# IS EUROPE READY FOR FURTHER POLITICAL INTEGRATION?

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## INTRODUCTION

In a recent public lecture where he discussed the European Monetary Union and its future, Mario Draghi forcefully argued that it is time for the EU to take some concrete steps towards a political union (15th Annual Martin Feldstein Lecture, National Bureau of Economic Research, July 2023 https://www.nber.org/lecture/2023-15th-annual-feldstein-lecture-mario-draghi-next-flight-bumblebee-path-common-fiscal-policy ). The challenges faced by European member states are increasingly global: climate change, defense and security, migration, energy, cannot be tackled at the national level. Even policy areas that in the past belonged squarely to the national domain, like health policy, now may require a coordinated European response, like with COVID. In the words of Mario Draghi: "The strategies that had insured our prosperity and security in the past – reliance on the USA for security, on China for exports and on Russia for energy – are either insufficient, uncertain or unacceptable. The challenges of climate change and migration only add to the sense of urgency to enhance Europe's capacity to act." Following this logic, Draghi advocated to initiate a political process leading to a new EU treaty, with the goal of achieving more centralized decision making in several policy areas, as well as a different form of political representation of EU citizens.

Mario Draghi is not alone in thinking along these lines. The notion that the EU should play a greater role in the provision of these basic public goods, and that this requires a centralization of decision making at the EU level, is widely shared by EU citizens. Already in a 2016 Eurobarometer survey, a vast majority of respondents declared themselves in favor of more European level decision-making in areas such as defense (80% in favor), promotion of peace and democracy (80%), environment (77%), immigration (71%), and energy policy (69%).

# CULTURAL DIFFERENCES AT EUROPEAN AND NATIONAL LEVEL

So, what is holding Europe back? A common concern is that, although aware of the benefits of integration, citizens of different EU member states are still too different from each other in their views of the world and in their policy preferences. To work effectively, EU political integration requires the formation of transnational political coalitions. But this, in turn, presupposes that views do not diverge too much between member states.

Is this concern justified? Are Europeans really so different from each other? To answer this question, in a paper written a few years ago by one of us with Alberto Alesina and Francesco Trebbi, we used survey data to compare the views of European citizens belonging to the 15 core EU member states. The data measured a variety of broad attitudes that previous economic research had found to be strongly correlated with economic and political outcomes, such as the role of the state in market regulation and redistribution, gender equality, religiosity, trust and tolerance of others, and priorities in child education (Alesina, Alberto, Guido Tabellini, and Francesco Trebbi, Is Europe an Optimal Political Area, *Brookings Papers on Economic Activity*, Fall 2017 https://www.brookings.edu/wp-content/uploads/2017/08/alesinatextsp17bpea.pdf ). To quantify disagreement among respondents on these issues, we randomly selected 250 individuals per country (per each wave of the European Value Survey), and we calculated the distance in the entire bundle of answers between each possible pair of respondents.[1]

We found that indeed there was a very large heterogeneity between respondents. Europeans do disagree on these issues. But to our surprise, we also found that the *additional* heterogeneity between citizens of different member states is small, relative to the large disagreement within each country. On average, additional disagreement is of the order of 5-10% of the average distance between two random respondents belonging to the same country.

In other words, when we say that Europeans have different views and different policy preferences, we forget that there is a very large heterogeneity of views within each country. And yet, this internal disagreement has not prevented successful conflict resolution through our national democratic institutions.

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[1] More precisely, each individual in the survey corresponds to a vector of answers to 20 questions. We computed the Euclidean distance between each pair of vectors (i.e., each individual in our sample) and then took an exponential transformation of the Euclidean distance to normalize it between zero and one. Results were robust to considering a sample of 500 individuals per country.

In that paper, we also compared the heterogeneity of views within and between different EU member states, with that of respondents within and between different US states, on the same general issues. We found that the EU and the US are very similar in this respect. In particular, the heterogeneity between respondents belonging to different states is the same in the EU and the US.

This analysis had two potential limitations. First, it did not include the member states of Central and Eastern Europe. Due to their past political regimes, these new members may differ more significantly from the rest of the EU. Second, it focused on general questions, rather than soliciting views on current policy issues. It could be that, while Europeans have similar views of the world and similar value systems, they still disagree on specific policy issues where national interests are at stake.

To overcome these limitations, in this policy brief we extend the analysis to 17 EU countries (of which 7 from Central and Eastern Europe) plus Norway, in the latest wave (2017-21) of the European Value Surveys. We also study opinions of respondents from all EU member states on currently relevant policies, such as privacy regulation, immigration, environmental and market regulation, redistribution, and civil rights, surveyed in the latest wave (2019) of the European Election Studies. The results are essentially the same as in the paper by Alesina, Tabellini and Trebbi (2017). They are displayed in Figures 1 and 2 (see the Appendix for more details). Figure 1 considers the general questions in the European Value Surveys – the raw answers on the left-hand panel, and after taking into account the demographics of the respondent on the right-hand panel.[2] It displays the distribution of bilateral distances between all pairs of individuals belonging to the same country (dotted lines) and to different countries (solid lines). Figure 2 does the same for the policy questions in the European Election Studies.

The figures confirm that there is a large disagreement between respondents, but the additional disagreement between respondents of different countries is small relative to the large disagreement within each country (about 5% larger between respondents in different member states). The additional between countries disagreement is even smaller on policy issues than on broad cultural questions, supporting the hypothesis that integration at the European level could be more successful for issues perceived to be unrelated to cultural identity.

Using a methodology established both in economics and natural sciences (https://pubs.aeaweb.org/doi/pdfplus/10.1257/aer.20150243 ), these analyses imply that almost 90% of cultural disagreement in the entire sample of respondents is due to within-country disagreement, with only the remaining 10% due to disagreement between member states. When we turn to policy views, within-country disagreement

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[2] Demographics features are: gender, age, marital status, education, income, and employment status.

rises to 98% of the total, implying that the policy disagreement at the European level is almost entirely explained by disagreement at the national level.

**Figure 1: Cultural distance within and between countries.**
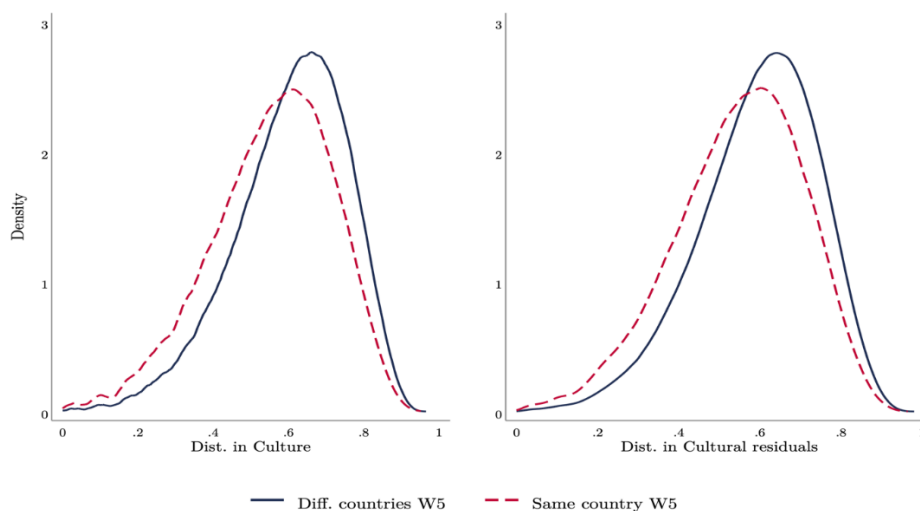


The figure displays the distribution of the distance over a bundle of cultural views between pairs of respondents in the last wave (2017-2021) of the European Value Survey, for 18 EU member states. In the right-hand panel, the answers to cultural questions are residualized after conditioning on demographic characteristics. The blue solid line displays the density of the distance for pairs of respondents from different countries, while the dotted red line displays the density of the distance for pairs of respondents from the same country. On average, the cultural distance between respondents from different countries is 0.04 points higher than the cultural distance between respondents from the same country.

**Figure 2: Distance in policy views between and within countries**
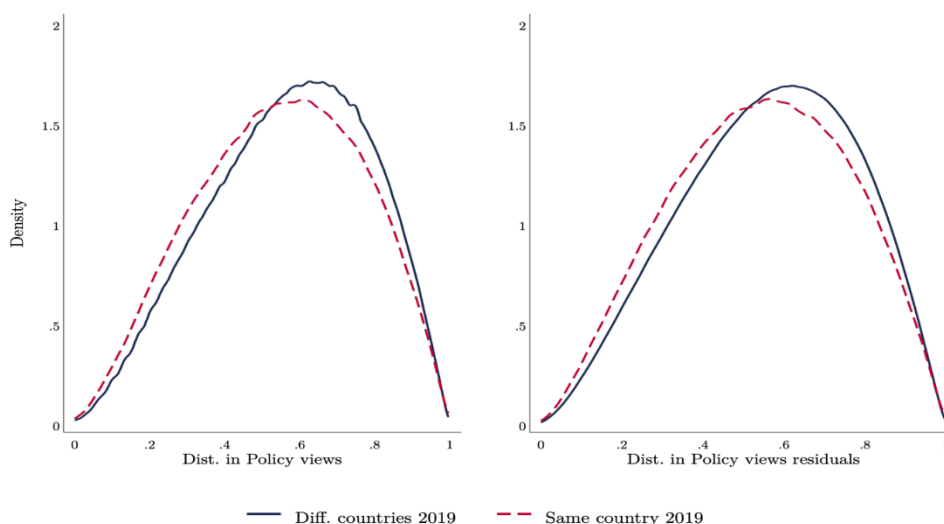


The figure displays the distribution of the distance over a bundle of policy views among respondents in the 2019 wave of the European Election Survey, for 28 EU member states. In the right-hand panel, the answers to policy questions are residualized after conditioning on demographic characteristics. The blue solid line displays the density of the distance for pairs of respondents from different countries, while the dotted red line displays the density of the distance for pairs of respondents from the same country. On average, the cultural distance between respondents from different countries is 0.02 points higher than the cultural distance between respondents from the same country.

# THE FUTURE OF EUROPE

These results may seem puzzling, in light of the observation that, on some of these same policy issues, country positions in the European Council often systematically diverge. It could be that, while on average citizens of different EU member states have roughly similar views on these policy issues, governments systematically disagree on the specific details of implementation when they discuss them in the European Council, in light of divergent national interests. But it is often forgotten that there is even larger disagreement within each country. The positions on immigration of Schlein and Salvini in Italy, or of Macron and Le Pen in France, are probably much further apart from each other than the national divergences in the European Council. And yet, this stark within-country disagreement does not prevent collective decisions and conflict resolution at the national level.

This does not imply that the EU is ready to become a full-fledged political union, of course. But it clarifies the nature of the obstacles in the path toward political unification. The difficulty is not that Europeans differ too much from each other, and that national interests diverge systematically. Rather, the main obstacle rests with national identities. Due to our histories, traditions, languages, and institutions, we identify with our nations. On the one hand, this amplifies perceived contrasts between nations. Our national stereotypes exaggerate the perceived differences between Italians and Germans, or French, and make us forget that there is not a single Italian or German point of view. On the other hand, strong national identities also make it harder to strike compromise and resolve conflicts between nations.

But these difficulties are not insurmountable. Identities are malleable, through education, social interactions, public debates. In fact, survey data also reveal that European identities are already strong, although weaker than our national identities. European institutions too matter. If collective decisions at the EU level are taken by inter-governmental methods, political debates inevitably strengthen national identities. Nationally elected representatives want to show to their voters that they have protected national interests and blame their failures on other countries. National delegation and inter-governmental methods, by inducing politicians to bring "trophies" at home and claim victory over their foreign rivals, strengthen nationalist tendencies in public opinion. If instead collective decisions at the EU level were taken by institutions elected by all European citizens, the forming of cross-border coalitions would reinforce common European identities.

If the EU heeds the advice of Mario Draghi and starts to think concretely about how to achieve further political integration, it is important to be aware of what are the true difficulties ahead, and how they can be overcome.

# APPENDIX

## Countries included in the analysis

The 18 countries included in the analysis of cultural distance from the European Value Surveys are: Austria, Belgium, Germany, Denmark, Estonia, Spain, Finland, France, Great Britain, Hungary, Italy, Lithuania, Latvia, the Netherlands, Norway, Poland, Slovenia, and Slovakia.

The 28 countries included in the analysis of policy views distance from the European Election Studies are: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Germany, Denmark, Estonia, Spain, Finland, France, Great Britain, Greece, Hungary, Ireland, Italy, Lithuania, Latvia, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovenia, Sweden, and Slovakia.

## Questions used in the analysis

For a precise description of the questions used for the cultural distance analysis (Figure 1), which is carried out on wave 5 (2017-21) of the European Value Survey, see Appendix B of Alesina et al., (2017). Questions used for the policy views distance analysis (Figure 2), which is carried out on the 2019 wave of the European Election Study (Q14.1-Q14.6), are:

*Now I would like you to tell me your views on various issues. For each issue, we will present you with two opposite statements and we will ask your opinion about these two statements. We would like to ask you to position yourself on a scale from 0 to 10, where '0' means that you "fully agree with the statement at the top" and '10' means that you "fully agree with the statement at the bottom". Then if your views are somewhere in between, you can choose any number that describes your position best.*

- *What do you think of state regulation and control of the economy? [from 0 ("You fully in favour of state intervention in the economy") to 10 ("You fully opposed of state intervention in the economy")]*
- *Redistribution of wealth  [from 0 ("? [from 0 ("You fully in favour of redistribution of wealth from the rich to the poor in [country]") to 10 ("You fully opposed of redistribution of wealth from the rich to the poor in [country]")]*
- *Same-sex marriage [from 0 ("You fully in favour of same sex marriage] to 10 ("You fully opposed of same sex marriage")]*
- *Civil liberties [from 0 ("You fully support privacy rights even if they hinder efforts to combat crime") to 10 ("You fully support restricting privacy rights to combat crime")]*
- *Immigration [from 0 ("fully in favour of a restrictive policy on immigration") to 10 ("fully opposed of a restrictive policy on immigration")*
- *Environment [from 0 ("Environmental protection should take priority even at the cost of economic growth") to 10 ("Economic growth should take priority even at the cost of environmental protection")*

The full questionnaire is available for download here (https://search.gesis.org/research_data/ZA7581)

## Analytical derivation of the fixation index

Consider a set of $q$ questions, and denote with $r(i)$ the total number of answer options for question $i$. Moreover, define $w_{i,j}$ to be the share of respondents who to question $i$ choose answer $j$, and define $w^c_{i,j}$ to be the share of respondents from country $c$ who to question $i$ choose answer $j$. Then, we can define an index of cultural fractionalization as:

$$CF = \frac{1}{q} \sum_{i=1}^{q} \left( 1 - \sum_{j=1}^{r(i)} w_{i,j}^2 \right)$$

For each country $c$ we can define the country-specific index as:

$$CF^c = \frac{1}{q} \sum_{i=1}^{q} \left( 1 - \sum_{j=1}^{r(i)} \left( w_{i,j}^c \right)^2 \right)$$

Then, the weighted population average can be defined as:

$$CF^W = \sum_{c=1}^{C} w^c \, CF^c$$

Finally, the fixation index is computed as:

$$F_{ST} = \frac{CF - CF^W}{CF}$$