

PUBLIC OPINION ON JOINING THE EURO AREA

Ing. Jaroslav Belás, PhD., Alexander Dubček University in Trenčín

Issues related to Slovakia's planned entry into the euro area have recently been at the forefront of discussions among the country's professional community and in its media. As part of its research activities, the Faculty of Socio-Economic Relations at the Alexander Dubček University in Trenčín prepared and conducted a "Euro-survey", the aim of which was to discover the public's views on the introduction of the euro and entry into the euro area.

The survey was conducted in November 2005 on a sample of 279 people, of which 44% were men and 56% women. As for the marital status of the respondents, 48% said they were single, 47% were married, and 5% were either divorced or widowed. Employed people made up 58% of the sample, unemployed 5% and students, pensioners, and entrepreneurs 37%. In terms of age groups, 47% of the respondents were under-30, 34% were between 30 and 50, and 19% were over 50. Regarding education, 2% said they had left school with elementary education, 80% with secondary education, and 18% of the respondents were graduates. All regions were represented in the survey, with Trenčín region being home to 35% of the respondents, Žilina region 18%, Prešov region 12%, Trnava region 9%, Bratislava region 8%, Nitra region 7%, Košica region 6%, and Banská Bystrica region 5%.

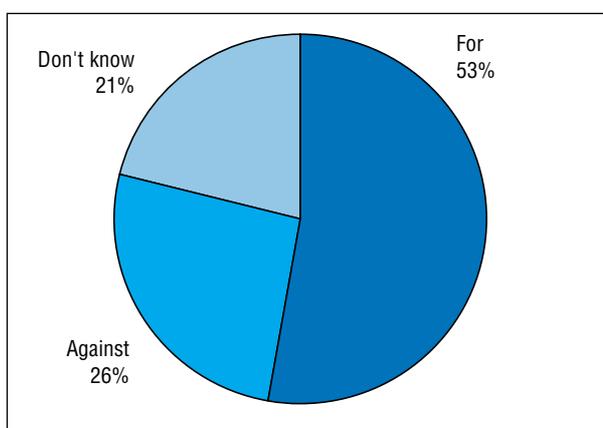
Timeframe for joining the euro area

Asked to name the planned date for joining the euro area (1 January 2009), 29% of the respondents answered correctly, 40% said 2009, and 31% gave another date. This may be judged a positive result since as many as 69% of the people were right about the year for which entry is planned.

How people view Slovakia's entry into the euro area is a question of particular importance. Over half of the respondents, 53%, agreed with Slovakia's intention to join the euro area, while 26% disagreed and 21% did not give an opinion either way. These figures should probably not be considered satisfactory and it will be necessary to improve communication with the public in this regard.

In Košice region, 67% those questioned expressed agreement with joining the euro area, the highest figure for any region. The lowest, somewhat paradoxically, were recorded in Bratislava region (39%) and Trnava region (42%).

Chart 1 Entry into the euro area

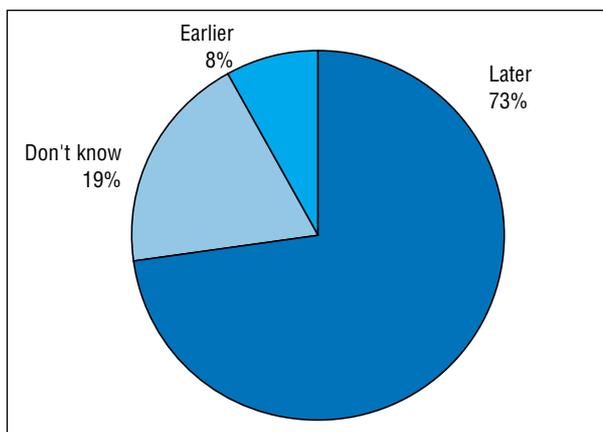


Asked whether the date selected for joining the euro area is right (respondents who did not know the date were reminded by interviewer), 30% of the respondents said it was, 42% said it was not, and 28% said they did not know. One of the respondents did not answer the question.

Among those who disagree with the date, 8% thought it should be earlier, 73% later, and 19% did not express a view.

In regional terms, the share of positive responses on the correctness of the entry date was highest in

Chart 2 Euro area entry date



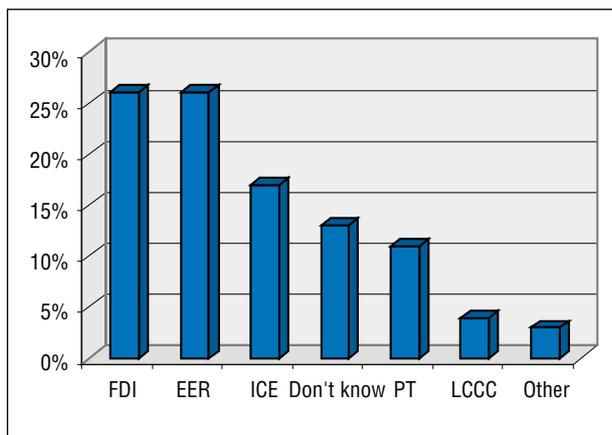
Košice region (56%) and lowest in Bratislava region (22%). As many as 80% of the respondents in Nitra region said that euro-area entry should be put back, with the next highest figures being in Bratislava region (78%) and Prešov region (72%).

Upsides of entry

Asked to evaluate the positive effects of joining the euro area, 26% of respondents gave first place to the inflow of foreign direct investment (FDI), and also 26% identified the elimination of exchange-rate risk (EER). In Košice region, FDI inflow was considered by 44% of the respondents to be the biggest boon of entry. In Banská Bystrica region, 53% said it would be EER.

The increase in commercial exchanges (ICE) was viewed by 17% as the main advantage to be gained from entry, while "don't know" registered 13%, price transparency (PT) 11%, lower currency conversion costs (LCCC) 4% and other factors (for example, removal of border controls) 3%.

Chart 3 Evaluation of the positive effects of joining the euro area

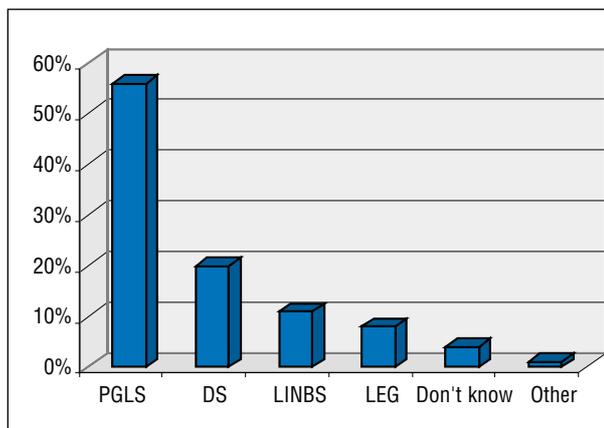


Downsides of entry

As for how the downsides of entry were evaluated, a clearly predominant 56% of respondents feared price growth and declining living standards (PGLS), while depreciation of savings (DS) registered 20%, loss of independence for the NBS (LINBS) 11%, lower economic growth (LEG) 8%, "Don't know" 4%, and other factors (including lack of preparedness for entry, globalisation and its negative effects) 1%.

Concerns over price growth and declining living standards were highest in Bratislava region (74%) and Trnava region (73%) and they were lowest in Žilina region (31%). Fears for savings were strongest in Žilina region (33%) and weakest in Bratislava region (9%).

Chart 4 Evaluation of the negative effects of joining the euro area.



Summary

The results of this opinion survey were compared with similar polls carried out by the Statistical Office of the Slovak Republic (ŠÚ SR) and the pollster Focus. By comparing the most important standpoints of the Slovak public on entry, the date of entry and the negative effects of entry into the euro area, some general conclusions may be stated:

1. On the question of joining the euro area, the majority of public opinion is positive. According to the ŠÚ SR's figures, 26% of respondents agree with the planned entry date (opposition to entry registered 13% and support for later entry 44%). Focus agency's surveys show that 46% are for entry and 42% are against. In our survey, 53% supported entry, 26% opposed it, and 21% did not take a view on the question.

2. As for Slovak public opinion on the main disadvantages of entry, the results were consistent. According to the ŠÚ SR, 62% expect the biggest downside to be price growth and declining living standards, while our poll had this figure at 56%.

3. In order to make entry and the date of entry more acceptable to the Slovak public, it will be necessary to provide them with more information on the pros and cons of joining the euro area.