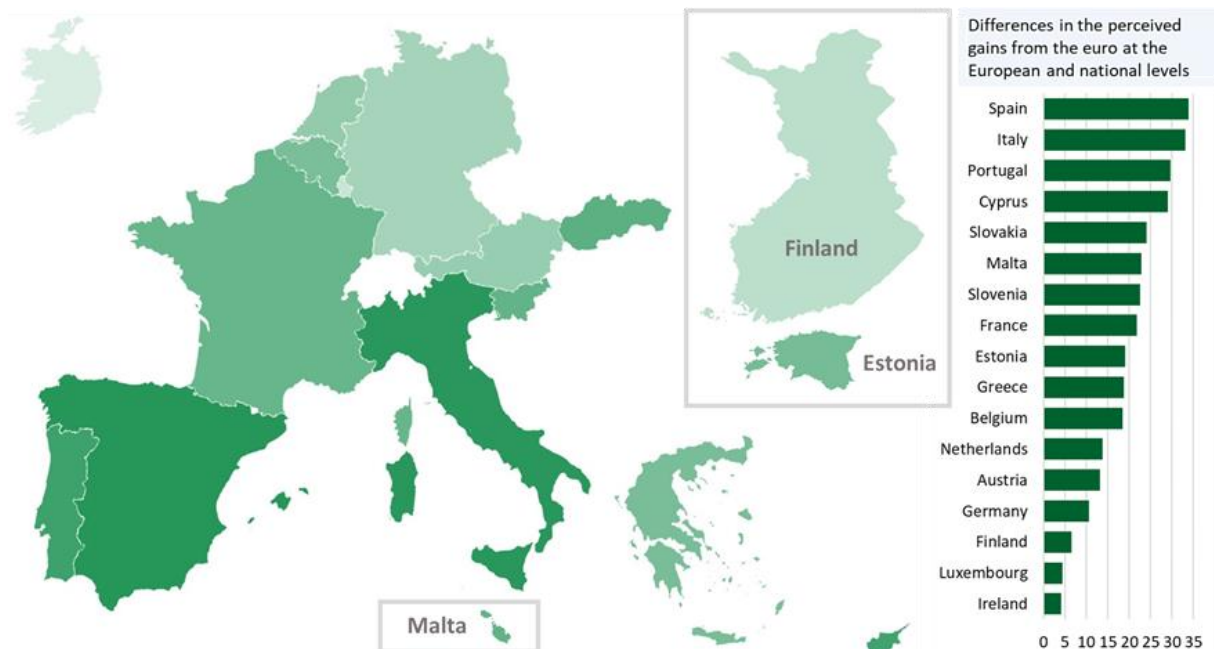


# The euro: is the grass always greener on the other side?

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*On its 20th anniversary, the euro is enjoying remarkably high levels of support. However, a paradox exists in public opinion: each country appears to believe that the single currency is more beneficial for the other countries. Improving the functioning of national and European institutions could mitigate this paradox and strengthen attachment to the euro.*



**Chart 1: The benefits of the euro are more widely recognised at the European level than at the national level.**

Source: Flash Eurobarometer.

Note: Average gap between the perceived benefits of the euro for the EU and for the individual countries, 2011-2018, excluding Latvia and Lithuania due to the period under review. The darker the green, the larger the gap.

In November 2018, according to the Eurobarometer survey, 75% of euro area citizens supported an “Economic and Monetary Union with one single currency, the euro”. This constitutes the highest level of support for the single currency since its creation. The level of approval is particularly high among the most recent members (Baltic States and Slovakia) and France displays a level close to the European average, at 72%.

### **The “grass is always greener” feeling**

For all that, opinion surveys show a strange paradox: in each euro area country, the number of individuals surveyed who consider that the euro has been beneficial for the EU as a whole is greater than those who believe that it has been beneficial for their own country. This “grass is always greener” feeling could be explained by a perception that there is a potential at the European level that is not being fully exploited at the national level.

Within the euro area, this paradox is highlighted by the Flash Eurobarometer published yearly by the European Commission and containing two indicators of support for the single currency. It measures citizens’ perception of the euro’s benefits for both the European Union as a whole (“EU indicator”) and for the individual countries surveyed (“country indicator”).

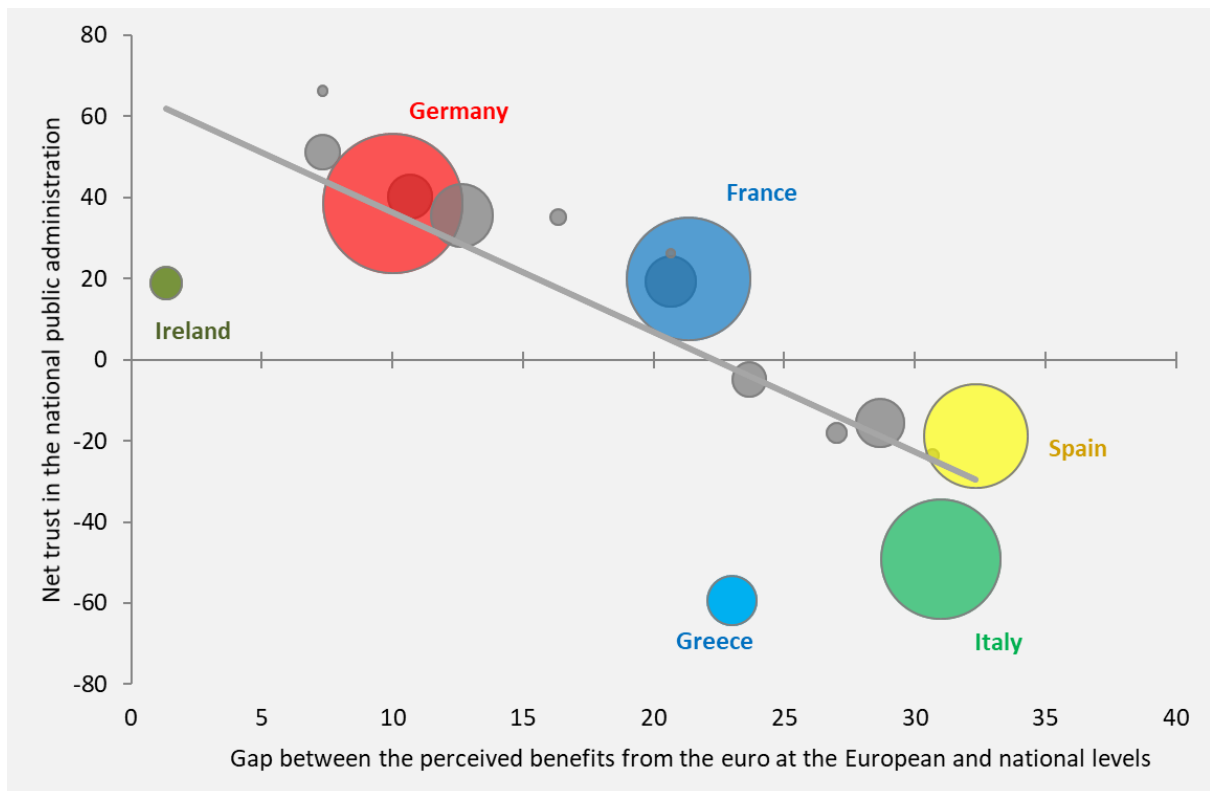
When the “EU indicator” is higher than the “country indicator”, a larger share of those surveyed perceives benefits of the euro for the EU as a whole. In other words, it considers the “grass to be greener”.

### **This feeling is less pronounced when trust in national institutions is high**

In the latest survey in 2018, this paradox once again existed in all Member States. However, as Chart 1 shows, the degree of this sentiment varies across countries. Simply put, it is less widespread in Northern euro area countries than Southern ones. Nevertheless, Greece is an exception with levels close to those of countries with intermediate levels such as France or Belgium.

The Eurobarometer survey identifies the potential role of national institutions as a possible factor for explaining the amplitude of the difference in the perception of gains from the euro at the European and national levels by the citizens of a given country. Chart 2 shows that the “grass is always greener” feeling is inversely proportional to the net trust in the national public administration.

This relationship could be explained by the fact that the quality of national institutions tends to change the long-term performances of European countries, particularly in terms of real activity ([Masuch, Moshhammer and Pierluigi, 2016](#)). For instance, in some euro area countries (Chart 2), institutional difficulties prevent citizens from fully enjoying the benefits of the euro. An improvement in the functioning of national institutions could thus contribute to strengthening the benefits of the adoption of the single currency.

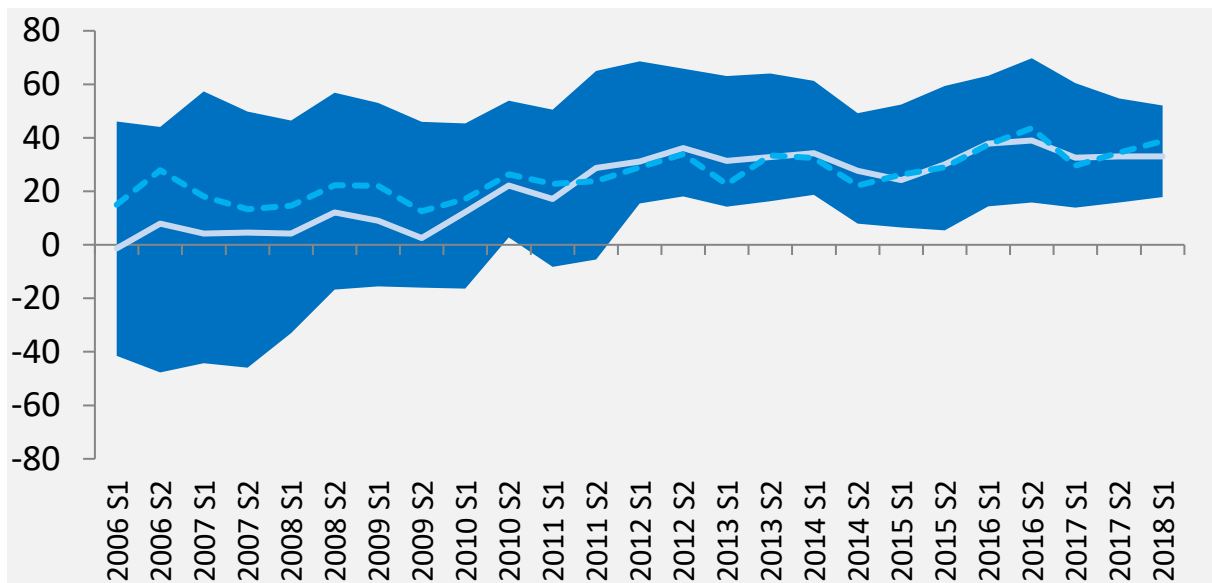


*Chart 2: The “grass is always greener” feeling appears to be related to the trust in the national administration.*

*Sources: Standard and Flash Eurobarometers. 2016-2018 averages. The size of the bubbles indicates the population of the countries.*

## Support for the single currency increasingly exceeds support for the European Union alone

The indicators of the Standard Eurobarometer reveal a second result. Euro area citizens are increasingly attached to the EMU (“positive opinions” minus “negative opinions” of an EMU with a single currency, the euro), compared to the EU (share of those surveyed with a “positive image” minus those with a “negative image” of the EU). One possible explanation is that Europeans perceive in a more concrete and direct manner the progress associated with the euro and its institutions.



**Chart 3: Net support for the EMU is rising.**

*Source: Standard Eurobarometer.*

*Note: Difference between net support for the EMU and measurement of the image of the EU. France represented by dotted line, euro area weighted average by solid line. In blue, interval between minimum and maximum, excluding Latvia and Lithuania.*

The reforms undertaken to improve euro area economic governance (e.g. the implementation of the European Stability Mechanism or the Single Supervisory and Single Resolution Mechanisms), and the ECB's response to the crisis, appear to have contributed to strengthening European citizens' support for the EMU. Indeed, we observe that the average level of relative preference rose by around 30 percentage points compared with its pre-crisis level. Far from leading to a decline in positive opinions, the deepening of the EMU seems to have been accompanied by a net increase in relative support (compared with the EU) and absolute support – with positive opinions rising from 65% in 2010 to 75% in 2018.

Improving the efficiency of national institutions and pursuing European policies that promote stabilisation and convergence could thus contribute to further increasing European support for the single currency. Another Flash Eurobarometer indicator supports this observation: in 2018, 69% of euro area citizens were in favour of increasing economic coordination in the EMU.