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United we stand? Survey results on the views of French, German and Italian parliamentarians on EU and EMU reforms

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ZEW policybrief

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United We Stand? – Survey Results on the Views of French, German and Italian Parliamentarians on EU and EMU Reforms

The “multicrisis” of European integration from the euro debt crisis through the migration dispute to Brexit has kicked-off a comprehensive reform debate. This debate covers the evolution of European Monetary Union (EMU) institutions, the division of competencies between the EU and Member States, and reforms to the decision making and financing of the EU. While there is a wealth of innovative ideas across all these dimensions, the hurdles for a far-reaching reform are

Central Issues
of the Survey



KEY MESSAGES //

The results of our survey identify areas in which French, German and Italian politicians have convergent and divergent views on possible integration options. In particular:

- ▶ There is consensus in support of greater integration in Europe in the fields of immigration and (somewhat weaker) defense policies. There is also broad convergence in giving legislative initiative to the European Parliament (EP) and in increasing national investments expenditure to boost economic growth.
- ▶ Higher national investment finds support among most parties across Europe including the current governing parties in Italy.
- ▶ French and Italian members of parliament (MPs) support granting more competencies to the EU in the fields of energy and wages.
- ▶ French and Italian MPs support new instruments for the euro area, such as the introduction of Eurobonds and of a common unemployment insurance, while German MPs are against it.
- ▶ French and Italian MPs support the asset purchase program of the European Central Bank (ECB) whilst German MPs are opposed to it.
- ▶ German MPs also disagree with new EMU institutions (e.g. eurozone finance minister or euro area budget). Neither do they support the introduction of an EU tax to finance the European budget; Italian and French MPs are more in favor of such reforms.
- ▶ There is no consensus either on the completion of the Banking Union through the European Deposit Insurance Scheme, although German opposition is only mild.
- ▶ Conservative MPs have less favorable positions towards new instruments and new institutions for the EMU, while a greater consensus is found in The Progressive Alliance of Socialists and Democrats (S&D) and the French governing party La République en Marche (LREM).

**Challenges to EU
Reforms Ahead of
European Elections**

high, as they require a consensus among veto players. In this policy brief, we document descriptive insights of a unique recent survey among the national parliaments of the three largest Member States of the post-Brexit EU: France, Germany and Italy. Any far-reaching EMU or EU reform will have to be approved by the national parliaments of Member States. A consensus between these three countries is definitely not a sufficient condition for the political feasibility of a reform but most likely it amounts to a necessary one.

The survey on the future of European integration was conducted in the national parliaments of France, Germany and Italy, including the French Senate and Assemblée Nationale, the German Bundestag, and the Italian Camera dei Deputati and Senato della Repubblica. The survey was sent out in September 2018 and responses arrived until January 2019. It covers the three mentioned reform dimensions, i.e. the division of competencies between the European and national level, EMU reforms and the future of EU finance and decision making.

1. INTRODUCTION

The rise of Eurosceptic parties across Europe, the complex bargain after the Brexit vote and the limited ability of EU institutions to react to economic and social crises, along with diverging trends among the main economies participating to the euro area, pose serious concerns on the future of European institutions. The European elections in May 2019 will be the litmus test of what the course of future European integration could be.

In 2016, a sub-group of the present authors launched the first survey of French and German national parliamentarians on European issues (see Blesse et al., 2017a,b). The main conclusion was that party membership is a more important driver of EU reform preferences than nationality and that French conservatives and German social democrats have rather similar European preferences. Only issues related to monetary policy seemed to be more shaped by the nationality of the parliamentarians. Although the “French-German engine” is important for European reform initiatives, it only gives a very limited insight on reform feasibility in a post-Brexit-EU of 27 Member States. Therefore, this new survey gives a more complete picture by including Italy as the third of the three largest (after Brexit)-EU countries.

Our survey on the future of European integration covers the members of national parliaments of France (Assemblée Nationale as well as Sénat), Germany (German Bundestag)¹ and Italy (Camera dei Deputati and Senato della Repubblica). While established surveys like the Eurobarometer regularly analyze integration preferences of EU residents, there is a lack of evidence on how national and European policy makers think about different European integration options. This misses an important piece of information, as in all cases the parliaments are the ones that will have to approve potential reforms of the EU settings in a first instance, with perhaps the people involved in a second stage through referendums. Moreover, a number of new or not traditional parties have gained substantial shares in the national parliaments or even taken over the government. Hence, a better knowledge of their positions in European debates is important to understand reform constraints. Our survey not only asks national parliamentarians about European integration in general terms but also focuses on specific instruments and options for integration, i.e. different policy areas in which integration might take place. This corresponds to the economic insight that the allocation of competencies between the EU and the national level is suboptimal from a fiscal federalism perspective

¹ An inclusion of Germany's first chamber, the Bundesrat, is not possible given that it only consists of few representatives of the German states' governments.

with recommendations to move competencies both upwards and downwards (Weiss et al., 2017). The present survey covers three areas:

- Firstly, parliamentarians indicate their preferences for/against more European integration in five policy fields: energy, immigration, defense, wages and labor market regulation.
- Secondly, the survey covers the acceptance of different actual policy proposals and current policies related to the EMU (more investment spending, labor market flexibility, European Unemployment Insurance (EUI), Eurobonds, quantitative easing of the European Central Bank (ECB), softer Stability and Growth Pact, euro area budget, European Finance Minister, European Deposit Insurance (EDIS)).
- Finally, we cover questions related to reforms of the legislative decision making and the financing of the EU budget (EU tax as new own resource for the European budget, majority voting in tax decision making, legislative initiative for the EP).

**Survey Covers
Three Essential Areas
of EU-Reform**

2. SURVEY DETAILS

Our multi-lingual survey was executed jointly by the École polytechnique (France), the ZEW Mannheim and the University of Mannheim (Germany), and the Catholic University of Milan (Italy). It is supported by the Institut des Politiques Publiques (IPP) in Paris and the German Science Foundation's Collaborative Research Center "Political Economy of Reforms" in Mannheim. French, German and Italian questionnaires were formulated in the respective languages but had the same content and wording.

The survey was sent out in September 2018 in France, Germany and Italy. Cover letters with the two-page survey were sent out at the same time from Palaiseau in French for the French parliaments, from Mannheim in German for the Bundestag, and from Milano in Italian for the Italian parliament. First, the questionnaire was sent to the main office of the respective MPs via letter post. The MPs could then respond either by post, email, or a separate online-survey tool. Second, reminder emails were sent to those who did not participate (making sure that they did not decline participation explicitly). Third, non-respondent MPs were contacted by phone. Answers were received between September and January 2019. The characteristics of individual members of parliament (MP) (party membership, age, gender, etc.) can be used for research purposes, but confidentiality of the individual answers was guaranteed in order to encourage unbiased reporting of preferences. Finally, we randomized the ordering of questions in each question bloc in order to avoid biased responses due to possible framing effects.

The survey resulted in 328 completed out of 2,575 in total. This amounts to a response rate of 12.7%, which corresponds to the usual level of successful parliamentary surveys (Blesse et al., 2017a, 2017b, Deschouwer et al., 2014). Table 1 summarizes response rates across parliaments and parties/party groups.

Both national and ideological factors can play a substantial role in the formation of opinion on foreign politics and European integration. To take this issue into account we present both country and ideology-related means for the policy fields of our survey.

Our party group analysis uses party groups of the EP to classify the parties cross-country. An exception is made for the two Italian parties, presently in government, the Five Star Movement (M5S) and Lega. The reason is that although they participated to European party groups in the previous European legislature (the M5S in the Europe of Freedom and Direct Democracy group and the Lega in the Europe of Nations and Freedom group) they have since revised their position on Europe, moving to more skeptical positions and they are now looking to form new alliances. Due to an insufficient number of observations for smaller groups we can apply the party-group aggregation only to the conservative (European People's Party group, EPP) and the social democratic/socialist parties

**Analysis of Parties
and European
Party Groups**

(Progressive Alliance of Socialists and Democrats, S&D)². The EPP comprises MPs from the CDU/CSU and Les Républicains as well as Les Indépendants from Germany and France respectively, as well as Forza Italia and Per le Autonomie (SVP) from Italy. Members of the German SPD, the Italian Partito Democratico as well as the French parties of Groupe socialiste, RDSE and Nouvelle Gauche participate in the European Parliament's S&D. In addition, we shed light on positions of the French government party La République en Marche (LREM) that in the 2014 – 19 legislative term does not have seats in the EP and, hence, cannot be assigned to a European party group. An aggregation of parties like the Italian M5S and Lega with the German AfD – even though they are all often referred to as “populist” in the press – does not make sense given their high heterogeneity of views on European issues. In order to respect anonymity of the responses, we are not able to present indicators for the French far right Rassemblement National, due to the small number of seats.

TABLE 1: RESPONSE RATES

	Non-respondents	Respondents	Response rate	Total
Total	2247	328	12.74	2575
France				
Assemblée nationale	489	85	14.81	574
Sénat	305	39	11.34	344
France total	794	124	13.51	918
Germany				
Bundestag	584	125	17.63	709
Germany total	584	125	17.63	709
Italy				
Camera	576	52	8.28	628
Senate	293	27	8.44	320
Italy total	869	79	8.33	948
Parties/Party groups				
EPP ^a	664	77	10.39	741
S&D ^b	381	64	14.38	445
LREM (France)	278	54	16.27	332
AfD (Germany)	63	29	31.52	92
Lega (Italy)	172	9	4.97	181
M5S (Italy)	311	20	6.04	331
Others ^c	378	75	16.56	453

(a) CDU/CSU, Les Républicains, FI, Per le Autonomie (SVP), Union centriste, Les Indépendants.

(b) SPD, Groupe socialiste, PD, RDSE, Nouvelle Gauche.

(c) BÜ90/Die Grünen, Die Linke, FDI, FDP, Fraktionslos (Bundestag), Gauche démocratique et républicaine, Groupe communiste, LEU, La France Insoumise, Non inscrits, MISTO, MoDem, UDI, Agir et indépendants, Independent MPs (Italy).

² Other important political groups in the European Parliament like ALDE, GUE-NGL, the Greens/EFA and the ENF are not represented by a 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 there are no related MPs in either the German or the French assemblies.

Response rates are very different across parties. This raises an obvious issue of selection bias. The Italian EU-skeptical parties had much lower response rates compared to the traditionally pro-European “grand coalition” parties (so that their party averages must be treated with particular caution). Conversely, the German AfD has the highest participation rate. In the following, we deal with this problem by the use of weighted country averages. The weights are chosen to correct for the large differences in response rates both across parties and across parliamentary chambers. All answers are weighted by the inverse of the relative frequency of an observation. Hence, for group comparisons by political parties we weight answers with the inverse probability of parliament membership of the individual respondent and for cross-country comparisons we rely on the inverse probability by national party and parliament membership.

In the following, we report, for each of the three reform fields, country means and party/party group means. We thus document the extent to which there exists (dis)agreement across countries (with the given party shares in the respective parliaments) and parties.

3. DIVISION OF COMPETENCIES BETWEEN EU AND MEMBER STATES

The survey asks respondents to give their views on the future division of competencies between the EU and Member States for the following five policy fields (the full text of the questions is in the Appendix):

- ▶ Energy policy: The EU should be able to make binding guidelines to the Member States regarding the energy mix (e.g. regarding the share of renewable energies, coal or nuclear power).
- ▶ Immigration policy: The EU should be assigned a stronger role in immigration policy (e.g. decisions over admission standards or allocation of refugees among countries).
- ▶ Defense policy: A European army under the command of the EU and financed from its budget should take over duties from national armies regarding international conflict deployments.
- ▶ Wage policy: The EU should have stronger rights to intervene in the wage policies (e.g. regarding the level of general statutory minimum wages).
- ▶ Labor market regulation: The EU should be able to make binding guidelines to the member states regarding the labor market (e.g. regarding the design of dismissal protection or temporary contracts).

Parliamentarians could answer each of these questions on a scale between -4 (“Disagree”) via 0 (“Undecided”) to +4 (“Agree”). Hence, a positive mean value signals support for more EU competencies in the specific field, a negative mean signals a preference for the status quo of Member State autonomy.

Table 2 gives an overview of the integration preferences across the five policy fields covered based on the country-specific means. Table 3 presents means for party groups or parties. N indicates the number of responses in each group. Due to item non-response, the actual number of observations used for the calculation of single means in all tables can be slightly smaller.

A first general result that emerges from the Survey is that German MPs are more reluctant to give more competencies to the EU than their Italian and French colleagues.

Looking at single issues, the only policy item where there is fairly strong agreement from MPs in all countries to strengthen the role of Europe is immigration, possibly as a result of the 2015 refugee inflow in the EU. A second policy issue where agreement is widespread is defense. However, on this issue, average support from German MPs is only slightly in favor of giving more competence to the Union (positive answers just overcome negative ones), while French MPs and Italian ones are more positive.

Largest Consensus on Greater Role of EU for Immigration

TABLE 2: AVERAGE SUPPORT (MEANS) FOR MORE EUROPEAN COMPETENCIES BY POLICY FIELD AND COUNTRY

	(1) France	(2) Germany	(3) Italy
Energy	1.06	-0.59	1.47
Immigration	1.67	1.58	2.34
Defense	1.53	0.56	1.51
Wages	1.17	-1.26	1.05
Labor market	1.55	-0.72	1.09
N	124	125	79

Source: Own calculations. The table displays the party- or party group-specific averages of individual responses. Both party groups (EPP, S&D) comprise parliamentarians from all three countries. Answers are weighted by the inverse response probability of parliament membership. The answers to the related questions are based on a scale ranging from -4 ("Disagree") through 0 ("Undecided") to +4 ("Agree"), respectively (see the Appendix).

Italian and French MPs Support also More EU-Competencies on Energy, Wage and Labor

Italian and French MPs are also in favor of the remaining three policy issues – on energy, wage and labor markets – whereas German MPs are against the idea that Europe should gain further competencies in those areas.

Table 3 shows the average policy preferences on the same issues by party (group). MPs from the conservative EPP party group are always more skeptical about increasing European competencies as compared to parliamentarians from the S&D parties. On average, conservative MPs strongly support more competencies for the EU only in the fields of immigration and defense, and have close to neutral positions for such competence shifts in the area of energy and labor market policy (slightly positive) and wage policy (slightly negative). By contrast, members from social de-

TABLE 3: AVERAGE SUPPORT (MEANS) FOR MORE EUROPEAN COMPETENCIES BY PARTY GROUP OR PARTY

	(1) EPP	(2) S&D	(3) LREM	(4) AfD	(5) Lega	(6) M5S	(7) Others
Energy	0.24	2.25	1.77	-3.86	-0.66	1.64	1.10
Immigration	1.84	3.12	2.75	-3.55	-0.44	2.60	2.32
Defense	1.71	2.50	2.02	-3.52	-0.88	1.00	1.35
Wages	-0.42	2.41	1.72	-3.90	-1.44	1.44	0.24
Labor market	0.22	2.24	1.89	-3.79	-1.21	1.54	0.94
N	77	64	54	29	9	20	75

Source: Own calculations. The table displays the party- or party group-specific averages of individual responses. Both party groups (EPP, S&D) comprise parliamentarians from all three countries. Answers are weighted by the inverse response probability of parliament membership. The answers to the related questions are based on a scale ranging from -4 ("Disagree") through 0 ("Undecided") to +4 ("Agree"), respectively (see the Appendix).

mocrats and socialists accept on average integration in all of the five selected policy fields.

The views of parliamentarians outside these traditional political party groups are also shown in Table 3. The new French party La République en Marche (LREM) under President Macron takes a position that is close to the S&D party group. The average position of the Italian M5S movement is not that different, although the support for competence shifts is a bit weaker for defense, wage, and labor market policies. This might look surprising given the general anti-European attitude ta-

ken by the current Italian government, but this is in part the result of the government coalition with the Lega and the division of tasks between the two parties inside the new government. In fact, the Italian Lega is (weakly) opposed to any shift of competences towards the European level. The German Alternative for Deutschland (AfD) is more determined and against any shift in policy competence to the EU level, and opposition is close to its maximum in all policy areas.

German AfD and Italian Lega Against Any Shift in Policy Competence

4. EMU POLICIES AND REFORM OPTIONS

The great recession in the years following 2008 and the resulting debt crisis have given rise to a debate on deeper economic and fiscal integration of the EMU. One of this debate's key issues is whether a system with centralized monetary policy and independent fiscal policies at the level of the Member States can function. The 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 stabilization mechanisms could provide an insurance mechanism in times of asymmetric macroeconomic shocks in the EMU. However, opponents point to moral hazard problems as well as to the economic and political risks of transfer dependency. We fielded survey questions that address this trade-off.

Regarding 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 more flexible labor markets. Both dimensions belong to the political agenda of the European Commission as part of the so-called "Juncker plan". Moreover, these strategies represent a typical "demand side" (higher investment spending) and "supply side" (labor market flexibility) approach.

The survey also asked MPs about their preferences on policy proposals, which are intended to increase fiscal integration in the EMU, i.e. on the introduction of a common European Unemployment Insurance (EUI) scheme as well as Eurobonds. EUI would provide unemployment benefit transfers to single member states in times of economic crisis and might stabilize available incomes across member states (Dolls et al., 2014). Eurobonds represent joint sovereign bond emissions of all euro member states with collective guarantees, which would result in a uniform interest yield for all euro members for the share of national debt that is financed through these instruments. This would hold independently of the Member States' varying individual default risk and fiscal performance.

Parliamentarians were also asked to evaluate the active role of the ECB through its recent asset purchasing programs (quantitative easing, QE). European QE is controversial with critics raising concerns regarding asset price inflation, indirect government financing, and long-run risks for financial stability. Supporters, on the contrary, suggest that in the aftermath of a serious recession, QE has avoided the risk of deflation and supported the stability of the Euro and the economies in a time of severely constrained fiscal policy in several countries.

A further survey question focuses on the Stability and Growth Pact (SGP), which imposes constraints on EMU member states' fiscal policies. In particular, the SGP intends to steer public debt to a level below 60% of GDP and the government budget structural balance to respect a country-specific medium term objective (MTO), which reflects the Member State's debt level and growth prospect³. Violations trigger fiscal adjustment processes and eventually fines in case of non-compliance. Supporters of the SGP see fiscal rules of this type as necessary to guarantee the stability of a common currency, and to prevent negative spillovers from one country's fiscal policy to other countries. Opponents stress that the fiscal rules represent a too complex and rigid straitjacket, with the result of undermining the economic policy initiative of Member States.

³ For most countries, the MTO objective prescribes a structural budget close to or in equilibrium.

The election of the French president Emmanuel Macron launched a wave of arguments in favor of new institutions in the eurozone like a euro area budget or a common finance minister (Sorbonne speech in September 2017). The German reaction to these proposals was initially lukewarm even when an agreement in favor of a eurozone budget was announced (see the Meseberg declaration of June 2018). The Italian position is still unclear because the political elections of March 2018 did not give a clear majority to any of the parties or coalition of parties running. As a result, a government coalition was eventually formed between two parties, Lega and M5S, that have somewhat different opinions on several European issues. A consensus on the new EMU institutions has yet to be reached and might take some time.

The debt crisis that hit many European countries after 2008 revealed the dangerous nexus between national sovereigns and their financial sector, as many banks have a home bias in their asset portfolios and hold an over proportional share of debt of their own government. The strongest institutional reaction in response to the crisis was the creation of the banking union, which represents an element to contain the spread of a crisis through the international banking system. However, many observers believe that the current banking union lacks several dimensions to be complete, such as EDIS (e.g. Béranger and Scialom, 2015). Opponents to an EDIS are afraid of a European collectivization of non-performing loans or excessive sovereign exposure in national banking systems.

The survey asks respondents to give their views on these economic and fiscal policies (the full text of the questions is in the Appendix):

- ▶ Higher national investment: To boost economic growth in the EMU, it is essential that Member States increase their investment expenditure.
- ▶ Flexible labor markets: Countries with permanently high levels of unemployment should make their labor markets more flexible, easing dismissal protection regulations or reducing the statutory minimum wage.
- ▶ European Unemployment Insurance (EUI): To absorb recession a common insurance scheme should be introduced among the Member States belonging to the EMU.
- ▶ Eurobonds: Eurobonds are securities such that all euro countries are jointly liable for them and pay the same interest on them. The EMU should issue Eurobonds.
- ▶ Asset purchase program of ECB: The ECB should continue its active monetary policy by purchasing sovereign bonds of euro countries.
- ▶ Stability and Growth Pact (SGP): The SGP inappropriately constrains fiscal policy in Member States and should be relaxed.
- ▶ New EMU institutions: For a proper functioning, the EMU needs new fiscal institutions (e.g. euro area budget or European Finance Minister).
- ▶ Completing of Banking Union: The European Banking Union should be completed through EDIS.

On national policy measures, there is some convergence of views among the three countries (Table 4). Higher investment by member countries finds support everywhere even though it is somewhat weaker in Germany than in the other two countries. More flexible labor markets are rejected everywhere even though the position is close to neutral. The responses to the question regarding flexible labor markets are also not statistically different at conventional levels across countries. As before, German MPs are more skeptical towards further integration, and are clearly opposed to EUI and Eurobonds. A softening of the SGP is also not welcomed by them. However, opposition against EDIS is very mild. Italian MPs, by contrast, strongly favor all these measures including a softening of the SGP. The position of French MPs is again somewhat in between the German and Italian ones. Only on new EMU institutions, French are more supportive than Italians, and they weakly disagree on softening the SGP. French MPs also clearly support both the ECB policy and the Eurobonds but are much less favorable to EUI.

Asking National MPs for Euro-Area Reforms

Higher Investment Is Supported by All Three Countries

TABLE 4: AVERAGE PREFERENCES (MEANS) FOR SELECTED EMU REFORM PROPOSALS BY COUNTRY

	(1) France	(2) Germany	(3) Italy
Higher investment	2.03	1.26	2.54
More flexible labor markets	-0.33	-0.16	-0.47
EUI	0.34	-1.17	2.37
Eurobonds	1.29	-1.34	2.00
ECB asset purchases	1.67	-0.91	2.19
SGP softening	-0.39	-1.44	2.47
New EMU institutions	1.77	-0.65	1.32
EDIS	1.63	-0.07	1.80
N	124	125	79

Source: Own calculations. The table displays the party- or party group-specific averages of individual responses. Both party groups (EPP, S&D) comprise parliamentarians from all three countries. Answers are weighted by the inverse response probability of parliament membership. The answers to the related questions are based on a scale ranging from -4 ("Disagree") through 0 ("Undecided") to +4 ("Agree"), respectively (see the Appendix).

Regarding economic policy strategies for the euro area, traditional parties on the left and right differ markedly (Table 5). MPs from S&D tend to favor Eurobonds, a strong ECB involvement, new EMU institutions, EUI, and support a softening of the SGP. They oppose more flexible labor markets and strongly support more national investment. Conservative MPs tend to take the opposite position, although their view on European policies is often only mildly positive or mildly negative. Exceptions are ECB asset purchases and in particular EDIS that are also supported by conservative MPs. In contrast to social democrats, conservative MPs are in favor of more flexible labor markets, while they agree with the former on the need for higher investments. Summing this up, the two party groups show some congruence on investment and a closer banking union, while they differ strongly on labor market flexibility. This result is consistent with an assumedly higher

Marked Divisions With Respect to Euro-Area Reforms Across Parties and Countries

TABLE 5: AVERAGE SUPPORT (MEANS) FOR EMU REFORMS BY PARTY GROUP OR PARTY

	(1) EPP	(2) S&D	(3) LREM	(4) AfD	(5) Lega	(6) M5S	(7) Others
Higher investment	1.57	2.76	1.97	-1.31	0.77	2.84	2.60
More flexible labor markets	1.26	-1.28	-0.49	-0.52	-1.56	-1.05	-0.31
EUI	-0.22	2.54	1.11	-4.00	1.01	2.58	0.03
Eurobonds	0.05	2.20	1.74	-3.83	1.00	1.68	0.85
ECB asset purchases	0.87	2.33	1.72	-3.93	1.12	2.05	0.83
SGP softening	-0.70	1.39	-0.67	-2.93	3.22	3.05	-0.40
New EMU institutions	0.64	2.77	2.64	-4.00	-0.66	0.84	0.95
EDIS	1.34	2.42	2.14	-3.50	0.01	1.11	1.39
N	77	64	54	29	9	20	75

Source: Own calculations. The table displays the party- or party group-specific averages of individual responses. Both party groups (EPP, S&D) comprise parliamentarians from all three countries. Answers are weighted by the inverse response probability of parliament membership. The answers to the related questions are based on a scale ranging from -4 ("Disagree") through 0 ("Undecided") to +4 ("Agree"), respectively (see the Appendix).

support of conservative parties for supply side positions and a stronger belief of the political left in stabilization tools and solidarity.

As for the other parties, LREM can be seen as a milder version of the S&D, but going in the same direction, except for the softening of the SGP, which it clearly opposes. M5S is close to LREM with the exception of the SGP, which it strongly wants to be softened. On EUJ, M5S however is more enthusiastic than LREM and indeed, the social democratic parties themselves. Lega MPs have some overlap with those parties. Compared to M5S it is even more in favor of loosening the SGP, but clearly less so in favor of EUJ and new EMU institutions, which it slightly opposes. The position of the German AfD is very distinct from all other parties. It is strongly opposed to all European policy measures and the softening of SGP. Even on national investment, it takes a different position, since it opposes it as well. Nevertheless, its opposition to more flexible labor markets is similar to other outsider parties.

5. INSTITUTIONAL REFORMS AND FISCAL POLICIES

Academics and policy-makers also discussed several options to change the financing of the EU budget. One proposal is to increase the share of genuine own resources, by introducing an EU tax (on some common tax base, such as corporate income) directly controlled by the European Parliament (EP) and the other EU institutions (see for instance the report by French parliamentarians in November 2018 on “la refondation démocratique de l’Union Européenne” or the academic proposal [tdem.eu](#)). Supporters claim that an EU tax for the budget could increase transparency and fiscal responsibility on the European level. Opponents fear that new own resources would pave the way for an excessive budgetary expansion and weaken pressure towards spending efficiency.

Among policy makers there is the perception of widespread problems of tax competition in the Internal Market, particularly for mobile tax bases (such as capital and corporations). From this perspective, the veto power of Member States is seen as an impediment to further limit tax competition and tax avoidance. Opponents to majority voting in taxation defend national tax autonomy as a legitimate national degree of freedom and regard tax competition as beneficial to foster public sector efficiency and to protect citizens and companies against an excessive tax burden. Consequently, it is interesting to ask whether national MPs would be in favor of weakening the decision requirements, by allowing decisions on tax matters in the Council to be taken with a qualified majority instead of unanimity.

The perceived lack of democracy at the European level and the decrease in participation rates at the European elections fuels the arguments in favor of more decisional power for the EP, for example, by allowing it to make legislative proposals (at the moment only the Commission has this right).

TABLE 6: AVERAGE PREFERENCES (MEANS) FOR INSTITUTIONAL REFORMS

	(1) France	(2) Germany	(3) Italy
EU tax as own resource	1.42	-0.56	0.08
Majority voting in taxes	0.98	-0.01	0.81
EP initiative	2.40	2.27	2.96
N	124	125	79

Source: Own calculations. The table displays the party- or party group-specific averages of individual responses. Both party groups (EPP, S&D) comprise parliamentarians from all three countries. Answers are weighted by the inverse response probability of parliament membership. The answers to the related questions are based on a scale ranging from -4 (“Disagree”) through 0 (“Undecided”) to +4 (“Agree”), respectively (see the Appendix).

Against this background, we have asked the following questions:

- EU Tax as own resource: There should be a new tax-based own resource for the EU budget under direct control of the EU institutions (e.g. an EU tax on a common corporate tax base).
- Majority voting in tax policy: The European council should be able to vote on taxes with a qualified majority (e.g. binding caps or floors for corporate taxes).
- EP initiative: The EP should get the right to propose new EU laws (i.e. the legislative initiative), which is currently confined to the European Commission.

There is widespread consensus among all countries that the EP should get the right to propose new legislation (Table 6). On the other two issues, there is less congruence. French and Italian MPs share a moderate support of majority voting on taxes, while German MPs have on average a neutral view. French MPs are the most supportive of an own EU tax, while Italian parliamentarians are neutral and a moderate opposition is found among German MPs.

All parties except the mildly opposed German AfD support the EP's legislative initiative (Table 7). Conservatives, while supportive, are however less so than the other parties (apart from AfD and

**Widespread Support
for EP's Legislative
Initiative**

TABLE 7: AVERAGE SUPPORT (MEANS) FOR INSTITUTIONAL REFORMS

	(1) EPP	(2) S&D	(3) LREM	(4) AfD	(5) Lega	(6) M5S	(7) Others
EU tax as own resource	-0.18	2.07	2.54	-3.90	-2.33	-0.25	0.84
Majority voting in taxes	0.22	2.86	1.26	-3.10	-1.55	0.59	0.59
EP initiative	2.05	3.25	2.61	-0.31	1.89	2.94	3.30
N	77	64	54	29	9	20	75

Source: Own calculations. The table displays the party- or party group-specific averages of individual responses. Both party groups (EPP, S&D) comprise parliamentarians from all three countries. Answers are weighted by the inverse response probability of parliament membership. The answers to the related questions are based on a scale ranging from -4 ("Disagree") through 0 ("Undecided") to +4 ("Agree"), respectively (see the Appendix).

Lega). An own EU tax is very welcome among LREM parliamentarians and also strongly supported on the left. By contrast, EPP and M5S are negative but close to indifferent. Lega is strongly opposed and, again, AfD is opposed almost to the maximum possible extent. A somewhat similar picture arises for majority voting on taxes. While AfD and Lega are strongly opposed to this, majority voting finds varying degrees of support among other parties. Strongest support for a new voting mechanism is found on the center left and among LREM members. EPP MPs are close to neutral.

6. DISCUSSION AND EUROPEAN INTEGRATION IMPLICATIONS

The insights provided by this survey must be interpreted with caution. Different views of French, Italian 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 performances of these countries, particularly after the 2007 crisis, can be expected to influence responses – Germany is currently in a situation of budgetary surplus and a falling debt-to-GDP ratio, whilst France continues to see a rising debt level with constant high deficits. Italy's high sovereign debt is a concern for the entire eurozone and its sluggish economic growth is not helping to ease the burden. This asymmetric economic and fiscal situation might explain the different views on fiscal insurance or mutual guarantees. The country in a more favorable situation, Germany, may not perceive the possible benefits identified by countries such as France and Italy, which find themselves in a more difficult fiscal environment. Conversely, parliamentarians from France and

Italy may not realize the risk that a system designed to provide insurance could mutate into a system providing permanent transfers to high-debt countries, which would entail moral hazard and substantial risk for integration support among voters in donor countries.

By contrast, there is more agreement on policy fields where the national situations are more symmetric. Although refugee numbers have differed between the three countries over recent years, parliamentarians perceive the migration issue as a joint European challenge. This could explain why on average all three parliaments are particularly keen to concede more power to Brussels in this policy field. The other policy with significant convergence is defense. These results are important to envisage the next steps of European integration.

Looking at the institutional side of European integration, there is widespread consensus across all parties and all countries in providing the EP with the right of legislative initiative (except for AfD). This is another reform that seems to be overdue. On the other hand, there is still large dissent on what this reformed Parliament or these reformed European institutions should do. Overall, German MPs are more reluctant than their Italian and French colleagues to give new resources (e.g. the EU tax) and competencies to the EU. In general, France and Italy have pretty similar preferences to shift policies. The new parties currently in government in Italy (M5S and Lega) are in favor of EUI introduction and introducing Eurobonds. In general, the M5S movement has more pro-European views with preferences more similar to the S&D group. Lega is more negative on competence shifts and also more skeptical on qualified majority voting on taxation and an EU tax as a new own resource. It is worth mentioning, that the German AfD is most pronounced in its positions against any proposals to increase European integration, except perhaps on the idea of giving the power of legislative initiative to the European Parliament. Although parties like Lega, M5S and AfD are often jointly labeled as “populist” they fundamentally disagree on several European integration issues. Italian “populists” are strongly in favor of softer fiscal rules, far-reaching fiscal insurance and ECB support for government finance whereas German “populists” are strongly opposed to those.

Among the new parties, La République En Marche has positions on European integration, which are closer to those of the S&D, although somewhat distinct. For example, members of Macron’s party are more in favor than social democrats of the idea of introducing an EU tax to finance the EU budget. At the same time, they are somewhat less favorable to the idea of introducing an EUI mechanism and clearly against the proposal of softening the SGP, which is instead strongly supported by social democrats.

Concerning the euro area, policy preferences are even more disperse. There is broad consensus between French and Italian MPs in evaluating positively the asset purchase program of the ECB and in being in favor of introducing new tools such as Eurobonds and EUI. German MPs are instead firmly against all these policies. The only policy where some progress seems to be possible is in completing the Banking Union by introducing EDIS. German MPs are undecided on this issue, while both French and Italian parliaments strongly support it.

In terms of policies, all countries strongly reject the idea of more labor flexibility to combat unemployment in the EMU, although conservatives agree (and social democrats disagree) with that statement. Clearly, labor market policies are perceived as too fundamental for the sovereignty of a country to be delegated to the European level. On the contrary, and somewhat surprisingly, all parliaments (the German one included) and all parties (conservatives included, with the exception of AfD) agree with the idea that higher national investments are essential to promote higher growth in the EMU area.

**Diverging Views on
Euro-Area Reforms
Among Anti-Establishment
Parties**

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Disclaimer: The views and opinions expressed in this policy brief are those of the authors and do not necessarily reflect the official policy or position of their institutions.

Appendix

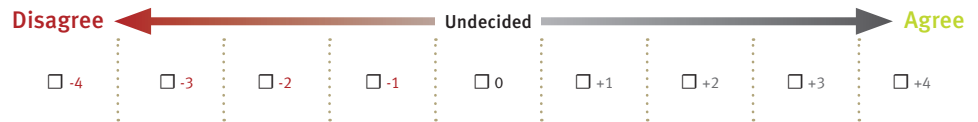
Survey: On the prospects of the European Union (EU)

1. Competency allocation in Europe

Do you approve the following proposals?

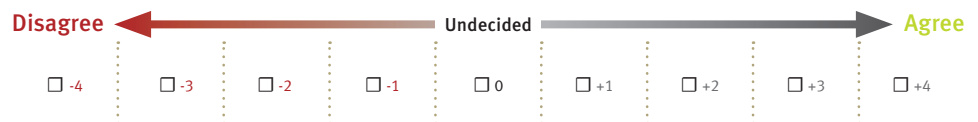
Energy policy

The EU should be able to make binding guidelines to the member states regarding the energy mix (e.g. regarding the share of renewable energies, coal or nuclear power).



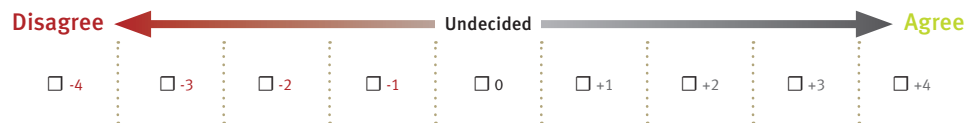
Immigration policy

The EU should get a stronger role in immigration policy (e.g. decisions over admission standards or allocation of refugees).



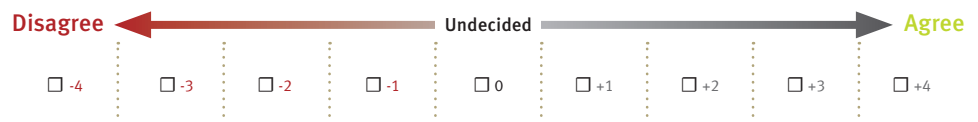
Defense policy

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



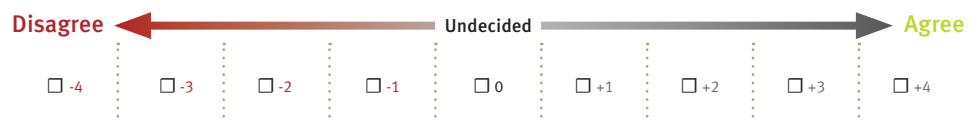
Wage policy

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



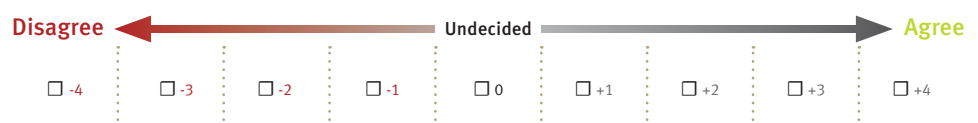
Labour market regulation

The EU should be able to make binding guidelines to member states regarding the labour market (e.g. regarding the design of dismissal protection or temporary contracts).



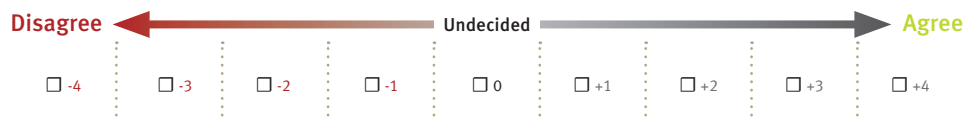
EU tax as a new own resource

There should be a new tax-based own resource for the EU budget under direct control of the EU (e.g. an EU tax on a common corporate tax base).

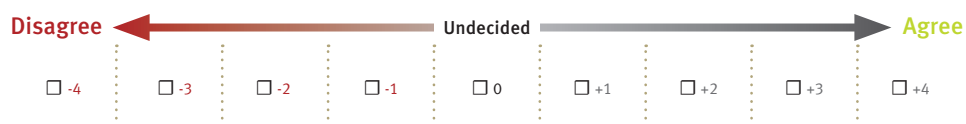


Tax policy

The European Council should be able to vote on tax issues with a qualified majority instead of unanimity (e.g. common caps or floors for corporate taxes binding for member states).

**European Parliament and legislative initiative**

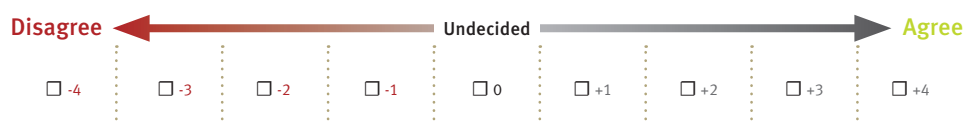
The European Parliament should get the right to propose new EU laws (i.e. the legislative initiative) which is currently confined to the European Commission.

**2. Reform initiatives in the European Monetary Union (EMU)**

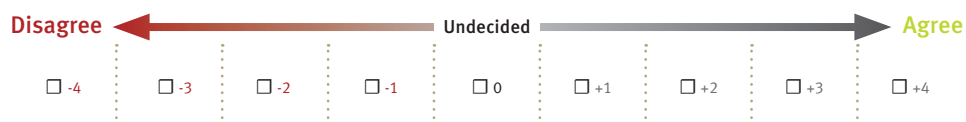
Do you approve the following proposals?

Higher investment

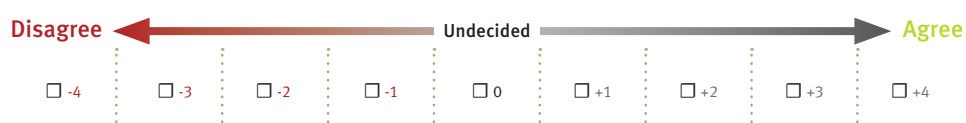
For higher economic growth of the EMU it is essential that its member states increase their investment expenditures.

**Flexible labour markets**

For higher economic growth of the EMU it is essential that especially 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).

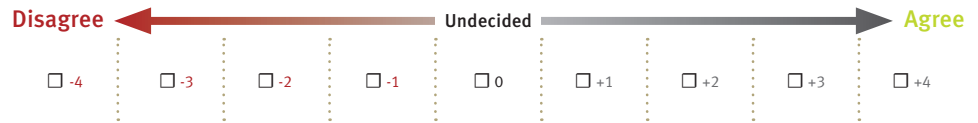
**European unemployment insurance**

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



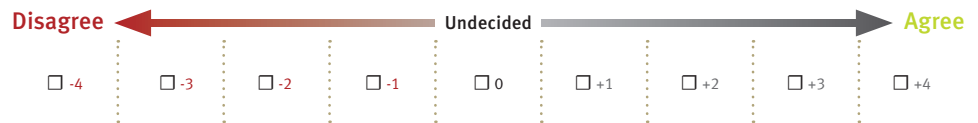
Eurobonds

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



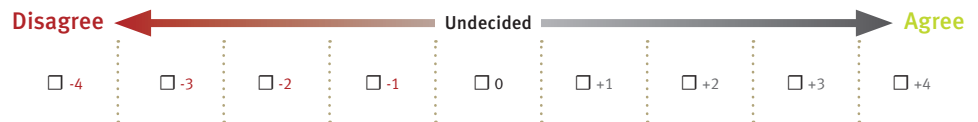
Asset purchase program of ECB

The European Central Bank (ECB) did take a strongly active position in recent years by purchasing sovereign bonds of euro countries. This strongly active position of the ECB should continue.



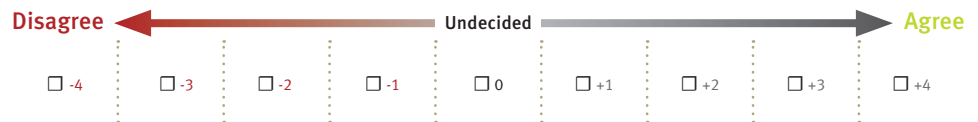
Stability and Growth Pact (SGP)

The SGP defines deficit and debt limits for EU member states. The SGP inappropriately constrains fiscal policy in member states, and should be relaxed.



New EMU institutions

For a proper functioning, the EMU needs new fiscal institutions (e.g. a euro area budget or a European Minister of Finance).



Completion of Banking Union

For its proper functioning, the European Banking Union should be completed through the European Deposit Insurance Scheme (EDIS).

