of Austria (FPÖ)	Austria	2.300
Communist Party of Bohemia & Moravia (KSČM)	Czechia	2.370
Coligação Democrática Unitária (CDU)	Portugal	2.375
Red–Green Alliance / Unity List (EL)	Denmark	2.429

Range 2.5 – 3 (2.5 ≤ score ≤ 3)

Party	Country	EU 2019
Croatian Sovereignists (HKS)	Croatia	2.619
Party for the Animals (PVdD)	Netherlands	2.636
Slovenian National Party (SNS)	Slovenia	2.667
Workers' Party of Belgium (PVDA-PTB)	Belgium	2.727
Portuguese Communist Party (PCP)	Portugal	2.750
Socialist Party (SP)	Netherlands	2.833
La France Insoumise (FI)	France	2.875
Reformed Political Party (SGP)	Netherlands	2.917
Law and Justice (PiS)	Poland	2.952
French Communist Party (PCF)	France	3.000
Ecologist Party "The Greens" (PEV)	Portugal	3.000

Source: Own elaboration based on CHES data. The EU_position question asks for the overall orientation of a political party leadership towards European integration in a given year when a CHES survey is conducted. The options are: 1 = Strongly opposed; 2 = Opposed; 3 = Somewhat opposed; 4 = Neutral; 5 = Somewhat in favour; 6 = In favour; 7 = Strongly in favour.

Table A2. Variables used in the analysis.

Dependent variables			
Variable name	Definition	Source	Notes
GDP per capita	Real GDP per capita compound annual growth rate	ARDECO	Employment per capita is computed in ARDECO using Regional Accounts variables, i.e. workplace-based employment over annual total population (SNETD/SNPTD)
Productivity	Productivity compound annual growth rate	ARDECO	
Employment	Employment per capita compound annual growth rate*	ARDECO	
Population change	Total population compound annual growth rate Total population change rate	ARDECO ARDECO	
Independent variable of interest			
Support for Eurosceptic parties	Share of votes for parties that are opposed to European integration	Own elaboration from national electoral databases	(score ≤ 2.5 (different thresholds are also used as a robustness test) on the EU position scale of the Chapel Hill Expert Survey 2014-2017) as % of valid votes
Controls			
GDP per capita (ln)	GDP per capita in PPS	ARDECO	Computed as GDP at current market prices in PPS (SUVGD) over the average annual population (SNPTD) Linear interpolation from shares derived from 2001, 2011, 2021 population grids Gap filling by applying national share over regional share ratio of nearest known year to national share of unknown year Data available at different geographical levels depending on the country. Values have been applied to the NUTS3 level
Density	Weighted population density (based on the 2011 population grid)	Eurostat/JRC	
Education	Share (%) of tertiary education attainment in age group 25-64	Eurostat	
Quality of government	European Quality of government index	University of Gothenburg	
Population 65 and over	Regional share of population aged 65 and over	ARDECO	
Electoral turnout	Number of people voting as share of people entitled to vote	Own elaboration from national electoral databases	

Table A3. Eurosceptic support and regional performance (Fixed-effects panel data estimations)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Dependent variable	(1) GDP per capita growth	(2) GDP per capita growth	(3) Productivity growth	(4) Productivity growth	(5) Employment change	(6) Employment change	(7) Population change	(8) Population change
Support for Eurosceptic parties (≤2.5)	-0.0555*** (0.00402)	-0.0395*** (0.00435)	-0.0242*** (0.00347)	-0.0249*** (0.00406)	-0.0304*** (0.00217)	-0.0134*** (0.00351)	-0.000158 (0.000710)	-0.000542 (0.000706)
GDP per capita (ln)		-4.706*** (0.727)		-2.621*** (0.780)		-2.141*** (0.471)		0.561*** (0.0877)
Density		-0.00323*** (0.000556)		-0.00225*** (0.000507)		-0.00101*** (0.000259)		-0.000107 (7.01e-05)
Education		0.0125 (0.0216)		-0.121*** (0.0220)		0.135*** (0.0185)		-0.0161*** (0.00399)
Quality of government		-0.796*** (0.190)		-0.525** (0.209)		-0.253 (0.190)		-0.00969 (0.0353)
Population 65 and over		-0.465*** (0.0535)		-0.236*** (0.0569)		-0.218*** (0.0457)		0.180*** (0.0126)
Electoral turnout		-0.124*** (0.0122)		-0.104*** (0.0123)		-0.0187** (0.00826)		-0.00162 (0.00158)
Observations	4,664	4,632	4,664	4,632	4,664	4,632	4,664	4,632
Number of regions	1,166	1,164	1,166	1,164	1,166	1,164	1,166	1,164
Country FE	YES	YES	YES	YES	YES	YES	YES	YES
Time FE	YES	YES	YES	YES	YES	YES	YES	YES
Overall R ²	0.294	0.392	0.094	0.175	0.229	0.279	0.020	0.192
Within R ²	0.192	0.192	0.192	0.192	0.192	0.192	0.192	0.192
RMSE	0.329	0.329	0.329	0.329	0.329	0.329	0.329	0.329

Fixed-effects panel data estimations. Robust standard errors (clustered at the regional level) in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table A4. Eurosceptic support and regional performance (CHES threshold ≤ 1.5)

Dependent variable	(1) GDP per capita growth	(2) GDP per capita growth	(3) Productivity growth	(4) Productivity growth	(5) Employment change	(6) Employment change	(7) Population change	(8) Population change
Support for Eurosceptic parties (≤ 1.5)	-0.0132*** (0.00431)	-0.0135*** (0.00470)	-0.0116** (0.00496)	-0.0117** (0.00519)	-0.00228 (0.00428)	-0.00238 (0.00405)	-0.00342*** (0.000977)	-0.00353*** (0.00108)
GDP per capita (ln)		-0.239* (0.128)		0.138 (0.144)		-0.405*** (0.130)		0.694*** (0.0555)
Density		-1.77e-05 (1.84e-05)		-1.83e-05 (1.37e-05)		6.74e-07 (1.27e-05)		-2.14e-05** (8.78e-06)
Education		0.0406*** (0.00701)		0.0140* (0.00774)		0.0238*** (0.00826)		-0.00294 (0.00360)
Quality of government		0.0830 (0.119)		0.160 (0.107)		-0.0853 (0.0798)		-0.0129 (0.0339)
Population 65 and over		0.00193 (0.0111)		0.0235* (0.0137)		-0.0260 (0.0166)		-0.0376*** (0.00619)
Electoral turnout		-0.0836*** (0.00667)		-0.0647*** (0.00632)		-0.0183*** (0.00426)		0.00101 (0.00141)
Observations	4,664	4,632	4,664	4,632	4,664	4,632	4,664	4,632
Number of nuts regions	1,166	1,164	1,166	1,164	1,166	1,164	1,166	1,164
Country FE	YES	YES	YES	YES	YES	YES	YES	YES
Time FE	YES	YES	YES	YES	YES	YES	YES	YES
Overall R ²	0.482	0.482	0.482	0.482	0.482	0.482	0.482	0.482
Between R ²	0.643	0.643	0.643	0.643	0.643	0.643	0.643	0.643
Within R ²	0.482	0.482	0.482	0.482	0.482	0.482	0.482	0.482
Intraclass Correlation (<i>p</i>)	0.353	0.353	0.353	0.353	0.353	0.353	0.353	0.353
RMSE	0.425	0.425	0.425	0.425	0.425	0.425	0.425	0.425

Random-effects panel data estimations. Robust standard errors (clustered at the regional level) in parentheses

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A5. Eurosceptic support and regional performance (CHES threshold ≤ 2)

Dependent variable	(1) GDP per capita growth	(2) GDP per capita growth	(3) Productivity growth	(4) Productivity growth	(5) Employment change	(6) Employment change	(7) Population change	(8) Population change
Support for Eurosceptic parties (≤ 2)	-0.0408*** (0.00334)	-0.0344*** (0.00318)	-0.0141*** (0.00292)	-0.0102*** (0.00283)	-0.0263*** (0.00173)	-0.0240*** (0.00185)	-0.00108 (0.000672)	-0.00237*** (0.000781)
GDP per capita (ln)		-0.240* (0.126)		0.135 (0.145)		-0.403*** (0.128)		0.695*** (0.0553)
Density		-1.17e-05 (1.79e-05)		-1.67e-05 (1.38e-05)		5.05e-06 (1.22e-05)		-2.03e-05** (8.91e-06)
Education		0.0291*** (0.00690)		0.0104 (0.00793)		0.0159* (0.00824)		-0.00512 (0.00394)
Quality of government		0.143 (0.118)		0.181* (0.106)		-0.0470 (0.0796)		-0.00566 (0.0335)
Population 65 and over		0.00453 (0.0109)		0.0241* (0.0137)		-0.0240 (0.0160)		-0.0380*** (0.00618)
Electoral turnout		-0.0777*** (0.00653)		-0.0629*** (0.00620)		-0.0142*** (0.00427)		0.00179 (0.00143)
Observations	4,664	4,632	4,664	4,632	4,664	4,632	4,664	4,632
Number of nuts regions	1,166	1,164	1,166	1,164	1,166	1,164	1,166	1,164
Country FE	YES	YES	YES	YES	YES	YES	YES	YES
Time FE	YES	YES	YES	YES	YES	YES	YES	YES
Overall R ²	0.482	0.482	0.482	0.482	0.482	0.482	0.482	0.482
Between R ²	0.642	0.642	0.642	0.642	0.642	0.642	0.642	0.642
Within R ²	0.482	0.482	0.482	0.482	0.482	0.482	0.482	0.482
Intraclass Correlation (ρ)	0.352	0.352	0.352	0.352	0.352	0.352	0.352	0.352
RMSE	0.425	0.425	0.425	0.425	0.425	0.425	0.425	0.425

Random-effects panel data estimations. Robust standard errors (clustered at the regional level) in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table A6. Eurosceptic support and regional performance (CHES threshold ≤ 3)

Dependent variable	(1) GDP per capita growth	(2) GDP per capita growth	(3) Productivity growth	(4) Productivity growth	(5) Employment change	(6) Employment change	(7) Population change	(8) Population change
Support for Eurosceptic parties (≤ 3)	-0.0294*** (0.00336)	-0.0236*** (0.00314)	-0.00492* (0.00276)	-0.000912 (0.00261)	-0.0242*** (0.00184)	-0.0224*** (0.00176)	0.000969* (0.000539)	-9.89e-05 (0.000585)
GDP per capita (ln)		-0.250** (0.126)		0.134 (0.144)		-0.412*** (0.128)		0.692*** (0.0554)
Density		-1.58e-05 (1.82e-05)		-1.85e-05 (1.39e-05)		2.70e-06 (1.21e-05)		-2.14e-05** (8.75e-06)
Education		0.0367*** (0.00689)		0.0136* (0.00772)		0.0203** (0.00809)		-0.00303 (0.00373)
Quality of government		0.124 (0.119)		0.167 (0.107)		-0.0517 (0.0803)		-0.00769 (0.0337)
Population 65 and over		0.00852 (0.0109)		0.0234* (0.0135)		-0.0195 (0.0160)		-0.0381*** (0.00621)
Electoral turnout		-0.0779*** (0.00646)		-0.0644*** (0.00618)		-0.0129*** (0.00428)		0.00114 (0.00146)
Observations	4,664	4,632	4,664	4,632	4,664	4,632	4,664	4,632
Number of nuts regions	1,166	1,164	1,166	1,164	1,166	1,164	1,166	1,164
Country FE	YES	YES	YES	YES	YES	YES	YES	YES
Time FE	YES	YES	YES	YES	YES	YES	YES	YES
Overall R ²	0.482	0.482	0.482	0.482	0.482	0.482	0.482	0.482
Between R ²	0.644	0.644	0.644	0.644	0.644	0.644	0.644	0.644
Within R ²	0.482	0.482	0.482	0.482	0.482	0.482	0.482	0.482
Intraclass Correlation (ρ)	0.351	0.351	0.351	0.351	0.351	0.351	0.351	0.351
RMSE	0.425	0.425	0.425	0.425	0.425	0.425	0.425	0.425

Random-effects panel data estimations. Robust standard errors (clustered at the regional level) in parentheses

*** p<0.01, ** p<0.05, * p<0.1

