

Why both sides of the UK's debate are misleading the public on EU budget contributions

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One of the key fault lines in the UK's debate over EU membership concerns the amount the country contributes to the EU budget. [Iain Begg](#) writes that both sides of the referendum campaign are guilty of misleading the public over the issue, with the leave side frequently quoting contributions without applying the rebate, and the remain side comparing apples and oranges by balancing budget contributions against other benefits.



Claims and counter-claims about how much it costs the UK to belong to the European Union abound. Unsurprisingly, both sides of the debate cherry-pick the statistics that support their side of the argument, but both are also prone to misrepresent the facts and to neglect data that tell a different story.

Part of the explanation for this confusion is that there are conceptually very different ways of measuring the flows to and from 'Brussels' through the EU budget. All EU members pay in to it and all receive money from EU spending programmes, ranging from the [Common Agricultural Policy](#) to the [Horizon 2020 research initiatives](#). However, some EU spending does not directly come back to members because it is for policies implemented collectively, notably to support what the EU does in the rest of the world, such as spending on humanitarian aid. And a relatively small proportion of EU spending (around 6 per cent) is on the administrative costs of running the Union.

Video: [Explainer on the EU budget](#)

Source: [UK in a Changing Europe](#)

The EU budget amounts to around one per cent of the total annual output of the EU, as measured by gross domestic product (GDP). To fund it, member countries are expected to contribute one per cent of their respective national GDPs. However, ever since Margaret Thatcher negotiated the famous rebate in 1984, the UK has been required to pay less than this proportion, with others then obliged to pay relatively more to make up the difference. The result is that the actual amount that the UK 'sends to Brussels', to use a phrase often employed in the debate, is not the hypothetical gross contribution, but an amount that has already been reduced because of the rebate.

Although this is well-known, campaigners all too frequently use the higher figure, despite the fact that it is wrong (and some of those making the claim know this full well). For example, the often heard claim that the UK sends '£350 million per week to the EU' is based on this incorrect measure. The amount that the Treasury remits to Brussels, and thus the direct cost to UK taxpayers, always has the rebate deducted before payment is made. Because of this, the correct figure, taking account of the rebate, should be around £280 million per week (based on 2014 data).

The contention (by the *Vote Leave* campaign – featured prominently on its home page) that the UK has paid more than half a trillion pounds is also wrong. The calculation aggregates UK payments to the EU since first joining in 1973, after reflatting the amounts from earlier years to current prices. While the methodology employed can be justified, the *Vote Leave* calculation also makes use of the wrong figure, again by ignoring the rebate. An amended calculation (using the same methodology but applying it to the amount the UK actually pays) shows that the half trillion figure exaggerates the true figure by fully £110 billion.

There are other ways of looking at what Britain pays, for example by taking account of money that flows back to the

UK through spending from EU programmes. A net contribution can be calculated in this way by deducting what the UK receives from what it contributes. In 2014, the receipts were a little under £6 billion. Throughout the country's years of membership since 1973, only the UK and Germany have consistently been net contributors to the EU's finances, although in recent years, many more countries have joined them.

Remain campaigners know this, but often blur the picture by arguing that the UK benefits in other ways. They then arrive at a figure which conflates budget flows with a range of other benefits to arrive at figures such as a net £3,000 gain per household per year. This too is misleading for the simple reason that it is comparing apples with oranges. In short, they are all at it. Citizens, voters, commentators: beware.

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Note: This article first appeared at [UK in a Changing Europe](#). It gives the views of the author, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics. Featured image credit: Images Money (CC-BY-SA-2.0)

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