ALLIANZ PULSE 2019:

THE POLITICAL ATTITUDES OF THE FRENCH, GERMANS AND ITALIANS – LONGING FOR REFORM

ECONOMIC RESEARCH

PREFACE: EMBRACING CHANGE

Diversity is Europe's strength. Different cultures, languages and attitudes are the bedrock of creativity and innovation. For centuries, the continuous exchange between European nations was a driving force for progress and prosperity. Europe's history, however, is also a reminder of how diversity can be turned into something altogether more sinister, into hatred and war. Today, economic divergence and political fragmentation are sowing the seeds of distrust.

This year's Allianz Pulse, our survey of people in France, Germany and Italy about their political attitudes, gives evidence of the growing fault lines between the three eminent European countries. More people, for example, see membership in the EU as rather disadvantageous than advantageous; neighboring countries' politics are believed more often than not to have a negative impact on one's own country. This suggests that European integration can no longer be taken for granted.

But encouragingly, not everyone is keen to build up national walls. There is a strong desire to change things, to implement far-reaching reforms to revive the European project and secure a better future. If there is a common denominator of the survey, it is this longing for change. Needless to say, these high expectations are a strong call for European politicians to get their act together.

But this is no reason for corporate leaders to lean back. One of the most interesting – and demanding – results of this year's Allianz Pulse is the fact that a large majority of people in all three countries expect companies to assume social responsibility in general, and climate responsibility in particular. At the same time, they seem to be rather disappointed about our efforts so far. That's sobering – and an incentive to double our efforts. For us at Allianz, social responsibility is not just a phrase or marketing tool, but part of our DNA. We do wholeheartedly embrace change and support the creation of sustainable societies. But that is something we can only achieve together. Despite all our differences, this is the one important thing the French, Germans and Italians can agree on. We as Allianz will do our part. That is the promise we can give to the societies we live in.

Oliver Bäte
Chairman of the Board of Management of Allianz SE

EXECUTIVE SUMMARY

As Europe is at a crossroads, we at Allianz decided to check the pulse in Germany, France and Italy. Last June, we interviewed a thousand people in each country and asked about their views on political priorities, reform needs and aspirations.

Most respondents in France (59%), Italy (58%) and Germany (46%) think that societal developments have gotten off track recently, and call for more reforms, as measured by our Allianz Need for Change Indicator (ANCI), which scores above 60. At the same time, most people don't believe that fundamental change is likely to take place, according to our Allianz Future Confidence Indicator (AFCI), which stands below 50 in all three countries. The gap between the desire for and the expectation of change gives evidence of the low trust in politics, something all three countries have in common.

Immigration is no longer the key concern in all three countries. It has been replaced by inequality – 71% of French and German respondents, and 75% of Italian respondents, see this as a big weakness of their respective countries – jobs – 72% of Italian and 64% of French respondents view this as a top policy priority –and pensions – a top priority for 71% of German and 66% of French respondents.

While environmental and climate protection is not seen as a top priority of national politics, the picture changes, when respondents are asked about the biggest risks for their country: Climate change jumps to second (France) and third place (Germany). Climate protection is also viewed as the number one policy priority for the next EU Commission by 52% of French and 56% of the German respondents; in Italy, it ranks number four. As for solutions, a clear division of labor emerges: National governments should focus on social issues whereas the EU should find solutions for "global" problems like climate change and immigration.

Perception matters: High taxes are a big concern for French respondents (risk number three for future development - 52%) and in particular for Italians (risk number one - 64%), but not so much for Germans (risk number six - 36%) – although taxes in Germany are at least as high. On the other hand, only German respondents worry much about their education system, although it gets better scores from the OECD than the two other countries.

A net percentage (participants answering more disadvantages minus those answering more advantages) of 21% of French and 13% of Italian respondents see EU membership negatively, while a net percentage of 14% of German respondents see it positively. The euro is seen in a very similar critical light. However, divorce is not an option. In all three countries, respondents in favor of an exit are outnumbered by those who oppose leaving the EU by a wide margin of 19 percentage points in France and Italy, and 39pp in Germany.

As for globalization, German respondents are the harshest critics: a net percentage of 28% see globalization as damaging, when only a net percentage of 17% of the French are so critical; in Italy, there is even a slight majority (net percentage of 8%) in favor of globalization. It seems as if people show stronger signs of discontent when more exposed: Germany is the main collateral victim of the US-China rivalry and other de-globalization threats such as Brexit.

French respondents are the most critical of digitalization (net percentage of 4%), with 11% of them emphasizing the downside risks to the economy and society. In Germany and Italy, the benefits clearly outweigh the risks: a net percentage of 22% (Germany) and 28% (Italy) think that digitalization is a blessing for the economy. Surprisingly, the answers do not reveal any specific age pattern. The French are also the most doubtful about data handling (net percentage of 27%). The Italians are split, with younger generations slightly more concerned (net percentage of 2% among the younger generation, and -3% in the general population). The Germans are the most relaxed (net percentage of -12%).

In all three countries, expectations are high for companies to be socially responsible: a net percentage of 21% of French, 46% of German, and 28% of Italian respondents call for companies to increase their environmental, social and governance (ESG) ambition. A Greta-effect is also visible as younger respondents across Europe are more demanding than their seniors on these issues.

THE SURVEY

As Europe is at a crossroads, we at Allianz decided to check the pulse in Germany, France and Italy. We commissioned Qualtrics, an experience management company, to survey a representative sample of 1000 people in each of the three countries about their views on political priorities, reform needs and aspirations. All in all, we asked 30 questions, ranging from those on the current economic and political situation at the national and EU-level to globalization, digitalization and climate policy. The survey was conducted in the first two weeks of June 2019 via an online questionnaire.

SETTING THE SCENE: SOCIETIES IN TRANSFORMATION

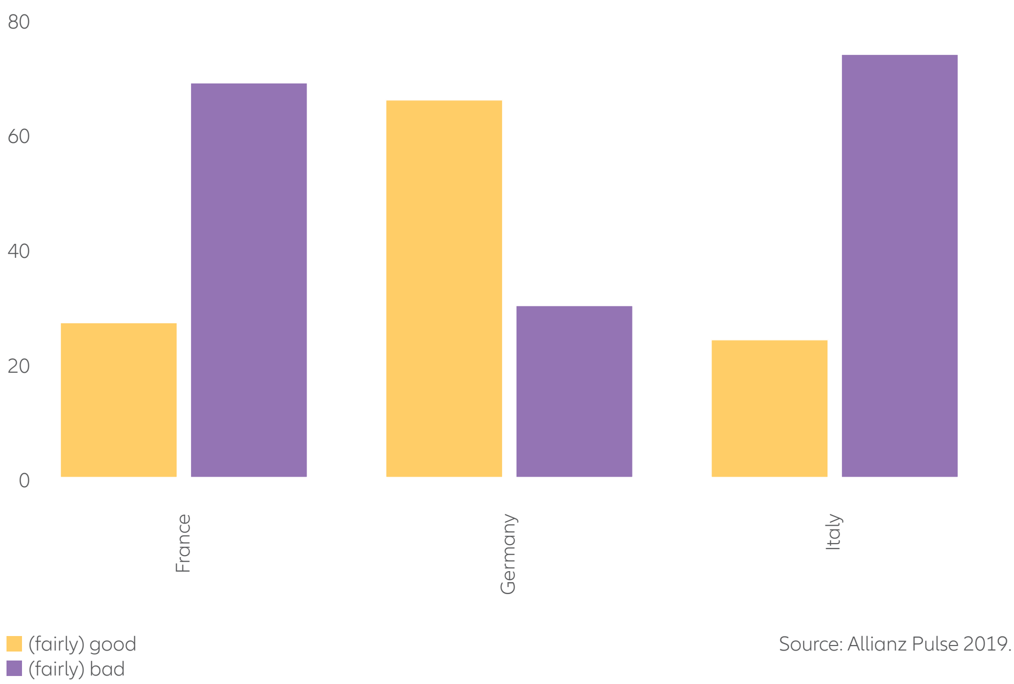
The three crises of the last decade – the global financial crisis, the euro crisis and the refugee crisis – have changed our societies for good. The new wave of protectionism has shattered the old, US-led liberal world order, whose aim was to engage all countries, including an up-and-coming China. Instead, a new cold war is now looming between the US and China. The vote of the British people to leave the EU has debunked the blind faith in the irreversibility of European integration — suddenly, dissolution is an option. And finally, the long-held dominance of the political center, be it at the national or supranational level, has been broken by the advance of populist parties on the right and left. Today, political fragmentation is the norm and the social fabric has weakened; uncertainty rules.

The surveyed respondents are well aware of these changes – and mostly don't like what they see. Most respondents in France (59%), Italy (58%) and Germany (46%) think that recent changes have been negative, outnumbering those who see more positive changes by a margin of 31percentage points (France), 24pp (Italy) and 19pp (Germany). In all three countries, the younger generation, the so-called millennials aged between 18 to 34, are a little less concerned about recent developments. But even among them, the negative view clearly prevails. As a consequence, most people see the necessity of far-reaching, multidimensional reforms, encompassing the economic as well as the political system within societies, the relation between societies and, last but not least, the relation between the society and the environment, be it the natural one (cue climate change) or the man-made one (cue digitalization).

In order to capture this overall longing for reforms we have built the Allianz Need for Change Indicator (ANCI), measuring peoples' desire for change in five dimensions: national and supranational politics, globalization, digitalization/internet and climate change (see full explanation in the Appendix). For all three countries, its value is above 50, i.e. the number of people who agree on the need for reform is significantly higher than the number of people who would rather keep the status quo. The results are quite similar: The ANCI scores 62.7 in France, 61.9 in Italy and 60.2 in Germany. This is surprising, given the very different assessments of the current (economic) situation: While the Germans overall are quite content with the condition of their economy – 66% of respondents assess the current economic situation as (fairly) good – the French and Italians are far from it: 69% of French and 74% of Italian respondents rate the status of their economies as (fairly) bad (see Figure 1). This doesn't mean, however, that Germans would like to keep things as they are: the economic system is only one aspect (albeit an important one) of our societies.

The longing for change is something that unites the French, Germans and Italians. It is also something that policy makers should take to heart. People expect fundamental change, so it is time for bold actions.

Figure 1: Assessment of the current economic situation
Answers in %



Source: Allianz Pulse 2019.

Policy makers, however, still have to prove that they are up to the task. People might, by and large, wish for far-reaching reforms, but they are less confident that these changes will actually happen. In fact, most respondents are rather skeptical and future confidence is low. This is the result seen in the Allianz Future Confidence Indicator (AFCI), which measures respondents' future confidence in five dimensions: the national economy and politics, living standards/next generation, the European project and digitalization (see full explanation in the Appendix). For all three countries, the score is below 50, i.e. respondents who see the future in a rather gloomy light outnumber those with brighter views. This is particularly true for France, where the score is 39.5, against 47.8 in Italy and 49.6 in Germany.

If these results are compared with previous surveys with similar questions[1], different developments become evident: Whereas in France (from an already low level) and Germany (from a high level) future confidence has deteriorated in recent years, Italians have restrained their pessimism. If anything, the new government seems to have inspired some people to believe that a radical new way of doing things is at least conceivable. Also quite remarkable: In all three countries, millennials are less pessimistic about the future development of their societies than the population as a whole; in Italy (AFCI 51.0) and Germany (52.3), there are even more optimistic young respondents than pessimistic ones (France: 46.3). But this difference might simply be due to the fact that younger people (still) have more options for their lives; for most of them, even the radical "exit option" (leaving the society, i.e. emigrating) is still viable. For most of the older generations, on the contrary, the only option to change things is through "voice" (i.e. voting). But with the years, disillusionment sets in. Not surprisingly, future confidence declines with age in all three countries. The only exception: pensioners in Germany, who are even more optimistic than millennials.

Comparing the AFCI and the ANCI, a glaring gap becomes visible: Respondents long for change, but do not believe it will happen. This gap reflects the low trust in politics. Again, this is something all three countries have in common.

1 For example Institut für Demoskopie Allensbach (2018), Allianz Monitor, "How do you assess the future prospects of your economy?"

SOCIAL CONCERNS PREVAIL

People want change. But why? What are the most pressing problems that bedevil today's societies? Whether the French, Germans or Italians are asked, whether the questions are indirect ("What are your country's weaknesses?", see Figure 2) or straight to the point ("What are important policy measures for your country's future?", see Figure 3), the answers are very similar: The top issue is the so-called social question: inequality, jobs, pensions and protection against poverty. For example, 71% of French and German respondents, and 75% of Italian respondents, think that the distribution of income and wealth is a main problem in their respective countries (see Figure 2). However, the social concerns come in different shades. For Italians and the French, unemployment is a big worry: 72% of the Italian respondents and 64% of the French respondents view the reduction of unemployment as the top policy priority; pensions, on the other hand, are very high on the list for German (71%) and French respondents (66%), but not so much for Italian ones (policy priority number seven; 54% of respondents). Finally, for Germans, the availability of affordable living space is a big issue (68% of respondents), while it is a lesser concern for French respondents (priority #6; 54%) and of absolutely no concern for the homeowner nation Italy[2] (see Figure 3).

A common worry in all three countries, reflecting the low trust in politics, is the quality of the government: 58% of German, 70% of French and 73% of Italian respondents are dissatisfied (see Figure 2). In Germany, however, this is seen as a rather temporary problem, fueled by the disaffection with the "Great Coalition"; in France and Italy, in contrast, it seems to be

2 Only 8% of Italian respondents see the availability of payable living space as an important policy measure. The Italian homeownership rate is above 70%, while the German one is below 50%. The upshot: Rental costs (as a percentage of households' total expenditures) are three times higher in Germany than in Italy.

Figure 2: Countries' weaknesses, top 5

Answers in % (multiple answers possible)

France		Germany		Italy	
Distribution of income and wealth	71	Distribution of income and wealth	71	Political stability	79
Quality of the government	70	Care system, taking care of people in need	68	Political system	77
Political system	69	Pension system	66	Distribution of income and wealth	75
Protection against poverty	65	Protection against poverty	63	Protection against poverty	73
How the economy is supported by the state	61	Quality of the government	58	Quality of the government	73

Figure 3: Important policy measures, top 5

Answers in % (multiple answers possible)

France		Germany		Italy	
Secure pension	66	Secure pension	71	Reduce unemployment	72
Reduce unemployment	64	Availabilty of payable living space	68	Promote the growth of the economy	64
Decrease the gap between the rich and the poor	60	Decrease the gap between the rich and the poor	62	Reduce bureaucracy	61
Successful protection against terrorism in France	56	Improve the education system	58	Decrease the gap between the rich and the poor	58
Promoting environmental and climate protection	54	Promoting environmental and climate protection	57	Reduce public debt	56

Source: Allianz Pulse 2019

more of a systemic issue. Respondents have not only grown unhappy with their current governments but also see the political system itself as a problem - 69% in France and 77% in Italy (but "only" 44% in Germany).

Certainly, besides the general agreement on the overwhelming importance of the social question, there are differences between the countries. In France, for example, the threat of terrorism still looms relatively large: It is ranked number 4 among the most important policy issues (see Figure 3); for Germans (#10) and Italians (#14), terrorist attacks are less deeply rooted in the public psyche. Germans, in contrast, fret more about the education system, which is not a top priority for the French (#8) and Italians (#9).

But most interesting are the Italian answers about important policy measures. (see Figure 3) For them, the removal of red tape is of utmost importance (policy priority number 3, 61% of respondents), underlining the daunting task of reforming the Italian state. Germans (#8, 45%) and in particular the French (#13, 40%) see less necessity to overhaul the functioning of the state. But the biggest surprise might be that many ordinary Italians – in opposition to their own government – think that the reduction of public debt is an urgent task (#5, 56%); the French (#9, 49%) and – not surprisingly – the Germans (#17, 28%) are significantly less worried about public debt. If the current Italian government uses the issue of public debt to break up with the EU, these answers seem to indicate that there might be less public support in Italy than expected. Ordinary people know only too well that debt has to be repaid and living beyond your means is no sustainable strategy. The corollary for economic policy: The government must work much harder to mobilize private capital to fund the necessary investments in infrastructure, technology and sustainability. Reducing bureaucracy would be a good start, as a majority of Italian respondents would agree.

Even more remarkable are the topics that do not appear on the list of important policy measures, like immigration, for example. In all three countries, the refugee crisis has faded from headlines and consequentially is no longer seen as one of the top 10 priorities: it is ranked number 14 in France (40% of respondents), #11 (40%) in Germany and #12 in Italy (35%).

Also quite surprisingly, environmental and climate protection is ranked relatively low when respondents are asked about important policy measures. In France and Germany, this issue just made it into the top 5 (54% and 57% of respondents, respectively, see Figure 3), but in Italy, it is ranked number 8 (46%). Millennials, too, seem not to put very much emphasis on climate change: In Italy and Germany, this issue occupies the same rank among the younger generation as amongst the population at large; only in France does environmental and climate protection climb up to rank number 3, but it remains clearly behind the hot social topics: jobs (unemployment) and inequality.

We see a different picture, however, when people are asked about the biggest risks for their countries (see Figure 4). This is where climate change scores higher marks: It is seen as the number two risk in France (52% of respondents) and #3 in Germany (47%). Only the Italians seem to be relatively relaxed: Global warming ranks as #8 among the biggest risks (32%). But generally, the list of biggest risks,

Figure 4: Biggest risks for future development, top 5

Answers in % (multiple answers possible)

France		Germany		Italy	
The scale of unemployment	52	Increasing expenses concerning living space and residential property	61	Too high taxes	64
Global warming	52	Ever growing gap between rich and poor	55	The economic situation	56
Too high taxes	52	Global warming	47	The scale of unemployment	53
Ever growing gap between rich and poor	49	Shortcomings in the education system	47	Ever growing gap between rich and poor	46
The distance between politicians and citizens	44	The distance between politicians and citizens	46	The distance between politicians and citizens	38

Source: Allianz Pulse 2019

too, echoes the preoccupation with the social question in all three countries: Jobs, inequality, and the availability of affordable living spaces are featured high on the list. Also, the lack of trust in politics is addressed, as many participants complain about the growing gulf between the political agenda and the woes of ordinary people.

There is also another considerable difference between the three countries: Both the French and Italians are highly concerned about taxes, with 52% of French respondents and 64% of Italian respondents thinking that taxes are too high and threaten their countries' future development. The Germans, however, are less concerned (too high taxes are seen as risk number 6, 36% of respondents). These different attitudes are not backed by numbers – personal taxes in Germany are at least as high as in the neighboring countries – but may be attributed to the good economic situation in Germany. With plenty of jobs available and rising wages, people feel the tax burden to be more bearable. The one worry that occupies German minds is the education system (risk number 4, 47% of respondents). The Italians (#10 on the list of risks, 30%) and French (#10, 35%) seem to have more faith in their education systems – although the latest Pisa results tell a different story.[3]

3 Germany received much better marks than France and Italy in the latest Pisa study, see OECD (2018), Pisa 2015, Results in focus.

EUROPEAN INTEGRATION: PART OF THE SOLUTION – OR THE PROBLEM?

2019 is a decisive year for the EU. After the European elections, a new parliament and EU commission will hammer out the political course for the coming years, which will not only define Europe's place in an ever more antagonistic world but also determine whether the European project can again gather enough momentum to overcome political fragmentation and economic divergence.

The start was quite promising: Voter turnout increased to slightly above 50%, the highest result since 1994. There seems to be a new interest in European politics across the continent, but not in all countries. Italy, for example, is one of the few countries where voter turnout declined – to the lowest level since the first election in 1979. This outcome, however, is not surprising. The Allianz Pulse asked people how much influence their country has in Europe, in their view. French and especially German respondents showed self-confidence: a net percentage[4] of 10% (France) and 35% (Germany) believe that their country has sway over European politics; for Italy, the comparable number is -49%: whereas 23% of Italian respondents think that their country has (very) great influence in Europe, a whopping 72% do not agree (see Figure 5). Astonishingly, in France as well as in Italy (but not in Germany), the younger generation is more optimistic about their own country's influence; the older generation in France, for example, thinks in balance that France's say in European politics is only limited.

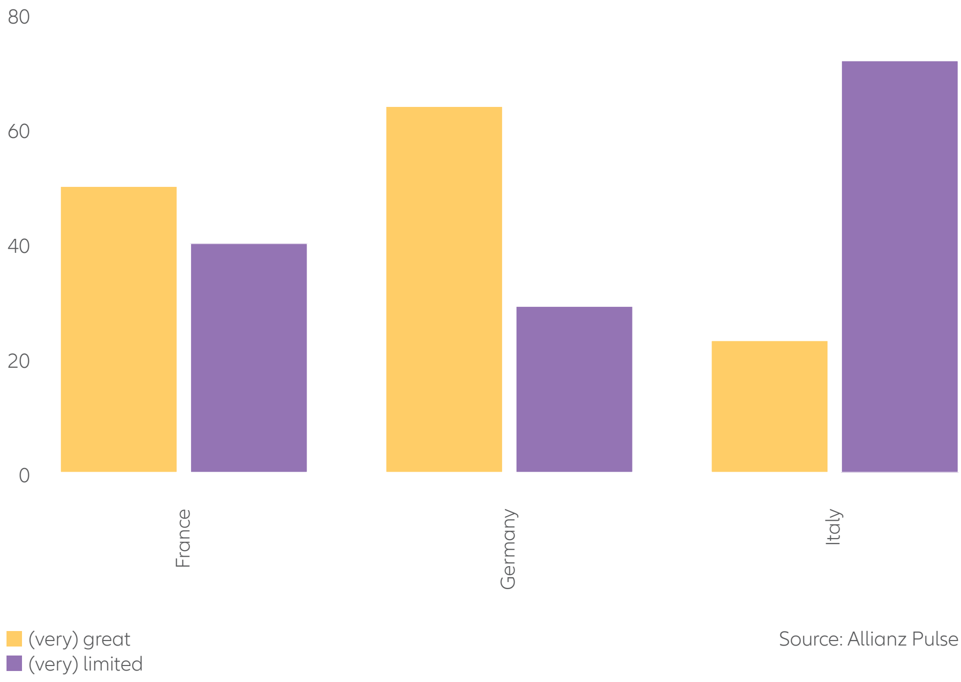
4 Difference between the percentage of respondents answering their country has (very) great influence in Europe and those who think otherwise.

This perceived marginalization is also reflected in Italians' view on German and French politics: a net percentage of 30% (in the case of Germany) and 34% (in the case of France) think that they have a negative impact on Italy; equally, Germans and French have a rather bad opinion on Italy's politics – but a more positive one on each other's.

However, Italian discontent does not stop here. Italian respondents show a critical attitude towards the whole European project: For them, membership in the EU and the euro have more disadvantages than advantages. For example, only 24% of Italian respondents view EU membership positively (27% approve of the euro), against 36% of respondents for whom disadvantages prevail (43% disapprove of the euro)[5]. Against the backdrop of an economy which has been stagnating for decades, these views should not come as a surprise. What is more surprising is the fact that French respondents harbor very similar views; if anything, they are even more critical towards the EU than the Italians; only 19% of French respondents see EU membership posi-

Figure 5: Countries' influence in Europe

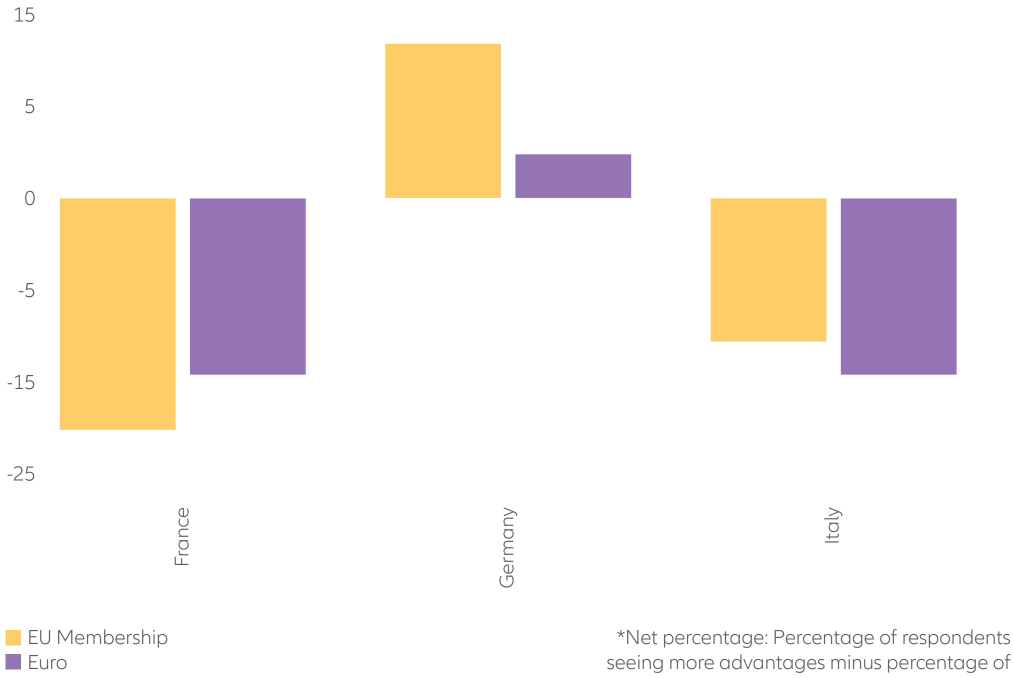
Answers in %



Source: Allianz Pulse 2019.

5 In addition, 40% (EU membership) and 30% (euro) of Italian respondents are undecided or think that the advantages and disadvantages balance each other out.

Figure 6: Net percentage* of respondents seeing more advantages in the EU and the Euro
Answers in %



*Net percentage: Percentage of respondents seeing more advantages minus percentage of those who see more disadvantages

Source: Allianz Pulse 2019..

tively and 26% approve of the euro; the opposite view is shared by 40% (EU membership) and42% (euro), (see Figure 6).

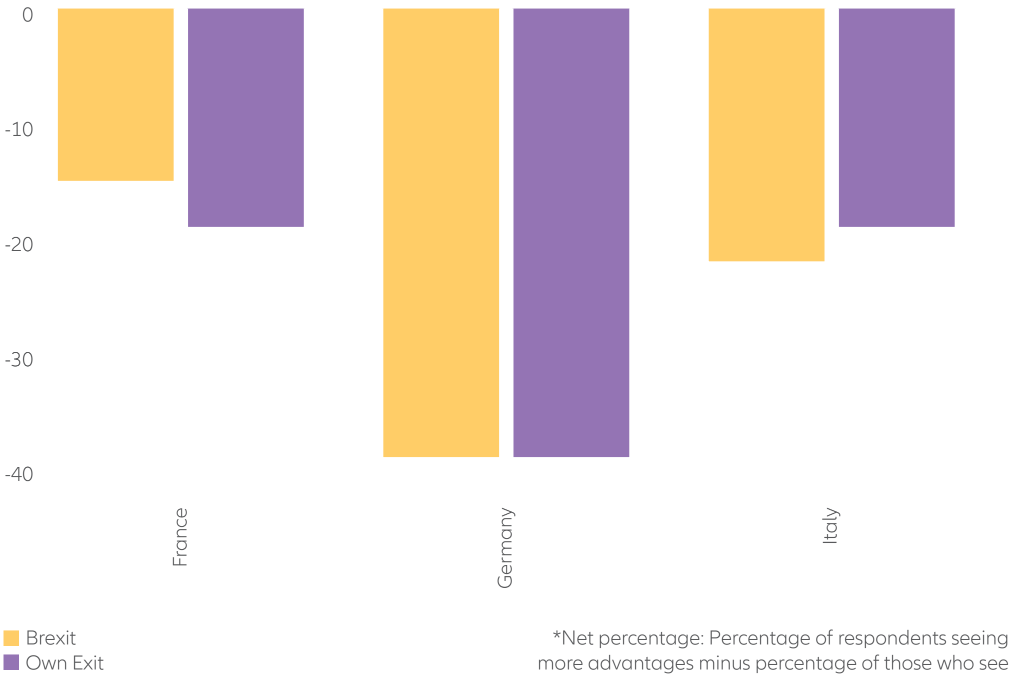
But the assessments of the German respondents, too, surprise. They see, as expected, more advantages in EU membership (37% vs 23%, net percentage of 14%) and the euro, but in the latter case only by a thin margin of a net percentage of 4% (36% vs 32%). The euro seems to be an unloved currency – even by its beneficiaries.

The age patterns of these answers are quite revealing. In all three countries, millennials seem to see the EU more positively than the population as a whole. But whereas in France dissatisfaction with EU membership increases with age, in Germany and Italy pensioners are the most ardent Europeans, even more so than millennials. A similar age pattern can be seen in the answers regarding the euro. The only exception is France: Dissatisfaction with the common currency seems to decrease with age.

But even if the EU and the euro are unloved, divorce seems to not be an option. In France, Germany and Italy, a majority of respondents think that Brexit is also disadvantageous for their own countries (net percentages of 15%, 39% and 22%). And the exit of their own coun-

Figure 7: Net percentage* of respondents seeing more advantages in Brexit and own country's exit

Answers in %



*Net percentage: Percentage of respondents seeing more advantages minus percentage of those who see more disadvantages.

Source: Allianz Pulse 2019.

try is seen as equally disastrous. The assessment is quite similar in France and Italy, with Germans again the most pro-European (see Figure 7).

To sum up: The relationship status of the EU and its citizens is complicated. With or without the EU, complaints prevail. But this imbroglio has a positive aspect: There is a fair chance to "repair" the relationship as many respondents abhor dissolution even more than keeping the knot tied.

This becomes evident when people are asked what are the most important policy areas for the new EU Commission. They express high but mainly rational expectations: Whereas climate protection and immigration had a rather low profile on the national agenda, they top the EU agenda (again with inequality, see Figure 8). French (52%) and German respondents (56%), for example, view climate protection as the number one policy priority for the next few years; immigration, on the other hand, comes in at number two in Italy (51% of respondents) and #3 in France (47%). Participants seem to understand well that these problems can only be solved at the supra-national level, by working closely together. It seems as if people have a clear division of labor in mind: National governments should focus on social issues whereas the role of the EU is finding solutions for "global" problems like climate change and immigration.

It's a blueprint for truly European politics that is supported by the electorate. Differences between the generations are marginal in that respect. The next EU Commission should certainly deliver on this; it might be the last chance to win the hearts and minds of the people of Europe.

Although it is astonishing how similar the views of the French, German and Italian respondents are in that respect, some differences are nonetheless detectable, reflecting the current economic situation in these three countries. The Italians and French are more concerned about economic growth; Germans are more concerned about the education system (though it remains to be seen how the EU could improve the German education system, a task which even the federal government struggles to accomplish).

Figure 8: Important policy areas for the new EU commission, top 5

Answers in % (multiple answers possible)

France		Germany		Italy	
Environmental and climate protection	52	Environmental and climate protection	56	Economic growth	61
Inequality between the rich and the poor	52	Inequality between the rich and the poor	49	Immigration	51
Immigration	47	Social security	49	Inequality between the rich and the poor	48
Security and defense policy	44	Immigration	43	Environmental and climate protection	47
Economic growth	38	Education system	42	Removal of red tape	45

Source: Allianz Pulse 2019

GLOBALIZATION: THE AMAZING GERMAN TURNAROUND

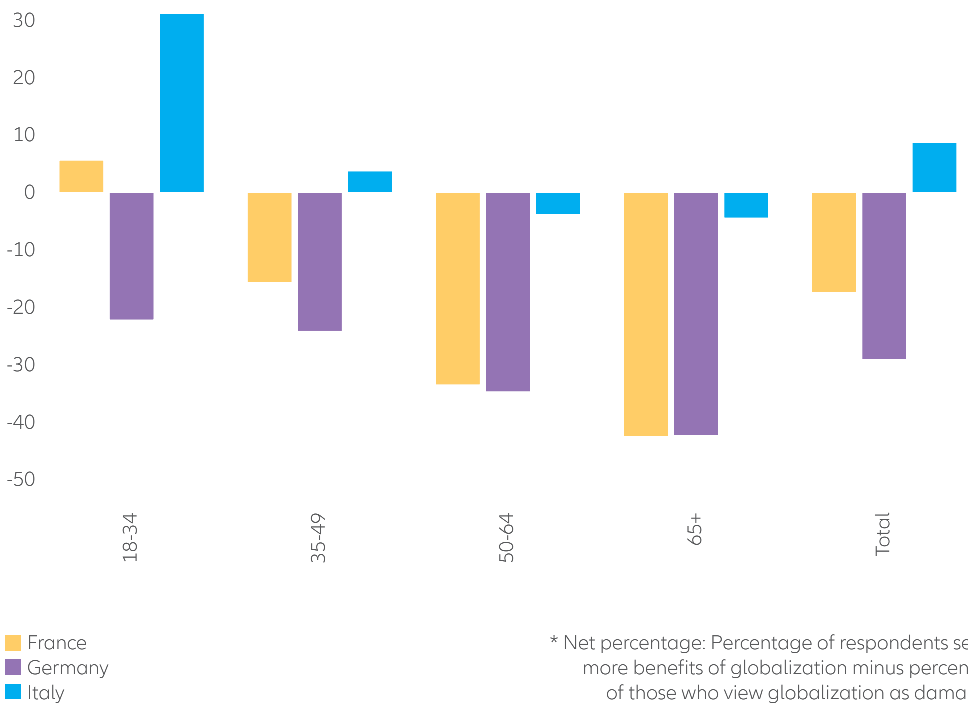
Ever since the fall of the Berlin wall and the opening of China, globalization has swept across the world economy and altered the way our economies are organized. Some old economies have coped rather well – like Germany with its export-led growth model – but others, including France and Italy, have struggled, challenged by the hollowing out of the industrial base.

Our results show that attitudes towards globalization and its perceived benefits and threats differ significantly between France, Germany and Italy – but not the way you would expect. The harshest critics of globalization are German respondents. A whopping net percentage of 28% think that globalization has damaging effects for their economy. French respondents are also very critical (net percentage of 17%), whereas Italians have a (slightly) positive view (see Figure 9).

As expected, millennials seem to be more globally minded, at least in France and especially in Italy (see Figure 9): Among the younger generation, globalization's benefits – studying in the US, travelling through Asia and working everywhere – outweigh the downsides, in particular the loss of supposedly secure lifetime jobs. For older, less mobile generations, these downsides carry more weight. Strikingly, German millennials, too, harbor quite negative views about globalization. The globe-trotting German youngster seems to be an endangered species.

Figure 9: Net percentage* of respondents who see globalization as beneficial, by age

Answers in %



* Net percentage: Percentage of respondents seeing more benefits of globalization minus percentage of those who view globalization as damaging.

Source: Allianz Pulse 2019.

When these results are compared with previous surveys with similar questions[6], the sharp reversal of German attitudes towards globalization becomes evident: In the past, respondents who thought globalization was a good thing clearly outnumbered the critical minds. Italians, in contrast, have become more positive, while the French have hardly changed their negative view on globalization.

What might have been the trigger for these changed attitudes? It's hard to say. In Italy, the new government might have played a role, less by its actions but by changing the mood. Not that Italians are now basking in a "yes, we can" disposition but the sense of doom and gloom that hung over Italy has lifted, also evidenced by the relative high score of the "Allianz Future Confidence Indicator". And Germany? A clue might be how Germans view US President Donald Trump: No one seems to deplore US politics more than the German respondents: A net percentage of 58% disapprove of current US policies, against 40% in France and 32% in Italy (see Figure 10). Certainly, Trump would like to turn back the wheel of globalization. But from a German perspective, the unilateral actions by the US are seen as an attempt to dismantle the rules-based and fair global

6 For example Institut für Demoskopie Allensbach (2018), Allianz Monitor, "Does your economy benefit from globalization on the whole, or does globalization tend to be damaging?"

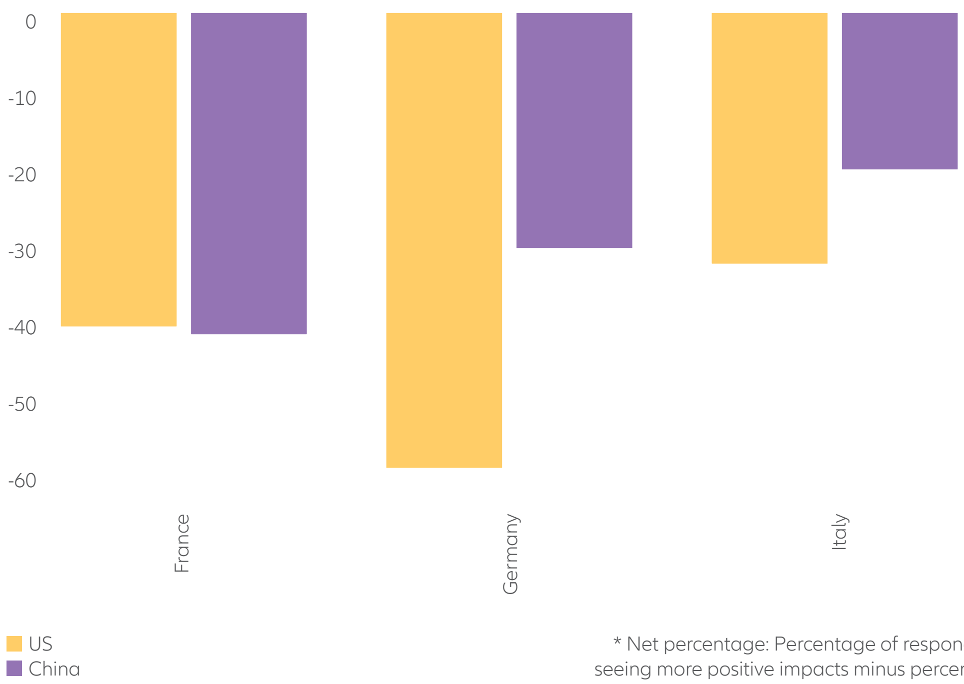
order, and Germany could easily become the main collateral victim of the US-China rivalry. And as often, disappointed followers become ardent enemies.

liberator of Europe and guarantor of peace –is today seen by most Europeans as a source of annoyance and harassment.

The havoc President Trump has wreaked over European attitudes also becomes evident when attitudes towards the US and China are compared (see Figure 10). Europeans seem to have a very realistic assessment of China's ambitions. Nonetheless, they are on average less critical towards China than the US – which is really unfortunate: The US – the supposed guardian of freedom and Western values, the

Figure 10: Net percentage* of respondents seeing more positive impacts of the politics of the US and China

Answers in %



* Net percentage: Percentage of respondents seeing more positive impacts minus percentage of those who see more negative ones.

Source: Allianz Pulse 2019.

DIGITALIZATION: THE SKEPTICAL FRENCH, THE CAUTIOUS GERMANS AND THE UPBEAT ITALIANS

What about the other mega-trend, digitalization, that will fundamentally change the way we live? Again, the Allianz Pulse reveals some astonishingly different views. This time, the French respondents are the most critical: On balance, they expect digitalization to pose more risks to the economy and society (net percentage of 4% and 11%, respectively); only for their personal lives do they see more opportunities. Germans and in particular Italians have different opinions on this: a net percentage of 22% (Germany) and 28% (Italy), for example, think that digitalization is a blessing for the economy (see Figure 11).

Tellingly, the answers do not reveal any specific age pattern. Skepticism and optimism are relatively evenly distributed between the generations. In France, for example, millennials see slightly less risks for society than the total population, but their assessment matches the view of the baby-boomers (aged 50+) almost perfectly. In Italy, on the other hand, older generations (except for pensioners) see more opportunities for society than millennials. And in Germany, finally, the views of millennials and pensioners are very much aligned (more opportunities than risks), whereas baby-boomers are more skeptical (more risks than opportunities).

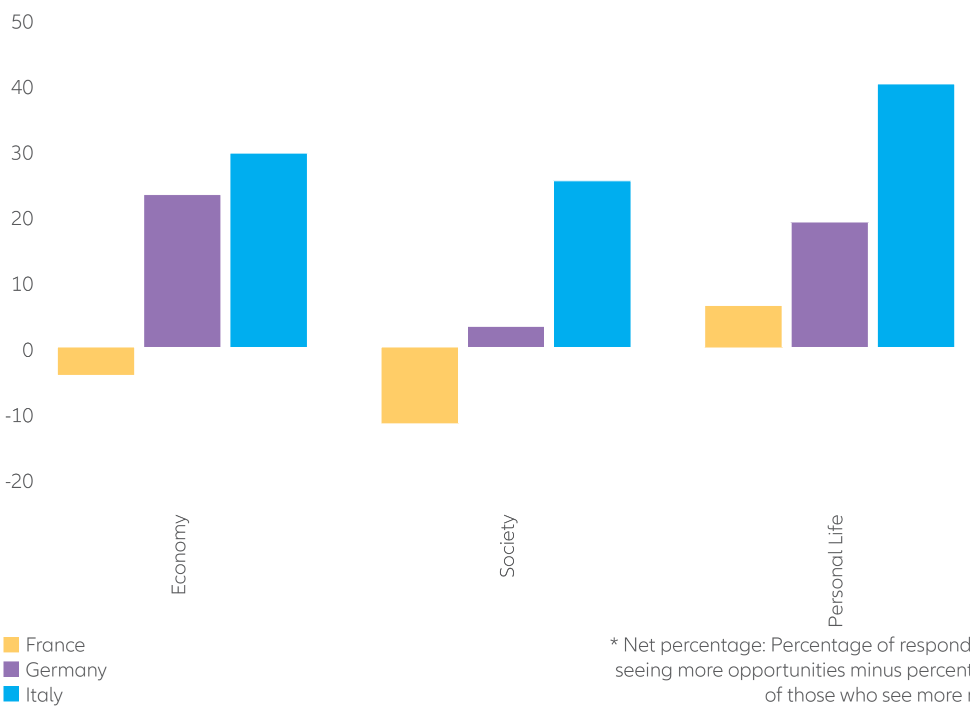
Even when it comes to personal use, a generational rift is not detectable. In France, millennials and baby-boomers are positive about digitalization (net percentages of 14% and 10%, respectively), but pensioners see mainly disadvantages for themselves (net percentage of -8%); in Germany, all generations share very similar views (net percentages hover between 17% and 19%) and in Italy, by far the most enthusiastic adopters of digitalization are the baby-boomers (net percentage of 44%), whereas millennials are only slightly more supportive than pensioners (net percentage of 34% vs 32%).

How should one interpret these results? It seems as if the concept of "digital natives" is a little outdated these days. Millennials might have had a head start in digitalization, but today, digital technologies have become immersed in everybody's daily lives. As a result, generational lines in digital usage have become blurred.

These different views of the opportunities and risks of digitalization are also reflected in the way people assess the handling of data on the internet (see Figure 12). Not surprisingly, given their overall critical stance, French re-

Figure 11: Net percentage* of respondents who see more opportunities in digitalization

Answers in %



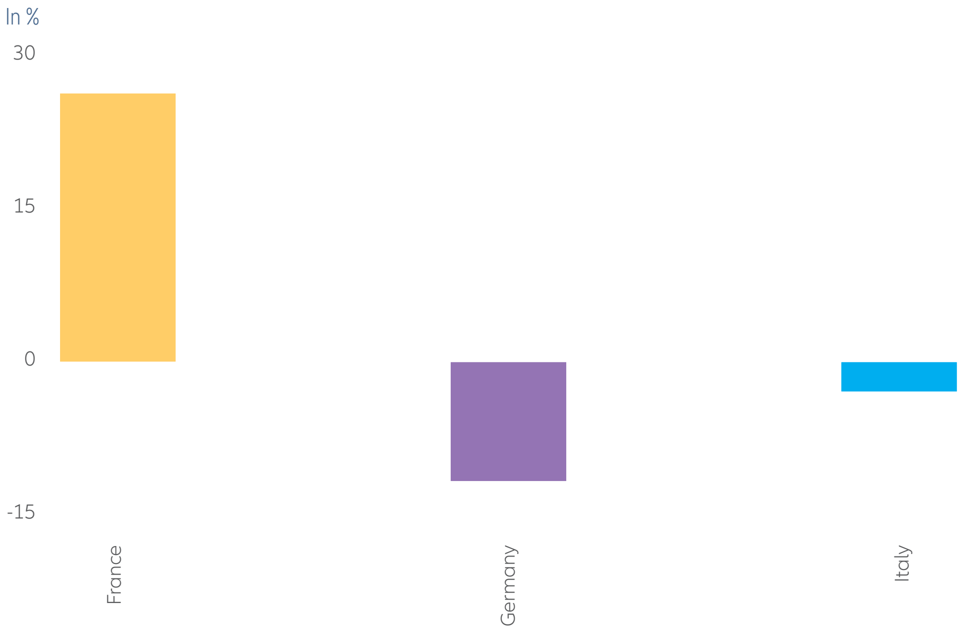
* Net percentage: Percentage of respondents seeing more opportunities minus percentage of those who see more risks.

Source: Allianz Pulse 2019.

spondents are the most doubtful about data handling (net percentage of 27%), a concern that is shared by all generations, though millennials are slightly less concerned (net percentage of 22%). In sharp contrast, the Germans – of all ages – are the most relaxed: The number of people with concerns are dwarfed by the easygoing internet users by a relatively wide margin of 12pp. This is hard to explain, but it is possible they simply have more trust in recently implemented regulations that try to curb data collecting by internet firms. Italians, on the other hand, are split on that issue, with younger generations slightly more concerned (net percentage of 2% among the younger generation, and -3% in the general population).

There is, however, one point that all three countries agree on: not trusting social media as an information source. Instead, most respondents use traditional news media as their primary information source (see Figure 13). Although social media is shunned as an information source by all generations, the distaste for using social media increases linearly

Figure 12: Net percentage* of respondents having (fairly) big concerns regarding the collection of personal data in the internet



* Net percentage: Percentage of respondents having (fairly) big concerns minus percentage of those who have less / no concerns.

Source: Allianz Pulse 2019.

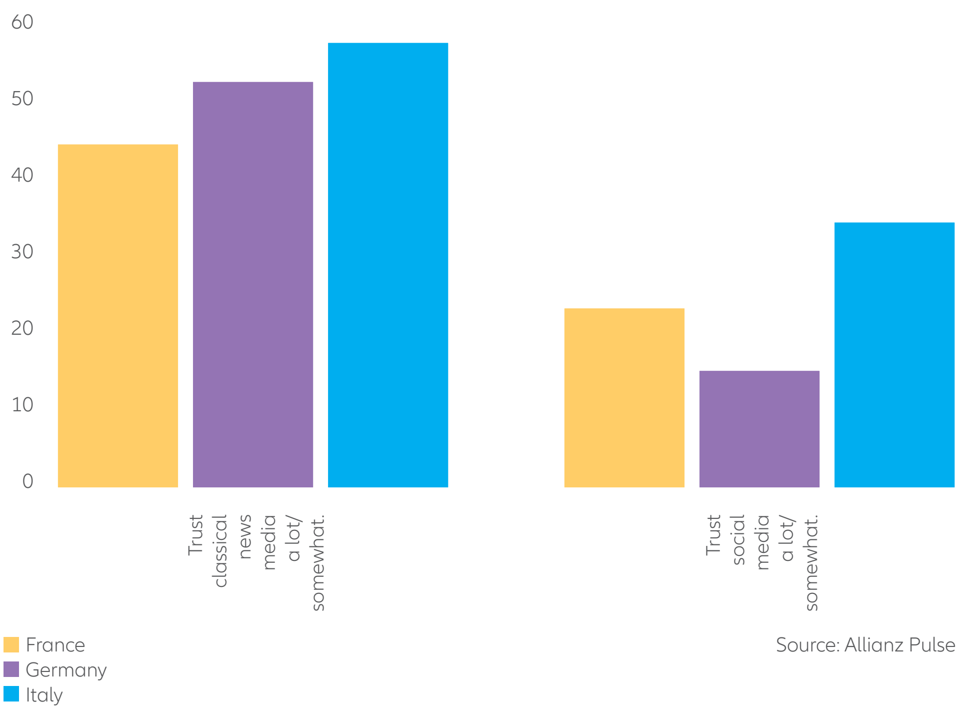
with age. Only Italian millennials seem to be ardent users: With 47%, the share of people using social media as an information source equals exactly those who don't. For all other age groups and countries, the non-users clearly outnumber the users. In the case of French and German pensioners, for example, the differences amount to 84pp and 87pp, respectively. Regarding traditional news media, however, the age pattern is not as clear-cut. In France and Italy, usage decreases with age; in Germany, it increases. And again, the French are the most skeptical: among French pensioners, even more people do not trust traditional news media (net percentage of 13%).

Generalizations can be delusive, leading to unproductive stereotypes. Nonetheless, looking at the attitudes towards the two megatrends that shape(d) our societies, globalization and digitalization, it seems that some stereotypes are hard to escape:

- Bonjour tristesse: the French are the most skeptical – risks abound.
- Land der Denker: the Germans are the cautious ones – risks and opportunities are carefully calculated.
- La dolce vita: the Italians are the most upbeat – opportunities predominate.

Figure 13: Most trusted information sources

Answers in %



Source: Allianz Pulse 2019.

CONCLUSION: PRIVATE ACTORS FILLING THE VOID

The main theme of the Allianz Pulse is the political attitudes of the French, Germans, and Italians. This year's edition paints a rather uninspiring picture – in many respects disillusionment with politics prevails. But disillusion does not lead to lethargy. People are well aware that things have to change. And to the extent to which public actors disappoint, they turn to private ones instead.

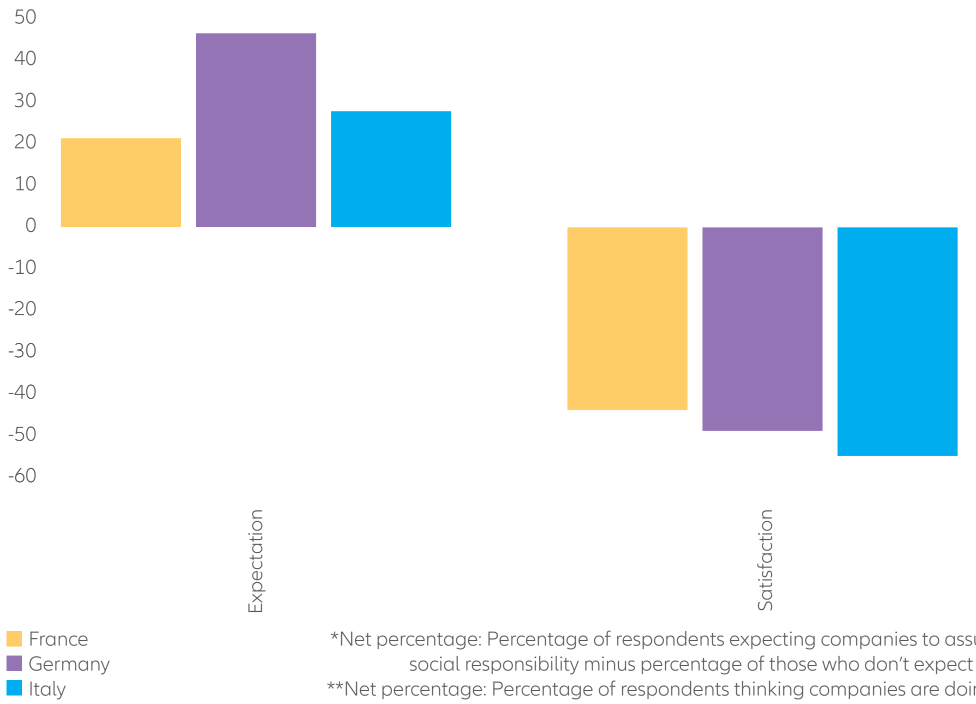
In all three countries, expectations are high that companies should assume social responsibility: More than 50% (France and Italy) or 60% (Germany) of the respondents express these expectations; respondents who see no need for companies to engage with societies are a clear minority, as evidenced by the high net percentage scores of 21% (France), 28% (Italy) and 46% (Germany) (see Figure 14). When concretely asked about climate change, expectations are even higher: The net percentage of people who think companies should assume environmental and climate responsibility – for example, target CO2 neutrality or make green investments – reaches 38%

in France, 48% in Italy and 58% in Germany. Somewhat surprisingly, millennials in all three countries are less demanding towards companies – maybe because many of them are still not employed?

But at the same time, there is also a broad consensus that companies should do better with respect to social responsibility: More than 60% of respondents in all three countries think that companies are doing not enough; the net percentage scores are a whopping 44% in France, 48% in Germany and 54% in Italy (see Figure 14). Again, the older generations – baby-boomers and pensioners – give companies particularly poor marks in that regard; millennials seem to be a little more lenient.

Figure 14: Net percentage* of respondents expecting companies to assume social responsibility and net percentage** of respondents thinking companies are doing a lot already

Answers in %



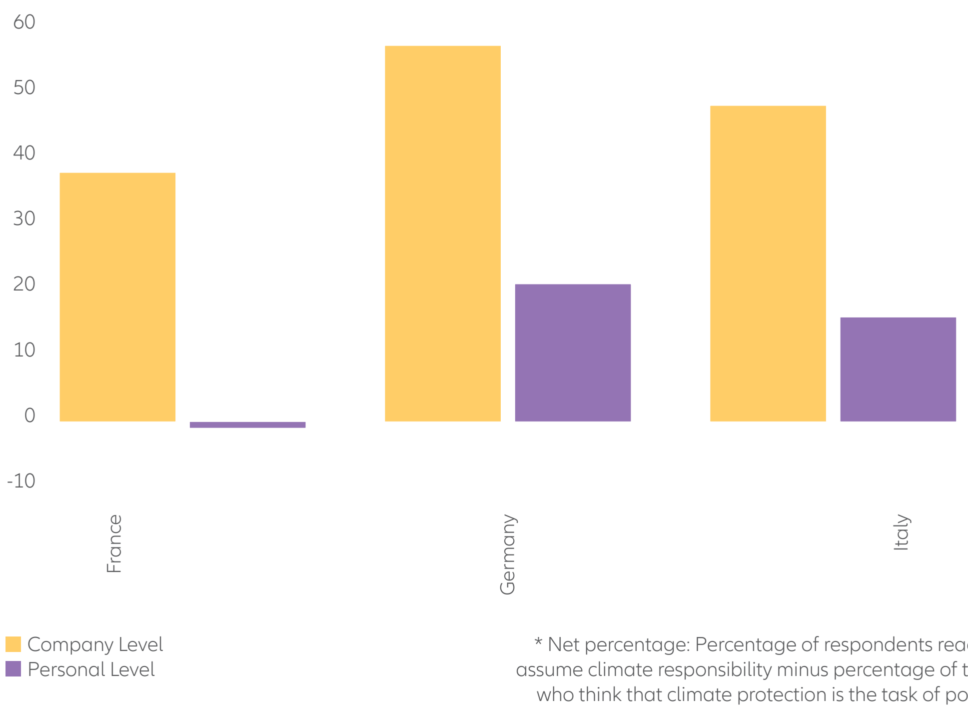
*Net percentage: Percentage of respondents expecting companies to assume social responsibility minus percentage of those who don't expect this.
**Net percentage: Percentage of respondents thinking companies are doing a lot already minus percentage of those who think otherwise.

Source: Allianz Pulse 2019.

These answers read like a strong mandate for companies to significantly increase their social ambitions and actions. A clear profile on social issues is needed. Profits are no longer sufficient to remain relevant in today's markets; (social) purpose matters equally.

Encouragingly, when asked about climate action, most people would also assume personal responsibility i.e. changing their behavior or paying more for certain products and services – except for the French. A very slight majority thinks that climate change is first and foremost the task of politics and does not require personal commitment (net percentage of -1% vs 21% in Germany and 16% in Italy, see Figure 15). French millennials, however, beg to differ: Most of them are ready to assume climate re-

Figure 15: Net percentage* of respondents ready to assume climate responsibility
Answers in %



* Net percentage: Percentage of respondents ready to assume climate responsibility minus percentage of those who think that climate protection is the task of politics.

Source: Allianz Pulse 2019.

sponsibility (net percentage of 11%). This age pattern also applies to Germany and Italy: The younger, the more ready to take action. Call it the "Greta-Effect".

There is, however, a glaring difference in all three countries between the company and personal levels (see figure 15): Expectations for companies to act are far higher than the own readiness for action. But this might be rational: Companies' carbon footprints are much bigger than individual ones. This difference does not alter the overall conclusion: Where politics fails – or more precisely, is not perceived to do enough – private actors have to come to the forefront and fill the void. It "only" puts an even bigger onus on the corporate world. It is high time to deliver.

APPENDICES

Survey Data

Overall responsibility for methods: Allianz Research, Allianz SE

Planning and drawing the sample: Qualtrics

Target groups surveyed: French resident population, age 18 and over in France

German resident population, age 18 and over in the Federal Republic of Germany
Italian resident population, age 18 and over in Italy
Number of respondents: 3,084 persons (1,019 from France, 1,045 from Germany, 1,020 from Italy)

Sampling method: Representative quota sampling
Qualtrics were given quotas instructing them on how many people to survey and which criteria to use in selecting respondents. The quotas were distributed in accordance with official statistics among sex, age groups, and education.

Representativeness: A comparison with official statistics shows that the survey data on the whole corresponds to the total population age 18 and over in the three countries.

Type of survey: Web-based survey

Date of survey execution: 31.05. – 10.06.2019

Statistics

Sex (in % of respondents)

	France	Germany	Italy
Male	47.2	47.8	48.9
Female	52.8	51.8	50.8
Diverse	0.0	0.5	0.3

Age (in % of respondents)

	France	Germany	Italy
18 – 34	31.0	30.7	28.7
35 – 49	29.9	27.7	32.8
50 – 64	24.9	27.5	29.3
65 +	14.1	14.1	9.2

Education (in % of respondents)

	France	Germany	Italy
In Education	12.6	10.1	21.6
Secondary (High school or comparable)	49.2	63.1	51.6
Tertiary (University or comparable)	37.3	25.8	25.9
Not Specified	1.0	1.1	1.0

Indicator Construction

The "Allianz Need for Change Indicator" (ANCI)

This indicator measures peoples' desire for change in five dimensions: national and supranational politics, globalization, digitalization / internet, and climate change. It is calculated as the (unweighted) average of answers to the following five questions:

1 The need for far-reaching reforms at the national level: net percentage of people agreeing
2 The need for far-reaching reforms at the European level: net percentage of people agreeing
3 Assessment of globalization: net percentage of people seeing globalization as damaging (signaling the need for change of the global order)
4 Assessment of personal data protection in the internet: net percentage of people with concerns about unconstrained data collection (signaling the need for a better governance of the internet)
5 Assuming personal responsibility to fight against climate change: net percentage of people who are ready to change behavior

The indicator is rebased to 50, the neutral value. Values above 50 mean that more people are concerned about the status quo and see the need for political change. Values below 50 signal no need for change, more people are in favor of the status quo.

The "Allianz Future Confidence Indicator" (AFCI)

This indicator measures peoples' future confidence in five dimensions: about the national economy and politics, about living standards / next generation, about the European project, and about digitalization. It is calculated as the (unweighted) average of answers to the following five questions:

1 Assessment of the future prospects of one's own national economy: net percentage of people seeing very or fairly good prospects
2 Expectations of future political reforms: net percentage of people seeing more advantages deriving from reforms
3 Assessment of the future prospects of the young generation: net percentage of people seeing very or fairly good prospects
4 Assessment of the probability of an overhaul of the European Union: net percentage of people saying that fundamental reforms are on their way
5 Assessment of the impact of digitalization on one's own society: net percentage of people seeing more chances

The indicator is rebased to 50, the neutral value. Values above 50 mean that more people look confident to the future and expect the necessary reforms to happen; values below 50 signal that the majority looks pessimistic into the future.

Publisher
Allianz SE
Economic Research
Königinstraße 28
80802 Munich
www.allianz.com

Authors
Dr. Arne Holzhausen
Anne Jensen
Ludovic Subran

Editors
Heike Bähr
Maria Thomas

Photos
Schmitt. GmbH, Hamburg

Design
Schmitt. GmbH, Hamburg

Closing date
05. July 2018

ABOUT ALLIANZ
The Allianz Group is one of the world's leading insurers and asset managers with more than 92 million retail and corporate customers. Allianz customers benefit from a broad range of personal and corporate insurance services, ranging from property, life and health insurance to assistance services to credit insurance and global business insurance. Allianz is one of the world's largest investors, managing around 673 billion euros on behalf of its insurance customers. Furthermore our asset managers PIMCO and Allianz Global Investors manage more than 1.4 trillion euros of third-party assets. Thanks to our systematic integration of ecological and social criteria in our business processes and investment decisions, we hold the leading position for insurers in the Dow Jones Sustainability Index. In 2018, over 142,000 employees in more than 80 countries achieved total revenues of 131 billion euros and an operating profit of 11.5 billion euros for the group.

These assessments are, as always, subject to the disclaimer provided below.

FORWARD-LOOKING STATEMENTS
The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events), (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the EUR/USD exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

NO DUTY TO UPDATE
The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required to be disclosed by law.