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ALLIANZ RESEARCH

ALLIANZ PULSE 2020: THE POLITICAL ATTITUDES OF THE FRENCH, GERMANS AND ITALIANS: GRIM EXPECTATIONS

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EULER HERMES

Allianz

EXECUTIVE SUMMARY

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As the Covid-19 crisis upends our societies, we at Allianz decided to check the pulse in Germany, France and Italy. In July, we interviewed a thousand people in each country and asked them about their views on political priorities, reform needs and aspirations. It was clear to us that a survey so soon after the worst crisis that most of the participants might ever have experienced would not produce pretty results. Nevertheless, the extent of pessimism surprised us. .

It was to be expected that the assessment of the current economic situation would be miserable: 81% of the French, 80% of the Italian and 59% of the German respondents consider it 'bad' or 'very bad'. But the outlook for the future is just as bleak, especially in France (82%) and Italy (77%). And nearly half of the German respondents (49%) have little hope for better times ahead. This is also reflected in future consumption behavior: the number of respondents who say that they want to consume less in the future exceeds the number of those who want to consume more many times over. In Italy, the ratio is 52% to 8%, in France 47% to 7% and in Germany 29% to 11%.

This deep pessimism contrasts with the fact that the overwhelming majority of respondents say that they have not been affected by the Covid-19 crisis, at least not in economic terms: 62% in France, 65% in Germany and 57% in Italy. And a total of 60% of all respondents are also satisfied with their government's actions during the crisis. But the relatively successful fight against Covid-19 and the record-fast adjustment to the lockdowns (i.e. home office) is not followed by a spirit of optimism or confidence in possible changes. Instead, the majority of those surveyed seem to have fallen into political apathy.

This also applies to the EU. Despite the agreement on the EU Recovery Fund – which could mark a turning point not only in the joint fight against the pandemic but also in the workings of the EU in general – the vast majority of respondents, 54% in France, 52% in Germany and 61% in Italy, think that Covid-19 will tend to reduce solidarity between EU members.

In general, the skeptical attitude towards the EU has become more entrenched. The EU sceptics are now not only in the majority in France and Italy (net percentage of 20% and 16%, respectively), but also in Germany: 31% of German respondents have a negative view of the EU, compared to only 27% with a positive image. Last year, the supporters were still ahead with 14 percentage points. It is to be hoped that the picture will turn around again with the implementation of the Recovery Fund.

However, this year's Allianz Pulse also casts doubt on this. Only one of the Recovery Fund's two strategic goals – greening and digitalization of the European economy – is shared by the respondents. In both France and Germany, the green transformation is at the top of the list of key policy areas for the EU Commission (Italy #8). The topic of digitalization, on the other hand, is accorded far less importance: In Germany it is ranked 9th among the most important policy areas, while in France and Italy it is only 14th and 15th, respectively.

[1] Net percentage: difference of respondents who see more advantages in EU-membership and those who see more disadvantages.

Based on the experience of the lockdown, one would have expected respondents to be almost enthusiastic about the blessings of digitalization, but this year the answers are almost identical to the previous year, with the national differences already known: Only 20% of French respondents see more benefits in digitalization, compared to 42% in Germany and 45% in Italy. In these two countries, the net percentage of those in favor of digitalization is also clearly higher (26% and 29%, respectively); this is not the case in France, where 23% are against digitalization.

One reason is probably data protection. 37% of French, 42% of German and 28% of Italian respondents are concerned about how their data is handled on the internet. This lack of confidence in data security also has tangible consequences for combating the pandemic. Around one third of respondents in each country – 38% (France), 34% (Germany) and 27% (Italy) – refuse to share personal data via an app to track the path of infection. The lower willingness of younger population groups to actively use such an app – particularly in France and Germany – could be seen as an indication of a lack of solidarity between the generations. Italy scores significantly better on this point.

The topic of climate protection is given high priority by the respondents. But it is not alone. When asked about the most important social goals, an average of 60% of respondents in the three countries put climate protection in one of the top three places – and 61% put the issue of jobs in the top three. Another question related to climate protection – the willingness to pay more for climate-friendly products – shows that the majority of those surveyed keep a close eye on economic issues. 46% of French and 44% of German respondents say they are not prepared to pay more for climate-friendly products; the proportion of those unwilling to pay is significantly lower among Italian respondents (36%). Again, Italy appears to be the country where respondents are more willing to take on social responsibility.

The respondents are somewhat more open-minded about a carbon tax. A majority of respondents – 43% (France), 44% (Germany) and 48% (Italy) – consider price increases of up to 10% for petrol, for example, to be appropriate. But a good third of those surveyed – 39% (France), 35% (Germany) and 32% (Italy) – also reject price increases and thus the concept of a carbon tax outright.

The issue of climate protection therefore remains a sensitive one even after Covid-19. There is broad agreement among the respondents about its fundamental importance. However, this is not the case with the question of the costs of the 'green transformation' and their distribution. Very few participants seem prepared to make deep cuts. Climate policy remains a tightrope walk between what is socially desirable and what is personally acceptable.

The survey's framework

As the Covid-19 crisis upends our societies, we at Allianz decided to check the pulse in Germany, France and Italy. For the second year in a row, we commissioned Qualtrics, an experience management company, to survey a representative sample of 1,000 people in each of the three countries about their views on political priorities and reform needs, as well as their aspirations. All in all, we asked 30 questions, ranging from those on the current economic and political situation at the national and EU levels to globalization, digitalization and climate policy. The survey was conducted in the third week of July 2020 via an online questionnaire.

[2] For last year's Allianz Pulse see here: https://www.allianz.com/en/economic_research/publications/specials_fmo/AZPulse_15102019.html

INFECTION RISK: POLITICAL APATHY

Although Covid-19 threatens every individual, the pandemic is not the great leveler: be it employees, companies, industries or entire states, all have experienced and managed the crisis in very different ways. The world after Covid-19 will be a world with (even) greater inequalities within and between societies. At least that is what the answers to the first questions of this year's Allianz Pulse indicate.

Unsurprisingly, the assessment of the current economic situation in France, Germany and Italy has deteriorated rapidly, and nowhere more so than in Germany: while last year considerably more participants considered the situation to be 'good' or 'very good' (net percentage of +36%), this year the pendulum has swung in the opposite direction. Only 38% still assess the German economic situation positively, compared with 59% who consider it bad (net percentage: -21%). Yet, the French and Italian participants are even more pessimistic, with 81% and 80% who are considering the situation to be 'bad' (net percentage of -65% and -61%), respectively Figure 1).

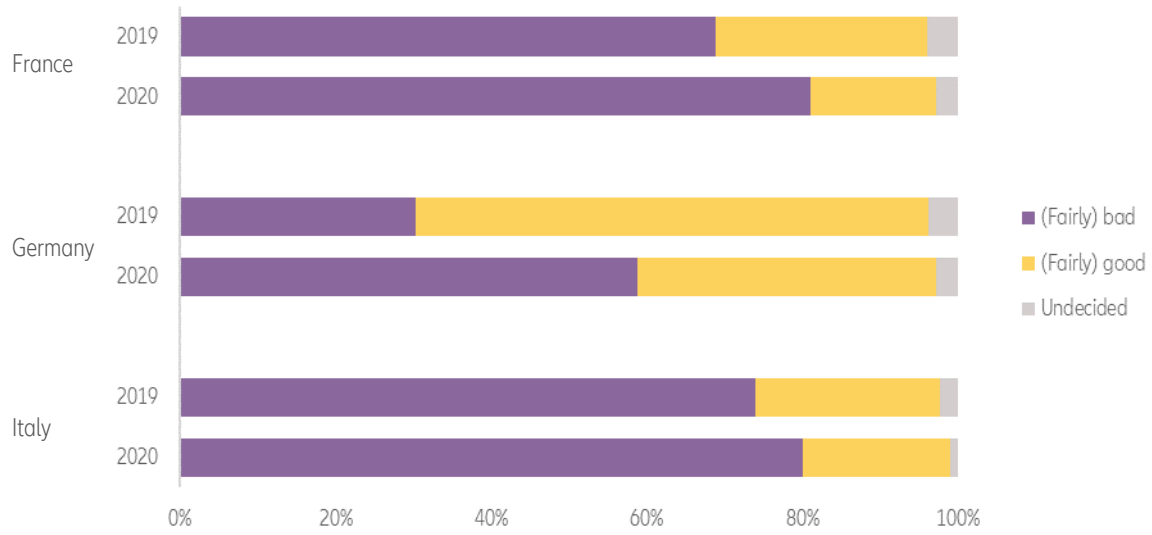
The differences between the three countries are even bigger when it comes to assessing future prospects. While last year the French and Italian participants were already predominantly pessimistic (net percentage of -23% and -15%, respectively), this year's hope for improvement decreased even further and quite dramatically, in particular in France and Italy: 82% and 77% of the French and Italian participants, respectively, consider their country's economic prospects to be poor. The picture is different for Germany, where 'only' 49% share this view. With 46% being optimistic regarding the future, the overall assessment is thus rather balanced (net percentage of -3%). One can nonetheless observe a negative adjustment compared to the previous year (net percentage of +29%).

All things equal, it would appear that young people in France and Germany at least are looking to the future with a little more confidence. In France, for example, 'only' 69% of participants in the 18-34 age group are worried about the future (and 24% even have positive expectations). By contrast, the number of pessimists increases with age (and that of optimists decreases). Similarly, in Germany, only 38% of the younger participants belong to the camp of pessimists, compared to 55% who are optimistic about the future. Even in the 35-50 age group, the optimists still predominate. In Italy, there is no discernible pattern of response by age: the generations are united in their angst over the future.

Photo by Wassim Chouak on Unsplash

[2] Please refer to the appendices for more details on the survey's framework.

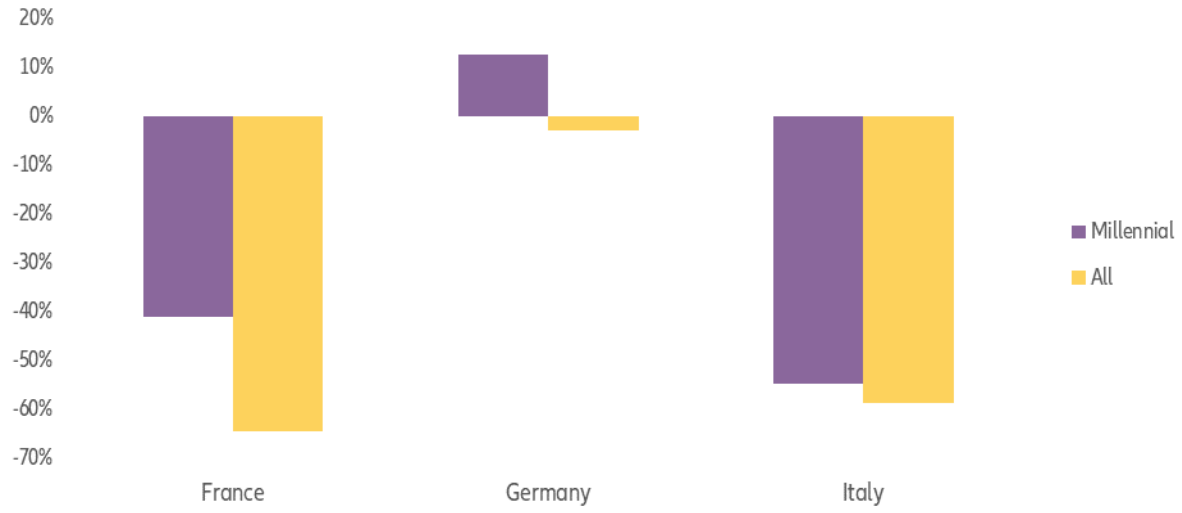
Figure 1: Assessment of the current economic situation, answers in %



Sources: Allianz Pulse 2020, Allianz Pulse 2019.

This picture changes little if one asks not only for a general assessment of future prospects but also in a more differentiated way for the personal future, e.g. with regard to possible job fears or changed consumer behaviors. To this end, we have formed the "Allianz Personal Future Indicator" (APFI) from five questions (cf. full explanation in the Appendix). The results reflect the previous findings: the German participants fluctuate between fear and hope, while French and Italian participants feel highly insecure. The indicator reaches values of -65% and -59% for France and Italy, respectively, but is close to zero (-3%) in Germany. And again, the results are better for the younger generation than for the older ones (Figure 2).

Figure 2: Allianz Personal Future Indicator , net percentage[3] in %



Source Allianz Pulse 2020.

[3] Net percentage: difference of respondents who see more advantages in EU-membership and those who see more disadvantages.

Consumption after Covid-19

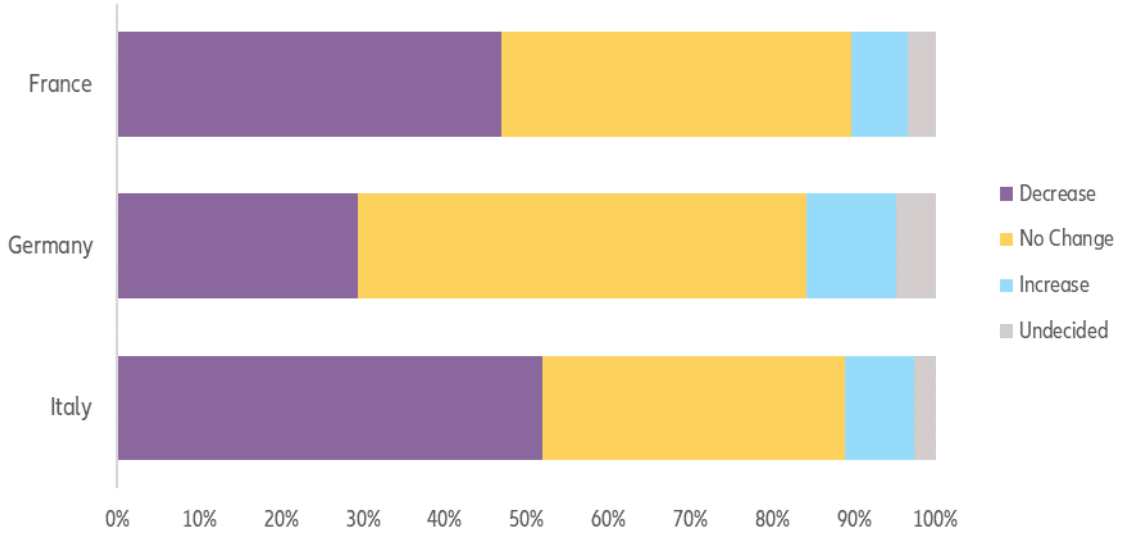
The economic crash during the Covid-19-related lockdown was breathtaking: never since WWII have there been such sharp declines in economic output as in the second quarter of 2020. Will there be a V-shaped recovery? This depends on many variables. But in view of the many obstacles that will continue to hamper global trade for the foreseeable future, domestic demand – and consumption in particular – will play a key role.

The responses on this subject in this year's Allianz Pulse dampen hopes of a V-shaped development. As expected, the majority of respondents significantly curtailed their consumption in all countries at the peak of the crisis. Only a few respondents – 20% in Italy, 28% in France and 38% in Germany – stated that they consumed 'normally' (or even more than usual) during this period. The relatively high figure for Germany is a further indication that the German economy has weathered the crisis better than the other two countries.

The answers to the question on future consumer behavior prove to be far more interesting. 37% of the Italian participants, 43% of the French and 55% of the Germans state that they want to return to their pre-Covid-19 consumption habits. So far, so normal. But at the same time, the number of respondents who say that they want to consume less in the future also exceeds the number of those who want to consume more many times over. In Italy, the ratio is 52% to 8%, in France, 47% to 7% and in Germany, 29% to 11%. In all three countries, the Millennials, i.e. the 18- to 34-year-olds, are more likely to consume than the rest of the population. However, even in this age group, the 'thrifty' ones consistently predominate (Figure 3).

These answers allow for only one conclusion: there will hardly be a catch-up effect in consumption; the expenses for the cancelled concert, restaurant visit or trip in Covid-19 times are not only postponed but cancelled for good, meaning an irretrievable loss of income for the affected industries. But that's not all: even a return to the status quo ante seems unlikely after these answers, if about a third to half of the respondents want to tighten their belts in the future. The crisis phenomenon of falling consumer spending and rising savings could thus continue for a long time to come; consumer restraint is the new normal.

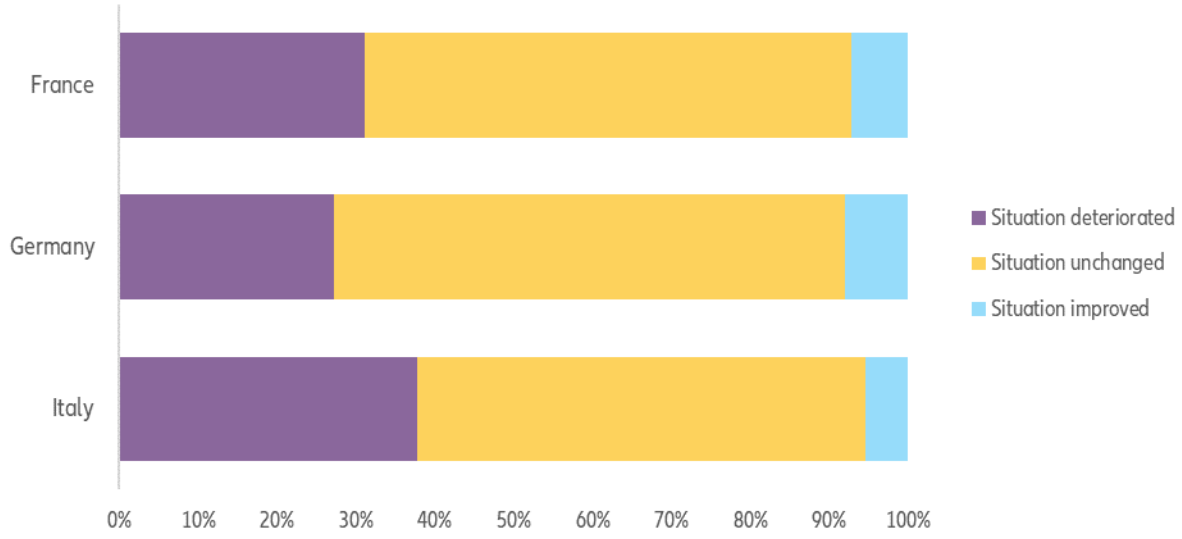
Figure 3: Consumption after Covid-19, answers in %



Sources: Allianz Pulse 2020, Allianz Pulse 2019.

It seems to be obvious that these different assessments are directly attributable to the severity of the crisis. After all, both France and Italy were affected by Covid-19 to a much greater extent than Germany. As a result, the French and Italian governments also took tougher measures to contain the virus. This is reflected in the growth figures for the second quarter, the peak of the crisis in Europe. While German GDP declined by -10.1% (q/q), French GDP fell by -13.8% and Italian GDP by -12.4%. The results of the Allianz Pulse, how-ever, only partially confirm this hypo-thesis. The answers to the question of personal impact, for example, are relatively similar. In all three countries, the vast majority of respondents say that Covid-19 has not changed their personal economic situations: 62% in France, 65% in Germany and 57% in Italy. The percentages of those whose economic situation has worsened are also closer together than the different degrees of severity of the lockdowns would suggest: 31% (France), 27% (Germany) and 38% (Italy). So even if the direct economic consequences for people are comparable, especially in France and Germany, the French and German participants draw quite different conclusions from them (Figure 4).

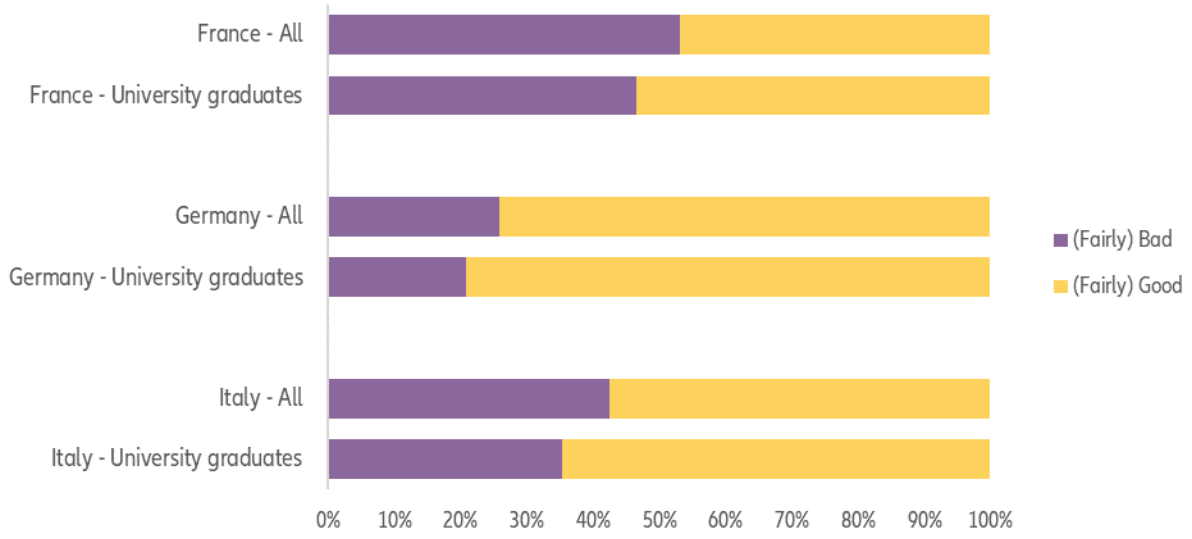
Figure 4 Personal economic situation, answers in %



Source: Allianz Pulse 2020.

Also, when asked about their satisfaction with government action during the crisis, the answers do not necessarily turn out as expected. Given the smaller number of cases and milder restrictions on public life, it is no surprise that the German participants mostly give their government a good report card: 74% of those surveyed think that Merkel & Co. have done a good job. But even in Italy, which has been badly hit, approval of government action clearly predominates with 58%. Only in France is a slight majority of respondents (53%) dissatisfied with the political response to Covid-19. However, the picture turns around if we look only at the answers of respondents with a higher level of education: in France, too, those in favor of the measures in response to Covid-19 are in the majority, albeit only just (53%). In Germany and Italy, too, approval of government action increases with the level of education (Figure 5).

Figure 5: Assessment of government actions during crisis, answers in %



Source: Allianz Pulse 2020.

However, even if the Italian government has obviously been able to gain a few 'brownie points' in the fight against the pandemic, this does little to change the fundamentally disillusioned view of the Italian participants on politics. When asked about Italy's greatest weaknesses, the items 'political system', 'political stability' and 'quality of government' landed in 1st, 2nd and 4th place. The picture was already quite similar last year. The same applies to France. Here, too, the responses to the question about the country's weaknesses reflect the great dissatisfaction with politics: the items 'political system' and 'quality of government' are in 3rd and 4th place. This was no different last year. In Germany, on the other hand, the approval of the political response to the pandemic is also reflected in the government's assessment: whereas last year 'quality of government' was still ranked fifth among Germany's weaknesses, this item 'slipped' to 12th place in this year's survey. 'Political system' and 'political stability', on the other hand, are traditionally seen as strengths of the country among the German participants. All in all, the effects of Covid-19 on the political climate can therefore be described as devastating – especially in France and Italy. There is a deep pessimism among the respondents there, but the mood in Germany has also deteriorated noticeably. This is in stark contrast to the pioneering spirit that prevails in parts of the economy, where Covid-19 is seen as a game-changer, making something new possible, such as new working methods (cue: home office) and distribution methods (cue: digitalization), for instance.

There seems to be nothing comparable to this in politics – or in the way it is viewed. Respondents appear to believe that there is no hope for a new beginning, for a break-up of encrusted structures. This is all the more worrying as, at the same time, the majority of those surveyed have been hardly affected by the crisis (at least in economic terms) and many share the view that their respective governments acted correctly during the crisis. Nonetheless, confidence in the future, in changes for the better, has reached a new nadir. There is a whiff of political apathy, especially in France and Italy. And Germany does not seem immune to this, even though the mood is (still) much better than in the other two countries.

Covid-19 and political priorities

The Covid-19 crisis is a deep cut that affects all areas of society, so political priorities should therefore also shift. But the opposite is the case. As in the previous year, we asked respondents what they consider to be the most important policy areas to secure the future of their countries. Compared to last year, the answers are almost identical (Figure 6).

In France, there is only one change among the top five: the item 'protection against terrorism', which was ranked fourth last year, is given much less importance this year (rank 11); on the other hand, the 'health system', for obvious reasons, is now among the most important political priorities. In Italy, too, there is only one change: the 'health system' is replacing 'inequality' (ranked 10th this year) among the top five. And in Germany the top five are absolutely the same. Only the rankings have changed slightly. Both the items 'affordable housing' (last year #2) and 'pension system' (last year #1), as well as the items 'inequality' (last year #3) and 'education system' (last year #4), have changed places.

The Covid-19 crisis does not seem to have changed the basic concerns and needs of the respondents. In a way, this can even be seen as comforting: Covid-19 is not turning the world completely upside down. But there is also a great danger in it. While in politics – of necessity and understandably – almost all measures are concentrated on overcoming the crisis, 'old' problems – increasing inequality, scarce housing or rampant red tape – are being pushed into the background. It is clear, however, that with Covid-19, these issues will by no means become less important. On the contrary, the pandemic, for instance, is likely to increase rather than decrease inequality. The gap between political expectations and actual decisions could thus become even wider with the crisis.

Figure 6: Political priorities, top 5, answers in % (multiple answers possible)

France		Germany		Italy	
1. Unemployment	49%	1. Housing	58%	1. Economic Growth	59%
2. Climate	43%	2. Pension System	54%	2. Unemployment	52%
3. Health System	43%	3. Education System	50%	3. Bureaucracy	52%
4. Pension System	43%	4. Inequality	48%	4. Health System	51%
5. Inequality	42%	5. Climate	45%	5. Public Debt	46%
...		...		...	

Source: Allianz Pulse 2020.

COVID-19 AND THE EUROPEAN UNION: A WASTED CRISIS?

Admittedly, at the onset of the Covid-19 crisis, flaws in European unity were revealed. Measures to combat the pandemic were not coordinated and the result was a spaghetti bowl of unilateral border closures, which left many cross-border commuters stranded. Designing European rescue measures took weeks of fruitless debates, with endless squabbling about financing. "Flattening the curve" remained first and foremost a national task. However, with the acute health crisis abating and lockdown restrictions reduced, Europe has regained its footing. The EU Recovery Fund is widely seen as a game-changer: The EU is about to mutualize debt by issuing common bonds at a grand scale, and for the first time, the EU will provide grants (not loans), with the bulk going to the hard-hit periphery countries.

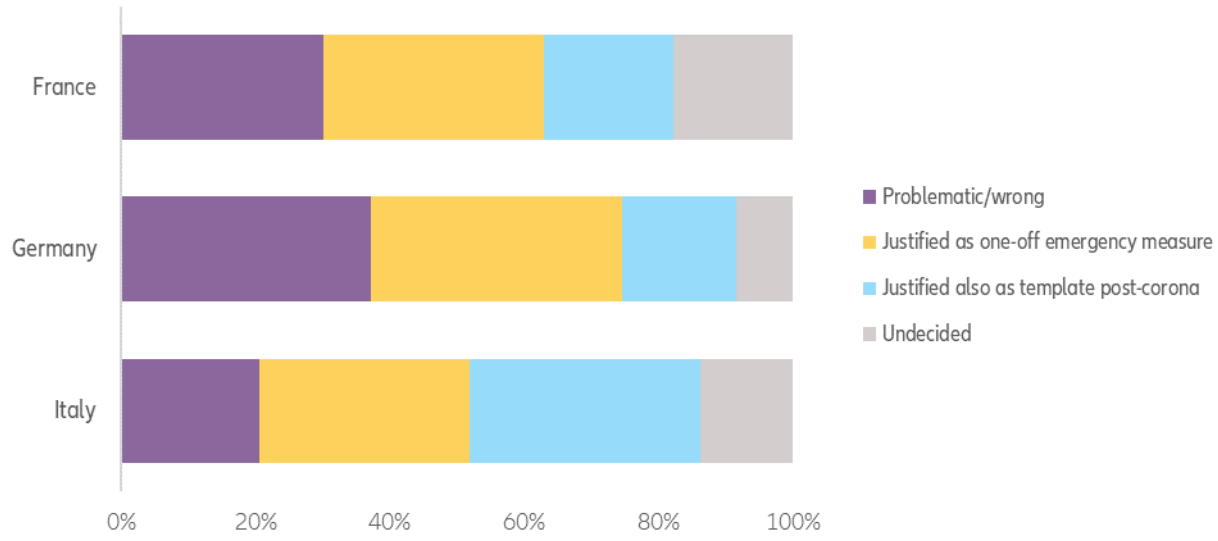
Nevertheless, the participants in this year's Allianz Pulse do not seem particularly impressed. Although the survey took place exactly in the week after the summit, the vast majority of respondents – 54% in France, 52% in Germany and 61% in Italy – expect solidarity between EU members to decrease as a result of Covid-19; only just over 20% of respondents in all three countries expect the opposite (the rest is undecided). In France and Germany, the scepticism among older people is particularly high, while in Italy the generations hardly differ in their assessments.

This scepticism is also reflected in the assessment of the EU Recovery Fund itself. 30% of the French and 37% of the German participants are not in favor of the decisions on joint borrowing and distribution as a grant or at least regard them as problematic. Even in Italy, presumably the biggest beneficiary of the recovery fund, 21% of those surveyed share this view. In contrast, one third of respondents in each country believe that the measures are justified as a one-time response to a once-in-a-lifetime crisis. But only 19% of the French and 17% of the German participants see this as a model for the future; in Italy this percentage is twice as high at 34% (Fig. 7).

While many politicians euphorically praised the agreement on the Recovery Fund as the 'Hamiltonian moment' of the EU and the harbinger of a union-level fiscal policy, the vast majority of Allianz Pulse respondents do not share this assessment; instead, scepticism prevails. And this not only in Germany, whose position on debt mutualization has turned 180 degrees with the summit decisions. Perhaps this is due to the protracted negotiations at the EU summit, which once again dragged the dissension of EU members on many central points into the glare of publicity. Or perhaps it is simply too early to expect a change of opinion. So far, the decisions are only on paper; the first projects from the Recovery Fund are hardly to be expected before the middle of next year. But this also makes it clear that most of those surveyed are not convinced by fine decisions; they want to see action and results. After all, there is a deep-seated distrust of the EU. This is made clear by the responses to questions about the EU and the euro.

As in the previous year, we asked the participants whether in their opinion, membership of the EU and the common currency would bring more advantages or disadvantages for their country. And as we saw last year, the answers are rather devastating. In France (36%) and Italy (40%), most respondents say that EU membership is detrimental to their country; only 16% (France) and 24% (Italy) have the opposite opinion. And 28% (France) and 26% (Italy) of respondents believe that the advantages and disadvantages are roughly balanced. This is broadly in line with last year's results. And Germany? Last year, EU supporters were still in the majority (net percentage of +14%), but this year the mood has changed: 31% of respondents see the EU negatively, compared with only 27% with a positive image (33% are neutral). The distribution of answers by age is astonishing:

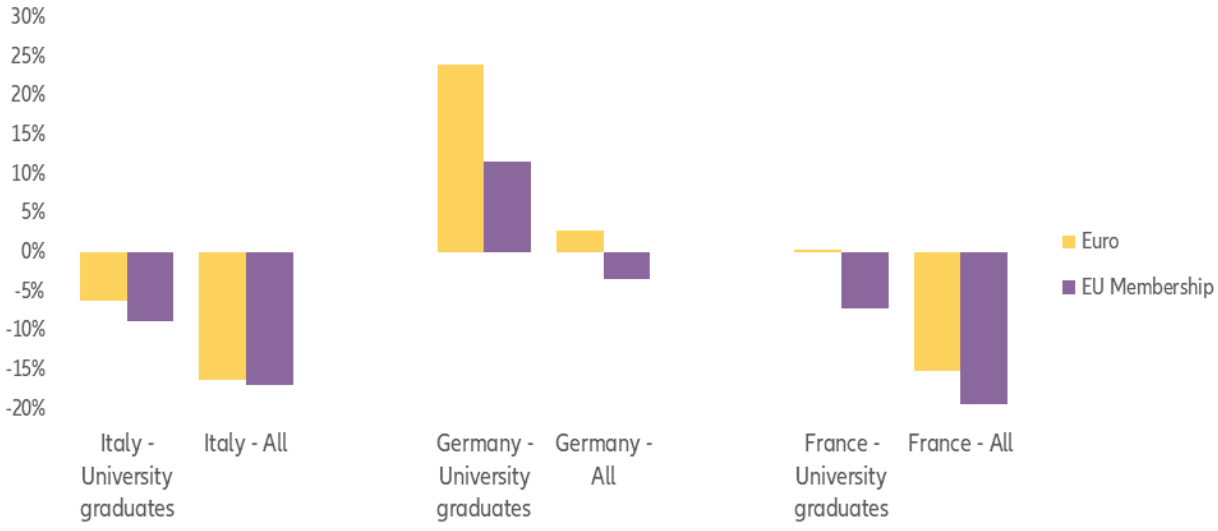
Figure 7: Assessment of the EU Recovery Fund (common debt and grants), answers in %



Source: Allianz Pulse 2020.

In Germany, the only age group in which EU supporters predominate is that of pensioners. Because memories of Europe at war are fresher and the EU is at least valued as the guarantor for peace? A similar phenomenon can also be observed in Italy: Support for the EU increases with age, even if EU opponents clearly dominate in all age groups. In France, on the other hand, the opposite is true: the older the respondent, the fewer advantages are seen in EU membership. But there is also one thing all three countries have in common: the higher approval of the EU among respondents with higher levels of education: +14 percentage points in Germany, +10 in France and +5 in Italy. So there is at least a grain of truth in the vilification of the EU as an 'elite project' (Figure 8).

Figure 8: Assessment of the EU membership, net percentage[4] in %



Source: Allianz Pulse 2020.

[4] Net percentage: difference of respondents who see more advantages in EU-membership and those who see more disadvantages.

The evaluation of the euro has hardly changed compared to the previous year: clear rejection in France and Italy (net percentage of -15% and -16% respectively) and wafer-thin approval in Germany (net percentage of +3%). The distribution of answers by age and educational level is very similar to that for the question on EU membership.

Overall, these results are sobering. After last year's EU elections and the arrival of the new EU Commission, there was something of a spirit of optimism in Brussels, not least thanks to the announcement of major projects such as the 'Green Deal'. Yet, the majority of respondents did not feel much of this. The Covid-19 crisis – or rather its successful management – is likely to be one of the most important tests for the EU to convince citizens of the 'European project'. The decisions on the EU Recovery Fund are a first step in this direction. Nevertheless, doubts remain as to whether the EU will be able to meet expectations.

The Recovery Fund is intended to pursue two clear objectives in addition to stimulating the economy: the greening and digitalization of the European economy. This is, however, only partly in line with the views of the respondents. The green transformation meets great approval. When asked about the most important policy areas for the EU Commission, respondents both in France and Germany put environmental and climate protection at the top of the list; in Italy it is still among the top 10 (#8). But far less importance is attached to the topic of digitalization: In Germany it is ranked 9th among the most important policy areas, while in France and Italy it is only 14th and 15th, respectively. Respondents attach much higher priority to other objectives, for example the fight against inequality (Germany and France) or economic growth (France and Italy). In addition – for obvious reasons – ensuring good health care plays a major role. A coherent European immigration policy is also still considered important, ranking second in Italy and sixth in both France and Germany. Two other rather curious points can be found among the top five priorities in Germany and Italy: in Germany, many respondents would like the EU Commission to take a closer look at the education system (#4) – is this a desire to unify the federally fragmented German education system using the EU lever? And in Italy, the reduction of national debt ranks fifth – hope for debt mutualization also for past debt? One more remark: classic European policy areas such as security and defense policy do not play a major role for the respondents, with the exception of France (#5). In Germany (#10) and Italy (#11) this, in view of the current geopolitical situation, is not a priority for respondents (Figure 9).

Overall, this responses result in a relatively heterogeneous picture of expectations towards the EU. Accordingly, it is likely to be difficult to win back many respondents in favor of the EU or even to get them enthusiastic about it. If there is a common denominator among the participants in the three countries, it is most likely to be the expectation that EU policies will lead to concrete improvements in the everyday lives of those affected. In contrast, abstract concepts such as that of "European sovereignty" are less likely to catch on.

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Figure 9: Important policy areas for the EU commission, top 5, answers in %

France		Germany		Italy	
1. Climate	48%	1. Climate	50%	1. Economic Growth	54%
2. Health System	40%	2. Social Protection	49%	2. Immigration	42%
3. Inequality	39%	3. Inequality	48%	3. Bureaucracy	42%
4. Economic Growth	36%	4. Education System	42%	4. Health System	40%
5. Security & Defense	34%	5. Health System	41%	5. Public Debt	39%
...		...		...	

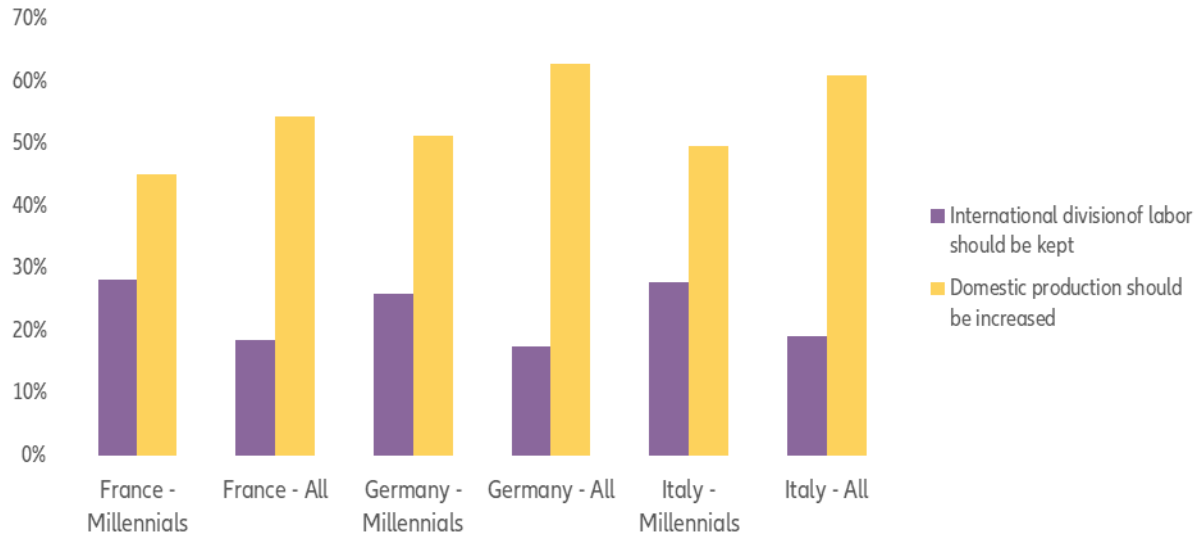
Source: Allianz Pulse 2020.

Covid-19 and globalization

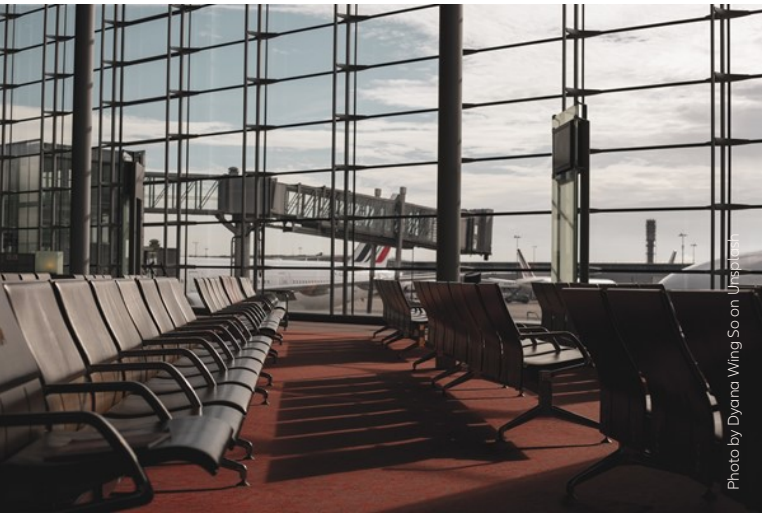
More than a few observers see the Covid-19 crisis as the death knell for globalization. Already the escalating trade dispute between the U.S. and China, with the prospect of a new "cold war" dividing the world into two blocks, had made the idea of one global market seem obsolete. With Covid-19, the logic of global supply chains is being called into question. In the future, resilience is likely to come before efficiency, which could lead to a wave of on-shoring activities.

The majority of respondents would welcome this. Generally sceptical about globalization – among all respondents in the three countries, 43% see globalization in a negative light and only 31% in a positive light – higher domestic production seems to be the order of the day, even if it should drive up prices: 63% of respondents in Germany, 61% in Italy and 54% in France agree with this statement in any case. Only a minority of <20% in each of the three countries is in favor of maintaining the international division of labor in its present form. What is interesting here is the influence of age on the answers: In all three countries it is rather the Millennials (18-34 year-olds) who argue in favor of maintaining the status quo, although they would be the first to benefit from the relocation of production back to their home countries in the form of more jobs (Figure 10).

Figure 10: On-shoring vs. international division of labor, answers in %



Source: Allianz Pulse 2020.



COVID-19 AND DIGITALIZATION: LEAPFROGGED?

The Covid-19 crisis was a huge shock for large sectors of the economy, with factories and shops closed, and events and trips cancelled. In some areas, however, Covid-19 also led to an enormous surge in demand. E-commerce, streaming services and video conferencing experienced a boom during the lockdowns. But above all, from one day to the next, millions of employees moved to the home office. Thanks to the possibilities of remote working, many companies were able to keep their operations running almost smoothly.

Covid-19 is therefore not just a temporary shock, but will lead to far-reaching and lasting changes, not least in the way we work. Existing trends have been enormously accelerated and upgraded. This is especially true for digitalization: Only ten years ago, without today's abundance of digital services, a pandemic-related lockdown would have been unthinkable. Are these experiences reflected in the participants' responses to digitalization? Only to a limited extent.

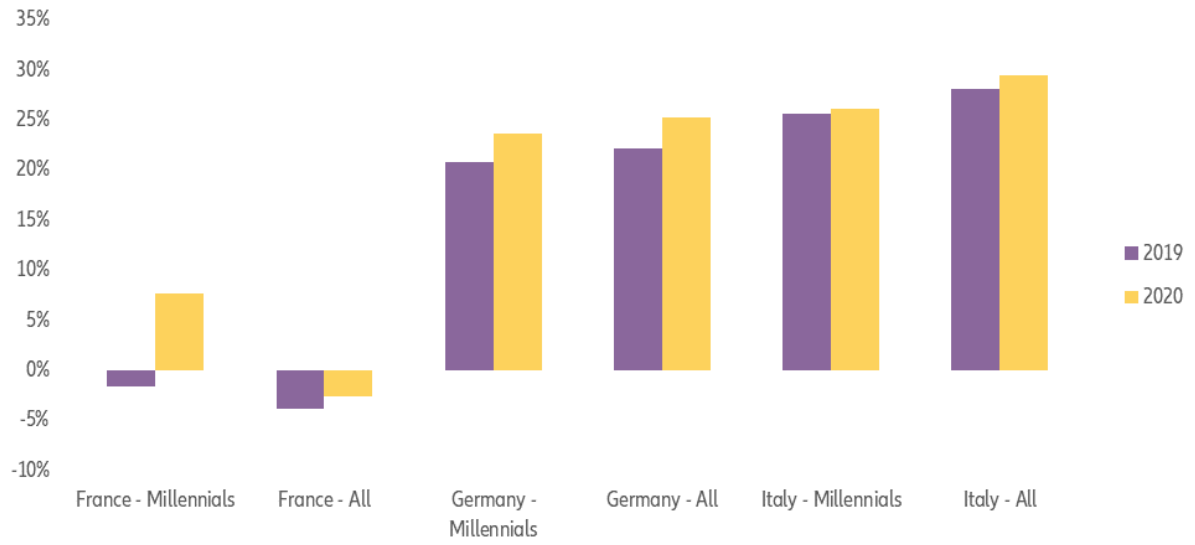
When asked whether digitalization would bring more advantages or disadvantages for the economy (or whether the advantages and disadvantages cancel each other out), the answers are almost identical to the previous year – with the national differences already known: While only 20% of French respondents see more advantages, the figures are 42% in Germany and 45% in Italy. In these two countries, the proponents of digitalization are also clearly in the majority (net percentage of 26% and 29%, respectively); this is not the case in France, where 23% of respondents are against digitalization. The age structure also differs. In Italy and Germany it is the pensioners who are most convinced of the advantages of digitalization (50% and 53%, respectively); in France, it is the Millennials (27%) – this is also the only age group in France where a majority of respondents supports digitalization. Less surprising, however, is the response by educational level. In all three countries, support for digitalization is higher among respondents with more education than in the population as a whole; in France, respondents in favor of digitalization predominate in this group (Figure 11).

The generally very sceptical attitude of the French respondents is difficult to explain. In France, too, working remotely was a lifesaver for many employees in the lockdown, and digital services were in demand as never before. Nevertheless, only a small proportion of those surveyed are convinced of the advantages of digitalization. The majority are either neutral about it (30%) or have not yet formed an opinion (26%) – this share is significantly higher than in Germany and Italy, where these two groups together make up only around 40% of respondents.

One reason for this undecided to negative attitude in France could be the fear of losing personal data on the internet. In fact, 37% of French respondents are also concerned about how their data is handled. In Germany, however, this proportion is as high as 42% (Italy: 28%). This means that German respondents should actually be even more critical of digitalization than their French counterparts.

All in all, this relatively high level of data anxiety does not give a good report card to the EU, which likes to see itself as a pioneer in data protection on the internet and two years ago introduced a groundbreaking regulation in the form of the General Data Protection Regulation. However, it must be noted that the share of respondents who see data security on the internet as problematic has fallen significantly in France and Italy: last year it was 59% (France) and 45% (Italy). In contrast, no trend is discernible in Germany (41% in 2019). The lack of confidence in data security also has tangible consequences for combating the pandemic. Around one third of respondents in all countries – 38% (France), 34% (Germany) and 27% (Italy) – refuse to share personal data via a Covid-19 tracing app to track the path of infection. In France, this figure exceeds that of potential active app users.

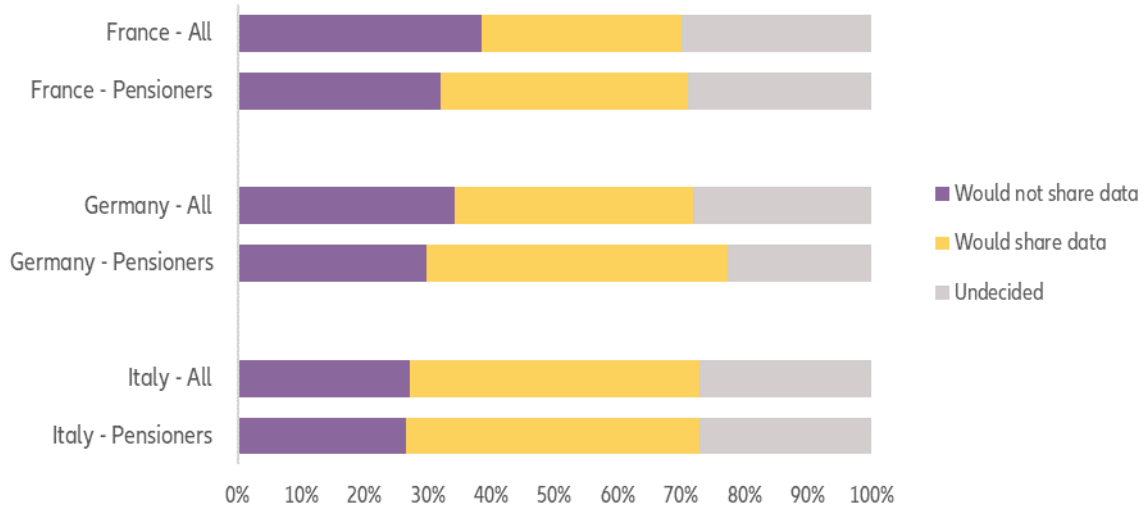
Figure 11: Assessment of EU membership, net percentage[5] in %



Sources: Allianz Pulse 2020, Allianz Pulse 2019

In all three countries, the rejection rate is lowest among pensioners, the largest risk group (Figure 12). These results should also be interpreted with caution. After all, almost 30% of the respondents in all three countries are undecided on this question. However, the lower willing ness of younger population groups to actively use a Covid-19 tracing app – especially in France and Germany – could be interpreted as an indication of a lack of solidarity. Even in the crisis, social cohesion between generations seems fragile. Italy comes off best in this respect by far.

Figure 12: Acceptance of Covid-19 tracing apps, answers in %



Source: Allianz Pulse 2020.

[5] Net percentage: difference of respondents who see more advantages in EU-membership and those who see more disadvantages.

CLIMATE CHANGE: THE REAL THREAT?

Before the Covid-19 crisis strangled the world, the world – or at least large parts of it – was united in its fight against another existential threat: climate change. In recent months, 'this issue has been pushed into the background out of necessity; due to halted activity during lockdowns, emissions of climate-damaging gases are even likely to fall this year. But the fight against climate change has of course lost none of its urgency. On the contrary, quite a few observers see in it the key to overcoming the economic crisis caused by Covid-19, i.e. through massive investments in green infrastructure.

Do the participants in this year's Allianz Pulse agree with this view? Yes and no. When asked to rank six different social goals – job security, affordable food, energy supply, climate protection, economic growth and preserving the way of life – about a third of respondents in all three countries put climate protection first (France: 34%, Germany: 31%, Italy: 31%). Jobs follow by a wide margin, with around 20% of those surveyed giving this topic top priority (France: 24%, Germany: 19%, Italy: 19%). For many participants, therefore, climate protection does indeed appear to be the most important task for the coming years.

But the level of one third is rather below expectations. The dominance of the topic of climate protection is further relativized if not only the top priority is taken into account, but also the share of respondents who put the topic in one of the first three places. In the case of climate protection, this is 60% of respondents on average in the three countries, but it is 61% in the case of jobs. Under this method, this topic is slightly ahead in all three countries: France: 63% vs. 62%, Germany: 60% vs. 58% and Italy: 59% vs. 58%. The unanimity of the respondents in all three countries is remarkable. Above all, this shows that a majority of them are by no means prepared to subordinate everything else to the goal of climate protection. The spirit of the Yellow Vest protests is still virulent. Climate protection with a crowbar will not work (Figure 13).

Two further results from this question: The German respondents live up to their reputation as 'discount lovers', with 48% putting the goal of affordable food in one of the first three places, compared to 40% of the French and 42% of the Italian respondents. And the Italian participants seem to be the only ones who attach great importance to the topic of economic growth: 53% (top 3) compared to 40% in Germany and 35% in France; the French respondents seem to be down-

Figure 13: Ranking of society's goals, answers (top 3) in %

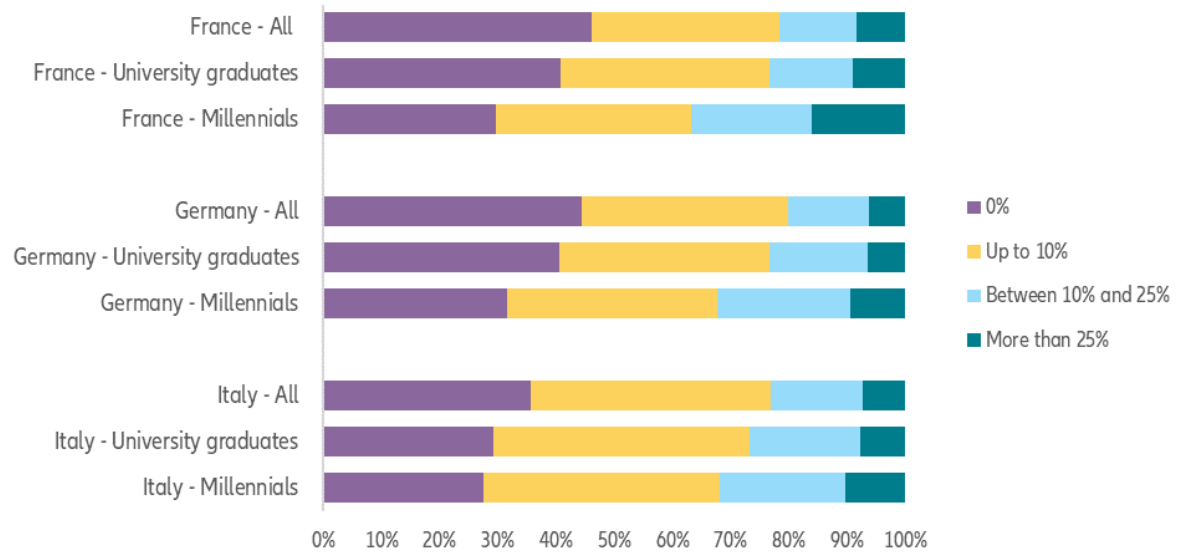
France		Germany		Italy	
1. Secure Jobs / Competitiveness of Companies	63%	1. Secure Jobs / Competitiveness of Companies	60%	1. Secure Jobs / Competitiveness of Companies	59%
2. Climate Protection	62%	2. Climate Protection	58%	2. Climate Protection	58%
3. Safety and Cost of Energy	50%	3. Safety and Cost of Energy	48%	3. Safety and Cost of Energy	53%
...		...		...	

Source: Allianz Pulse 2020.

right hostile to growth: 24% of them assign the least urgency to this topic and this is the highest value among all the six social goals.

Another issue related to climate protection – the willingness to pay more for climate-friendly products – shows that the majority of respondents have economic concerns firmly in their minds. On average, around 46% of French and 44% of German respondents say they are not prepared to pay more for climate-friendly products – in other words, just under half each. And of those who would pay more for climate-friendly products, 32% (France) and 35% (Germany) are only prepared to accept a maximum of 10% higher prices. Genuine willingness to pay looks different. In Italy, on the other hand, only 36% of those surveyed are unwilling to pay; 41% would pay up to 10% more. Even when it comes to housing – where an absolute majority in both France and Germany is not prepared to accept higher prices – those unwilling to pay more remain in the minority among Italian respondents. However, even in Italy the group of respondents who would be prepared to pay significantly higher prices is very small, at just over 20%, as in France and Germany. With regard to age and level of education, the expected correlations become apparent: within the three countries the willingness to pay increases slightly with the level of education – which can be seen as a proxy for the level of income – and decreases slightly with age (Figure 14).

Figure 14: Willingness to pay more for climate-friendly products, average for eight product categories, answers in %

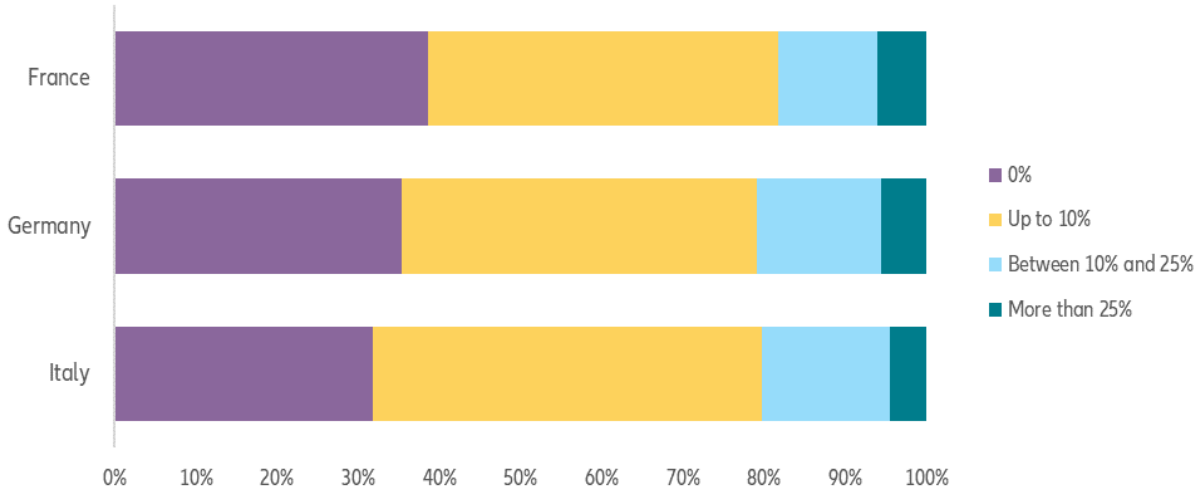


Source: Allianz Pulse 2020.

Photo by Mika Baumeister on Unsplash

Respondents are somewhat more open-minded about a carbon tax. When asked how such a tax should affect the price of petrol, for example, a majority of respondents in all three countries – 43% (France), 44% (Germany) and 48% (Italy) – concede that price increases of up to 10% are appropriate. However, a good third of respondents – 39% (France), 35% (Germany) and 32% (Italy) – also believe that there should be no price increases – in other words, they flatly reject the concept of a carbon tax, the internalization of environmental costs to change consumer habits. This is also consistent with the fact that only a minority of about 20% in all three countries considers price increases of 10% and more to be right. As with the willingness to pay for climate-friendly products, the answers follow a clear pattern according to age and level of education. Overall, however, these answers show that a "real" carbon tax that adequately reflects the costs of climate change and can thus influence consumption behavior in the direction of climate protection is unlikely to meet with much approval among the respondents (Figure 15)

Figure 15: Impact of a carbon tax (adequate price increases for gasoline), answers in %



Source: Allianz Pulse 2020.

As reluctant as many participants are when it comes to their own (financial) commitment to climate protection, they are just as demanding towards third parties – especially companies. When asked how companies should behave in order to become climate-neutral, around a third of respondents in all three countries share the view that it is sufficient to comply with the political framework conditions and regulations. However, just under half of all respondents expect companies to take a pioneering role, for example by adjusting production processes and product ranges immediately, even if this could jeopardize profits and jobs. The issue of climate protection is therefore likely to remain a sensitive one even after Covid-19. There is broad agreement among the respondents about its fundamental importance. However, this is not the case with the question of the costs of the 'green transformation' and their distribution. Very few respondents seem prepared to make deep cuts. After the pandemic-induced economic slump of recent months, this is hardly surprising, but it still represents a major challenge for policymakers. Climate policy remains a tightrope walk between what is socially desirable and what is personally acceptable. At the same time, it is to be feared that many decision-makers will misinterpret the experience of the Covid-19 crisis and succumb to the temptation of supposedly unrepentant debt-making. This would be a Pyrrhic victory for the 'Generation Greta', who will end up footing the bill.

Appendix I

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:
  3,143 persons (1,045 from France, 1,049 from Germany, 1,049 from Italy)
- Sampling method:
  Representative quota sampling. Qualtrics was given quotas for 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 and date of survey
  Web-based survey, 17.07.2020 – 24.07.2020

Statistics

- Sex (in % of respondents)

	France	Germany	Italy
Male	47.5	48.4	48.4
Female	52.5	51.6	51.6

- Age (in % of respondents)

	France	Germany	Italy
18 – 34	26.1	25.1	21.9
35 – 49	25.2	24.0	27.1
50 – 64	25.2	26.0	25.3
65 +	23.5	24.9	25.7

- Education (in % of respondents)

	France	Germany	Italy
Primary (Middle school or comparable)	2.0	1.1	8.7
Secondary (High school or comparable)	61.8	77.5	59.0
Tertiary (University or comparable)	36.2	21.4	32.3

Indicator Construction

The Allianz Personal Future Indicator (APFI)

This indicator measures people's general and personal expectations for the post-corona economy. It is calculated as the (unweighted) average of answers to the following five questions:

- Assessment of future prospects for the economy at large: net percentage of people saying very and fairly good
- Assessment of future prospects for the younger generation: net percentage of people saying very and fairly good
- Fear of losing one's job: net percentage of people who are not concerned
- Assessment of personal future prospects: net percentage of people saying very and fairly good
- Consumption behavior after the corona crisis: net percentage of people who plan to consume more

The indicator can take values between +100 and -100. Positive values show that more people look optimistically to the future; negative values show that optimists are outnumbered by the pessimists.

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