

# Contents

Executive summary .....	i
-------------------------	---

## Part One

<b>The own resources of the European Union at the cross-roads of reform .....</b>	1
---	---

Why is the EU budget something very special? .....	1
--	---

The history of the EU financing system .....	1
--	---

Proposals for reforms .....	3
-----------------------------	---

Options for an EU tax .....	7
-----------------------------	---

Criteria for assessing the individual reform proposals .....	11
--	----

1 Creating a Union of the citizens .....	11
--	----

1 (a) <i>Financial autonomy</i> .....	11
---------------------------------------	----

1 (b) <i>Visibility, transparency and simplicity</i> .....	13
--	----

1 (c) <i>Allocation of resources along EU policies (externalities)</i> .....	14
--	----

2 Budgetary aspects .....	15
---------------------------	----

2 (a) <i>Sufficiency</i> .....	15
--------------------------------	----

2 (b) <i>Stability</i> .....	16
------------------------------	----

2 (c) <i>Cost effectiveness of tax collection</i> .....	17
---	----

3 Equity (fair sharing of the burdens) .....	18
--	----

3 (a) <i>Horizontal equity</i> .....	18
--------------------------------------	----

3 (b) <i>Vertical equity</i> .....	19
------------------------------------	----

3 (c) <i>Fair contribution across member states</i> .....	21
---	----

Regional arbitrariness .....	23
------------------------------	----

Ranking of the reform proposals .....	24
---------------------------------------	----

Overture to the discussions preceding the 2008/2009 review of the EU budget .....	25
---	----

<b>Part Two .....</b>	<b>29</b>
Tax on financial transactions.....	29
Tax on stock exchange transactions .....	30
Tax on foreign exchange transactions.....	33
Who would pay and how much in the end?.....	35
Global revenues from the tax.....	38
Assessing the foreign exchange tax according to the criteria applied to other options for an EU tax .....	41
Tax on 'all' financial transactions .....	43
Derivatives traded at stock exchanges .....	44
OTC derivatives.....	46
The political discussion: who should get the money? .....	49
The reception of the foreign exchange transactions tax proposal by various institutions....	51
Conclusions .....	59
References .....	62