# European Union Unified Budget

## What is the issue?

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- Recently, Angela Merkel of Germany and Emanuel Macron of France have expressed views in favour of the European Union (EU) having a unified budget.
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- The underlying idea seems to be that the EU and the Eurozone must be stabilised and the economic dysfunctions to be eliminated.
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## What are the concerns?

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- If the intention is to conceptualise a macro budget wherein the financial needs of the EU will be aggregated and the expenditure and investment proposals worked out (based on projections from member states), then the new system will be inconsequential.
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- Such a budget will only **erode the national autonomy** of member states and probably involve **delays** in the budgeting process.
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- It is also unlikely to help the EU achieve the desired outcome of achieving a uniform or near-uniform price level, inflation rate, unemployment threshold, debt position, etc.
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- The **dissimilarities in the growth pattern** across EU warrant greater circumspection and caution in moving towards a common EU budgetary institution at this stage.
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- Also, under a unified EU budgetary system, **supporting Greece** would have been the direct responsibility of an EU finance minister and thus a liability of the EU as a whole.
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- An EU budget can be successful only if the resource raising and allocation process is based on economic principles and not driven by politics and the relative strength of the member states.
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- Another contentious issue would be the **fiscal transfers** that need to be carried out under an EU budget to the constituent countries related in accordance with their economic needs.
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- The EU still **has not reached a stage** when receipts generated through tax and non-tax revenues or borrowings of a member state can be pooled under a common budget.
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**Source: IDSA**

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