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Allianz Research

United in pessimism

Allianz Pulse 2022

Executive Summary



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- After three months of the Russian invasion of Ukraine, Europe's economy is in a very unstable state, making it the right moment to check the pulse in Germany, France and Italy. In May, we at Allianz decided to interview 1,000 people in each country about their views on political and economic issues, as well as their expectations for the future.
- **United in pessimism:** The majority of respondents consider the current economic situation to be bad. There is still, however, a large gap between German respondents on the one side (net percentage: -16%), and French and Italian respondents on the other (-46% and -48%, respectively). This is rather surprising, given the German economic model's dependence on cheap energy from Russia, which makes the country more vulnerable than the other two. Moreover, for the first time in our Pulse surveys, the assessments of the future are even gloomier than those of the present in all three countries. Hope for better times is vanishing.
- **The war is still far away:** Health and economic issues such as jobs and inflation continue to dominate the thinking of the majority of respondents. The differences between the countries speak for themselves: In Germany, inflation is the top issue on the minds of respondents (57%); in Italy, it is by far concern about jobs (72%), while French respondents still seem to have the Covid-19 shock on their mind (62%). But there is unanimity on the topic of geopolitics – it plays only a minor role for most respondents. In both Italy and Germany, it appears only in fifth place; in France, this topic even ranks among the “least important”, after concerns about terrorism and immigration.
- **Not only for the poor:** There is a broad consensus that governments should take action against inflation: only a very small minority of less than 5% among all respondents believes that doing nothing is the best option. In terms of instruments, there is also generally strong support for price controls and tax cuts. In contrast, only about 10% of respondents are in favor of targeted support for vulnerable households; (expensive) blanket measures such as tax cuts have about three times more support. Surprisingly, targeted support finds the least acceptance among low-income households – the potential beneficiaries of such measures – perhaps out of a fear of ending up empty-handed (the so-called FOMO syndrome).
- **Different views on the euro:** Although the majority of respondents in all three countries expect the Ukraine war to increase solidarity among EU members, fundamental views on the EU and the euro remain as if set in stone. German respondents continue to be consistently “pro-European” – supporters of the EU and the euro are in the majority (net percentages of +15% and +5%, respectively in 2022). France (-15% and -13%, respectively) and Italy (-5% and -20%, respectively), on the other hand, paint a diametrically opposed picture: the “anti-Europeans” are in a stable majority. At least in Italy, the rejection of EU membership has weakened somewhat in the last two years. But this does not apply to the euro: 44% of Italian respondents see more disadvantages than advantages in the euro.

- **A new generational fault line:** One legacy of the Covid-19 crisis is a significant increase in debt. Only a small minority of about 15% of the respondents seem to adhere to the „New Monetary Theory,“ i.e., paying no attention to the debt problem and advocating a permanent suspension of debt rules. In this respect, there is unanimity among the age groups. Otherwise, however, the approach differs significantly. While the majority of younger respondents are in favor of a consistent debt reduction (35% in Gen-Z), this proportion drops to about half in the boomer generation (18%). In contrast, the opposite is true of attitudes toward the mutualization of debt: Older respondents in particular are in favor of this step (35%), while Gen-Z respondents are significantly more skeptical (23%). The debt problem feeds part of the younger respondents’ anxiety about the future; if not handled properly, it could increase intergenerational inequality.
- **Open (only) for friends:** The question of the advantages and disadvantages of globalization has always been a bone of contention among Allianz Pulse respondents. The majority of French respondents are consistently “opponents of globalization” (net percentage of -15% in 2022) while the majority of German respondents are consistently “globalization supporters” (+20%); Italian respondents fall between these two poles (-0%). However, these different attitudes are only weakly echoed in the question about the future shape of globalization, which asks about preferred trading partners. The globalization-skeptical French respondents show the greatest inclination to limit trade to the EU from now on (22%); among the German and Italian respondents, this percentage is 15%. However, only a small minority of respondents – 9% in France, 8% in Germany and 12% in Italy – would like to see brisk trade with Asia and Africa. On the other hand, significantly more respondents would like to be as independent as possible (24% in France and Italy, 19% in Germany). The respondents obviously want a new mode of international division of labor.
- **Holding course to Net-Zero:** Given the looming energy crisis, with ever-rising prices and possible rationing, there are many voices that claim that the decarbonization of the economy will have to wait for now. Among our respondents, however, only about one fifth to one quarter hold this position. The large majority – 39% in France, 46% in Germany and 47% in Italy – is not willing to sacrifice decarbonization to the altar of energy independence. Another surprise, given the recent surge in energy prices, is that the number of those in favor of carbon prices has almost doubled compared with the previous year. Although it still remains at a relatively low level, 17% of French respondents (2021: 9%), 16% of German respondents (8%) and 19% of Italian respondents (11%) now hold the opinion that pricing carbon emissions is the best means of combating climate change. Respondents continue to place the most trust in researching and developing new technologies (37% on average).
- **Money and climate protection don’t mix well:** Only relatively few respondents – 21% in France, 23% in Germany and only 13% in Italy – are fundamentally unwilling to do anything personally to combat the climate crisis, ranging from changing diets and travel patterns to retrofitting homes. The willingness to pay for climate-friendly products, however, remains subdued, to put it mildly. Overall, only slightly more than 10% of respondents would be willing to accept price increases of over 10%. However, there are significant differences between the generations. Among Gen-Z respondents, this share is 19%; among those from the boomer generation, it falls to 5%. The major challenge in the coming years will therefore probably lie less in the transformation as such than in the question of how to shape a just transition.



The survey

After three months of the Russian invasion of Ukraine, Europe's economy is in a very unstable state, making it the right moment to check the pulse in Germany, France and Italy. For the fourth year in a row¹, 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 and economic issues, as well as their expectations. All in all, we asked more than 30 questions, ranging from those on the current economic and political situation at the national and EU levels to climate policy, digitalization and globalization. The survey was conducted over end-May and the beginning of June via an online questionnaire.

¹ For the previous editions of the Allianz Pulse, see here: [Publications \(allianz.com\)](https://www.allianz.com/publications)

44%

The share of Italian respondents that see more disadvantages than advantages in using the euro

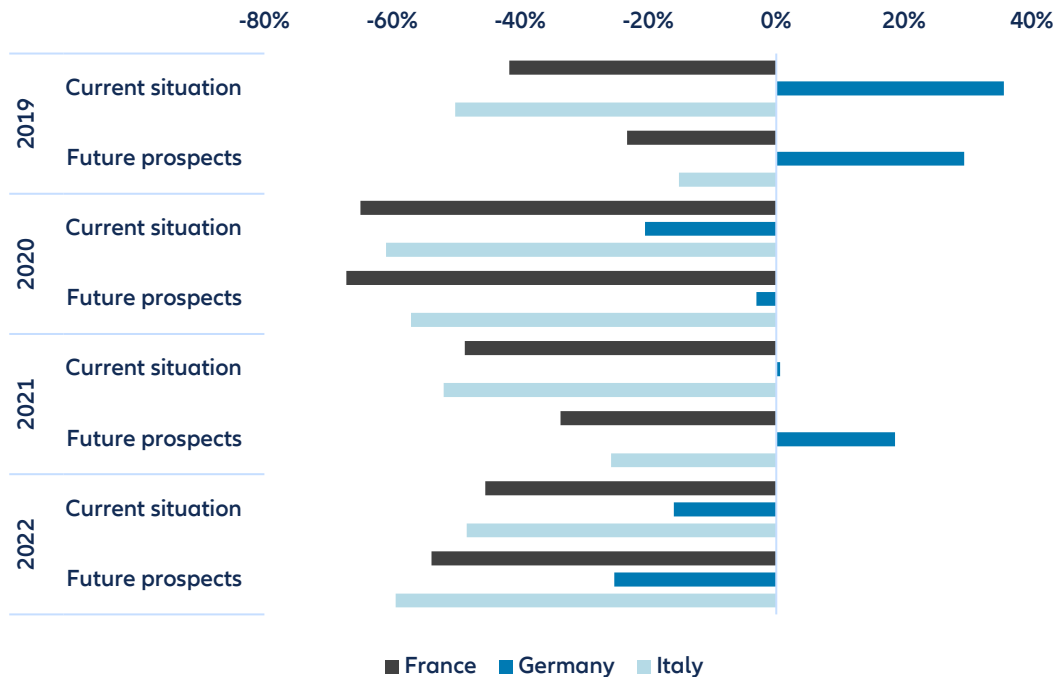


Navigating a permanent crisis mode

War, inflation shocks and supply bottlenecks: it is hardly surprising that the majority of respondents consider the current economic situation to be bad. Two other observations are rather surprising: Since the absolute low point in 2020, following the immediate impact of the Covid-19 crisis and strict lockdowns, the mood among French and Italian respondents has improved somewhat – if net percentages of -46% (France) and -48% (Italy) can be spoken of as an improvement in mood at all. For this percentage means nothing other than that in France, for example, there are around 460 more pessimists than optimists among 1,000 respondents; in other words, for every participant who assesses the situation as good, there are almost three who assess it as bad (see Figure 1).

In previous editions, the sentiment in Germany has usually been better but this year it has also taken a clear turn for the worse: Pessimists now clearly outnumber optimists in Germany, too (net percentage: -16%). However, the large gap compared to France and Italy is still surprising. After all, the German economic model, with its dependence on cheap energy from Russia and other inputs from all over the world, is more affected by the war in Ukraine than the other two countries in the survey. Thus, in 2022 (as in 2021), growth in Germany is likely to lag that in France and Italy.

Figure 1: How would you assess the current economic situation in your country? How do you assess the future prospects of your country's economy? Net percentages*



*Net percentages are defined as the difference between the sum of the percentages of participants responding "very good" and "fairly good" and the sum of the percentages of participants responding "fairly bad" and "bad".

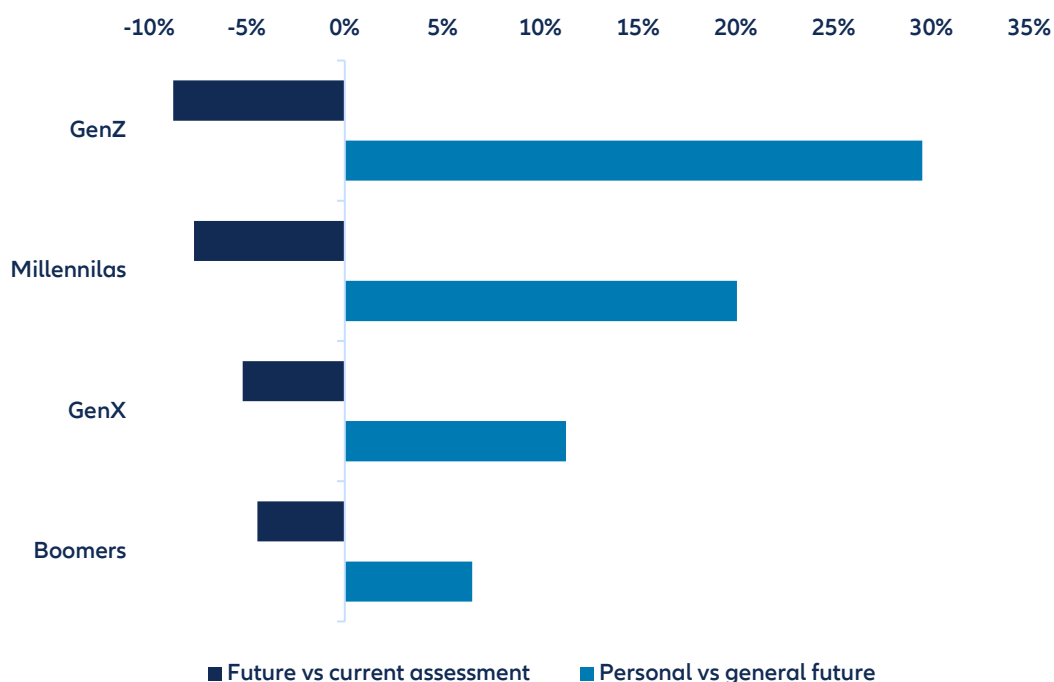
Sources: Allianz Pulse 2022, Allianz Pulse 2021, Allianz Pulse 2020, and Allianz Pulse 2019

And there is something else that distinguishes this year's survey: the assessments of the future are even gloomier than those of the present. In all three countries, there are even more respondents pessimistic about the future. In previous surveys, it was usually the other way around, especially in Italy: hope for better times died last (see Figure 1).

All in all, this results in a sobering picture, not only for 2022 but also for the previous years. In 2019 and 2021, only the German participants were reasonably satisfied with the prevailing economic situation or optimistic in their expectations – although these hopes proved to be clearly too rosy both in 2019 (because of Covid-19) and 2021 (because of the striking supply problems) in retrospect. In France and Italy, however, the pessimists have dominated, with the simple average of net percentages close to -50%. It is therefore certainly no exaggeration to state that the respondents in these countries live in a perceived permanent crisis.

Pessimism about the future is particularly pronounced among the younger participants. However, this is only the case when it comes to assessing the economy as a whole. Looking at their own future, the participants are clearly more optimistic, which could reflect the well-known phenomenon of optimism bias in which people are always more positive about their own prospects in general crises – a kind of self-protection mechanism. We find a statistically significant relationship between age and these expectations (see Figure 2, next page).

Figure 2: Future versus current assessment and personal versus general future prospects, net percentages* by generations**



*Future vs current assessment: Net percentages are defined as the difference between the sum of the percentages of participants responding "very good" and "fairly good" with regard to future prospects and the sum of the percentages of participants responding "very good" and "fairly good" with regard to the current assessment.

Personal vs general future: Net percentages are defined as the difference between the sum of the percentages of participants responding "very good" and "fairly good" with regard to personal future prospects and the sum of the percentages of participants responding "very good" and "fairly good" with regard to general future prospects.

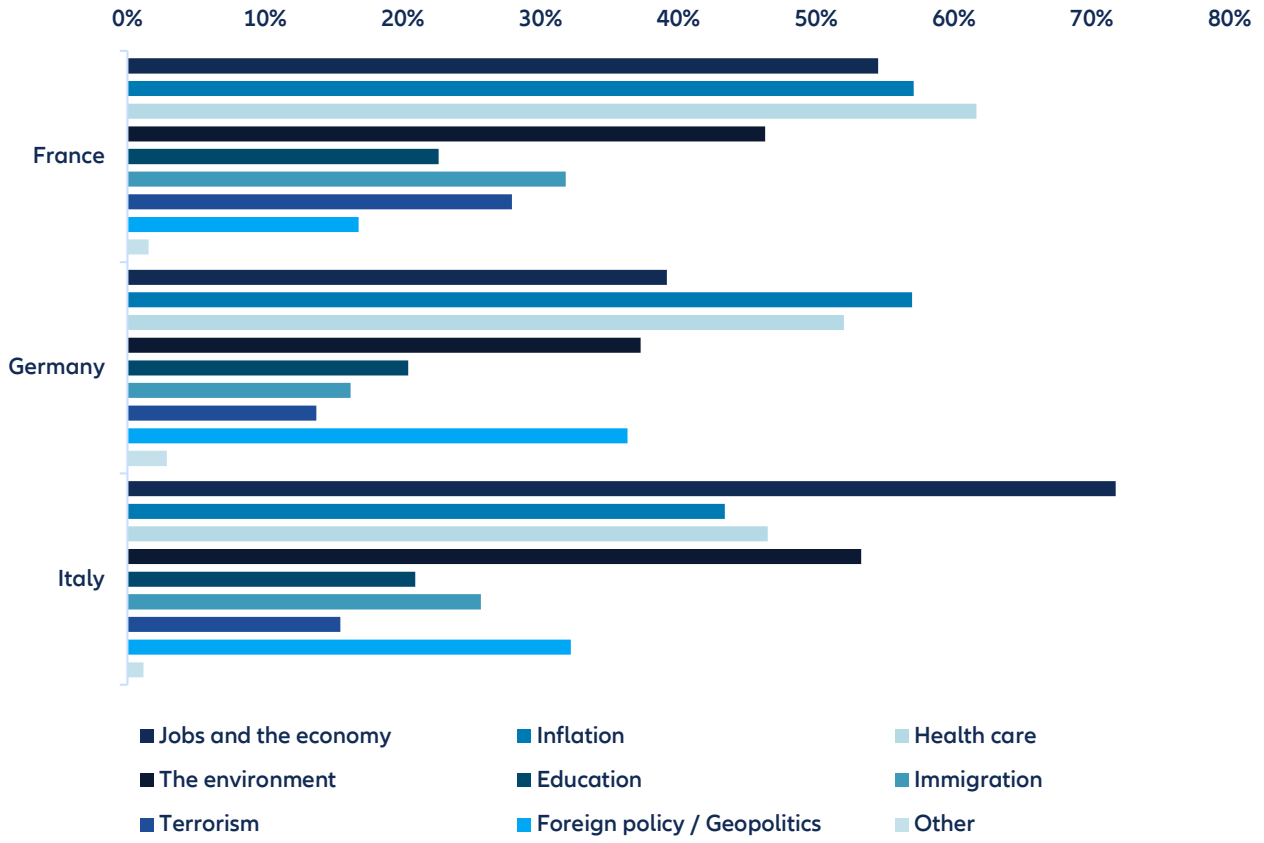
**Gen-Z: age cohort 1997 to 2010; millennials: age cohort 1981 to 1996; Gen-X: age cohort 1965 to 1980; boomers: age cohort 1946 to 1964.

Source: Allianz Pulse 2022

Our hypothesis that the pronounced pessimism would primarily be influenced by the real horror of the war in Ukraine was not confirmed by the results of the survey. Health and economic issues such as jobs and inflation continue to dominate the thinking of the majority of respondents (on the subject of inflation, see also the following box). The differences between the countries speak for themselves: In Germany, inflation is the top issue on the minds of respondents (57%); in Italy, it is by far concern about jobs (72%), while French respondents still seem to have the Covid-19 shock on their mind (62%). Only when it comes to the environment do the answers not necessarily correspond to expectations: German respondents show themselves to be the least concerned about the environment, with only 37% of respondents currently considering this a top issue, compared to 46% in France and 53% in Italy (see Figure 3, next page).

In contrast, there is unanimity on the topic of geopolitics – it plays only a minor role for most respondents. In both Italy and Germany, it appears only in fifth place; in France, this topic even ranks among the „least important,“ after concerns about terrorism and immigration. Does this reflect a certain „war fatigue“? It's hard to say, but it is more likely that respondents generally attach greater importance to issues and concerns that affect them directly – rising prices for everyday purchases, the threat of losing their jobs or fear of contracting Covid-19 – than to more abstract threats such as a change in the geopolitical climate.

Figure 3: Which of the following issues matter the most to you right now? Answers in %



Source: Allianz Pulse 2022

57%

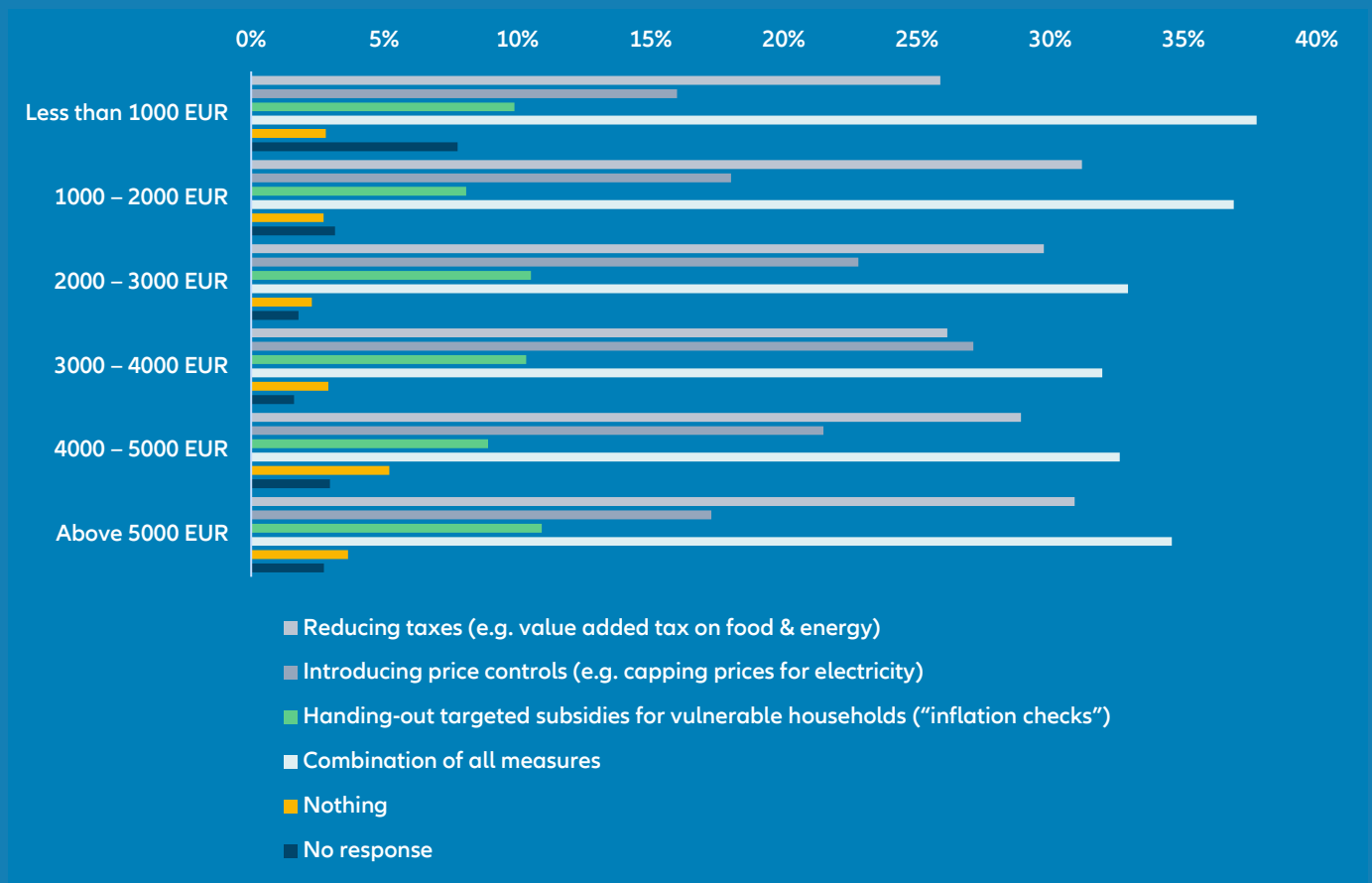
The share of German respondents who say that inflation is their biggest concern right now

Fighting inflation

The fight against rampant inflation has long been waged not only by monetary policy. Governments are also doing everything in their power to combat rising energy prices, whether through direct intervention in the market or (temporary) tax cuts. How do the respondents view this? There is a broad consensus that governments should take action: only a small minority of less than 5% believe that doing nothing is the best option. In terms of instruments, there is also generally strong support for government action: price controls and tax cuts have the largest number of supporters. In contrast, it is surprising that only about 10% of respondents are in favor of targeted support for vulnerable households; (expensive) blanket measures such as tax cuts have about three times more support. And even more surprisingly, targeted support finds the least acceptance especially among low-income households – the potential beneficiaries of such measures (see Figure 4).

Where does this come from? Perhaps among these respondents, too, the fear of ending up empty-handed, i.e., not being among the group of beneficiaries, is too great. Alternatively, the majority of respondents – regardless of which income group they belong to – are possibly more in favor of quick measures that are easy to implement – even if their effectiveness may be controversial, as seen by the discussion about the fuel rebate in Germany. In any case, the survey results demonstrate strong support for the course taken by the respective governments.

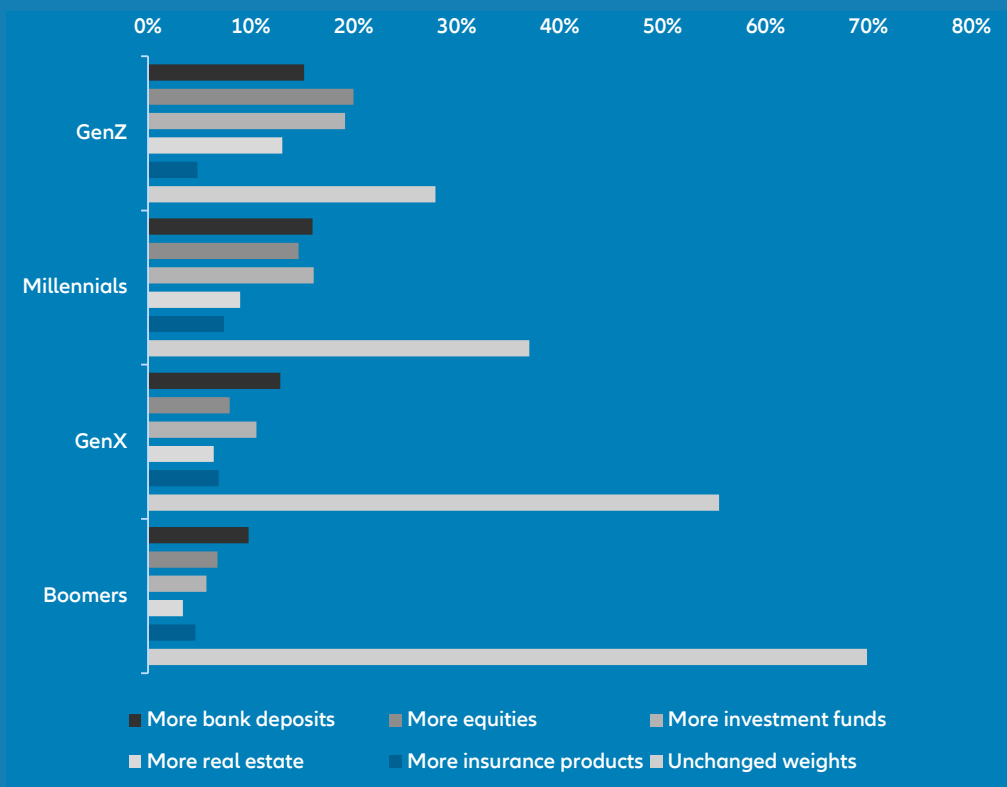
Figure 4: Inflation has surged. What should your government do to mitigate the impact? Answers in %



Source: Allianz Pulse 2022

And how do the respondents fare in their “personal” fight against inflation, especially with regard to their own savings? Around 50% of respondents have not taken any action in this regard, i.e. they have not made any changes to the portfolio structure of their financial assets. However, there are major differences between the generations in this respect: While 70% of boomers choose this option, it is only less than half among Gen-Z respondents (28%). Likewise, clear differences can be seen in preferences for specific financial products. As many as 20% of the youngest respondents say they prefer equities in times of high inflation; among the oldest respondents, this percentage is only 7%. Across all generations, on the other hand, the bank account enjoys relatively high popularity; for the older generation, it is even the first option when portfolio shifts are made. There may be two explanations for this: In times of high uncertainty, there is generally an inclination toward liquid investments, along the lines of „keeping powder dry.” Second, the interest rate turnaround could lead some to be blinded by the new prospect of positive interest rates, after years of zero or even negative interest rates, even if the promised nominal interest rates are far below the prevailing inflation rate (see Figure 5a).

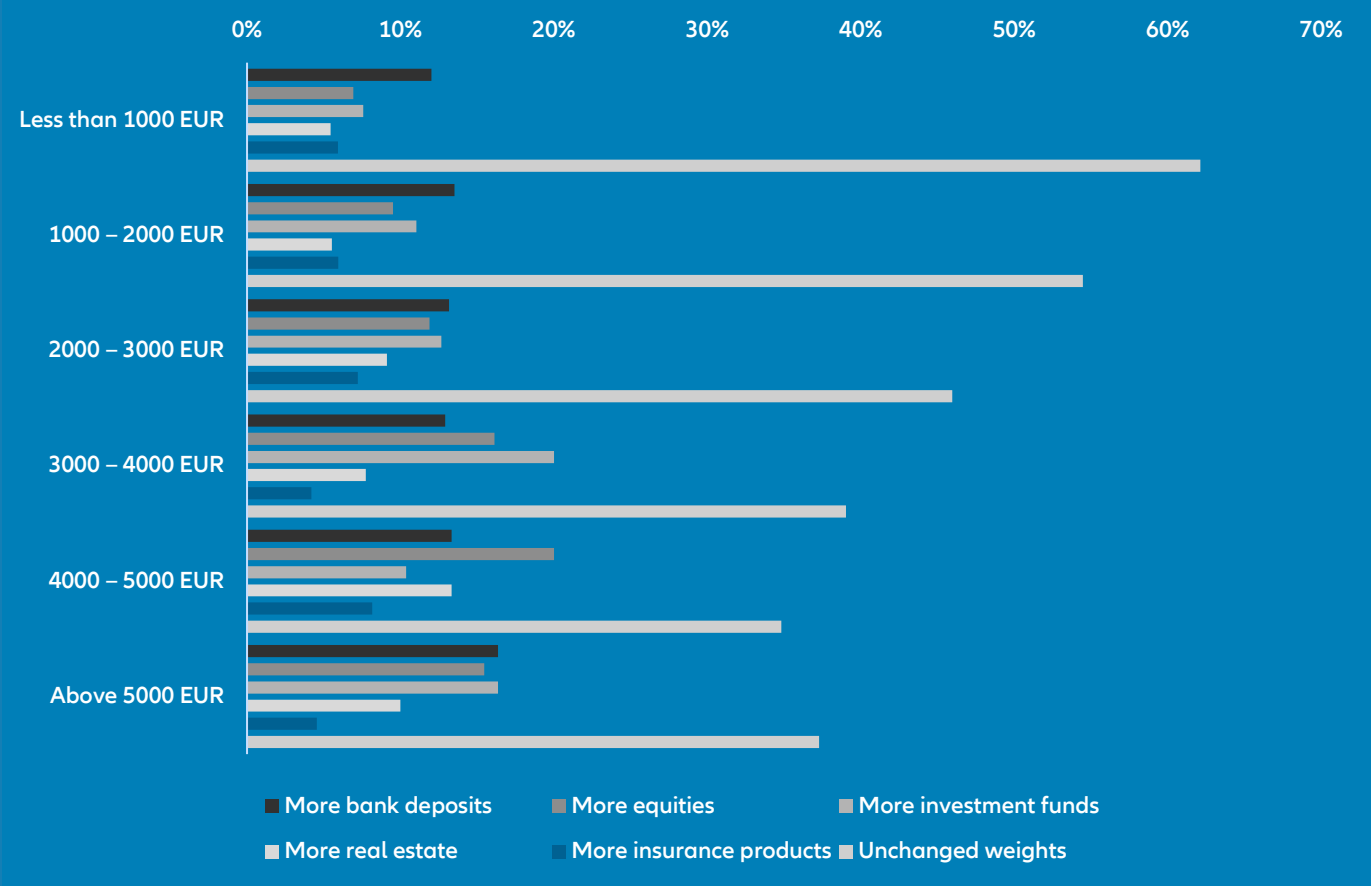
Figure 5a: In comparison to pre-inflation times, which savings products will you give more weight in your portfolio in the future? Answers in % by age*



*Gen-Z: age cohort 1997 to 2010; millennials: age cohort 1981 to 1996; Gen-X: age cohort 1965 to 1980; boomers: age cohort 1946 to 1964.
Source: Allianz Pulse 2022

A similar picture emerges when the responses are stratified by income group. Here, too, the most popular option by far across all groups is passivity, i.e. maintaining the current portfolio structure. Likewise, all groups seem to approve of bank deposits as the financial instrument of choice in times of inflation. In contrast, there are differences in the case of equities and investment funds: Their attractiveness increases with income and is about twice as high in the higher income groups as in the lower ones. However, this is largely in line with expectations (and the results of other surveys) that higher-risk investments require certain buffers for possible losses, which are mainly available only among the higher income groups (see Figure 5b).

Figure 5b: In comparison to pre-inflation times, which savings products will you give more weight in your portfolio in the future? Answers in % by income



*Gen-Z: age cohort 1997 to 2010; millennials: age cohort 1981 to 1996; Gen-X: age cohort 1965 to 1980; boomers: age cohort 1946 to 1964. Source: Allianz Pulse 2022



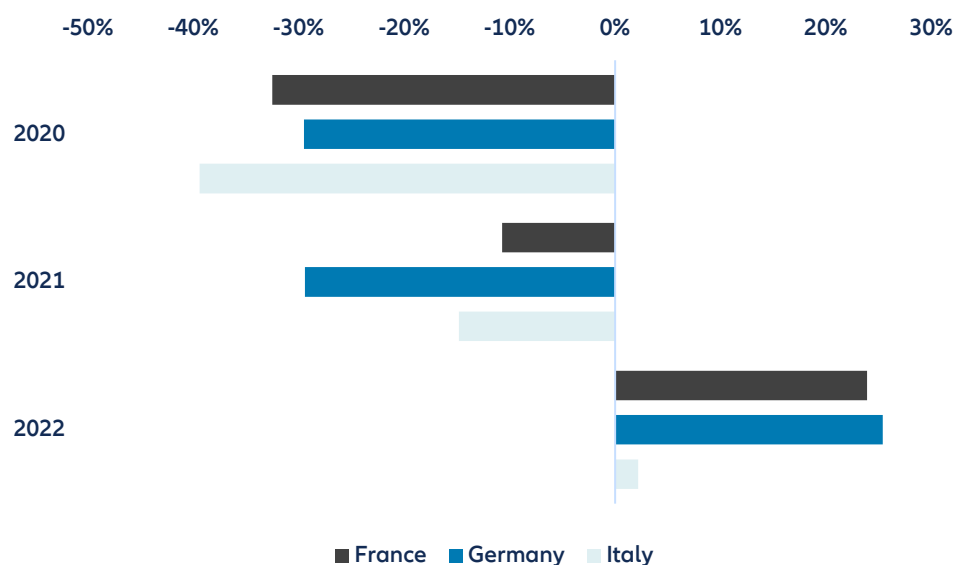
Photo by Kitti Kittus on Unsplash

Never waste a good crisis

Times of crisis have not always been the worst times for the EU. Under external pressure, integration has often leapt forward as compromises were then easier to achieve. For example, after the financial and euro crises, the ESM (European Stability Mechanism) and the banking union – though not yet completed – saw the light of day. And in response to the Covid-19 crisis, the NGEU (Next Generation EU) program was launched, which provides grants under rather flexible conditions (in contrast to its predecessor, the ESM, which only provided loans under strict conditionality). Add to this the creation of dedicated financial instruments to fund the NGEU program for the EU Commission and it is clear that the EU has moved in the direction of a proto-fiscal union.

It is still too early to speculate on whether the Ukraine war will also give further integration more momentum. At present, the impetus rather points to an overcoming of „enlargement fatigue.“ But what do respondents expect in this regard? In contrast to the past two years, this time the majority of respondents in all three countries expect the Ukraine war to increase solidarity among EU members. This is certainly a reaction to the unity shown by the EU in the face of the Russian war of aggression from the very beginning; after the outbreak of Covid-19, on the other hand, there was a period of disorientation, with uncoordinated border closures and solo efforts to procure medical supplies (see Figure 6).

Figure 6: What will be the consequences of the Ukraine war for the EU? Solidarity between members will become stronger or weaker? Net percentages*



*Net percentages are defined as the difference between the percentages of participants responding “stronger” and the percentages of participants responding “weaker”.

Sources: Allianz Pulse 2022, Allianz Pulse 2021 and Allianz Pulse 2020

However, the economic policy issues that a stronger EU should address have hardly changed since the previous year. Inequality and growth continue to be of central importance for the respondents. National characteristics have also remained more or less the same: While French respondents would like to see greater tax harmonization, German respondents tend to focus more on education issues; Italian respondents, in turn, want to see measures to tackle youth unemployment above all (see Figure 7a, next page).

However, the picture changes when asked about the foreign policy orientation of the EU. At least among French and German respondents, the strengthening of military capabilities is now also high on the list (in Italy, this item ranks fourth). In contrast, in the previous year, defense issues hardly played a role: In Germany, this item ranked 9th, in France 6th and in Italy 7th (out of 10 foreign policy issues selected in each case). The reasons for this shift in emphasis are obvious. Two further observations are interesting: French respondents pay relatively less attention to trade policy issues (rank

4) than German and Italian respondents (rank 2 and 1, respectively). In contrast, the powerful representation of European interests on the world stage is of particular importance to them; this also applies – albeit to a lesser degree – to Italian respondents, but hardly to German respondents (rank 6). As in the previous year, however, the respondents are largely in agreement on one point: Without internal cohesion, the EU’s foreign policy is doomed to failure (see Figure 7b, next page).

Figure 7a: In your view, what are the most important policy areas on which the EU Commission should focus in order to build an economy that works for the people? Top three answers

France		Germany		Italy	
2021	2022	2021	2022	2021	2022
Inequality	Economic growth	Inequality	Inequality	Economic growth	Economic growth
Economic growth	Inequality	Education system	Economic growth	Youth unemployment	Youth unemployment
Tax harmonization	Tax harmonization	Removal of red tape	Education system	Removal of red tape	Inequality

Sources: Allianz Pulse 2022, Allianz Pulse 2021

Figure 7b: In your view, what are the most important policy areas on which the EU Commission should focus to build a stronger Europe in the world? Top three answers

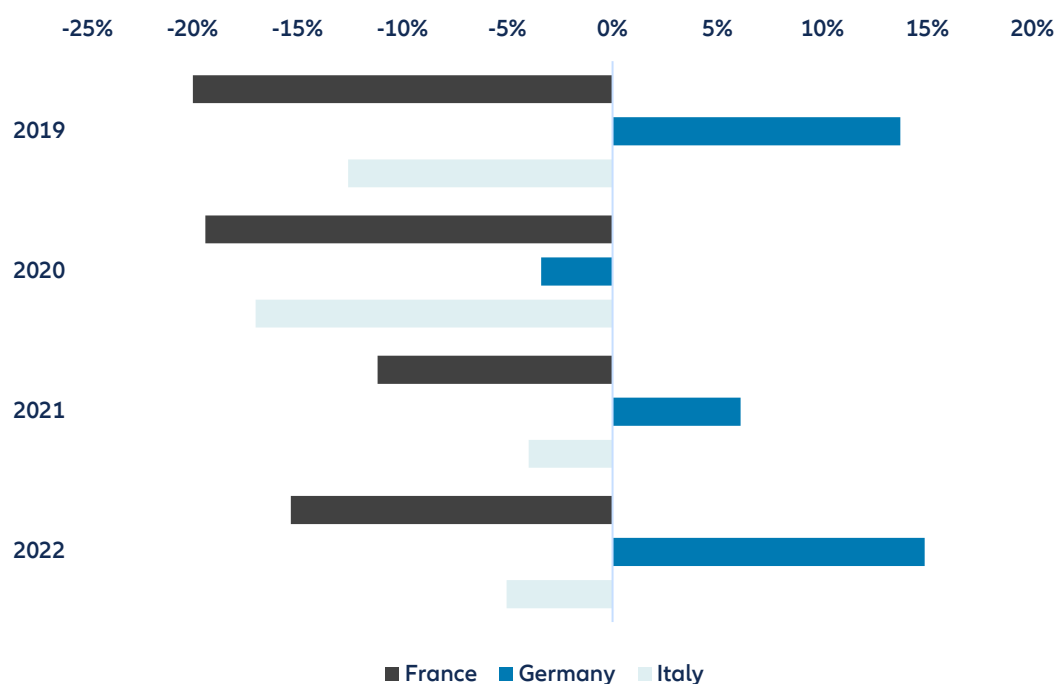
France		Germany		Italy	
2021	2022	2021	2022	2021	2022
Europe first	Europe first	Internal cohesion	Internal cohesion	Internal cohesion	Openess to trade
Internal cohesion	Military capabilities	Openess to trade	Openess to trade	Europe first	Internal cohesion
Superpower status	Internal cohesion	Europe first	Military capabilities	Openess to trade	Europe first

Sources: Allianz Pulse 2022, Allianz Pulse 2021

Despite the expected surge in solidarity, however, fundamental views on the EU and the euro remain as if set in stone. Only German respondents have shown themselves to be consistently „pro-European“ over all these years – supporters of the EU and the euro are once again in the majority (net percentages of 15% and 5%, respectively). However, even in Germany, 24% (EU) and 30% (euro) of respondents see more disadvantages than advantages in the respective membership (compared with 39% and 35% of respondents who see more advantages). France and Italy, on the other hand, paint a diametrically opposed picture: the “anti-Europeans” are in a stable majority. Against the backdrop of these figures, it becomes understandable

why anti-EU populism has been so successful in these two countries (and once again underscores President Macron’s special achievement in winning re-election with a decidedly European campaign). Even the many joint programs to overcome the crises seem to have done little to change this Eurosceptic attitude, although in Italy the rejection of EU membership has at least weakened somewhat in the last two years. This does not apply to the euro, however: 44% of Italian respondents see more disadvantages than advantages in the euro; only 24% of respondents hold the opposite view (the rest are neutral or undecided, see Figures 8a and 8b).

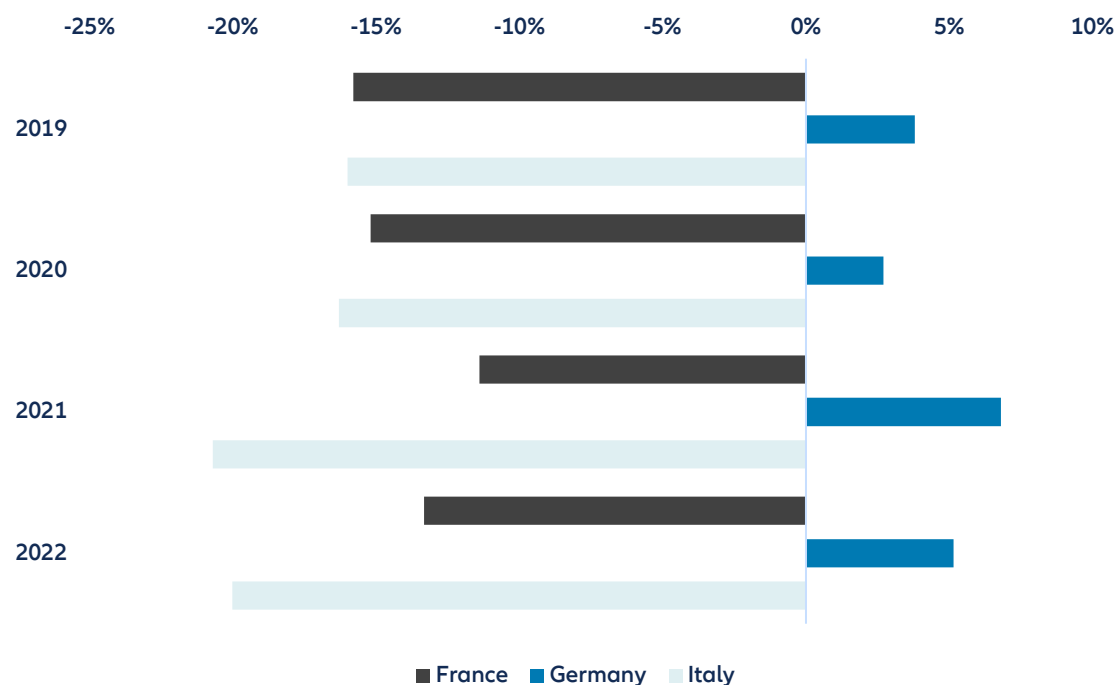
Figure 8a: Does your country derive more advantages or more disadvantages from its membership in the EU? Net percentages*



*Net percentages are defined as the difference between the percentages of participants responding “more advantages” and the percentages of participants responding “more disadvantages”.

Sources: Allianz Pulse 2022, Allianz Pulse 2021, Allianz Pulse 2020 and Allianz Pulse 2019

Figure 8b: Does your country derive more advantages or more disadvantages from the euro? Net percentages*



*Net percentages are defined as the difference between the percentages of participants responding “more advantages” and the percentages of participants responding “more disadvantages”.

Sources: Allianz Pulse 2022, Allianz Pulse 2021, Allianz Pulse 2020 and Allianz Pulse 2019

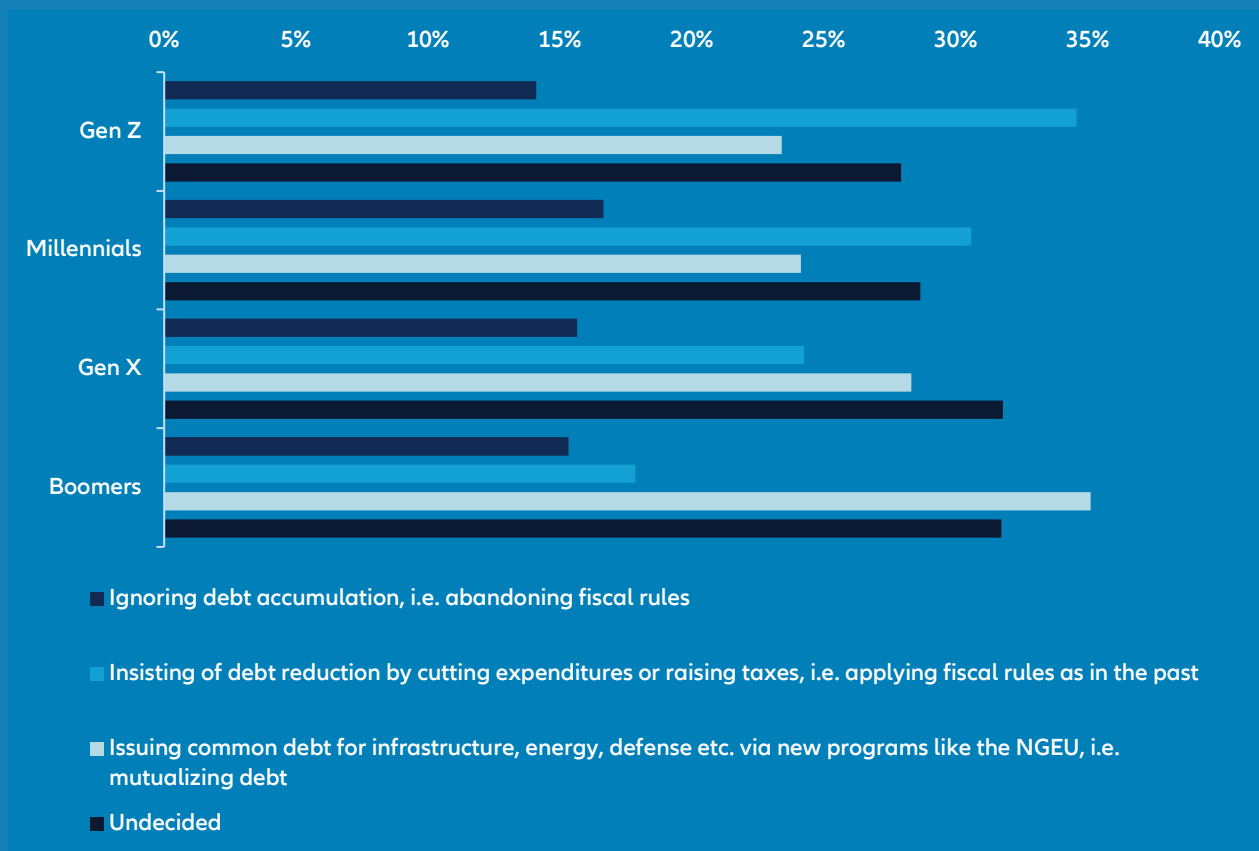
Fighting debt

One legacy of the Covid-19 crisis is a significant increase in debt, which now adds up to almost 100% of GDP in the euro area. The Maastricht criterion of 60% has become a distant prospect. How should governments deal with this mountain of debt?

Only a small minority of about 15% of the respondents seem to adhere to the „New Monetary Theory,“ i.e., paying no attention to the debt problem and advocating a permanent suspension of the debt rules. In this respect, there is unanimity among the age groups. Otherwise, however, the approach differs significantly. While the majority of younger respondents are in favor of a consistent debt reduction (35% in Gen-Z), this proportion drops to about half in the boomer generation (18%). In contrast, the opposite is true of attitudes toward the mutualization of debt: Older respondents in particular are in favor of this step (35%), while members of Gen-Z are significantly more skeptical (23%); the other generations fall in between (see Figure 9).

In line with the Ricardo-Barro equivalence theory, the younger generation is only too aware that today's debts are tomorrow's taxes. Perhaps this internalization of the government's budget constraints – coupled with the futility of being able to effectively stop the debt buildup by the older generations – feeds part of the younger respondents' anxiety about the future, which has become apparent in their assessments of the outlook. In any case, the question of how to deal with increased debt deserves more attention and more thought than it is currently receiving. However, it is also noticeable that in all generations, a high percentage of around 30% of respondents are undecided about what a solution to the debt problem might look like; if not handled properly, what it could look like is intergenerational inequality. Without question, the confusion makes it easier for politicians to avoid clear answers.

Figure 9: During the last crises, public debt has increased markedly. How should the EU react in the following years? Answers in % by age*



*Gen-Z: age cohort 1997 to 2010; millennials: age cohort 1981 to 1996; Gen-X: age cohort 1965 to 1980; boomers: age cohort 1946 to 1964.

Source: Allianz Pulse 2022



Photo by Jake Weirick on Unsplash

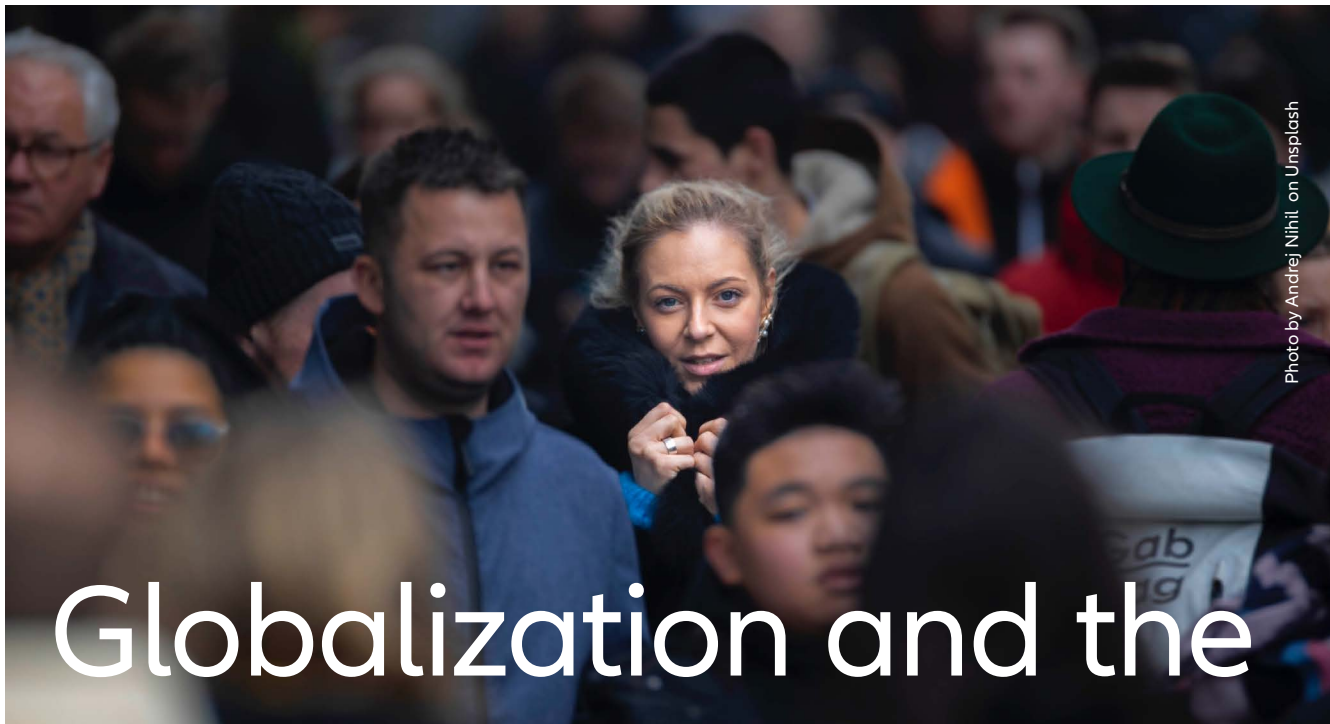


Photo by Andrej Nijil on Unsplash

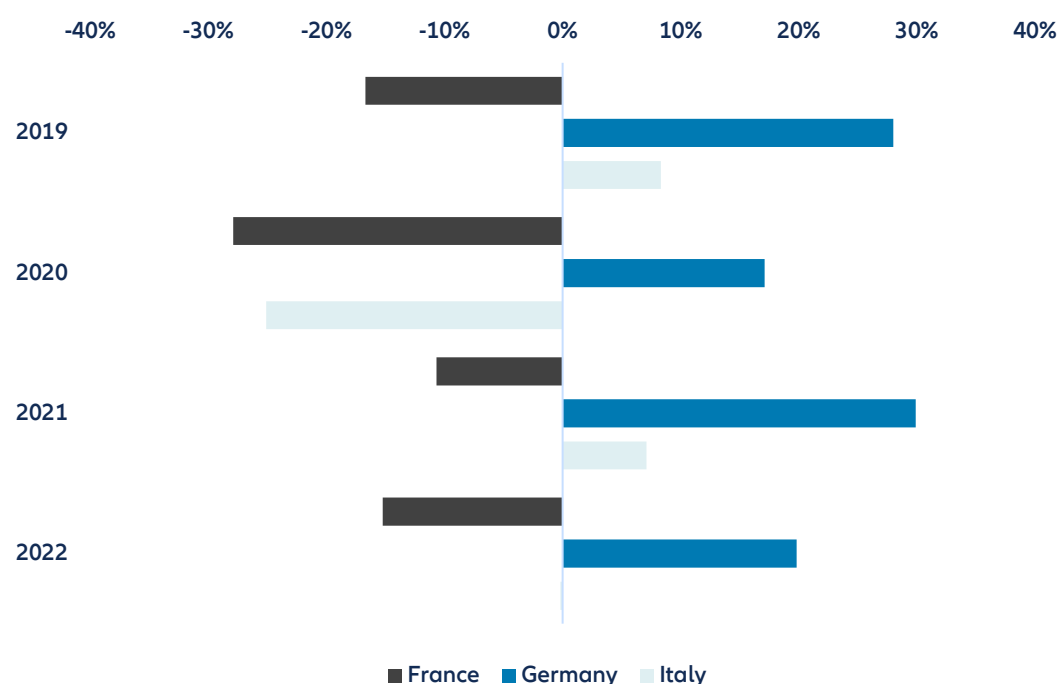
Globalization and the green transformation in crisis

The Russian war of aggression against Ukraine is a turning point in world history such as we last experienced over 30 years ago with the fall of the Berlin Wall. However, while the caesura at that time marked the beginning of “hyper-globalization”, this phase may be coming to an end. The form of the international division of labor will change fundamentally, from the primacy of efficiency to the resilience of supply chains, from purely economic thinking to political thinking in terms of blocs and dependencies. What is the response to these changes in our survey?

The question of the advantages and disadvantages of globalization has always divided Allianz Pulse respondents. Among French respondents, there is a stable majority of opponents of globalization – current

developments have done little to change this: Although the net percentage has worsened slightly (from -11% in 2021 to -15% in 2022), it is still well below the peak value of the Covid-19 year 2020 (-28%). Mirroring the situation in Germany, the majority of German respondents are globalization supporters. This positive assessment of globalization has weakened this year (net percentage decline from 30% to 20%), albeit not to the low level of 2020 (17%). In both countries, respondents evidently experienced the Covid-19 crisis as a stronger setback for globalization than the war in Ukraine. Italian respondents fall between these two poles. This year, supporters and opponents of globalization are exactly balanced. For Italy, too, 2020 was experienced as more drastic for globalization (see Figure 10).

Figure 10: Does the economy of your country benefit from globalization, or does globalization tend to be damaging to the economy? Net percentages*



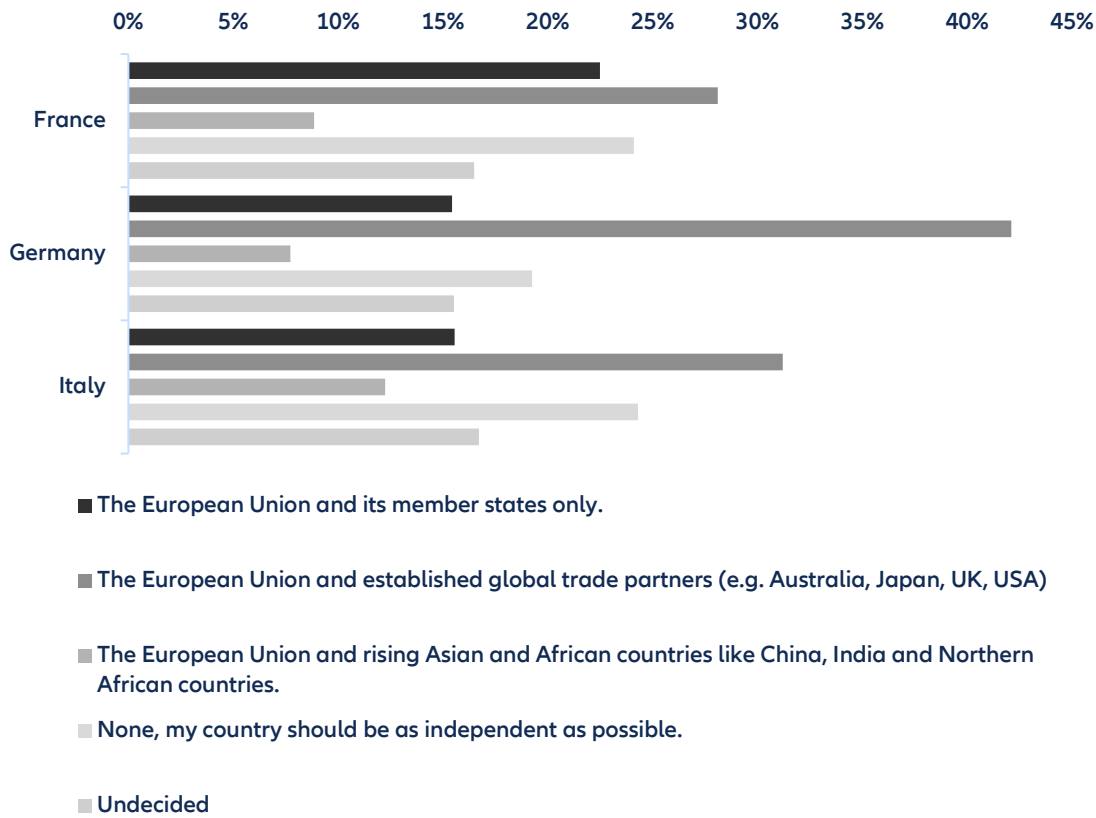
*Net percentages are defined as the difference between the percentages of participants responding "more advantages" and the percentages of participants responding "more disadvantages".

Sources: Allianz Pulse 2022, Allianz Pulse 2021, Allianz Pulse 2020 and Allianz Pulse 2019

These different attitudes are weakly echoed in the question about the future shape of globalization, in the form of preferred trading partners. The globalization-skeptical French respondents show the greatest inclination to limit trade to the EU from now on (22%); among the German and Italian respondents, this percentage is 15%. Otherwise, however, all respondents show little openness to the world on this issue. Only a small minority of respondents – 9% in France, 8% in

Germany and 12% in Italy – would like to see brisk trade with Asia and Africa. Significantly more respondents, on the other hand, would like to be as independent as possible (24% in France and Italy, 19% in Germany). The actually positive attitude of German respondents toward globalization is reflected in at least one respect: At 42%, the proportion of those who also support trade with countries such as the US, Japan and other established allies is by far the largest (France: 28%, Italy: 31%, see Figure 11, next page).

Figure 11: Benefiting from international trade and at the same time reducing international dependencies might require focusing on selected key partners. Which would be the most suitable partners for your country? Answers in %



Source: Allianz Pulse 2022

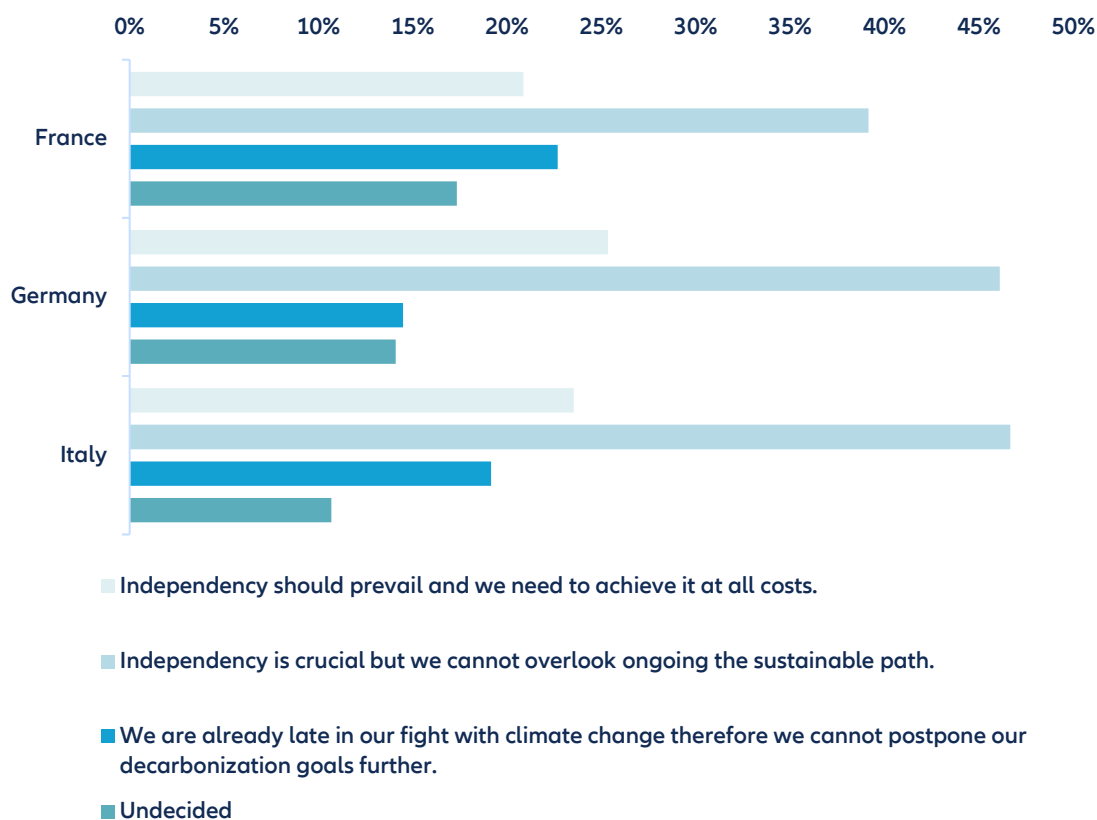
All in all, these responses reveal a high level of agreement to restrict trade in the future primarily to the (narrow) circle of partner states that share common interests and values. The participants in our survey have already internalized the concept of “friend-shoring”. In the future, politicians and business leaders in all three countries will have to take this view more into account when making decisions about trade agreements as well as investments and business partners. After all, the respondents obviously want a new form of globalization, and a new mode of international division of labor.

The other mega-trend that is in danger of being swept under the wheels of the Ukraine war is the green transformation as a response to the climate crisis. In the quest to become independent of Russian gas and oil, even CO2-intensive energy sources such as domestic lignite are becoming reputable again. A real energy crisis with ever-rising prices and rationing must be avoided at all costs and the decarbonization of the economy will have to wait for now. Or will it?

In fact, only about one fifth to one quarter of respondents hold this position. The large majority – 39% in France, 46% in Germany and 47% in Italy – is not willing to sacrifice decarbonization to the altar of energy independence. Quite a few respondents believe that the policy of moving away from fossil fuels should be an absolute priority (see Figure 12, next page).

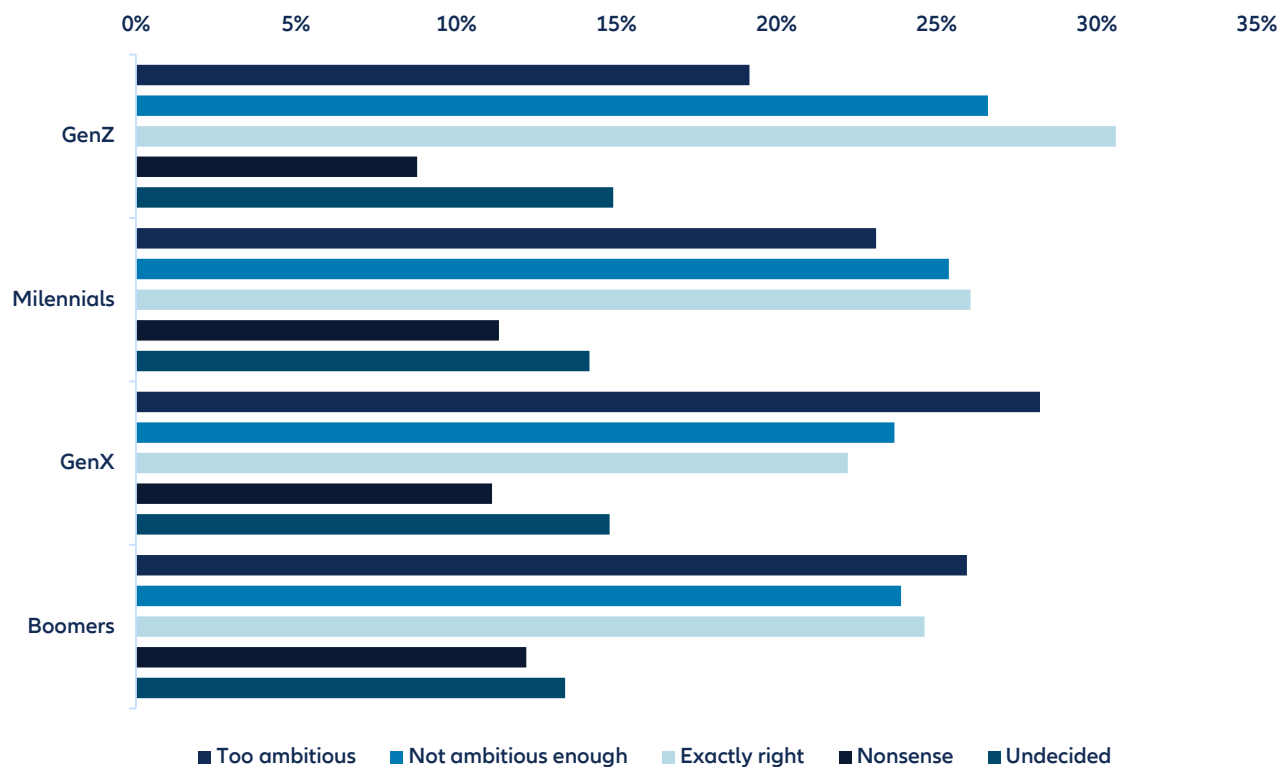
This relatively clear stance is no coincidence. After all, the vast majority of respondents (over 50% in the younger generations) are behind the EU’s ambitious targets of reducing greenhouse gas emissions by 55% by 2030 and reaching no net greenhouse gas emissions by 2050 – some even consider them to be not far-reaching enough yet. Perhaps the higher energy bills and the threat of a war-induced blackout have unwittingly caused climate awareness. However, this is not something we can confirm with this survey. Only a small minority of about 10% (slightly less in the younger, slightly more in the older generations) is fundamentally opposed to these targets, i.e. consider them to be completely missed or impossible (“nonsense”, see Figure 13, following page).

Figure 12: In the short term, reducing energy dependencies from other countries might imply a delay in achieving net zero goals, e.g. due to temporary subsidies/state support for fossil energy infrastructure. Which of the following positions better describes your view. Answers in %



Source: Allianz Pulse 2022

Figure 13: Do you think the EU’s target to reduce CO2 emissions by at least 55% by 2030 and to add no CO2 into the atmosphere by 2050 is... Answers in %



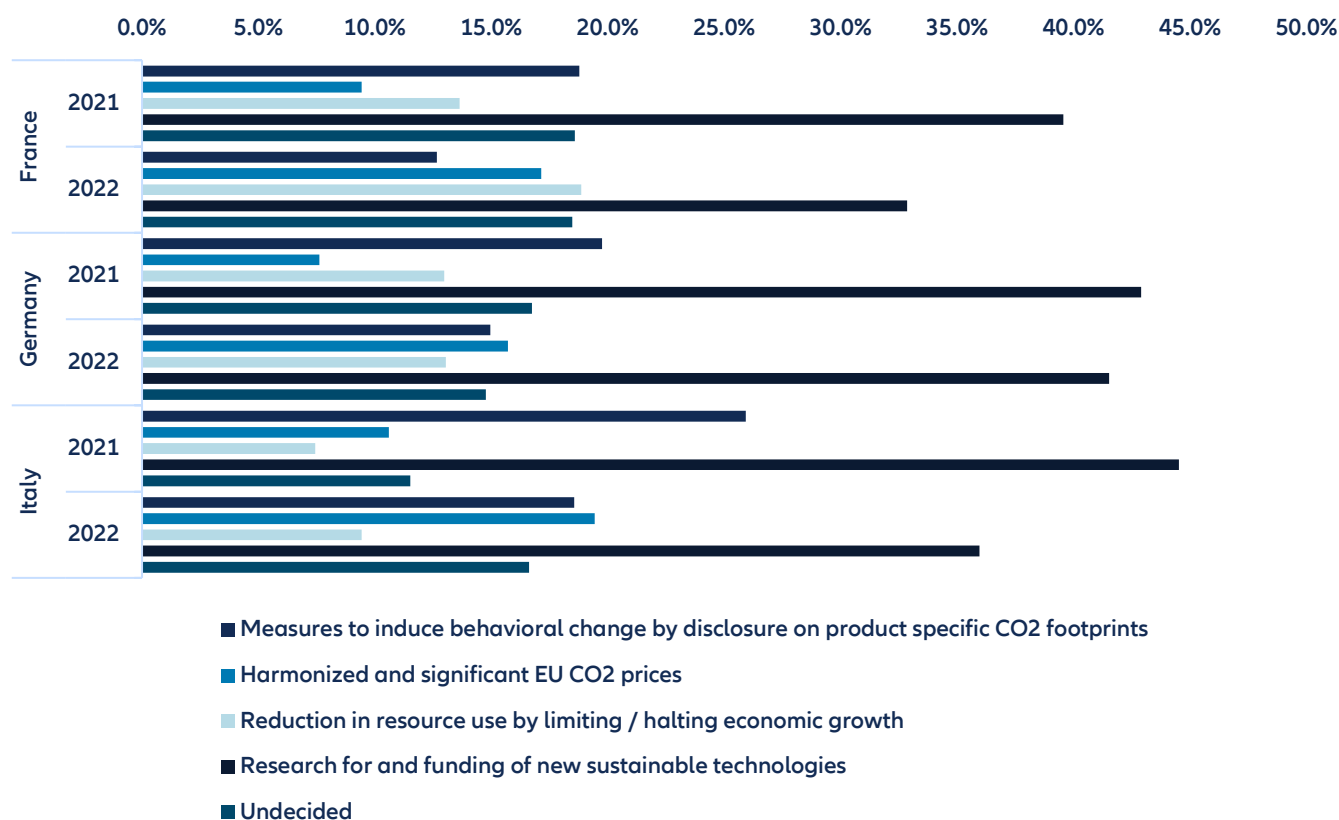
*Gen-Z: age cohort 1997 to 2010; millennials: age cohort 1981 to 1996; Gen-X: age cohort 1965 to 1980; boomers: age cohort 1946 to 1964.
Source: Allianz Pulse 2022

This year's survey also shows another positive development: the number of those in favor of carbon prices has almost doubled compared with the previous year. Although it still remains at a relatively low level, 17% of French respondents (2021: 9%), 16% of German respondents (8%) and 19% of Italian respondents (11%) now hold the opinion that pricing carbon emissions is the best means of combating climate change. This shows that it is worthwhile for politicians and scientists to present their arguments with patience and persuasiveness; they are being heard and respondents are quite willing to adjust their opinions accordingly. At the same time, trust in „soft“ measures such as nudging behavioral change through more information has declined. Respondents continue to place the most trust in researching and developing new technologies. This can be seen as the hope of achieving the green transformation without deep cuts to our lifestyles and prosperity, if possible. On the other hand, a smaller proportion of respondents – 19% in France, 13% in Germany and 9% in Italy – is convinced that it will not be possible to achieve the climate targets without these cuts (see Figure 14, next page). Exposure and literacy might have the key to unite the masses beyond the right- or left-leaning political preferences.

However, even if the approval of carbon prices has increased, a carbon tax is far from popular. This can be seen from the low willingness to pay: 46% of French, 38% of German and 41% of Italian respondents do not want any price increases at all as a result of a carbon tax; about the same number would be prepared to accept only small price surcharges. Given the current energy price crisis, these results can hardly come as a surprise. But it is rather surprising that the responses in this respect are almost identical to that of the previous year, despite the changed environment (see Figure 15, following page).

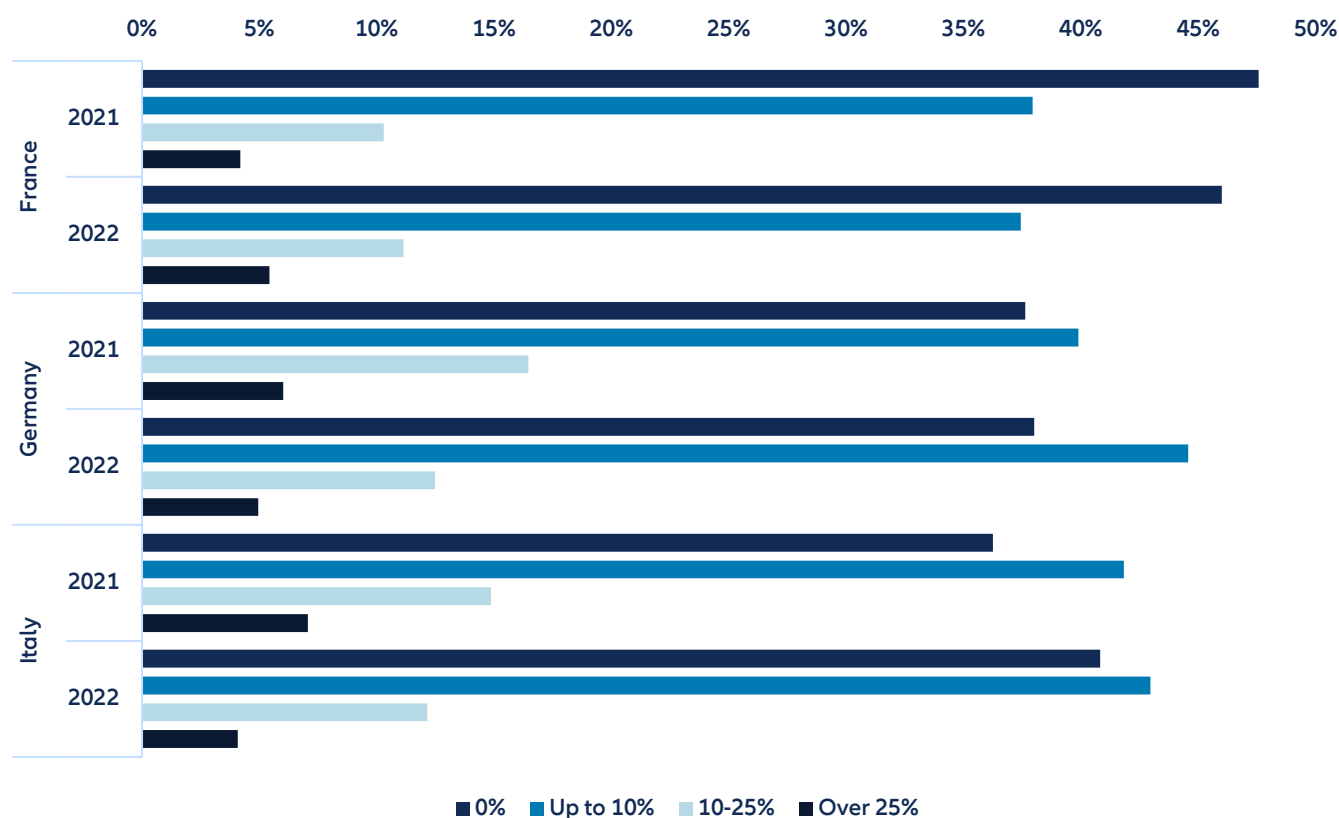
All in all, these results send an ambivalent signal. Most respondents are aware of the need for a radical energy turnaround; here there are only minor differences between countries and generations. Only a few see the Ukraine war as a welcome „excuse“ to deviate from the ambitious climate targets. In this respect, politics and business can be sure of support for their course. At the same time, the willingness to accept restrictions for this green transformation is not very pronounced among the majority of those surveyed; here, too, there is a high level of agreement across borders and generations (see also the following box). The major challenge in the coming years will therefore probably lie less in the transformation as such than in the question of how to shape a just transition.

Figure 14: In your opinion, which policy measure is the most promising to tackle climate change? Answers in %



Sources: Allianz Pulse 2022, Allianz Pulse 2021

Figure 15: A carbon tax aims at making climate-unfriendly products more expensive in order to change consumption patterns. By how much should prices for certain products like gasoline or meat increase? Answers in %



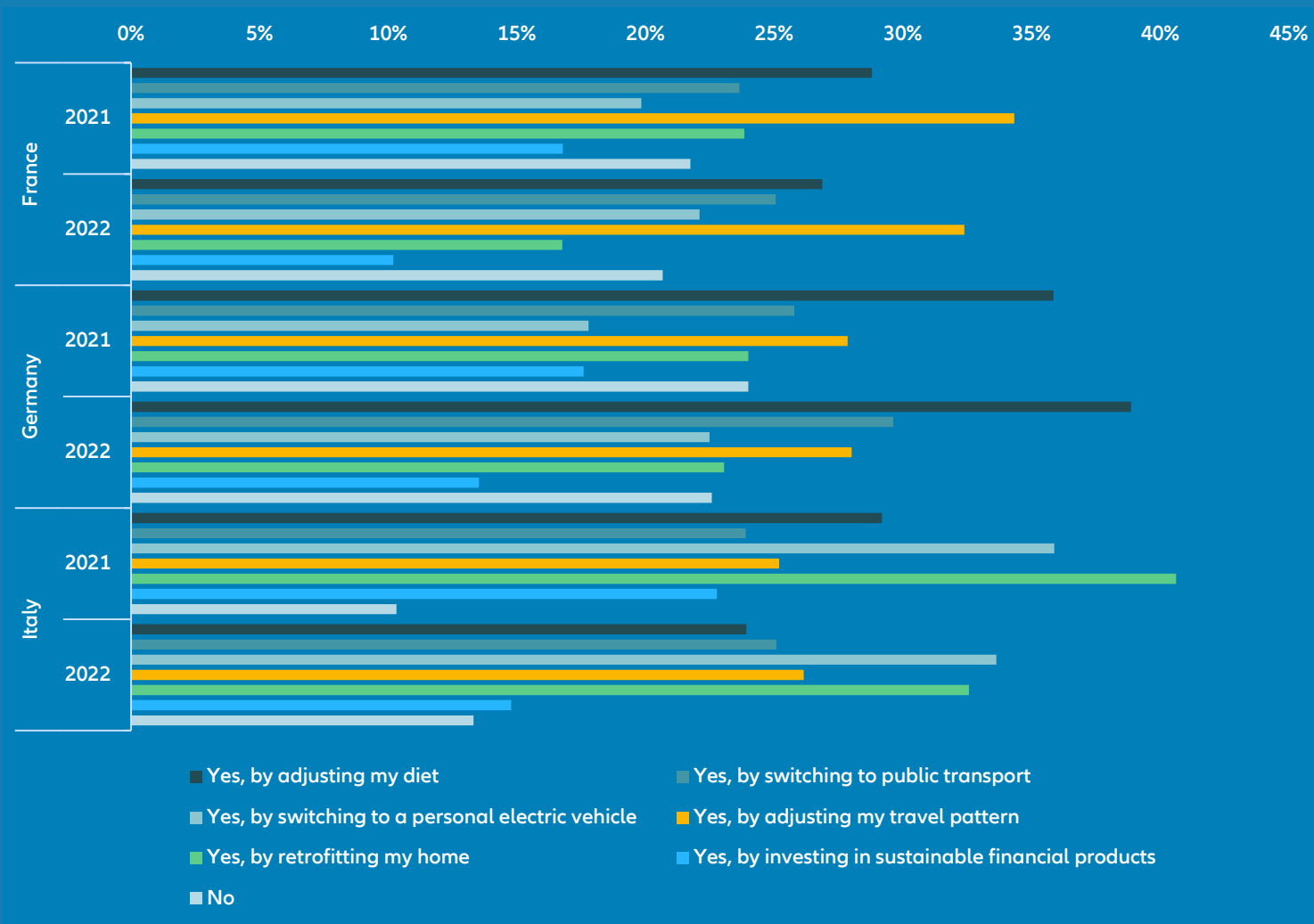
Sources: Allianz Pulse 2022, Allianz Pulse 2021

Fighting emissions

The good news first: Only relatively few respondents – 21% in France, 23% in Germany and only 13% in Italy – are fundamentally unwilling to do anything personally about the climate crisis. The vast majority are actively trying to reduce their emissions. How?

There are interesting differences between the countries on this question – with French and German respondents being rather similar. For respondents in both countries, food and mobility are at the top of the to-do list. While respondents in France focus primarily on travel habits, German respondents focus on eating habits. The Italian respondents, on the other hand, have a different focus: For them, buying an electric car and retrofitting their own four walls are at the top of the list. In all three countries, the answers have also changed somewhat compared with the previous year. Among respondents in France and Germany, for example, the willingness to buy an electric car has risen slightly (to 22% in each case). However, there is widespread agreement on one point: the purchase of sustainable financial products plays only a minor role and has once again lost relevance compared with the previous year in all three countries, with only 10% of French, 14% of German and 15% of Italian respondents considering this measure (see Figure 16).

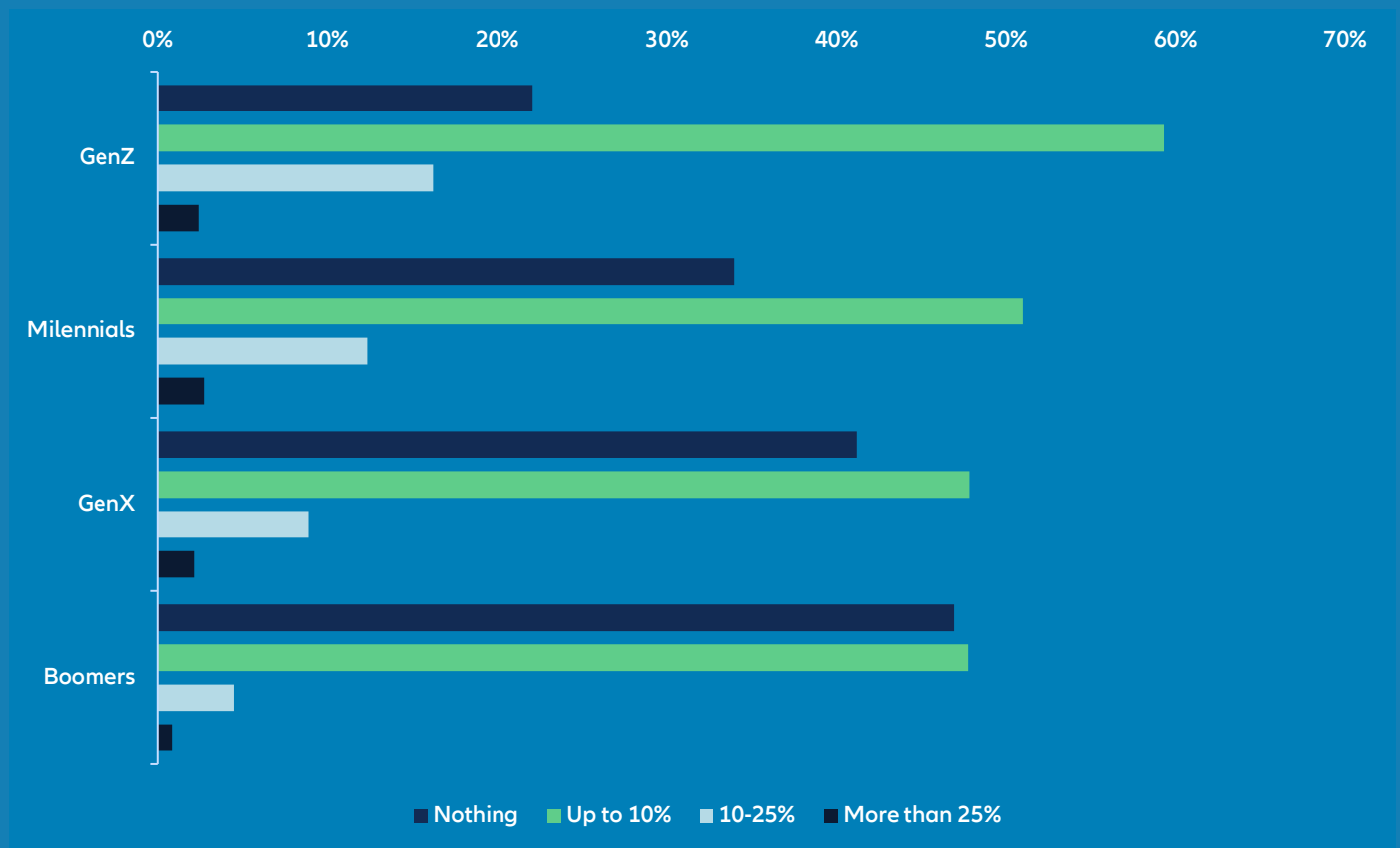
Figure 16: Are you willing to personally tackle climate change? Answers in %



Sources: Allianz Pulse 2022, Allianz Pulse 2021

In contrast, there has been little change in the (low) willingness to pay for climate-friendly products. Overall, only slightly more than 10% of respondents would be willing to accept price increases of over 10%. However, there are significant differences between the generations. Among respondents from Gen-Z, this share is 19%; among those from the boomer generation, it falls to 5%. For a not insignificant proportion of the younger generation, the fight against the climate crisis does not stop at their own wallets (see Figure 17).

Figure 17: Today, climate-friendly products are often more expensive than climate-unfriendly ones as climate costs are not adequately considered. How much more would you pay for a climate-friendly product? Answers in %



*Gen-Z: age cohort 1997 to 2010; millennials: age cohort 1981 to 1996; Gen-X: age cohort 1965 to 1980; boomers: age cohort 1946 to 1964.

Source: Allianz Pulse 2022

Appendix

1 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:**
3,137 persons (1,050 from France, 1,050 from Germany, 1,037 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 of survey:**
Web-based survey
- **Date of survey execution:**
20.05.2022 – 10.06.2022

2 Statistics

Sex (in % of respondents)

	FRANCE	GERMANY	ITALY
MALE	47.9%	49.4%	52.6%
FEMALE	51.7%	49.9%	47.3%
DIVERSE	0.4%	0.7%	0.2%

Generation (in % of respondents)

	FRANCE	GERMANY	ITALY
GEN Z (18 TO 25)	12.7%	11.9%	11.4%
MILLENNIALS (26 TO 41)	28.6%	29.7%	26.1%
GEN X (42 TO 57)	31.3%	29.8%	38.0%
BOOMERS (58 TO 76)	27.3%	28.5%	24.0%
SILENT (77 AND OVER)	0.1%	0.1%	0.5%

Education (in % of respondents)

	FRANCE	GERMANY	ITALY
PRIMARY (LESS THAN HIGH SCHOOL)	13.8%	20.4%	14.2%
SECONDARY (HIGH SCHOOL)	48.8%	55.5%	61.0%
TERTIARY (UNIVERSITY OR COMPARABLE)	37.4%	24.1%	24.8%

Income* (in % of respondents)

	FRANCE	GERMANY	ITALY
LESS THAN 1000 EUR	17.1%	13.1%	28.6%
1000 – 2000 EUR	39.0%	29.9%	43.7%
2000 – 3000 EUR	27.1%	30.0%	18.3%
3000 – 4000 EUR	9.5%	15.0%	5.0%
4000 – 5000 EUR	4.0%	6.5%	2.4%
ABOVE 5000 EUR	3.1%	5.4%	1.9%

* Note: Monthly income after tax

A close-up photograph of several hands of different skin tones stacked on top of each other, resting on a tree trunk. The background is a lush green forest with sunlight filtering through the leaves. The text 'Our team' is overlaid on the image.

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