

3 THE POSITIONS OF EXPERTS AND POLICY-MAKERS: THE SURVEY

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In order to obtain answers to some basic questions, potentially revealing elements of Member State positions, we prepared a survey. At the beginning of the project we neither knew the content of the proposal of the European Commission, nor the positions of the European Parliament and the respective Member States, so the problem required a broad approach.

The survey has been formulated with the aim of providing answers to a number of questions that will probably appear in the EU budget debate. They are based on previous proposals that have surfaced from the Commission, the European Parliament and the respective Member States on the one hand, and on the other, on the timetable and proposal that was published by the Commission in September 2007.

The survey consisted of a questionnaire sent to different categories of potential respondents: researchers, policy-makers active in their country of origin, policy-makers representing their countries of origin in an EU institution, policy-makers active in an EU institution, and other respondents.¹⁵

The result is a sample that consists of 167 questionnaires, received from a total of 23 Member States, on positions regarding the EU budget review. More than half of those who answered are researchers; others are policy-makers or people from the business sector. Naturally, there were some missing answers to several questions, so the total number of answers may vary in each case.

3.1 Questions and overall results

The questionnaire included fifteen questions, most of them including sub-questions. In this way, the questionnaire remained concise (see the questionnaire in the Appendix), but made it possible to provide relatively detailed information on the most interesting issues concerning the EU budget. For some questions, besides encircling the answers chosen, the respondents were given the possibility of expressing further remarks or suggestions. They were also provided with this possibility at the end of the questionnaire.

As in the case of most surveys of a similar type, one should be careful with the results. The answers we obtained represent the personal opinions of

¹⁵ Such as civil servants, businessmen, journalists, lobbyists, former national and EU officials and financial experts.

people, many of them, however, involved – in one way or another – in some phase of the review process or experts on the EU budget for a long period of time. While our results are not representative purely from the statistical point of view, they may be important because of the quality of the respondents.¹⁶

We sent the questionnaire to a limited number of people and our final sample is even more limited, because, as usual with such exercises, the majority did not reply. As a final result, we received 167 replies (filled in questionnaires) from 23 Member States; the country and category distribution of our respondents is presented in the Appendix. An interesting general feature is the overrepresentation of replies from most Central and Eastern European countries: we made proportionally similar efforts in all Member States, but the rate of return was very different. In some cases, we received an explanation for this,¹⁷ in most cases we did not.

3.1.1 Size and general evaluation

In Questions 1 and 2 we asked the respondents to evaluate the present system of own resources as well as that of the expenditure side. The evaluation considered the fulfilment of the most important criteria that have been judged several times by the European Commission as well as by independent experts as being of paramount importance. Question 3, the size of the EU budget, is one of the eternal key issues of debates between Member States, so we included it in this general introductory part of the questionnaire. The answers here are supposed to reflect the opinion of the respondents about the size of the EU budget, given its present structure.

Let us now look at the results. As mentioned previously, Question 1 referred to the evaluation of the present system of own resources on a scale of one to five (five being the best score). Five aspects were presented and as you can see in Figure 1, most of the responses in each of them hover around the middle. “Transparency” was considered to be very poor and received the lowest scores. At the other end of the scale, “sufficiency” was evaluated as being very good, and obtained the most fives. “Financial autonomy”, “fairness of gross contributions” and “efficiency” were evaluated as being quite poor. The general picture (see Figure 1) is that the respondents on average found the own resources system to be far from optimal but the responses also reflect the well-known fact that, despite all its shortcomings, it still functions.

¹⁶ Averages and standard deviation values of some scale-evaluation results are provided in the Appendix.

¹⁷ e.g. in the case of the UK, we received some feedback from competent potential respondents saying that until there is an official position of the country, they are not able or willing to provide their opinion.

Figure 1 Evaluation of the present system of own resources

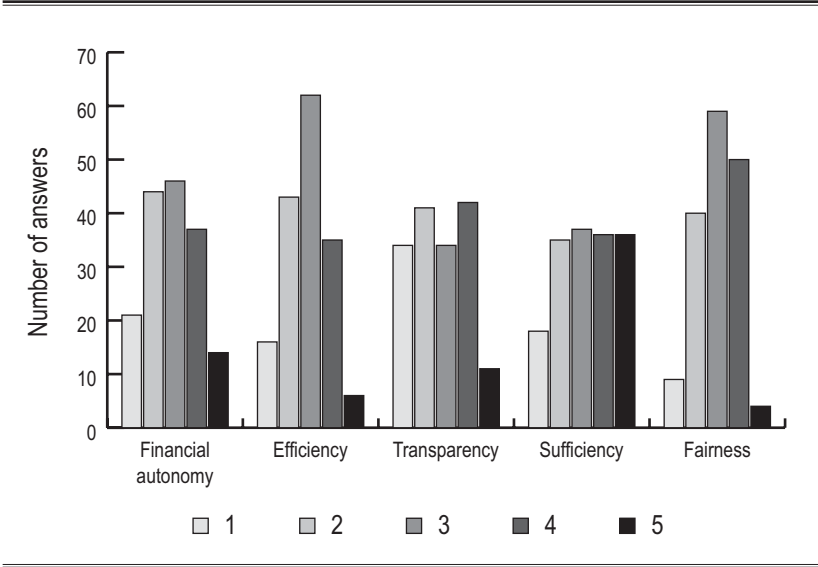


Figure 2 Evaluation of the present expenditure structure

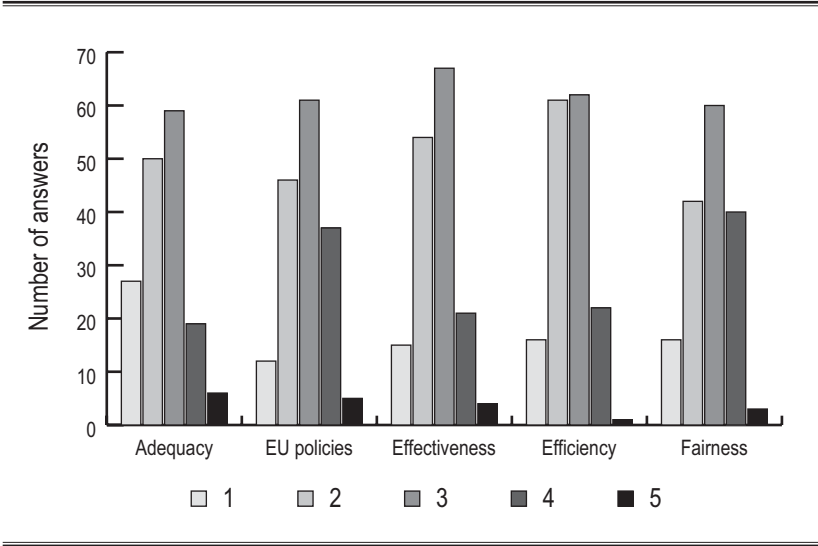


Table 1 “What size of the EU budget would best fit the interests of your country?”

Share of EU GNI	Number of answers	Per cent
0-0.50	9	5.88
0.50-0.75	11	7.19
0.75-1.00	34	22.22
1.00-1.25	33	21.57
1.25-1.50	33	21.57
> 1.50	33	21.57
Total	153	100.00

Question 2 was put using the same logic as Question 1, but referred to the expenditure structure of the EU budget. Answers here were somewhat more critical than in the case of the system of own resources. Most respondents circled two or three and the number of fives was very low for each of the five angles. Some minor differences are worth mentioning: “adequacy” received the highest number of ones. Interestingly, it was also given the highest number of fives. “Efficiency” obtained fewer ones but and hardly any fives. The higher number of fours renders “EU policies” and, more interestingly, “fairness”, the best-regarded aspects of the EU budget expenditure structure.

Question 3 referred to the optimal size of the EU budget according to the respondent. The distribution of the answers was fairly equal among the pre-defined size categories, especially among those over 0.75% of the EU GNI but most respondents opted for more than 0.75% of EU GNI.

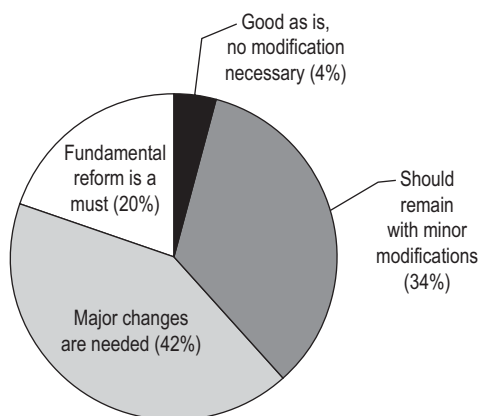
Out of 153 responses, 33 respondents, or 21.57 % of those who answered this question, indicated their preference for an EU budget greater than 1.5% of the EU GNI. Looking at the EU budget debates on relatively minor changes during the last decade, we may consider this a relatively high share. Even more interesting is the fact that the specific size they indicated varies from 2 to 15% of EU GNI. The presence of such a high figure implies that the ideas presented in the 1977 MacDougall report are still with us and may eventually be reinforced if political integration takes the EU towards a more federative structure than today.

3.1.2 Own resources system

Questions 4–7 sought answers to the respondents’ opinions on the present own resources system, as well as their openness towards reform. This was put in a general way in Question 4, while questions 5–7 were related to certain important specific issues of the own resources system.

While Question 5 was about a present – and intensively debated – element of the system (the UK rebate), Questions 6 and 7 tried to map the respondents' inclination towards a fundamental change on the revenue side of the EU budget: the introduction of (a) genuine EU tax(es). We were aware of the fact that such a change might seem radical to many of the respondents, which is why we fine-tuned the question in two ways. First, we distinguished between the introduction of an EU tax *without giving* taxation powers to the EU budgetary authority (Question 6) on the one hand and *giving* taxation powers to the EU budgetary authority (Question 7) on the other. Second, in both cases we posed the question in terms of different time perspectives. Given the widespread hesitation towards the concept of an EU tax, with all its implications, we worked with long-term perspectives in order to avoid answers too influenced by the current political reality.

Figure 3 Evaluation of the present own resources system



As became clear when we discussed the answers to Question 1, the evaluation of the present system of own resources was not very favourable. Hence, it came as no surprise that 62% answered that a major or fundamental reform of the present own resources system was necessary. Figure 3 shows the shares of all pre-defined categories. The fact that only 4% of all the respondents found no modification to the system necessary, while an overwhelming majority, 96% of all the respondents, to a varying degree wanted to change the system, is a very clear indication of the general dissatisfaction with the present form of the own resources system.

The level of discontent with the UK rebate and other corrections of payments was even greater. As the answers to Question 5 indicate (see Table 2), more than 38 per cent of the respondents thought that a general correction mechanism should be introduced and according to more than 44 per cent all corrections should be abolished. Although a general correction mechanism and the abolition of all corrections are two very different solutions, they would both put an end to the present situation of country-tailored corrections. The total share of answers for these two categories (over 83%) clearly shows that there are high expectations for change.

Table 2 The UK rebate and other corrections of payments

	Number of answers	Per cent
Good as is, no modification necessary	6	3.70
Should remain with minor modifications	21	12.96
A general correction mechanism should be introduced	63	38.89
All corrections should be abolished	72	44.44
Total	162	100.00

Questions 6 and 7 referred to the introduction of an EU tax in the near future or in the long run. First (in Question 6) we were interested in the opinion of the respondents regarding the possibility of introducing an EU tax *without* giving the EU budgetary authority taxation powers. As we can see in Figure 4, people had a fairly negative opinion on the introduction of a tax in the short run. Within the ten-year-period category almost half (48%) of the answers were negative. The answers were more balanced in the longer run.

The second variation of the same question (Question 7) asked for the possibility of introducing an EU tax *giving* the EU budgetary authority taxation powers (Figure 5). Here the position of the respondents was even more negative than in the previous case. This time they also had a fairly negative opinion for the longer term. This means that the prospect of giving taxation powers to the EU budgetary authority threatens significantly the possibility of introducing an EU tax.

3.1.3 Expenditure side

With Questions 8–11, we intended to obtain information about the respondents' opinion on the present expenditure items as well as possible future expenditure needs of the EU budget. Questions 8 and 9 related to the current (2007-2013) expenditure structure, and asked the respondents' opinion from two angles: the importance and the actual share of the main expendi-

Figure 4 Opinions on EU tax **without** EU taxation power

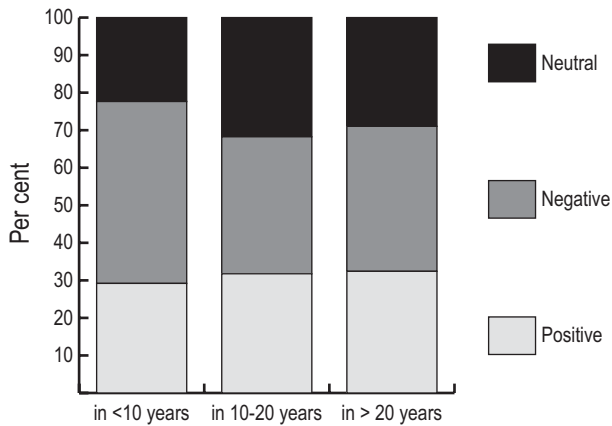
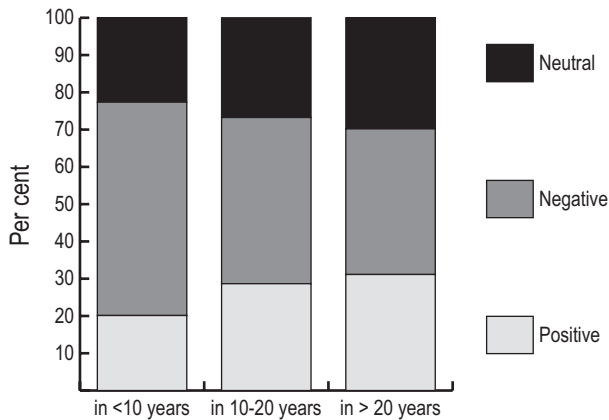


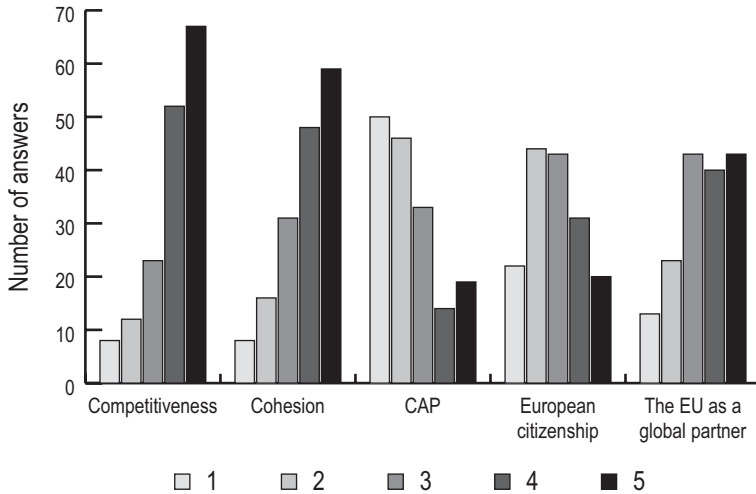
Figure 5 Opinions on EU tax **with** EU taxation power



ture headings. Answers to both questions were supposed to contain valuable information on opinions on the possible restructuring needs of the current expenditure structure.

Questions 10 and 11 went beyond the present expenditure structure, and they did so in different ways. In Question 11, respondents were allowed to

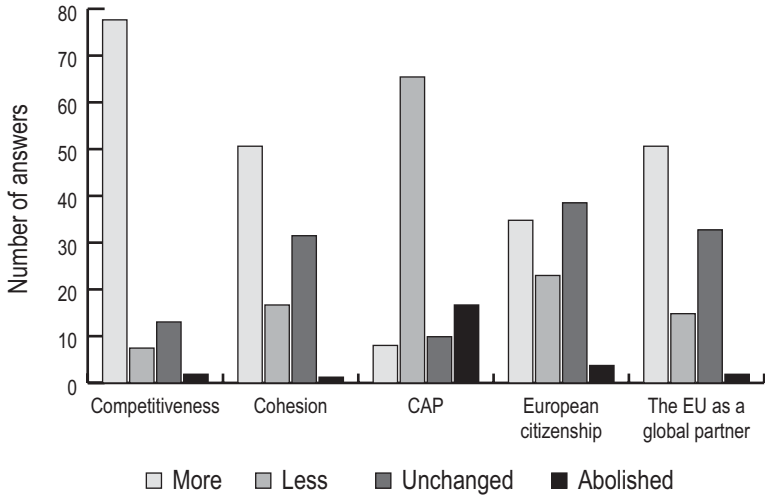
Figure 6 Opinions on the importance of current expenditures



specify any new expenditure items they wished to see in the EU budget (if any). From the pool of answers it is possible to identify the most “popular” potential new items. Question 11 was devoted to one specific aspect of expenditure, namely (the supposed) additional expenditure related to further enlargements. Previous enlargements – especially (but not only) the accession of relatively less developed countries – have always caused tensions around the EU budget negotiations, something that is not expected to change in the foreseeable future. The question was also intended to specify fears and expectations in this respect.

As mentioned above, in Question 8 we asked the respondents to assess the importance of the present expenditure headings in the EU budget on a scale of one to five. As Figure 6 shows, both competitiveness and cohesion were ranked as being very important (four or five) by the vast majority of the respondents. This is a very important and interesting finding: as you may remember, in 2004-2005, these items were treated as part of a zero-sum game, i.e. cohesion expenditure could be kept high mainly at the expense of competitiveness expenditure (which still increased but from a low level). This situation was the result of an earlier agreement on the financing of CAP expenditure until 2013: as there was no willingness to increase the size of the EU budget, there was no other way cohesion expenditure could be salvaged.

Figure 7 Opinions on the shares of current expenditures



This is the particular reason why it is interesting to note that the CAP was regarded as unimportant or not very important by a clear majority of the respondents – many of them from countries which benefit considerably from the CAP. This is a very important finding, and – especially together with the reactions on current rebates – may be perceived as a “wind of change” (this perception seems to be confirmed by the country papers in Chapter 4).

The other two items were judged to be of medium importance; although European citizenship was regarded as less important than the EU as a global partner.

Bearing these results in mind, answers to Question 9 were not surprising. We asked respondents to evaluate the actual share of the expenditure items, whether resources were considered sufficient or whether there were areas where they should be increased or decreased. 77.6 per cent of the respondents thought that the share of the item “Competitiveness for growth and employment” should be greater. Half of the respondents thought that the share of “Cohesion for growth and employment” and “The EU as a global partner” should be increased. However, 65% expressed a preference for decreasing CAP expenditure; according to 17%, the CAP should be abolished altogether.

Table 3 New expenditure items suggested by respondents

New items suggested	Number of answers
Common energy policy	13
Defence	12
Climate change/environmental protection	10
Research & development/education	10
Immigration/social group integration/social policy	5
Labour market development/net job creation	3
More funds to solidarity, equality and gender issues	3
Foreign aid (make EDF part of the EU budget)	2
Culture	2
Infrastructure	1
Baltic Sea Strategy	1
Union integration projects	1
Common EU embassies	1
Conditional financial aid to North African countries*	1
The EU faces new challenges**	1

* Condition: low level of illegal immigration to EU; aim: to motivate North African governments to better patrol their external borders, so as to alleviate pressures on EU social security systems and to make workers remain in their home countries.

** Rising energy prices; demographic change; sustainable development; alleviating globalisation effects; and development of knowledge-based economy. The EU needs to reflect, first, on what the EU's political priorities are – i.e. which challenges the EU should try to find answers to – and, second, on how current EU policies could be adjusted to comply with these political priorities.

To the question: “Would you like to see new expenditure items?” (Question 10), 39 per cent answered “yes”. There were items mentioned several times, like energy policy, defence and climate change. We grouped the main areas raised by respondents in Table 3 stating the number of respondents who mentioned them. A common energy policy, climate change and environmental protection, R&D, development, education were not surprisingly at the top of the list; meanwhile, it is interesting to note that European defence was also to be found there.

Regarding the question on further enlargements (Question 11) opinions were divided. According to 52 per cent of the respondents the present EU budget will not be able to deal with enlargement. Respondents gave various reasons for this (see Box 3). Most answers emphasised the problem of Turkey’s accession. Several respondents considered the present structure of the CAP as a hindering factor. We grouped the answers according to the score obtained in the box.

3.1.4 Present status and chances of the review

Questions 12–13 related to the relationship between Treaty obligations and the EU budget. The answer to Question 12 was a simple evaluation of the actual situation of how much the EU budget reflects the EU objectives laid down in the Treaty. Question 13 was closely related to Question 12 but more specific on the preferences of the respondents regarding EU objectives laid down in the Treaty and their representation in the EU budget.

Question 14 was about the current EU decision-making process. Here the respondents were able to signal their desire for change in different areas. They were also allowed to add their own suggestions beyond the ones offered in the questionnaire.

In the final question, Question 15, we asked for the respondents’ perception about the chances of the 2008/2009 EU budget review. The aim of the question was to obtain an impression of the expectations of different groups of professionals dealing with the EU budget regarding the chances of this process at a stage when the process itself is expected to gain momentum.

The assessment of the present structure of the EU budget in relation to the objectives set out in the Treaty (Question 12) is not very flattering. As is shown in Table 4, the answers hovered mainly around the middle. Moreover, 82% of the respondents did not agree with the statement that any costs accrued to Member States as a consequence of their fulfilling the objectives laid down in the EC Treaty should be funded by the EU budget (Question 13).

Box 3 Potential problems stemming from further enlargement

Remarks related to Turkey

- Too large a share to ineffectively centralised CAP. In case Turkey becomes a member the agricultural policy will not be sustainable
- Accession of Turkey is the biggest problem, may become an incalculable risk. Probably impossible to accommodate Turkey within the present structure. The EU budget could in no way accommodate the accession of Turkey in 10-15 years. It will need to be thoroughly overhauled for this purpose - especially the CAP which should be abolished by the time Turkey joins the EU. CAP and Cohesion expenditure would under current conditions go largely to Turkey and the Balkans; therefore current Member States would see dramatic reductions in these receipts. Turkey would not fit in under the current structure, the Western Balkan states maybe;
- Possible accession of Turkey to the EU would cause substantial burden for the EU budget (especially in the area of Cohesion policy and Common Agriculture Policy of the EU). In that case EU should restrict the share of EU budgetary expenditures spent on Common Agriculture Policy and Cohesion Policy should be concentrated on the development of the regions lagging behind in the poorer Member States with GDP per capita below the EU average. In the case of future EU enlargements without Turkey the present structure of the EU budget would be considered sufficient.

Remarks related to the financial burden of enlargement

- Further enlargements (mainly involving much less developed countries) will mean new types of challenges;
- Current and potential candidate countries need higher financial support because they have much more complicated problems as compared to the previous enlargements;
- New Member States are even more underdeveloped and will thus require high levels of financial assistance. There is not enough money for enlargement;
- With its present structure the EU budget is not able to deal with the needs of further enlargements, especially in cases where enlargement refers to countries with huge populations and low standards of living;
- More funds are needed in order to better integrate Balkan states.

Remarks related to increasing differences

- Inequality in the EU is too big;
- More expenditures for cohesion is required;
- The current system does not adequately deal with regional differences in the Union, such as the greater importance of a particular policy for an individual region.

Other remarks

- Excessive bargaining power of core countries;
 - Less attention should be given to *juste retour*;
 - Too much money for agriculture and the Structural Funds. Too little money for research, education and innovation;
 - A general correction mechanism should be introduced. Also greatest increases in the Budget 2008 are related to internal policies for the Member States;
 - No more enlargement, at least in ten years;
 - May need to move to EU tax but not on business and only if corresponding reduction in other taxes.
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Table 4 “To what extent do you think the EU budget structure reflects the objectives laid down in the Treaty?”

Ranking	Number of answers	Per cent
1	5	3.07
2	36	22.09
3	75	46.01
4	46	28.22
5	1	0.61
Total	163	100.00

The respondents were not satisfied with the decision-making process either. To Question 14 (Do you consider the EU decision making process optimal?), 77% of the sample answered “no”. They were allowed to choose among five items in the questionnaire where changes could be implemented and Figure 8 shows the distribution of answers among them. A majority of 83 respondents would prefer changes in the decision-making process related to the Financial Frameworks, while half of the respondents felt that changes are needed in the division of powers between the Council and the European Parliament.

In the final question (Question 15) the 2008/2009 budget review itself was assessed. Only 5% of respondents expected short-term effects from the review, while 68% of the respondents thought that it will lead to important changes in the long run (i.e. after 2013). This picture, which could still be viewed as quite optimistic, is somewhat modified by the fact that more than a quarter of the respondents (27%) were quite sceptical, saying that no changes will follow (see Figure 9).

3.1.5. Miscellaneous remarks by respondents

At the end of the questionnaire we gave respondents the opportunity to add any remarks of their own. It turned out that 16 per cent of the sample used this opportunity. While it is impossible to draw any general conclusions – given the nature of the question – it is still worth looking at some major points. These are given in Box 4.

Figure 8 Preferred changes in budgetary decision-making

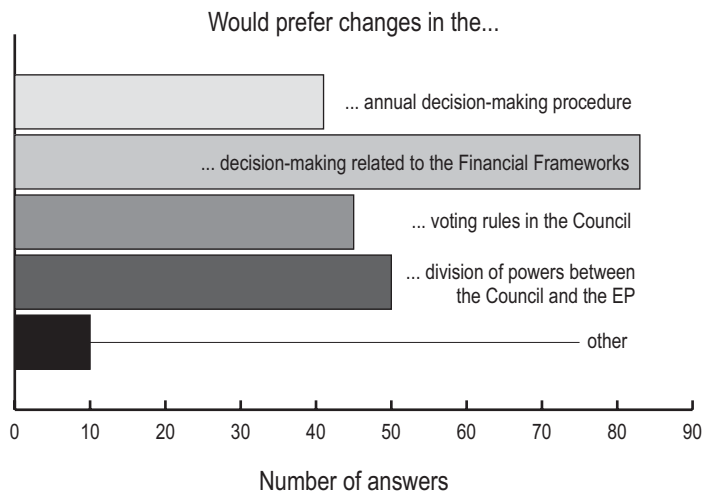
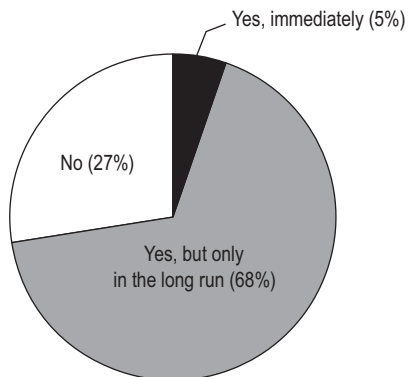


Figure 9 Opinions on the chances for budget review success



Box 4 Miscellaneous remarks by respondents

- First, EU policies should primarily be targeted towards employment and competitiveness, not extensive GDP growth. Second, the EU should focus on education to motivate member governments to do the same. EU impact will be rather symbolic, but there is an opinion leader effect. Third, the CAP should focus on small farms and the production of organic food and in order to make the policy effective, the bureaucracy burden put on farmers has to be diminished substantially.
- Even though more weight should be given to public goods with a cross-border dimension, the stabilisation and distribution branches have been neglected in the Commission's Communication. Although the time is not ripe for a full discussion, there are a number of interesting ideas that at least ought to be discussed (the idea of a European Unemployment Fund, for example). Moreover, redistribution is a feature of the EU budget today and should probably continue to be so in the future in light of forthcoming enlargements.
- Should a sufficient reform of expenditure be realised, general corrections would no longer be necessary. If, however, these reforms do not occur, a justification for corrections (specific or general) remains.
- The Cohesion Policy should be focused on the least prosperous countries in the EU, much more than it is today. There are currently doubts about the effectiveness of the Cohesion Policy. If we can manage to reform the Cohesion Policy in such a way that it only supports the countries that need it and truly delivers results, then it would be the cornerstone of the EU budget.
- The CAP should be abolished. A contingency agricultural fund should be set up instead. This fund should finance the agricultural sector only in times of war or major global economic upheaval when international trade in foods and agricultural commodities is significantly hampered.
- The discussions on expenditure and revenue of the EU budget are unavoidably drifting towards *juste retour* logic and political deadlock. Separating the discussion on the revenue side, a greater autonomy in the own resources system would facilitate future discussions and would allow for the necessary financial development of the new European policies. Giving up the narrow net payments positions is a necessary pre-condition for the development of horizontal EU interests.
- The importance of issues (or the objectives in the Lisbon Treaty) need not be reflected in the EU budget. For example, the competition policy is an extremely important policy, but the EU does not need a lot of money to implement it. Moreover, the EU should be funded by the Member States in a way that is rather similar to the current system and should not collect its own resources.
- The present own resources system is inadequate, in practice it is more like a membership fee. Three sources should be considered. First, a European income tax with European progressivity (i.e. if persons A in Bulgaria and B in Germany both earn EUR X, they would pay the same amount in taxes to the EU budget. The system would be fair since high income categories are smaller in Bulgaria than in Germany). It is feasible only without a tax increase (for public acceptance a general decrease would be desirable), only a new level would be brought in (the Union level). Second, VAT with a new structure: advantages are huge for consumers and the tax should be related to trade. Third, taxation of companies, who are the major beneficiaries of the Single Market. A pre-federal budget (2-2.5% of EU GDP) would be favourable (in the MacDougall sense). A complete reform of the CAP is needed. It is outdated, dysfunctional, and it leads to a suboptimal allocation of resources. Agriculture needs resources, but mostly for development. So instead of income and price support there should be targeted innovation, development and restructuring support. Special social problems in the agricultural sector should also be dealt with. Some aspects should be included in regional development (rural areas). A EU tax authority should be gradually developed and the role of Parliament should be increased.

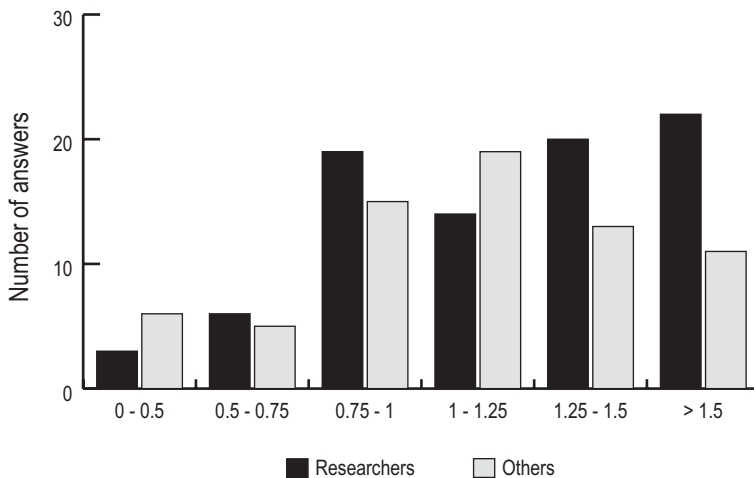
3.2 Analysis according to groups

We analysed the results in two different of groups after having divided the respondents in the following way:

1. according to their position: we distinguished researchers and others (policy-makers or business people); and
2. according to country groups.

In the first group, there are 88 questionnaires filled in by researchers and 78 by others (mainly policy-makers in the given country or in the EU). Since researchers and policy-makers have different working conditions and work situations, it is possible that their opinions differ too. However, this was not really revealed by the results. Responses were similar in almost all the questions, there were only minor differences. Nevertheless, there is one question where there is a clear significant difference: the desired size of the EU budget.

Figure 10 Opinions on budget size: Researchers vs. Others



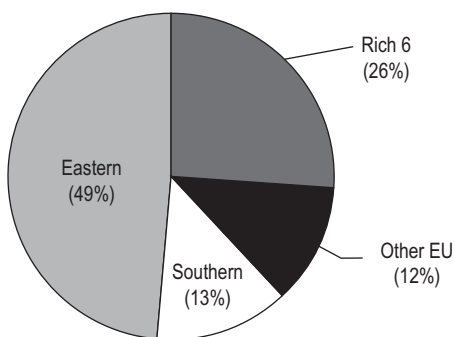
Researchers were on average in favour of a much larger budget in terms of EU GNI than non-researchers. Figure 10 shows that a budget larger than 1.25 or even 1.5% of the EU GNI was very popular among researchers, while others preferred 1-1.25%.

In the case of the final category (above 1.5%) we asked for a specification. The difference here was impressive: in the case of researchers (some of

them marked 15%) the average preferred size of the budget was 4.12% while for the others it was 0.85%.

The second grouping was organised according to country groups, based on certain important characteristics of the members of each group. We created four groups of countries more or less according to their EU budget position. The highest share in the sample, 49 per cent, included the Eastern countries (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Poland, Romania, Slovakia and Slovenia), followed by the Rich Six (Austria, France, Germany, the Netherlands, Sweden and the UK), with 26 per cent of the replies. Finally, the Southern countries (Greece, Portugal and Spain) and Other EU countries (Belgium, Cyprus, Finland, Ireland and Italy) had similar shares in the sample (see Figure 11).¹⁸

Figure 11 Country groups: shares in sample



* *Eastern*: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Poland, Romania, Slovakia and Slovenia; *Other EU*: Belgium, Cyprus, Finland, Ireland and Italy; *Rich 6*: Austria, France, Germany, the Netherlands, Sweden and the UK; *Southern*: Greece, Portugal and Spain.

In the following analysis, we examine the sections of the questionnaire where there may be a significant difference between country groups. Question 1 related to the evaluation of the present system of own resources. Table 5 shows the distribution of answers among the groups. In the case of each group we mark the highest percentage share of answers (by using bold font in those cells).

¹⁸ Traditional and actual net positions and related interests with regard to the EU budget explain why some geographically Southern European countries are not part of our Southern group.

Table 5 Evaluation of the present system of own resources
(percentage)*

Financial autonomy	1	2	3	4	5
Eastern	3.90	23.38	40.26	28.57	3.90
Other EU	10.00	25.00	55.00	10.00	-
Rich 6	23.26	27.91	39.53	9.30	-
Southern	4.55	36.36	13.64	31.82	13.64
Efficiency					
Eastern	5.19	29.87	23.38	32.47	9.09
Other EU	20.00	15.00	50.00	10.00	5.00
Rich 6	23.26	32.56	25.58	9.30	9.30
Southern	13.64	18.18	31.82	27.27	9.09
Transparency					
Eastern	12.99	20.78	25.97	28.57	11.69
Other EU	15.00	40.00	30.00	15.00	-
Rich 6	45.24	30.95	11.90	9.52	2.38
Southern	9.09	18.18	13.64	59.09	-
Sufficiency					
Eastern	5.19	23.38	23.38	27.27	20.78
Other EU	10.00	35.00	20.00	15.00	20.00
Rich 6	16.67	4.76	19.05	21.43	38.10
Southern	23.81	33.33	33.33	9.52	-
Fairness					
Eastern	3.95	19.74	46.05	27.63	2.63
Other EU	5.00	30.00	25.00	40.00	-
Rich 6	7.14	30.95	30.95	28.57	2.38
Southern	9.09	27.27	27.27	36.36	-

* *Eastern*: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Poland, Romania, Slovakia and Slovenia; *Other EU*: Belgium, Cyprus, Finland, Ireland and Italy; *Rich 6*: Austria, France, Germany, the Netherlands, Sweden and the UK; *Southern*: Greece, Portugal and Spain.

Table 6 Evaluation of the present system of expenditure structure (percentage)*

Adequacy	1	2	3	4	5
Eastern	15.58	22.08	45.45	14.29	2.60
Other EU	10.53	26.32	42.11	15.79	5.26
Rich 6	19.05	50.00	14.29	9.52	7.14
Southern	18.18	31.82	45.45	4.55	-
EU policies					
Eastern	1.30	19.48	44.16	29.87	5.19
Other EU	15.79	31.58	31.58	21.05	-
Rich 6	9.52	38.10	33.33	19.05	-
Southern	18.18	36.36	31.82	9.09	4.55
Effectiveness					
Eastern	5.13	29.49	51.28	12.82	1.28
Other EU	10.53	31.58	31.58	21.05	5.26
Rich 6	14.63	39.02	34.15	9.76	2.44
Southern	13.64	36.36	31.82	13.64	4.55
Efficiency					
Eastern	5.13	29.49	48.72	16.67	-
Other EU	10.53	42.11	42.11	-	5.26
Rich 6	19.05	52.38	21.43	7.14	-
Southern	9.09	31.82	31.82	27.27	-
Fairness					
Eastern	10.26	21.79	37.18	29.49	1.28
Other EU	10.53	15.79	36.84	26.32	10.53
Rich 6	14.63	41.46	26.83	17.07	-
Southern	-	18.18	59.09	22.73	-

* *Eastern*: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Poland, Romania, Slovakia and Slovenia; *Other EU*: Belgium, Cyprus, Finland, Ireland and Italy; *Rich 6*: Austria, France, Germany, the Netherlands, Sweden and the UK; *Southern*: Greece, Portugal and Spain.

Table 7 Ideal size of the EU budget, % of EU GNI*

	0-0.5	0.5-0.75	0.75-1.00	1-1.25	1.25-1.50	> 1.5
Eastern	7.89	5.26	22.37	18.42	25.00	21.05
Other EU	-	5.56	27.78	27.78	11.11	27.78
Rich 6	8.11	10.81	29.73	21.62	18.92	10.81
Southern	-	9.09	4.55	27.27	22.73	36.36

* *Eastern*: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Poland, Romania, Slovakia and Slovenia; *Other EU*: Belgium, Cyprus, Finland, Ireland and Italy; *Rich 6*: Austria, France, Germany, the Netherlands, Sweden and the UK; *Southern*: Greece, Portugal and Spain.

As you can see, in the case of “Efficiency”, Eastern and Southern countries considered the system better than the Rich 6 (and the Other EU group) and the situation is the same for “Transparency”. On the other hand, in the case of “Sufficiency”, almost 40 per cent of the Rich country respondents believe that resources are sufficient (since they are mostly the donor countries) but others (mainly Southern countries) are not so enthusiastic.

Table 6 shows the evaluation of the expenditure side. The results are quite similar in each group with minor differences. Mediocre or bad (two and three) are the most frequent answers.

Table 7 shows what size of EU budget would suit the interests of the country groups. As you can see from Table 7, the opinion of the Rich 6 and the Southern countries is different regarding the optimal size of the EU budget. While respondents from the Rich 7 marked 0.75-1.00%, respondents from Southern countries preferred higher than 1.5 per cent of EU GNI.

Regarding the possibility of introducing an EU tax the Rich 6 were generally the most sceptical both as concerns the short and the long-term (see Tables 8a and 8b). This phenomenon is independent of the issue of giving taxation powers to the budgetary authority. The Southern and the Eastern countries were more optimistic.

There was a difference between the country groups regarding the importance of the expenditure items in the EU budget. “Competitiveness for growth and employment” was very important for all groups. At the opposite end of the scale there was the evaluation of the CAP, i.e. it was

Table 8a Introducing an EU tax **without** giving the EU budgetary authority taxation power (percentage)*

In < 10 years	Positive	Negative	Neutral
Eastern	30.38	43.04	26.58
Other EU	20.00	55.00	25.00
Rich 6	28.21	64.10	7.69
Southern	36.36	31.82	31.82
In 10-20 years			
Eastern	35.14	27.03	37.84
Other EU	25.00	37.50	37.50
Rich 6	27.78	55.56	16.67
Southern	33.33	33.33	33.33
In > 20 years			
Eastern	37.50	25.00	37.50
Other EU	18.75	43.75	37.50
Rich 6	30.56	55.56	13.89
Southern	30.00	50.00	20.00

* *Eastern*: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Poland, Romania, Slovakia and Slovenia; *Other EU*: Belgium, Cyprus, Finland, Ireland and Italy; *Rich 6*: Austria, France, Germany, the Netherlands, Sweden and the UK; *Southern*: Greece, Portugal and Spain.

considered quite unimportant by all groups (the highest percentage came from the Rich 6). In the case of “Cohesion for growth and employment” the picture was slightly more complex, and was most important for the Eastern and Southern countries – presumably due to their lower development level within the EU – and only moderately important for the Rich 6.

Table 8b Possibility of introducing an EU tax **giving** the EU budgetary authority taxation power (percentage)*

In < 10 years	Positive	Negative	Neutral
Eastern	14.29	55.84	29.87
Other EU	31.58	47.37	21.05
Rich 6	17.50	72.50	10.00
Southern	36.36	40.91	22.73
In 10-20 years			
Eastern	27.85	39.24	32.91
Other EU	33.33	33.33	33.33
Rich 6	28.95	57.89	13.16
Southern	28.57	47.62	23.81
In > 20 years			
Eastern	34.67	29.33	36.00
Other EU	41.18	29.41	29.41
Rich 6	24.32	51.35	24.32
Southern	23.81	57.14	19.05

* *Eastern*: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Poland, Romania, Slovakia and Slovenia; *Other EU*: Belgium, Cyprus, Finland, Ireland and Italy; *Rich 6*: Austria, France, Germany, the Netherlands, Sweden and the UK; *Southern*: Greece, Portugal and Spain.

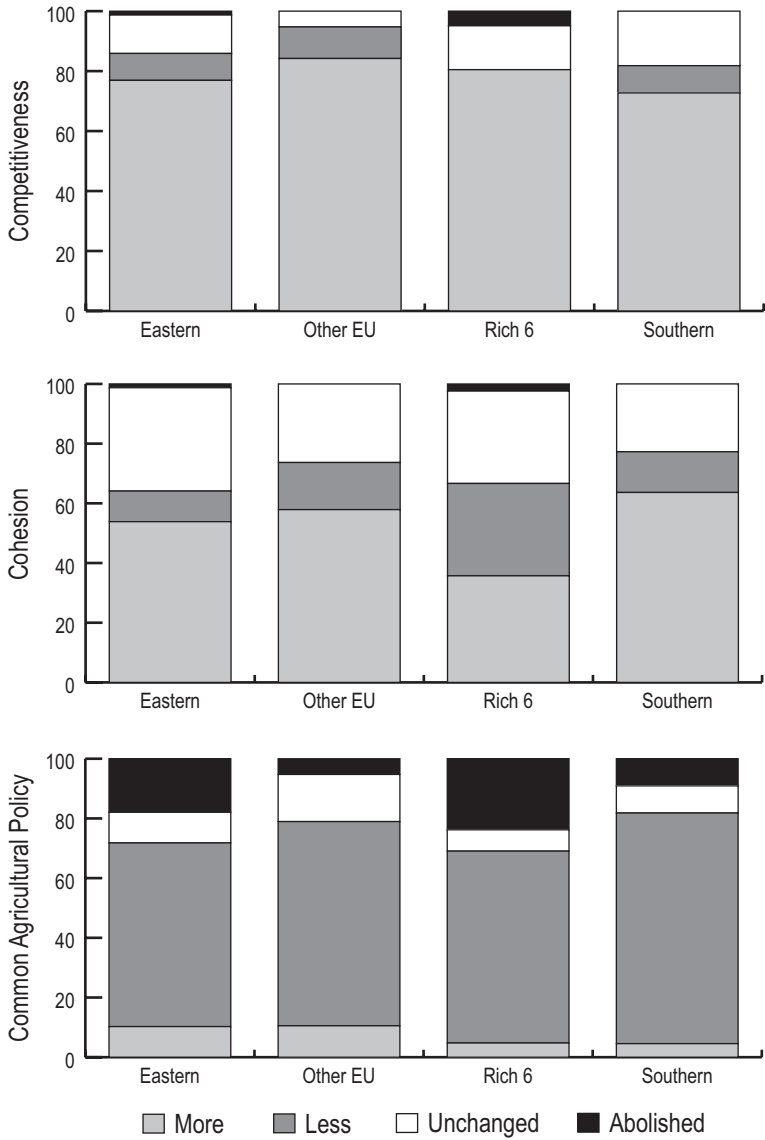
“European citizenship” was slightly more important for the Eastern countries (perhaps because they are new and “proud” EU members, but perhaps also due to practical considerations, such as the high cost of protecting the EU’s eastern borders), but on the whole it was of medium importance to the respondents. “The EU as a global partner” was much more important for the Rich and the Southern countries than for the Eastern countries and Other EU group. This is probably because of the traditional historical and economic ties between core EU countries (like the UK and France) or Southern countries (like Spain and Portugal) and less developed non-EU countries, such as the former colonies in India, Africa and Latin America.

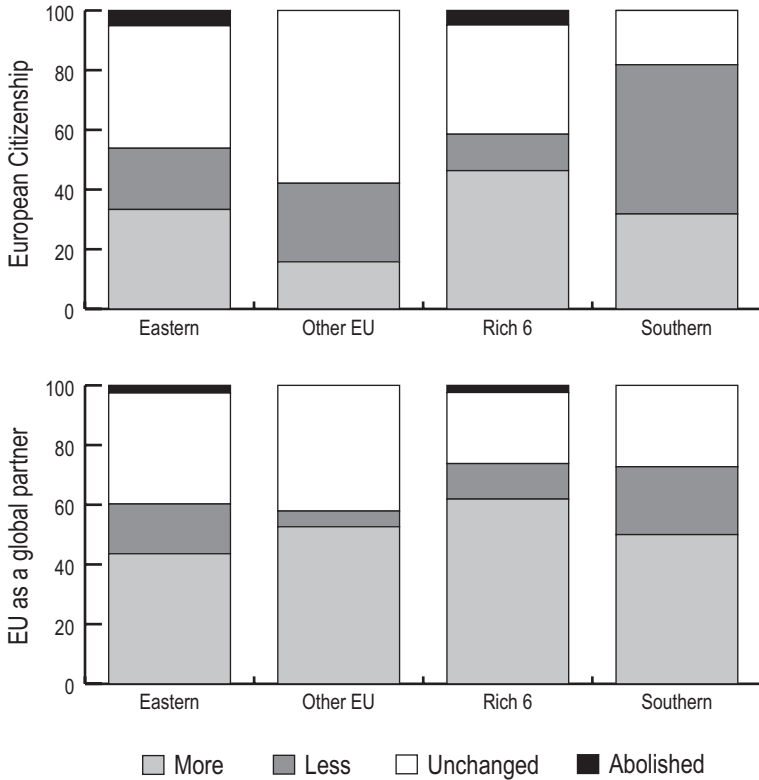
Table 9 Evaluation of the importance of the expenditure items in the EU budget (percentage)*

Competitiveness	1	2	3	4	5
Eastern	3.85	7.69	10.26	30.77	47.44
Other EU	5.26	10.53	10.53	26.32	47.37
Rich 6	7.14	4.76	14.29	35.71	38.10
Southern	-	9.09	31.82	36.36	22.73
Cohesion					
Eastern	5.13	3.85	11.54	30.77	48.72
Other EU	5.26	5.26	21.05	42.11	26.32
Rich 6	7.14	16.67	30.95	26.19	19.05
Southern	-	18.18	22.73	22.73	36.36
CAP					
Eastern	24.36	28.21	20.51	11.54	15.38
Other EU	15.79	26.32	26.32	15.79	15.79
Rich 6	47.62	26.19	14.29	2.38	9.52
Southern	36.36	36.36	22.73	4.55	-
European citizenship					
Eastern	9.09	19.48	33.77	27.27	10.39
Other EU	26.32	42.11	26.32	5.26	-
Rich 6	9.76	26.83	24.39	17.07	21.95
Southern	22.73	45.45	9.09	9.09	13.64
EU as a global partner					
Eastern	7.69	11.54	30.77	28.21	21.79
Other EU	-	42.11	21.05	15.79	21.05
Rich 6	7.14	4.76	28.57	26.19	33.33
Southern	18.18	18.18	13.64	18.18	31.82

* *Eastern*: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Poland, Romania, Slovakia and Slovenia; *Other EU*: Belgium, Cyprus, Finland, Ireland and Italy; *Rich 6*: Austria, France, Germany, the Netherlands, Sweden and the UK; *Southern*: Greece, Portugal and Spain.

Figure 12a-e Preferred shares of present expenditure headings (percentage)*

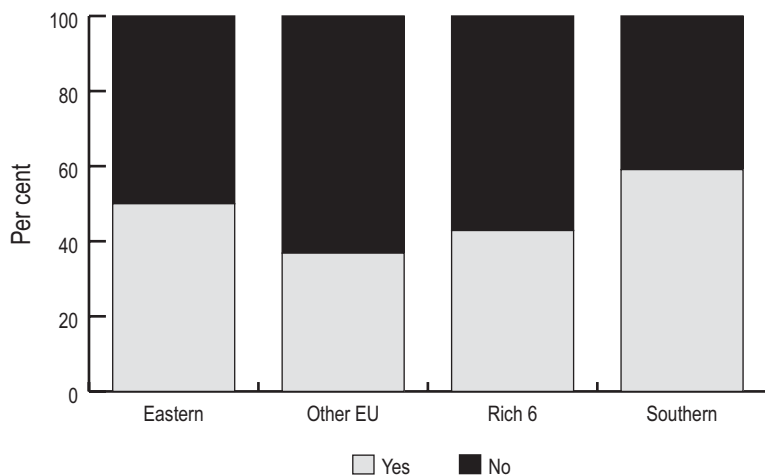




* *Eastern*: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Poland, Romania, Slovakia and Slovenia; *Other EU*: Belgium, Cyprus, Finland, Ireland and Italy; *Rich 6*: Austria, France, Germany, the Netherlands, Sweden and the UK; *Southern*: Greece, Portugal and Spain.

In accordance with the considered importance of the expenditure items, respondents indicated whether they wanted see a lower or greater share of the items in the budget. As Figure 12 shows, each group wanted more for Competitiveness and Cohesion and less for the CAP. In the case of the other two categories the picture was more mixed, the percentage share of “unchanged” was higher.

Figure 13 “Do you think the present structure of the EU budget will be able to deal with the needs of further enlargements?”*



* *Eastern*: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Poland, Romania, Slovakia and Slovenia; *Other EU*: Belgium, Cyprus, Finland, Ireland and Italy; *Rich 6*: Austria, France, Germany, the Netherlands, Sweden and the UK; *Southern*: Greece, Portugal and Spain.

As regards further enlargements, the opinions of the different groups were mixed but respondents from Southern and Eastern countries were slightly more optimistic than the others (Figure 13).

The differences were larger when the budgetary process was assessed: only 7.1 per cent of the Rich 6 thought that it was optimal, while among the Southern respondents the figure was 41 per cent (Figure 14).

Due to the fact that the image of the budgetary process is so negative, many respondents marked items to change. Almost 75% of the respondents in the Eastern and 70% of the Southern countries but also almost 60% of the Rich 6 marked “Decision-making related to Financial Frameworks” as an area requiring change.

Figure 14 “Do you consider the EU budgetary process optimal?”*

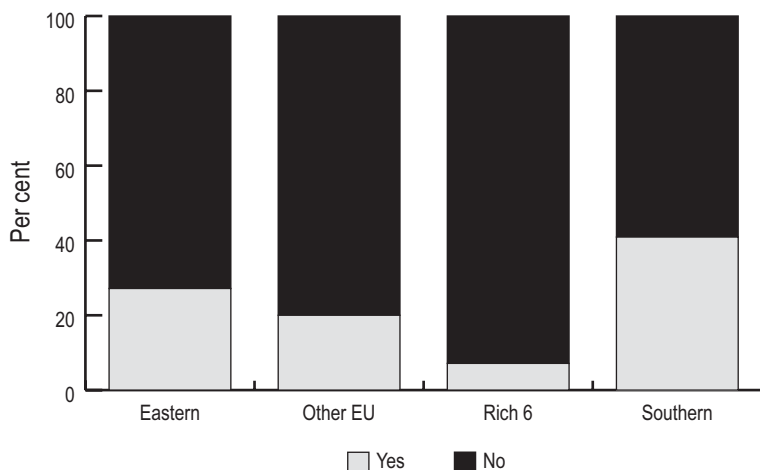


Table 10 Would prefer changes in the...
(per cent who found the process less than optimal)*

	Eastern	Other EU	Rich 6	Southern
Annual decision-making	23.73	25.00	36.84	69.23
Decision-making related to Financial Frameworks	74.58	50.00	57.89	69.23
Voting rules in the Council	23.73	37.50	42.11	69.23
Division of powers, the Council and the EP	33.90	62.50	45.95	15.38
Other	1.69	6.25	16.22	15.38

* *Eastern*: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Poland, Romania, Slovakia and Slovenia; *Other EU*: Belgium, Cyprus, Finland, Ireland and Italy; *Rich 6*: Austria, France, Germany, the Netherlands, Sweden and the UK; *Southern*: Greece, Portugal and Spain.