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Research Report

Searching for a Franco-German consensus on the future of Europe: Survey results for Bundestag, Assemblée Nationale and Sénat

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ZEW policy brief

by Sebastian Blesse (ZEW), Pierre C. Boyer (École Polytechnique-CREST), Friedrich Heinemann (ZEW) and Eckhard Janeba (University of Mannheim)

Searching for a Franco-German Consensus on the Future of Europe – Survey Results for Bundestag, Assemblée Nationale and Sénat

Fundamental Issues

The Brexit referendum and the decision of British voters to leave the EU have sparked a comprehensive debate on the future of European integration. A key issue in this debate is the appropriate division of responsibilities between the EU and its Member States. The EU might still lack certain competencies which are crucial for a functioning Union or resilient euro area. At the same time, however, some of the EU's existing competencies might be better allocated to Member States. This policy brief documents results from a survey on the future of European integration conducted in the national parliaments of both France and Germany, including the French Sénat, the Assemblée Nationale and the German Bundestag, between April and July 2016.

Research Question and Relevance

The survey identifies areas in which French and German politicians have convergent and divergent views on possible integration options:

- French members of parliament (MPs) support granting more competencies to the EU in the fields of immigration, taxation, wages, labour market regulation and defence.
- German MPs support greater integration in the EU in terms of immigration and defence policy.
- MPs of both countries are undecided as to whether they support the integration of energy policy and whether more flexibility is needed in national labour markets.
- Social democratic and Socialist MPs are more inclined than their conservative colleagues to accept further competencies to the EU in the selected fields of policy.
- With respect to the future of the euro area, both French and German MPs tend to agree that higher national investments are required to stimulate growth. There is, however, considerable disagreement on the possible introduction of Eurobonds with French MPs advocating such a policy and German MPs opposing it. Moreover, German MPs do not support the introduction of a European unemployment insurance scheme in the euro area whilst French MPs are undecided on this.
- Views on the current role of monetary policy are polarised between Berlin and Paris. The ECB's asset purchase programmes enjoy strong backing from French MPs, but are generally viewed more critically by members of the Bundestag.
- The Franco-German divide is also visible within party families. German conservatives, for instance, are much more negative about both Eurobonds as well as the ECB's asset purchase programs than French conservatives.
- There is a Franco-German consensus in support of steps towards greater integration in Europe in the fields of defence and immigration policies.

Key Findings

Franco-German Consensus Needed for Post-Brexit Europe

Bilingual Survey on Future of European Integration

1. Introduction

The United Kingdom's vote to leave the EU has not only sparked a debate on the possible consequences of Brexit itself (ZEW 2016), but has also raised the question as to what the most desirable course for future European integration is. Suggestions for reform are highly diverse and range from strategies aiming at a federalist union with much more policy competencies at the EU level to disintegration, with more autonomy at the national level.

A prerequisite of a promising new integration strategy is the broad support of EU Member States and their policy makers. We here present survey evidence on the support for several related EU reform options and policy strategies for national MPs from both France and Germany. Over the history of European integration, France and Germany have played an important role in proposing new integration initiatives. A political consensus between Germany and France does not, of course, guarantee that integration proposals will be accepted by the EU-27 as a whole. However, it is hardly realistic to expect ideas for reform which are not supported by the national parliaments in Berlin and Paris to be adopted by the post-Brexit EU. A Franco-German consensus is therefore a necessary (but obviously not sufficient) condition for the viability of a new approach to integration.

In view of the above considerations, we have conducted a survey amongst the members of the national parliaments of both France (Assemblée Nationale as well as Sénat) and Germany (German Bundestag) on the future of European integration.¹ While established surveys such as Eurobarometer regularly analyse the integration preferences of EU residents, there is a lack of evidence showing what national policy-makers think of the different alternative options for European integration.

In fact, our survey has asked members of the two national parliaments about their views not only on European integration in general,² but also on specific instruments and options for integration, i.e. different policy areas in which integration might take place.³ This corresponds to the view of the academic literature that the division of competencies between the EU and its Member States is suboptimal from a fiscal federalism perspective, with the recommendations to move competencies both upwards and downwards (Berger and Heinemann, 2016; Bassford et al., 2013; Alesina et al., 2005). The present survey covers three areas. Firstly, members of parliament indicate whether they support or oppose more European integration in six specific fields of policy: energy, immigration, taxation, wages, labour market regulation and defence. Secondly, the survey covers the acceptance of different actual policy proposals and current policies related to European Monetary Union (EMU): common unemployment insurance, Eurobonds and quantitative easing of the ECB. Thirdly, it indicates MPs support for economic policies to be implemented on the national level of the individual European Member States with the objective to increase growth in the euro area (higher national investment and increased flexibility in Member States' national labour markets).

2. Survey Details

The bilingual survey was conducted jointly by ZEW, the University of Mannheim and the École Polytechnique. It is supported by the German Research Foundation's Collaborative Research Centre "Po-

¹ Inclusion of Germany's first chamber, the Bundesrat, is not possible given that it includes only of a few representatives of the German states' governments.

² In their comparative analysis, Deschouwer et al. (2014) survey MPs in 15 countries about their support for more European integration. However, the authors did not ask about specific policies for future integration.

³ Similar surveys addressed the introduction of a minimum tax rate in the EU with members of the European Parliament (Heinemann and Osterloh, 2013) and the German Bundestag (Heinemann and Janeba, 2011).

litical Economy of Reforms". The questionnaires for the French and German MPs were formulated in French and German, respectively, but contained the same content and similar wording.

The survey was sent out in both France and Germany in late April 2016. Cover letters along with the three-page survey were sent out at the same time, from Palaiseau in French for the French parliaments, and from Mannheim in German for the Bundestag. The questionnaire was first sent to the main office of the respective MPs at either parliament by post. The MPs were then able to respond either by post, email, fax, or via a separate online-survey tool. Reminder emails were then sent to those who had not yet participated in the survey and who had not explicitly declined to participate. Finally, MPs who had still not answered to the survey were contacted by phone. Completed surveys were received between late April and the middle of July 2016. In order to use the characteristics of individual MPs (party membership, age, gender, etc.) for research purposes, the survey was not anonymized. The confidentiality of the individual answers was, however, guaranteed in order to encourage unbiased reporting of preferences.

In total, 232 completed questionnaires from the 1,552 questionnaires sent were returned. This amounts to a response rate of 14.95%. German MPs were slightly more responsive than their French counterparts, with response rates of 16.03% and 14.21%, respectively.⁴

3. Preferences for EU Competencies

Figure 1 provides an overview of the integration preferences across the six fields of policy covered based on the country-specific means. For each of these six fields of policy, survey participants were asked whether the EU should be granted more competencies in the respective field. The content of the hypothetical European competency was indicated as follows.⁵

- ▶ Energy policy: EU should be able to enforce binding guidelines on the Member States in regard to the energy mix.
- ▶ Immigration policy: Greater role for the EU in immigration policy e.g. on admission standards or distribution of refugees.
- ▶ Tax policy: Qualified majority voting in Council on tax issues.
- ▶ Wage policy: EU to have greater rights to intervene in wage policies (e.g. minimum wages).
- ▶ Labour market regulation: EU to have the ability to enforce binding guidelines on Member States regarding, for example, employment protection.
- ▶ Defence policy: Establishment of a European army financed from EU budget.

MPs were able to answer each of these questions on a scale between -4 ("Disagree") via 0 ("Undecided") to +4 ("Agree"). Hence, a higher mean value signals stronger support for the accordance of more competencies to the EU in the specific field.

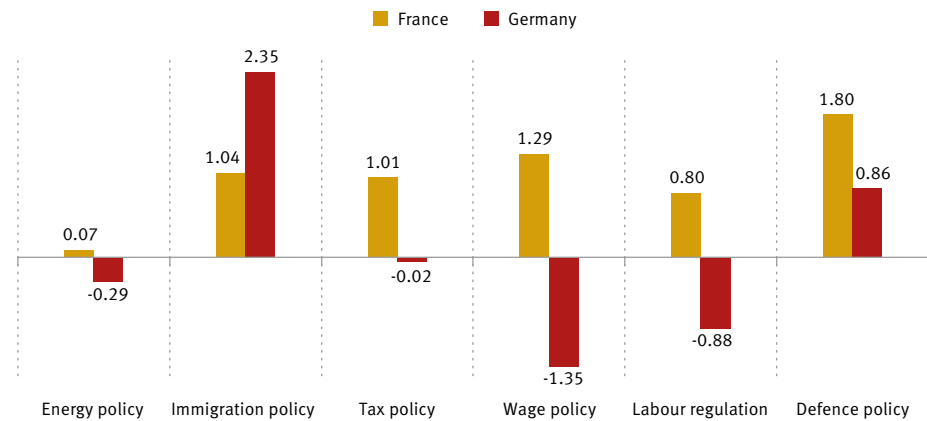
A first overall result is that German members of parliament are in general more reluctant than their French colleagues to shift more competencies to the EU. For the two French chambers there are positive means for all six fields of policy. There are positive means for only two fields of policy for the Bundestag. 67.1% of all answers in France are in the positive range of responses (from +1 to +4), whereas the same applies for only 53.9% of all responses in Germany. In particular, French MPs agree on average to granting more competencies to the EU in the fields of immigration, taxation, wage policy, labour market regulation and defence policy. German politicians strongly agree with integration of immigration policies in the EU and also support common defence policies. German MPs do not, however, agree to granting the EU increased competencies for wage and labour

German MPs More Reluctant to Greater EU Competencies

⁴ The French Sénat (15.27%) was slightly more responsive than the Assemblée Nationale (13.57%).

⁵ Note that a full text version of all survey questions is given in the Appendix.

Figure 1: Average Support for More Competencies of the EU



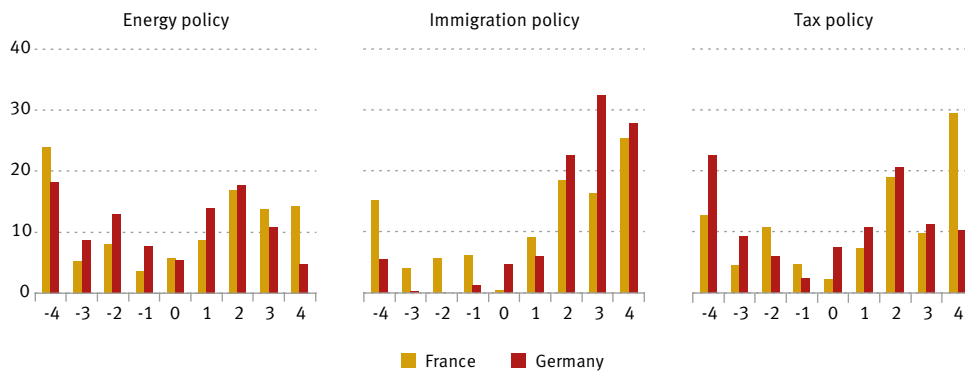
Source: Own calculations. The graph displays the country-specific averages of individual responses of German and French MPs, which are weighted by the inverse probability of age, gender, fraction in parliament, parliament and membership to ruling party in the respective country to gain representativeness of answers to overall population of MPs. The answers to the related questions are based on a scale ranging from -4 ("Disagree") via 0 ("Undecided") to +4 ("Agree"), respectively (see Appendix A1).

regulation policy. Moreover, German MPs are on average undecided as to whether they support further integration of energy and tax policy, with mean values of -0.29 and -0.02, respectively. Figure 2 illustrates responses for the six fields of policy in more detail, i.e. the relative frequencies of answers by category in per cent. The distribution of individual answers for a given question might indicate a polarisation of opinion which cannot be seen by simple averages. In regard to energy policy, French politicians for instance are generally undecided as to whether they support further integration. A substantial proportion of answers (24.4%), however, indicate strong disagreement. In contrast, French MPs show particular support for increased competencies on the European level in the field of defence policy, with an average response of 1.8 and 33.4% of all respective answers strongly supporting more integration (+4).

Note that despite the fact that German MPs are on average undecided as to whether they support further integration in the field of energy policy, 47.0% and 47.5% of German politicians either disagree or agree with this option, i.e. give answers in the range of either -4 to -1, or +1 to +4, in regard to this question. German MPs are also undecided on their view of the integration of tax policies even though 22.0% of German MPs do, however, strongly disagree strongly with integration in this field (-4). Moreover, there is a clear support for more integration on immigration policies with 88.6% of answers ranging from values from +1 to +4. Only 5.4% of German MPs do not support granting the EU further competencies in this area. By contrast, 60.6% and 56.7% of German MPs disagree with giving the EU further competencies in the fields of wage policy and labour market regulations, respectively.

Despite some disagreement between French and German MPs on the allocation of more competencies to the EU for tax policy, wage setting and labour market regulation, there is thus a remarkable degree of consensus in regard to fields of policy with integration potential. National parliaments in both countries strongly support the attribution of more competencies to the EU for both immigration and defence policies.

Figure 2: Distribution of Preferences Regarding Integration Policies (in per cent)



Legend: France (Yellow), Germany (Red)

Source: Own calculations. The graph displays the country-specific proportions of individual responses of German and French MPs to the question under consideration, which are weighted by the inverse probability of age, gender, fraction in parliament, parliament and membership to ruling party in the respective country to gain representativeness of answers to overall population of MPs. The answers to the related questions are based on a scale ranging from -4 ("Disagree") via 0 ("Undecided") to +4 ("Agree"), respectively (see Appendix A1).

4. Euro Area Issues

The great recession in the years following 2008 and the resulting debt crisis have resulted in a debate on deeper fiscal integration of the EMU. One of the key questions in this debate is whether a system with centralised monetary policy and independent fiscal policies in each Member States can function. Severe fiscal and economic imbalances and the debt crisis have led to calls for new risk-sharing mechanisms for the euro area. The idea is that new fiscal stabilisation mechanisms could serve as an insurance mechanism in case of asymmetric macroeconomic shocks in the EMU. Opponents, however, point to moral hazard problems as well as to the economic and political risks of transfer dependency by increasing fiscal integration.

In view of this, the survey also asked MPs about their preferences in regard to policy proposals, which are intended to increase fiscal integration in the EMU, i.e. the introduction of Eurobonds as well as a common European unemployment insurance (EMU-UI). Eurobonds represent joint sovereign bond emissions of all EMU countries with collective guarantees which would ultimately result in one uniform interest yield for all members of the euro area independent of their varying individual default risk or the respective soundness of public finances. EMU-UI, however, would provide unemployment benefit transfers to individual Member States in times of economic crisis and might accordingly stabilise available incomes across Member States (Dolls et al., 2014).

French and German MPs were also asked to evaluate the current role of the ECB through its asset purchasing programmes (quantitative easing, ECB QE). Following the example of the US Fed and the Bank of England, the ECB has started QE programmes confronted with a situation of both central bank rates at the zero lower bound and low or even negative inflation. Since March 2015, the

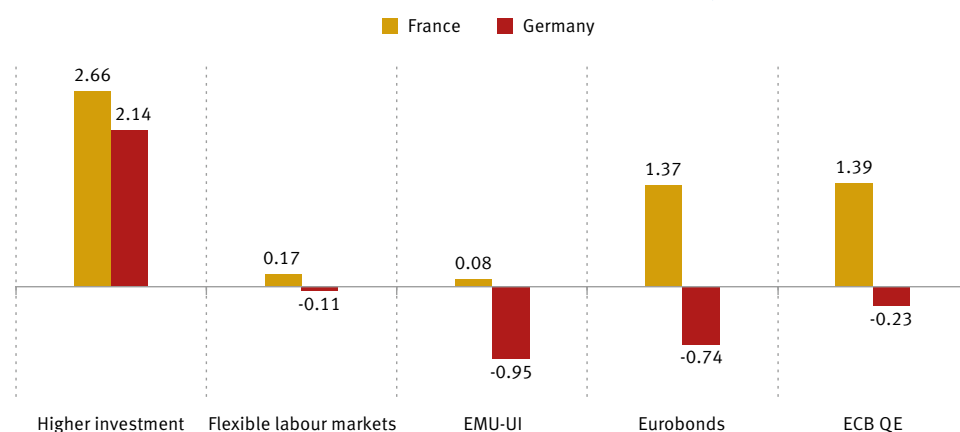
Selected Fiscal and Monetary Policies in the EMU

National Policy Initiatives in the EMU

ECB has been buying substantial amounts of assets (initially 60 billion euro per month) from EU sovereigns and banks to combat threats of deflation and thereby achieve its mandate of price-stability with a target inflation rate of 2% per annum. After initially limiting the programme to September 2016, the programme's duration has in the meantime been extended to the point at which sufficiently high (long-run) inflation rates are achieved. QE was even increased in March 2016, with the monthly asset purchases being raised to 80 billion euros, now also including corporate bonds. European QE is highly controversial with supporters pointing to a lack of alternatives given zero interest rates and critics raising concerns regarding asset price inflation, indirect government financing and long-run risks for financial stability.

In regard to economic policy strategies for higher growth at the national level in the EMU, our survey covers two distinct approaches: higher investment spending and structural reforms aiming at greater flexibility in labour markets. Both dimensions form part of the political agenda of the European Commission as part of the so-called "Juncker plan" (Juncker, 2014). Moreover, these strategies represent a typical "demand-side" (higher investment spending) and "supply-side" (labour market flexibility) approach.

Figure 3: Average Preferences in Regard to Selected EMU Reform Proposals



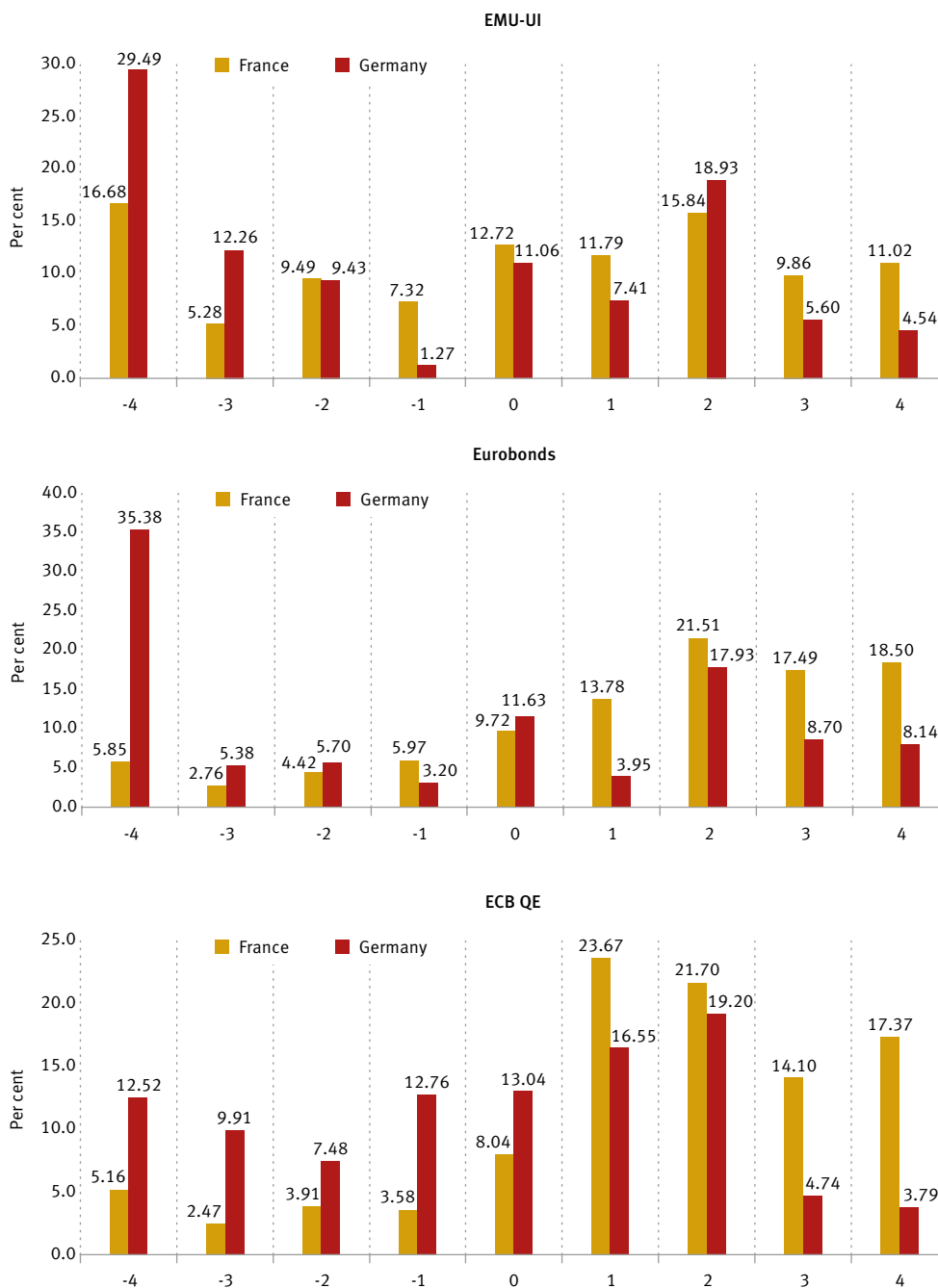
Source: Own calculations. The graph displays the country-specific averages of individual responses of German and French MPs, which are weighted by the inverse probability of age, gender, fraction in parliament, parliament and membership to ruling party in the respective country to gain representativeness of answers to overall population of MPs. The answers to the related questions are based on a scale ranging from -4 ("Disagree") via 0 ("Undecided") to +4 ("Agree"), respectively (see Appendix A2).

No Consensus on QE, Eurobonds and EMU-UI

Figure 3 shows the country-specific means for the responses of MPs with respect to ECB asset purchases, the proposals for the institutions of the euro area and desirable national policies. French MPs strongly back what the ECB is doing and are firmly in favour of Eurobonds and higher national investments as a remedy for low growth. German MPs on average support only higher investments at the national level and are particularly sceptical of European unemployment insurance and the introduction of Eurobonds.

Figure 4 focuses in more detail on the two policies for the euro area, which must be jointly implemented by all EMU members, i.e. EMU-UI as well as Eurobonds. The results indicate a divide between French and German MPs in regard to a common EMU-UI as well as the implementation of Eurobonds in the EMU. The majority of German MPs are opposed to an EMU-UI as a risk-sharing mechanism in times of economic crisis (52.5%), and 29.5% strongly reject this policy (-4). However, opinions on this issue are more heterogeneous among French MPs with an average response of 0.1 ("undecided" category). Moreover, German MPs on average disagree with the introduction of Eurobonds in the EMU with a substantial proportion of MPs, 35.4%, strongly disagreeing (-4). In

Figure 4: Preferences in Regard to Potential New Euro Area Institutions



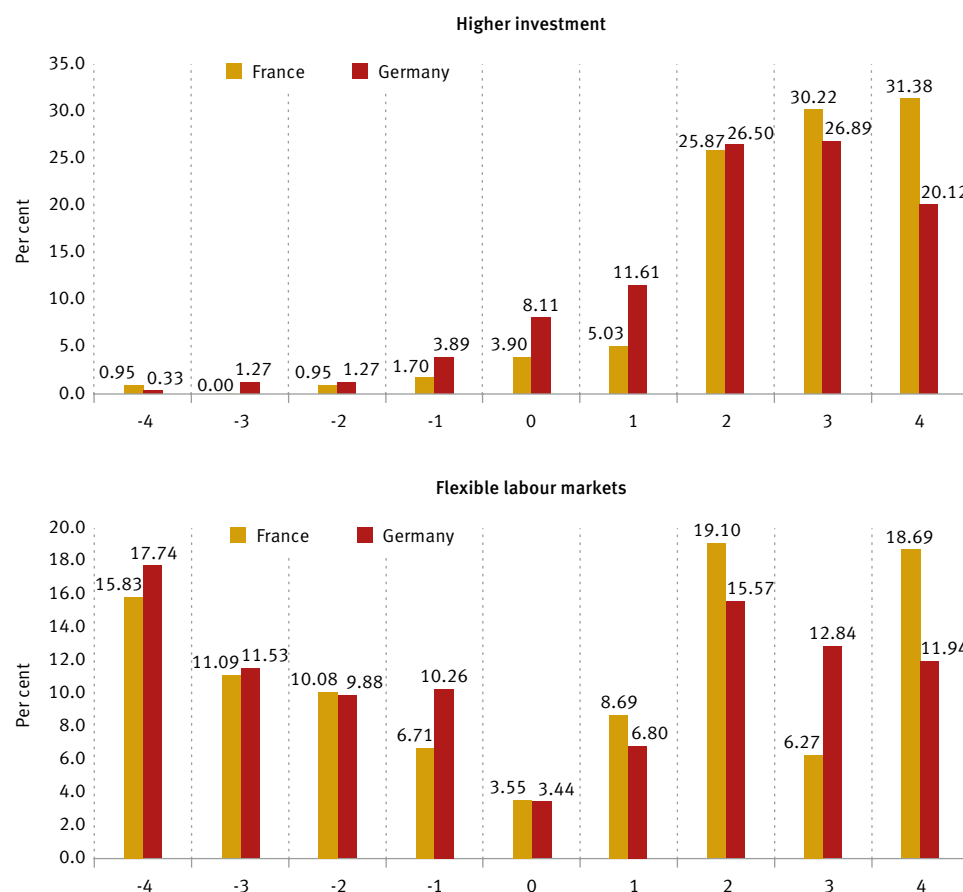
Source: Own calculations. The graph displays the country-specific proportions of individual responses of German and French MPs to the question under consideration, which are weighted by the inverse probability of age, gender, fraction in parliament, parliament and membership to ruling party in the respective country to gain representativeness of answers to overall population of MPs. The answers to the related questions are based on a scale ranging from -4 ("Disagree") via 0 ("Undecided") to +4 ("Agree"), respectively (see Appendix A2.1).

contrast, a substantial majority of French MPs, 71.3%, see a need for Eurobond emissions. Moreover, the lower panel of Figure 4 shows the distribution of answers for the ECB asset purchase programmes by country. A substantial majority of French MPs agree with the active role of the ECB (76.8%), and only a minor fraction of 5.2% of national politicians in France strongly oppose the QE programme of the ECB (-4). Although German MPs are on average slightly opposed to the QE programme, 44.3% of German MPs do agree with QE.

Franco-German Consensus on Higher Investments

It is striking that a majority of MPs in both countries are in favour of higher investment at the national level in order to stimulate growth in the EMU, 92.5% and 85.1% of French and German MPs, respectively (Figure 5). Responses are more heterogeneous, however, with respect to an increase in the flexibility of labour markets. Both French and German MPs are on average undecided on this question, with average responses of approximately 0.2 and -0.1, respectively. The variance within parliaments is, however, large when it comes to the issue of flexibility.

Figure 5: Preferences on National Growth Policies



Source: Own calculations. The graph displays the country-specific proportions of individual responses of German and French MPs to the question under consideration, which are weighted by the inverse probability of age, gender, fraction in parliament, parliament and membership to ruling party in the respective country to gain representativeness of answers to overall population of MPs. The answers to the related questions are based on a scale ranging from -4 ("Disagree") via 0 ("Undecided") to +4 ("Agree"), respectively (see Appendix A2.2).

5. Impact of Party Ideology

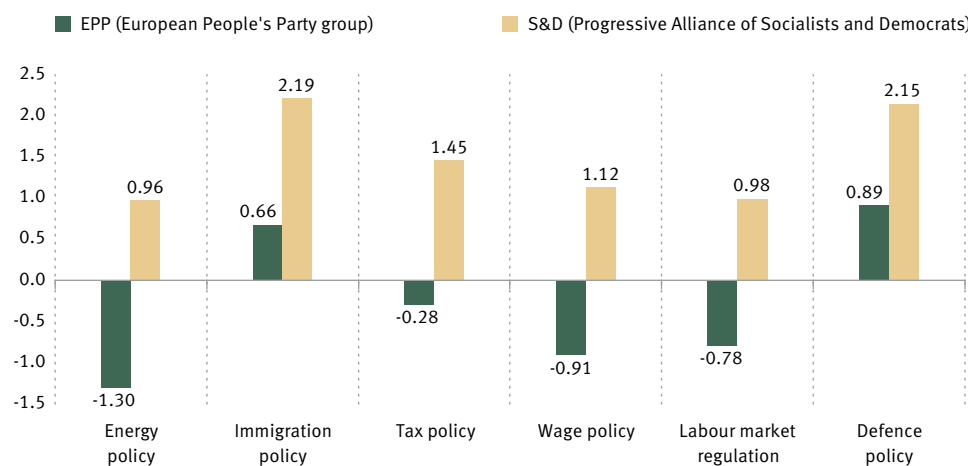
Ideological factors can play a substantial role in the formation of opinion on foreign politics and European integration in particular. In order to account for this issue, we analyse the role of party influence on integration preferences of MPs in the selected fields of policy in the present survey. For the sake of comparability, we match each parliamentary group of the French Sénat, Assemblée Nationale and the German Bundestag to the respective political group in the European Parliament. Out of 1,552 French and German MPs, only 29 French politicians do not belong to a national party affiliated with one of the political groups in the European Parliament. Party-independent members in both the Sénat and the Assemblée Nationale, members of the Communist party in

France (PCF) and some members of the RDSE (Rassemblement Démocratique et Social Européen) could not be matched to either group. In the following, we compare integration preferences across the two largest political groups in the European Parliament, which represent approximately 54% of the total seats, namely the European People's Party group (EPP) and the Progressive Alliance of Socialists and Democrats (S&D).⁶ The EPP comprises MPs from the CDU/CSU and Les Républicains from France and Germany, respectively. Members of the German SPD, as well as members of the French PS and PRG parties, participate in the European Parliament's S&D.

Figure 6 shows the average preferences of both French and German MPs on integration of competencies in the aforementioned six policy fields. It becomes apparent that the MPs from EPP parties are always more sceptical than members of S&D parties about an increased allocation of competencies to the EU. Whilst conservative MPs tend to agree with the accordance of more competencies to the EU in the fields of immigration and defence only, social democrats and socialists on average accept integration in all of the six selected fields of policy. Furthermore, MPs from EPP parties disagree with the bestowal of further competencies to the EU in the fields of energy and wage policy as well as in labour regulation. Both groups, however, on average support giving further competencies to the EU with respect to defence and immigration policy.

**National Conservatives
More Sceptical about
Further Integration**

Figure 6: Average Integration Preferences by Political Group



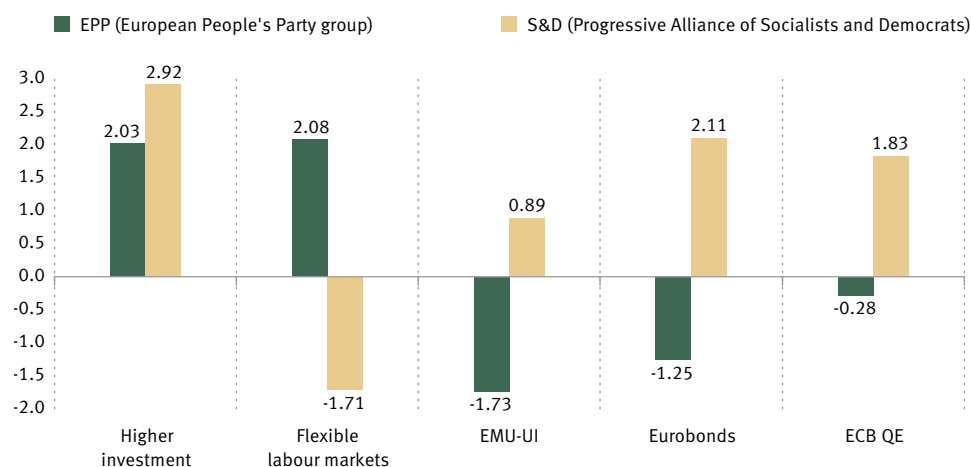
Source: Own calculations. The graph displays the respective averages of individual responses of German and French national MPs with respect to (hypothetical) membership to political groups of the European Parliament. The averages are weighted by the inverse probability of age, gender, parliament and membership to ruling party in the respective country to gain representativeness of answers to overall population of MPs. The answers to the related questions are based on a scale ranging from -4 ("Disagree") via 0 ("Undecided") to +4 ("Agree"), respectively (see Appendix A1).

Left-wing and conservative parties differ markedly in regard to their support of economic policy strategies for the euro area (Figure 7). Left-wing MPs tend to favour Eurobonds, heavy ECB involvement and EMU-UI. They oppose more flexibility in labour markets. Conservative MPs tend to adopt the opposite positions. However, national politicians in both political groups agree there is a need for higher national investments to stimulate economic growth in the euro area. This result is consistent with the assumption of greater support amongst conservative parties for supply-side positions and a stronger belief of the political left in stabilisation tools and solidarity.

**Left-Wing MPs Support
Redistributive Policies
in EMU**

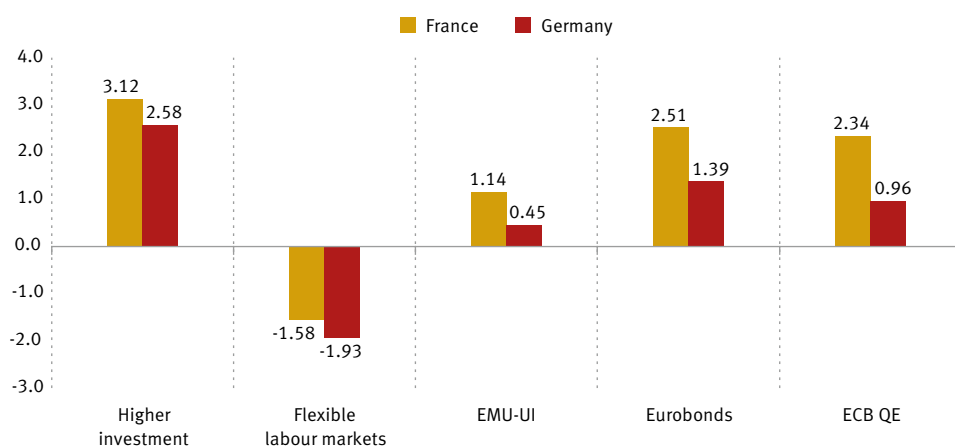
⁶ Other important political groups in the European Parliament like ALDE, GUE-NGL, the Greens/EFA and the ENF are not represented by sufficient number of observations to allow for the construction of meaningful statistical averages. By the same token, we do not consider the European Conservatives and Reformists (ECR), Europe of Freedom and Direct Democracy (EFDD) or independent members of the parliament as they are not related MPs in neither the German nor the French assemblies and are therefore not relevant for the current analysis.

Figure 7: Average Preferences Regarding Selected EMU Reform Proposals by Political Group



Source: Own calculations. The graph displays the respective averages of individual responses of German and French national MPs with respect to (hypothetical) membership to political groups of the European Parliament. The averages are weighted by the inverse probability of age, gender, parliament and membership to ruling party in the respective country to gain representativeness of answers to overall population of MPs. The answers to the related questions are based on a scale ranging from -4 ("Disagree") via 0 ("Undecided") to +4 ("Agree"), respectively (see Appendix A2).

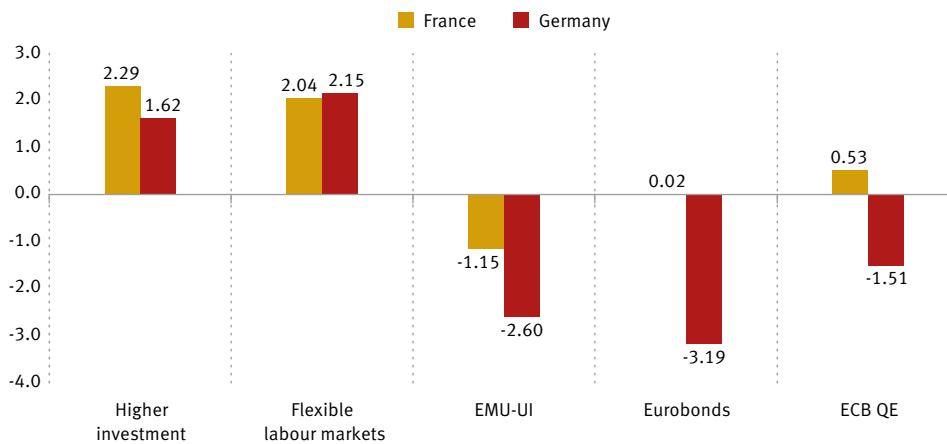
Figure 8: Average Preferences in Regard to Selected EMU Reform Proposals for S&D Group



Source: Own calculations. The graph displays the respective averages of individual responses of German and French national MPs with respect to (hypothetical) membership to the S&D group of the European Parliament. The averages are weighted by the inverse probability of age, gender, parliament and membership to ruling party in the respective country to gain representativeness of answers to overall population of MPs. The answers to the related questions are based on a scale ranging from -4 ("Disagree") via 0 ("Undecided") to +4 ("Agree"), respectively (see Appendix A2).

While this left-right divide of positions is hardly surprising, it is informative to compare French and German positions within one identical party family, i.e. one political group in the European Parliament. For that purpose, we show the average preferences for EMU-related reform proposals and policy strategies for S&D MPs (Figure 8) and EPP MPs (Figure 9) by country. These figures show that the differences between French and German views on economic policy might be also present within a single party family. Whilst members of parties affiliated to the social democratic and socialist group S&D agree across all selected reform initiatives and current policies, German social democrats are generally less supportive than their French counterparts. Figure 9 indicates disagreement between French and German conservatives in two important fields of policy. Whilst French MPs from the conservative Les Républicains are on average not against both Eurobonds and the asset

Figure 9: Average Preferences in Regard to Selected EMU Reform Proposals for EPP Group



Source: Own calculations. The graph displays the respective averages of individual responses of German and French national MPs with respect to (hypothetical) membership to the EPP group of the European Parliament. The averages are weighted by the inverse probability of age, gender, parliament and membership to ruling party in the respective country to gain representativeness of answers to overall population of MPs. The answers to the related questions are based on a scale ranging from -4 ("Disagree") via 0 ("Undecided") to +4 ("Agree"), respectively (see Appendix A2).

purchase programmes of the ECB, German MPs of CDU/CSU strongly oppose these policies. MPs from both countries of the conservative EPP group, however, agree to higher investments, more flexible labour markets and disagree with the installment of European unemployment insurance. The prevalent differences of opinion within party families between France and Germany are an important finding. This clarifies that the Franco-German heterogeneity is not simply the outcome of the current differences in the weights of parties within the parliaments.

6. Implications for Potential Integration Options

The insights provided by this survey must be interpreted with caution. Different views of French and German members of parliament may not necessarily reflect a fundamental and deeply-rooted long-run dissent in integration preferences. The different fiscal and economic performance of both countries can be expected to influence responses – Germany is currently in a situation of budgetary surplus whilst France continues to see growing debt levels. This asymmetric fiscal situation might explain the different views on fiscal insurance or mutual guarantees of representatives from both countries. The country in a more favourable situation, Germany, may not perceive the possible benefits identified by a country such as France, which finds itself in a more difficult fiscal environment. Conversely, the particular burden on Germany in the refugee crisis helps to explain why German MPs are particularly keen to concede more power to Brussels in the relevant field of policy.

With these caveats in mind, and given the pivotal role of both countries in the creation of possible new integration initiatives, the present survey may give some guidance as to where it is more realistic to expect a consensus. Overall, French MPs are more in favour of giving greater competencies to the EU in several fields of policy covered in the survey, than their German counterparts are. On average, they agree with further integration in the fields of immigration, taxation, wages, labour market regulation and defence. German MPs agree with their French colleagues in supporting the accordance of more competencies to the EU in the fields of immigration and defence policy only. MPs from both countries are, however, undecided as to whether they support further integration of energy policies in the EU.

**German and French
MPs Agree on More EU
Competencies with Respect
to Immigration and Defence**

Potential for Further Integration in Immigration and Defence Policies

The point of consensus in regard to integration preferences for defence and immigration is remarkable and could point to a window of opportunity for further political integration in the post-Brexit EU. The United Kingdom, with its substantial defence capacities and individual strategic objectives, has always been highly critical with respect to any Europeanisation of defence policy. When this critical voice leaves the EU, debates concerning greater collaboration across the EU in the field of defence, or even the creation of a European army could therefore gain momentum. This is even more likely given that two large Member States with significant defence capacities are in support of this notion. By the same token, the French and German consensus on granting the EU more power in immigration and refugee policy is remarkable given that both countries are affected differently by recent refugee immigration into Europe.

Limited Consensus on Euro Area Policies

The consensus on euro area policies is much more limited. There is disagreement between MPs from both countries regarding the introduction of Eurobonds. French politicians tend to support introduction whilst German MPs are more critical. A EMU-UI is not backed by national politicians in Germany either. Interestingly, there is also a clear difference in the support for these euro reform options within party families. German MPs in both the conservative and the social democratic/socialist party groups are more negative than the respective French MPs. MPs from both countries are undecided as to whether more flexibility should be given to national labour markets, which, however, reflects strong support (opposition) from conservative (social democratic/socialist) MPs but no cross-border dissent within party groups.

High Priority of National Investments

A greater degree of consensus between French and German MPs views on euro area economic policy only exists for a priority of higher national investments. Politicians from both countries (and different parties) agree that greater investments made by national governments constitute a promising approach to stimulating economic growth in the EMU. However, since the question does not cover financing issues (e.g. on more flexibility for deficit finance), it is not clear whether this reflects a real political consensus on specific additional national or European investment programmes.

Support for collaboration in Europe in the fields of defence and immigration policy is also present in the general electorate, i.e. MPs positions are consistent with representative population polls. Eurobarometer results from November 2014 and 2015 indicate the positive views of the French and German populations in regard to greater European involvement in immigration and defence (Eurostat, 2014 and 2015).

To sum up the evidence from our survey of national assemblies in both France and Germany, defence and immigration policies require particularly extensive attention and scrutiny in the post-Brexit debate aimed at identifying possible steps towards further integration in the EU.

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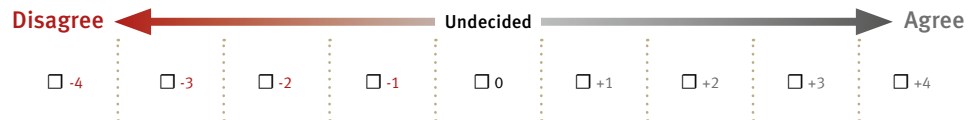
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Appendix¹

A1 Competency allocation in Europe

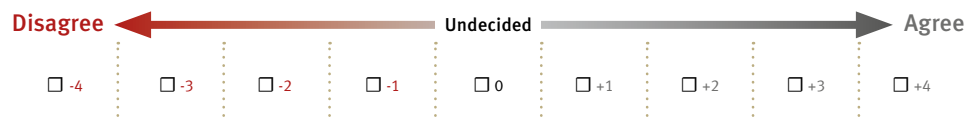
Energy policy

The EU should be able to enforce binding guidelines on the Member States regarding the energy mix (e.g. the share of renewable energies, coal or nuclear power).



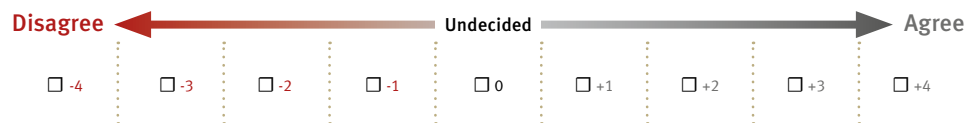
Immigration policy

The EU should be given a greater role in immigration policy (e.g. decisions on admission standards or allocation of refugees).



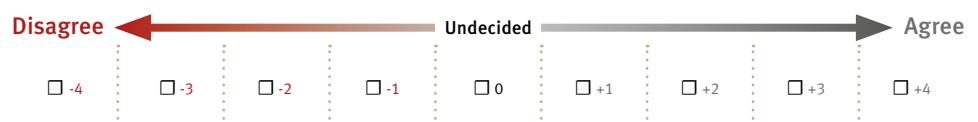
Tax policy

The Council of the European Union should be able to vote on taxes with a qualified majority (e.g. binding caps or floors for corporate taxes)



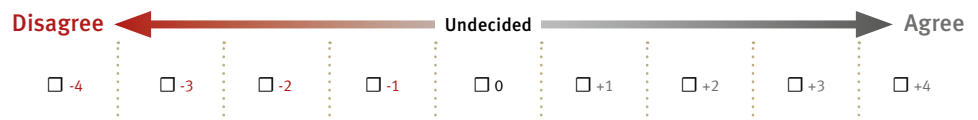
Wage policy

The EU should have greater right to intervene in wage policies (e.g. regarding the level of general statutory minimum wages).



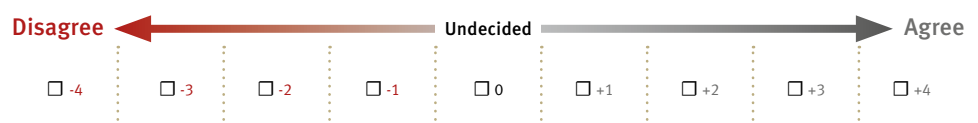
Labour market regulation

The EU should be able to enforce binding guidelines on the Member States in regard to the labour market (e.g. the design of dismissal protection or temporary contracts).



Defence policy

A European army under the command of the EU and financed from its budget should take over duties from national armies in international conflict deployments.



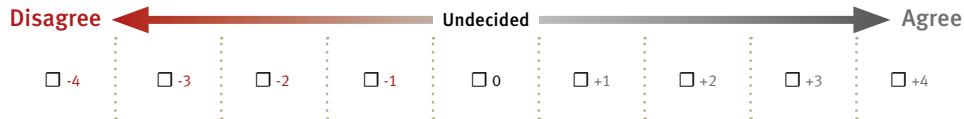
¹ The questions have been translated by the authors into English from the original versions in French and German.

A2 Reform initiatives in the EMU

A2.1 European reform initiatives and current policies

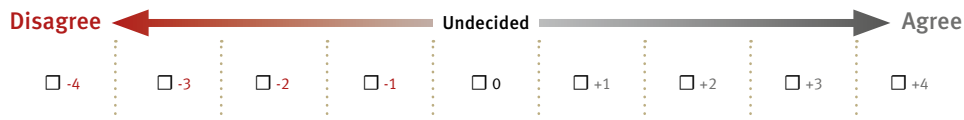
European unemployment insurance

A common European unemployment insurance should be introduced to absorb recessions in individual Member States of the EMU.



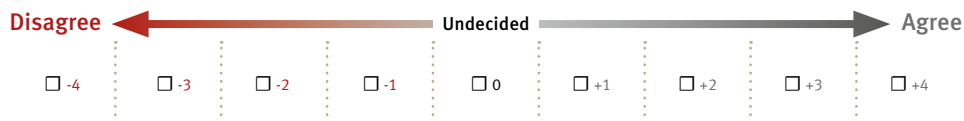
Eurobonds

All euro countries are jointly liable for Eurobonds and all euro countries pay the same interest. The EMU should issue Eurobonds.



Asset purchase program of ECB

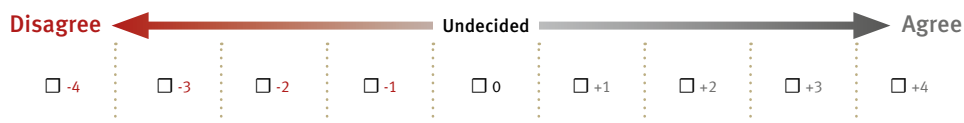
The European central bank did play a very active role in recent years by purchasing sovereign bonds from euro countries. The active intervention of the ECB should continue.



A2.2 National policies

Higher investment

For higher economic growth of the EMU it is essential that its Member States increase their investment expenditures.



Flexible labour markets

For higher economic growth of the EMU it is essential that particularly countries with permanently high levels of unemployment make their labour markets more flexible (e.g. via an easing of dismissal protection regulations or a decrease of the statutory minimum wage).

