cep Centro Politiche Europee
ROMA

cepAdhoc

No. 3 | 2026 18 August 2026

From Market Europe to Protective Europe?

The Future of European Legitimacy

Eleonora Poli

© shuttertock/AI

Over the last two decades, successive economic and political crises have weakened the European Union's traditional market-based output legitimacy, namely its capacity to acquire public support through economic prosperity. Growing social discontent has contributed to the electoral success of Eurosceptic populist parties, challenging the legitimacy of the European integration project. Against this backdrop, this paper examines whether the progressive development of European social policies represents an effective attempt by the EU to complement its traditional market-based legitimacy with a new form of protective legitimacy.

- ► Since 2010, the EU has progressively strengthened its social dimension, in the form of strategies, communications, directives or plans, to address citizens' vulnerabilities and possibly overcome the social discontent at the basis of populist parties' electoral success.
- ► The European attempt to develop a form of protective legitimacy extends beyond social policy. Similar dynamics can be observed in areas such as Strategic Autonomy and migration governance, where the EU increasingly seeks legitimacy through its capacity to protect citizens from economic, geopolitical and security risks.
- ► In view of the next Multiannual Financial Framework, the EU should be aware that welfare assistance alone is unlikely to restore public trust. Rebuilding the EU's legitimacy will require combining stronger economic performance with investments in strategic European public goods capable of fostering competitiveness, resilience and long-term prosperity. The latter is the unique protective legitimacy the EU citizens' need.

Table of Contents

List of Figures

List of Tables

1 Introduction

Since its creation, the European Union has largely derived its political legitimacy from what has often been described as a form of permissive consensus: as long as European integration delivered peace, economic growth and prosperity, its institutions enjoyed broad public acceptance despite the absence of strong direct democratic participation.

Over the last decades, however, this model of legitimacy has been progressively undermined due to multiple economic and political crises. These factors have challenged both the EU's internal and external stability and contributed to weakening the perception of the European Union as merely a provider of economic benefits and growth. Externally, the crisis of globalisation as the dominant economic model, together with the regionalisation and fragmentation of international relations, growing migration pressures, and the weakening of traditional alliances such as that with the United States, has reshaped Europe's external actions, with the idea of strategic autonomy to reduce dependencies, enhance its competitiveness and become more resilient.[1] Internally, the global financial crisis, the sovereign debt crisis, sluggish economic growth, concerns about democratic backsliding, and broader questions regarding the future of the European integration project have contributed to growing political dissatisfaction and scepticism towards European institutions. At the same time, the EU has increasingly been criticised for been merely concerned by market integration, competition policy and fiscal discipline.

Against this backdrop, the European Union has attempted to develop a set of social initiatives, even if social policies were within the competences of the Member States. Tangible examples of the emergence of a more ambitious European social agenda are the European Pillar of Social Rights[2], the SURE instrument[3] during the COVID-19 pandemic, the Social Climate Fund[4] and, more recently, the EU Anti-Poverty Strategy[5]. In this vein, this paper aims to analyse whether the progressive EU involvement in the sphere of social welfare policies is justified by the need to restore its output legitimacy by complementing its traditional role of promoting economic integration, growth and prosperity with the protection of citizens against social, economic and geopolitical risks. To do so, first the paper provides a definition of legitimacy and European output legitimacy to understand the meaning of market and protective legitimacy. Then it reviews the literature on European populism and its relationship with weak economic growth in order to assess the connection between the rise of anti-establishment movements and the crisis of the EU's traditional model of market-based legitimacy. As support for populist and Eurosceptic parties has increased since the 2008 financial crisis, European institutions have faced growing criticism for being distant from citizens and excessively focused on economic governance. In this context, the expansion of social policies may also be interpreted as an attempt to strengthen the Union's political legitimacy.

Second, it analyses the evolution of European social policies, in order to assess whether the Union has progressively expanded its social role. For instance, the Anti-Poverty Strategy approved in May 2026

1 Beaucillon, C., Poli, S. (2023) Strategic Autonomy: A New Identity for the EU as a Global Actor
2 European Commission. (2010). European Pillar of Social Rights - Building a fairer and more inclusive European Union - Employment, Social Affairs and Inclusion
3 European Commission. (2023). SURE - Economy and Finance -
4 European Commission. (2026). Social Climate Fund - Employment, Social Affairs and Inclusion
5 European Commission. (2026). EU Anti-Poverty Strategy - Employment, Social Affairs and Inclusion

is unprecedented in the history of the EU, and several of the measures it includes—such as the Child Guarantee and policies addressing housing exclusion—have traditionally been regarded as falling within the competences of the Member States. Such an expanding European role in welfare policies could prove effective not only in addressing some of the major social challenges affecting citizens' lives but also in countering the populist and Eurosceptic narrative that the EU is primarily concerned with markets, fiscal discipline, and economic growth while paying insufficient attention to the everyday concerns of its citizens.

Finally, the paper investigates whether the expansion of the EU’s social and welfare dimension has contributed to complement its "market legitimacy", based on economic integration and prosperity, with a form of "protective legitimacy", centred on the Union’s capacity to shield citizens from social and economic risks. Given that support on populist parities is still on the rise, the paper concludes that, to restore its legitimacy effectively, the EU should not focus primarily on welfare assistance, which remains comparatively high in Europe relative to the rest of the world. Instead, European protective legitimacy should be based on the provision of European public goods in strategic areas such as industrial competitiveness, energy security, digital infrastructure, defence, and technological innovation. These investments can generate the long-term prosperity needed to address citizens' discontent and strengthen support for the European integration project. With approximately 22.6% and 35% of its resources allocated to competitiveness and the clean transition, respectively, the next Multiannual Financial Framework appears to be moving in this direction (see Table 1).

2 The Crisis of Market Legitimacy and The Rise of Populism

The intangible nature of legitimacy makes it very difficult to be defined. In contemporary liberal democracies, the political legitimacy of the nation-state and its right to govern have been based on an intangible capacity to represent citizens democratically while providing security, social protection or general benefits.[6] Many scholars, have however, tried to define legitimacy. From a sociological point of view, Weber interprets legitimacy as something based on people beliefs or faith in a government, because of traditions, charisma or norms. For Haberman or Beetham, instead, it is the institutions, the norms and the rules that justify the power exerted by a government.[7] Yet, when it comes to the EU, a supranational organisation, which is still undergoing a process of institutionalisation, its legitimacy to exercise political authority might be questionable.[8] Indeed, without replacing the sovereignty of its Member States, the EU has progressively expanded its competences into policy areas that have traditionally fallen under national authority. For years, the legitimacy of the European integration process was based on permissive consensus, or the acceptance by citizens of the EU membership and its costs because of practical benefits, including economic and security advantages.[9] Moreover, Scharpf's distinction between input and output legitimacy provides a useful analytical framework to analyse the sources of EU legitimacy. According to Scharpf, legitimacy can derive either from democratic participation and representation (input legitimacy) or from the capacity of public institutions to solve

6 Zeller, A. (2024). Measuring democratic legitimacy within regional organizations-a member states’ perspective.
Nikolakakis, N. (2024). Legitimacy, power, and authority: a Weberian perspective.
Weber. M. (1980). Economy and Society.

7 Stanford Encyclopedia of Philosophy (2023).Political Legitimacy

8 Zeller, A. (2024). Measuring democratic legitimacy within regional organizations-a member states’ perspective.

9 Mișcoiu S. Gherghina S. (2026). Consensus About the European Union? Understanding the Views of Citizens and Political Parties.
Hix, S., & Hoyland, B. (2011). The political system of the European Union. Palgrave Macmillan.

collective problems effectively (output legitimacy). In this paper, the above mentioned market legitimacy is conceptualised as a specific form of output legitimacy, based on the EU's ability to generate public support through economic growth and prosperity.[10] In the case of the EU, for many years, output legitimacy was enough to justify the relative weakness of input legitimacy, namely the EU's responsiveness to citizen concerns as a result of participation by and representativeness of the people and of throughput legitimacy, or the accountability, transparency and efficiency of the EU's decision-making processes.[11] In this respect, once the economic benefits associated with European integration ceased to be perceived as sufficient, inequalities increased and no substantial improvements were made to the EU's democratic legitimacy. Consequently, the traditional form of permissive consensus at the basis of EU's legitimacy gradually declined, providing fertile ground for the electoral success of populist parties.[12] Certainly, the multiple economic and social crises of the last two decades have contributed to the spreading of the populist propaganda, diffusing a profound scepticism and criticism towards the EU, its model of governance and the idea that it could constantly improve the living conditions of its citizens.[13] Indeed, support to populist parties in wider Europe increased from around 12% in the early 1990s to 28% in 2018 and 30% in 2022.[14]

According to many scholars, populism has not developed by itself, but it is the consequence at the political level of a series of economic, social and cultural fractures caused by global crises.[15] For instance, back in the 80s, the European integration played an important role in shielding citizens form the negative consequences of wild deregulation developed in other western economies, such as the US.[16] Indeed, following an ordoliberal vision of market economy, the development of the Single Market, the Economic and Monetary Union and the fiscal rules associated with monetary integration, became the necessary intuitional setting where to allow free competition, providing equal opportunities for everyone and generating prosperity. At the time, the EU was not supposed to develop form of social welfare, as wealth would have been created through a free and well-functioning market, while social welfare policies remained responsibilities of Member States. Yet, as European regulations started to be presented by some national governments as constraining their autonomy, the EU became a scapegoat for their poor economic governance and performances.[17] In particular, in the aftermath of the 2008 financial crisis and the subsequent sovereign debt crisis, the implementation of austerity policies in several Member States boosted the idea that the EU was primarily concerned with budgetary discipline rather than social welfare. This resulted in rising discontent and distrust in the common institutions and integration process.[18] According to Eurobarometer surveys, trust in the European

---

10 Scharpf, F. W. (1998). Interdependence and democratic legitimation. Scharpf, F. W. (1999). Governing in Europe: effective and democratic. Scharpf, F. W. (2009). Legitimacy in the multilevel European polity. Scharpf, F. W. (2015). Political legitimacy in a non-optimal currency area.

11 Schmidt, V.A. (2013) Democracy and Legitimacy in the European Union Revisited: Input, Output and "Throughput

12 Taggart P: Populism. Concepts in the Social Sciences. Buckingham: Open University Press; 2000.

13 Schmidt, V. A. (2020). Europe's crisis of legitimacy: Governing by rules and ruling by numbers in the eurozone.
Pirro, A. L., & Taggart, P. (2018). The populist politics of Euroscepticism in times of crisis: A framework for analysis.

14 Stoetzer LF, Giesecke J, Klüver H. (2026) Perceived inequality and populism.
OECD (2022), Divide and conquer? Populism and polarisation

15 Kriesi, H., & Pappas, T. S. (Eds.). (2024). European populism in the shadow of the great recession. Ecpr Press.
Streeck W. (2014). Buying Time: The Delayed Crisis of Democratic Capitalism. Verso Books.

16 Poli, E. (2015). Antitrust institutions and policies in the globalising economy. Springer.

17 Poli, E. (2015). Antitrust institutions and policies in the globalising economy. Springer.
Schmidt, V. A. (2020). Europe's crisis of legitimacy: Governing by rules and ruling by numbers in the eurozone.

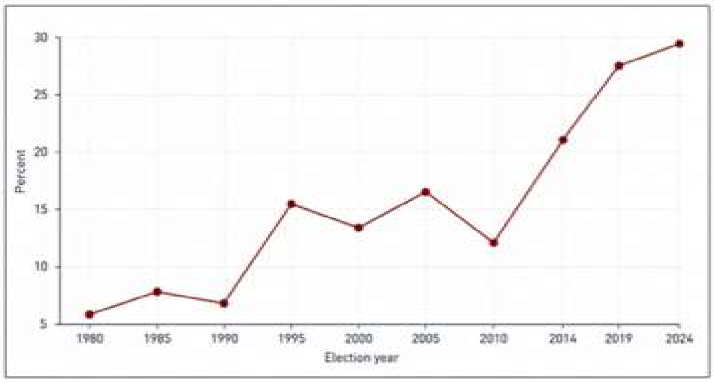
18 Streeck W. (2014). Buying Time: The Delayed Crisis of Democratic Capitalism. Verso Books.
Poli, E. (2020). European Economic Governance and Rising Sovereignism. In Financial Crisis Management and Democracy: Lessons from Europe and Latin America, Springer International Publishing.

Union declined from 57% in 2007 to 31% in 2015, its lowest level in the past two decades.[19] At the same time, as shown in Figure 2, the share of vote for populist parties in the European parliamentary elections started to rise.

Figure 1: Trust in the European Union

Source: Eurobarometer, image generated by AI

Figure 2: Populist vote share in the European Parliamentary Elections



Source: European Parliament, image generated by AI

In this framework, the progressive strengthening of the EU's social dimension, registered since 2010, might be a European strategy to reinforce a form of output legitimacy based on protectionism to relaunch its integration process.[20] Protective legitimacy can indeed be defined as the capacity of the European Union to generate consensus through social welfare policies that might reduce citizens' exposure to economic, social and geopolitical risks. The following sections therefore analyses the evolution of European social policies to finally assess whether it has given rise to a form of protective legitimacy that complements traditional market-based legitimacy by strengthening the EU's social dimension.

19 European Commission. (2025). [Standard Eurobarometer 103 - Spring 2025]

20 Porte, C., Palier B. (2022). The Politics of European Union's Social Investment Initiatives, in Julian L. Garritzmann, Silja Häusermann, and Bruno Palier (eds), The World Politics of Social Investment: Volume I: Welfare States in the Knowledge Economy.

3 The EU Anti-Poverty Strategy and the Rise of Social Europe

According to Vanhercke, the EU's increasing attention to social welfare dates back to the Europe 2020 Strategy launched in 2010, which introduced poverty reduction as a key policy objective. [21] This was followed by the Youth Guarantee and the Social Investment Package in 2013, both aimed at promoting employment, social inclusion and human capital development. Nevertheless, these initiatives had limited reach due to the absence of dedicated funding. It was only under the Juncker Commission (2014-2019) that the social dimension was more explicitly relaunched through the European Pillar of Social Rights and a series of new social initiatives. Indeed, in the aftermath of the 2014 European Parliament elections and rising social discontent, with populist and anti-European parties getting 140 seats[22] (20% of the total number), the President of the European Commission declared that it was time for the EU to achieve a "triple A" also in social policy, and not just in economic and financial matters, by promoting employment through efficient labour market policies, improving education policies and social protection.[23] These objectives were reflected in the 20 principles introduced in 2017 under the European Pillar of Social Rights, which were subsequently complemented by the Work–Life Balance Directive in 2019. [24] The Directive strengthened parental leave rights, introduced protections for carers and sought to improve the balance between work and family life. In the same year, the European Labour Authority was established to facilitate labour mobility and combat social dumping. However, it was in the aftermath of the COVID-19 pandemic, under the leadership of Ursula von der Leyen, that the EU adopted the largest number of social initiatives. In 2020, the SURE plan was meant to provide up to €100 billion to funding unemployment benefits.[25] This was followed by the European Child Guarantee in 2021, which aimed at improving access to education, healthcare, nutrition and housing for vulnerable children, and by the Action Plan on the European Pillar of Social Rights with its 20 key principles for a stronger, fairer and more inclusive social Europe.[26] Following initiatives included the Directive on Adequate Minimum Wages (2022), the European Care Strategy (2022) to advance care services for children and older persons, the Platform Work Directive (2024) to protect the rights of platform workers, and the Social Climate Fund to alleviate the social costs of the green transition**.**[27] Indeed, during its first mandate (2019-2024), the von der Leyen Commission pushed forward a wide-ranging strategy to boost social protection.[28]

[21] Vanhercke B., Ghailani D. and Spasova S. with Pochet P. (eds.) (2020) Social policy in the European Union 1999-2019: the long and winding road, Brussels, European Trade Union Institute (ETUI) and European Social Observatory (OSE), p.3

[22] DeputatiPd, (2014). Dossier n. 43 Ufficio Documentazione e Studi 30 maggio 2014

[23] European Parliament, (2016). "What is 'Social Triple A'"

[24] Vanhercke, B., Ghailani, D., & Sabato, S. (2018). Social policy in the European Union: state of play 2018.

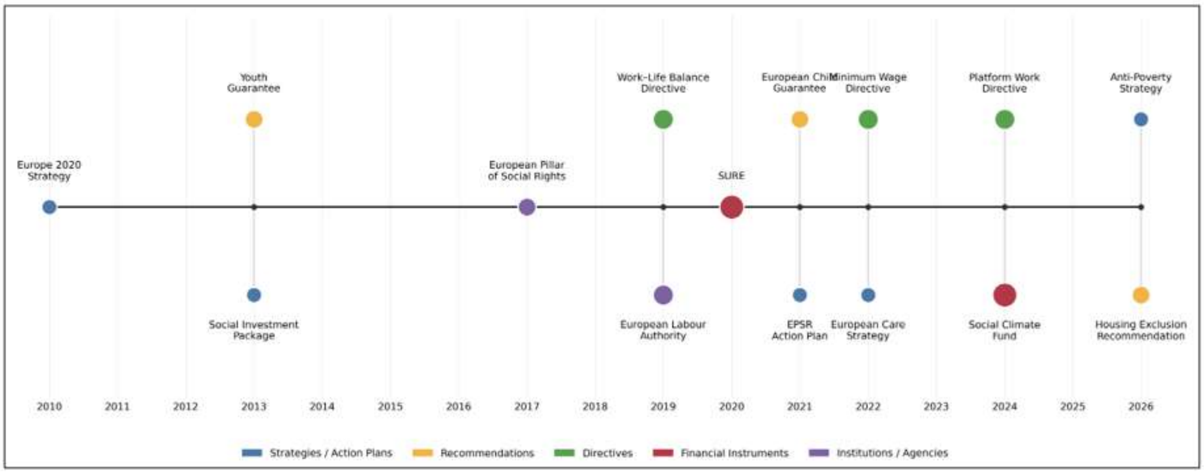
[25] Küsters, A., & Poli, E. (2024). Resisting or Rebooting the Rise of the Robots?.

[26] European Pillar of Social Rights - Building a fairer and more inclusive European Union - Employment, Social Affairs and Inclusion

[27] Vanhercke, B., Ghailani, D. and Spasova, S. Pochet, P. (eds.) (2020). Social policy in the European Union 1999-2019: the long and winding road, Brussels, European Trade Union Institute (ETUI) and European Social Observatory (OSE),

[28] Hemerijck, A. and Schreurs, S. (2025). Social investment in an age of fragmentation: beyond lip service?, in Spasova S., Ghailani D., Konstantinidou D. and Durri I. (eds.) **Social Policy in the European Union: State of Play 2025**, Brussels, European Trade Union Institute (ETUI).

Figure 3: Main EU Social Initiatives since 2010



Source: European Commission and own elaboration; image generated by AI

Launched in May 2026, the EU Anti-Poverty Strategy is one of the most ambitious European social policy initiatives, It aims to eradicate poverty by 2050 by improving the access to an inclusive labour market, by providing essential services and by promoting adequate income support. Indeed, the Strategy addresses issues such as housing, education, healthcare, childcare, digital access, energy affordability and social inclusion. Central to the strategy are children and their right to education, healthcare, nutrition and housing, together with those of women, migrants, ethnic minorities, persons with disabilities and LGBTIQ+ individuals. The proposed measures are meant to be funded by existing instruments such as the European Social Fund Plus (ESF+), the Recovery and Resilience Facility, the Social Climate Fund and InvestEU. The Commission has also proposed to develop a Coalition Against Poverty involving businesses and philanthropic organisations and to develop more comprehensive indicators to better detect social issues, including poverty, inequality and the overall cost of living.[29]

While the EU effort in strengthening its social dimension is evident, the effectiveness of these policies in restoring trust in the European Union is not. The next chapter therefore examines the success of the EU's social policies in countering social problems fuelling populist and anti-European rhetoric and in rebuilding the Union's legitimacy through a stronger commitment to protecting its citizens.

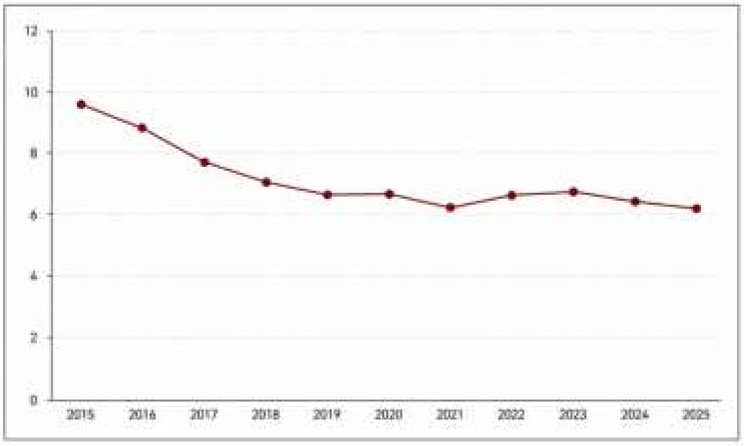
4 Do We Need a Social Europe?

Although poverty continues to affect around 93 million of Europeans[30], several indicators commonly associated with social vulnerability have generally improved over the last decade. In-work poverty, severe material and social deprivation, the risk of poverty or social exclusion, housing cost and the share of young people not in employment, education or training (NEETs)—have all shown a gradual positive decline. Moreover, despite social discontent, social protection systems within Member Countries remain comparatively extensive.

---

[29] European Commission. (2026). [EU Anti-Poverty Strategy - Employment, Social Affairs and Inclusion]
[30] European Commission. (2026). [EU Anti-Poverty Strategy - Employment, Social Affairs and Inclusion]

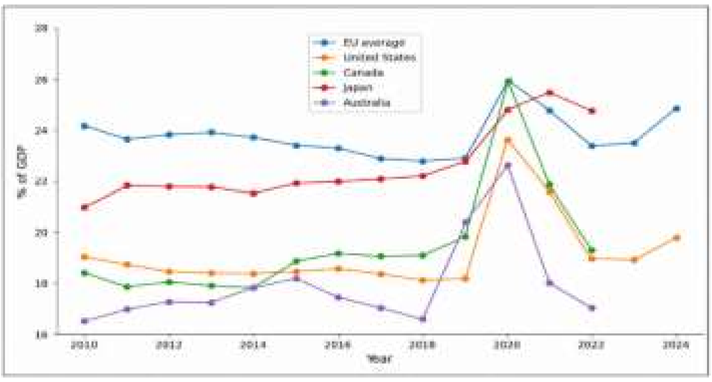
Figure 4: Severe material and social deprivation, EU - 27 countries (average)



Source: Source: Eurostat and own elaboration[31], image generated by AI

As shown in Figure 5, average public social expenditure as a percentage of GDP has almost consistently remained above the levels recorded in other advanced economies, including the United States, Canada and Australia, over the period 2010–2024. Certainly, poverty, unemployment and social exclusion exist in Europe and still represent a huge problem together with the perception that institutions have a reduced capacity to respond to citizens' concerns. In this context, the development of a stronger EU social agenda may be interpreted as an attempt to complement the Union's traditional market legitimacy with a broader form of protective legitimacy. Similar dynamics can be observed in other policy areas, such as strategic autonomy, economic security and migration management, where the EU increasingly presents itself as a provider of protection against external and internal risks.

Figure 5: Public Social Expenditure (% of the GDP) EU Average Vs Selected OCED Countries

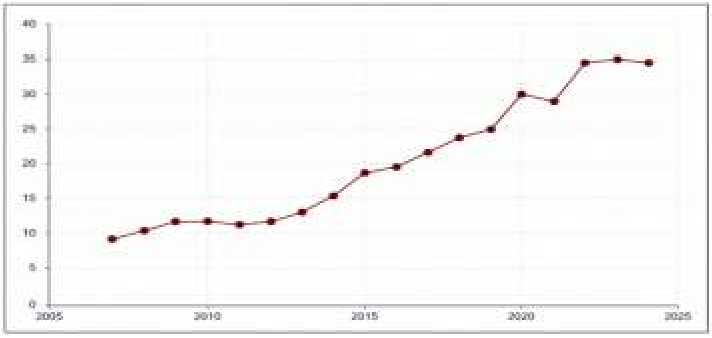


Source: OECD data and own elaboration[32], image generated by AI

[31] I used data related to several social indicators such as 1) Temporary employees as percentage of the total number of employees, 2) Percentage of persons at risk of poverty or social exclusion by age and sex, 3) Percentage of young persons neither in employment nor in education and training by labour status (NEET rates), 4) Percentage of in work poverty, 5) Housing cost overburden rate by tenure status

[32] Data from 24 countries (Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden) from Stanford University "Vote for Pupulist" dataset.

Figure 6: Population-weighted share of votes for populist parties in the EU (%)



Source: Source: Stanford University data and own elaboration[33], image generated by AI

Whether this emerging protective legitimacy will prove sufficient to counter growing Euroscepticism remains an open question. Indeed, while welfare in European countries is still above the global average, general support to populist and anti-European parties have been rising (see figure 6), suggesting that populism cannot be explained solely by objective socio-economic conditions. This apparent paradox can be interpreted through the lens of relative deprivation, according to which dissatisfaction may emerge not only from material hardship but also from factors such as social mobility, access to economic opportunities and their actual socio-economic outcomes. [34]

In this respect, rather than focusing primarily on expanding welfare policies as an assistance based model, to rebuild its legitimacy and downplay populist forces, the EU should concentrate on creating the conditions for economic growth and ensuring that citizens can benefit from it. This implies prioritising investments in genuine European public goods capable of fostering competitiveness, resilience and long-term prosperity. As Mario Draghi argued in his 2024 report on European competitiveness, European public goods can strengthen resilience, support private-sector development, reduce the economic costs of future crises and address market failures more effectively and at lower cost than individual Member States acting alone.

In view of the next European Multiannual Financial Framework (MFF), the EU appears ready to move in this direction. Unlike the previous MFF, in which only a limited share of the EU budget was allocated to competitiveness, the proposed framework for 2028-2034 represents a significant shift in priorities. Around 22.6% of total funding is expected to be devoted to competitiveness, innovation, science and industry, while 6.55% is allocated to defence—approximately five times more than under the previous MFF—and 35% to the clean transition.[35] At the same time, funding for the Common Agricultural Policy is expected to decline significantly, from around 30.9%[36] under the previous framework to approximately 15% in the next one. The proposed MFF also aims to reduce the fragmentation of EU funding to fund large pan-European projects by substituting the variety of smaller national and regional programmes with integrated National and Regional Partnership Plans. [37]

---

[33] Data from 24 countries (Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden) from Stanford University "Vote for Pupulist" dataset.

[34] Zieleńska, M., and Gawrońska, M. (2026). Politicizing poverty indicators: AROPE and ideational struggles in European Parliament questions.

[35] European Commission. (2025). EU budget 2028-2034

[36] Draghi M. (2024). The Future of European Competitiveness. p.64

[37] European Commission. (2025). EU budget 2028-2034

Table 1: Possible Spending Areas of the Multiannual Financial Framework (% of the total)

Spending Area	Percentage of the Total Budget
Competitiveness	22.6%
Defence	6.55%
Clean transition	35%
Enlargement	2.05%
Euratome Research&Training	0.34%
Agriculture	15%
Global Europe	10%
Home Affairs & Migration	4.1%
Horizon	8.75%
Justice	0.04%
Culture	0.45%

Source: European Commission Factsheets and own calculations, image generated by AI

In conclusion, strengthening the EU's legitimacy compels establishing multiple paths for long-term prosperity and opportunities for its citizens, going beyond redistributive policies. This indicates the need to invest in European public goods that can generate tangible benefits in terms of competitiveness and economic growth and allow the Union to address common challenges more effectively than individual Member States acting alone.

5 Conclusion

This paper attempts to analyse the evolution of the sources of European output legitimacy. Once based on market performances and permissive consensus, the European Union has progressively lost ground as a result of the multiple crises it has faced over the last two decades. These crises have resulted indeed in slower economic growth, rising inequalities, and an increasing perception that the EU is not doing enough for its citizens. Rising discontent has then translated into growing distrust of the European integration process and the common institutions, fuelling support for anti-European populist parties. Against this backdrop, market legitimacy, defined here as a specific form of output legitimacy linked to the European Union's capacity to generate economic growth, prosperity and market integration, has no longer been sufficient to generate broad public support. At the same time, input and throughput legitimacy—namely, the EU's capacity to ensure direct democratic participation through transparent and accountable decision-making processes—have remained weak. For this reason, the paper argues that the EU has been attempting to complement market legitimacy through a new form of protective legitimacy, based on a series of social and welfare initiatives in the form of strategies, recommendations, funds, and directives.

The emergence of a form of protective legitimacy might also be consistent with broader developments in EU external action. Externally, the implementation of strategic autonomy reflects the EU's attempt to reduce dependencies, enhance its competitiveness and become more resilient in order to better protect its citizens against current and future crises and thereby reinforce the legitimacy of its integration process.

Yet, the analysis presented in this paper suggests that protective legitimacy has not yet proven capable of reversing the rise of populism. While social indicators have generally improved and welfare systems in EU Member States remain more extensive than in many other developed economies, many European initiatives still take the form of strategies, communications or recommendations without dedicated financial resources. As a result, their impact on citizens' everyday lives may remain limited, reinforcing the perception that the EU is unable to respond effectively to their concerns.

In conclusion, the findings suggest that European output legitimacy is entering a new phase, in which market legitimacy is progressively being complemented by a form of protective legitimacy centred on the Union's capacity to reduce citizens' exposure to economic and social risks. However, rebuilding European legitimacy requires not only stronger social policies but also a continued capacity to generate prosperity and address the feelings of relative deprivation that are fuelling social discontent and support for populist parties. Hence, the EU may need to reexamine where its initiatives and financial resources can be most effectively used to create substantial benefits for its citizens. The challenge for the European Union is to add clear value though its actions. In this respect, protective legitimacy should not be understood solely in terms of social welfare. Rather, it should increasingly be based on the provision of European public goods in strategic areas such as industrial competitiveness, energy security, digital infrastructure, defence and technological innovation. Without undermining the role of competition and free market economy, in a time of multiple crises and adverse geopolitical trends, European public goods could be the enabling conditions for complementing private investments, generating long term prosperity and reestablishing European output legitimacy. This direction appears to be reflected in the proposed next Multiannual Financial Framework, which is supposed to allocate a significantly larger share of resources to competitiveness, defence and the clean transition.

Centro Politiche Europee
ROMA

Author:

Dr. Eleonora Poli
Head of the Italian Office
poli@cep.eu

Centrum für Europäische Politik FREIBURG | BERLIN
Kaiser-Joseph-Straße 266 | D-79098 Freiburg
Schiffbauerdamm 40 Räume 4205/06 | D-10117 Berlin
Tel. + 49 761 38693-0

Centro Politiche Europee ROMA
Via A. Brunetti, 60 | I-00186 Roma
Tel. +390684388433

The **Centrum für Europäische Politik** FREIBURG | BERLIN, the **Centre de Politique Européenne** PARIS, and the **Centro Politiche Europee** ROMA form the **Centres for European Policy Network** FREIBURG | BERLIN | PARIS | ROMA.

Free of vested interests and party-politically neutral, the Centres for European Policy Network provides analysis and evaluation of European Union policy, aimed at supporting European integration and upholding the principles of a free-market economic system.