

The European Union Developing As A Political System And Its Budget

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Abstract

In this article, the political system of European Union, which holds an important position in the international system with the Lisbon Treaty in 2009, and its budget procedure, which is an important issue in the political systems, are examined and investigated. States make the budget with the aim at achieving the revenues and expenditures effectively. In 1967, with the establishment of the EC (European Communities), the European Union (EU) as well as national governments initiated to make the Budget. The dream of setting up the Union in Europe has become reality as the EU has been formed. The EU plays a role as a political actor in the international system. In this study, the political institutions of the EU reached a position of political system and the budget positions of the institutions' views in the budget-making process are discussed. Also, the budget of the period 2007 – 2013 created after the Lisbon Treaty is studied. The expenditure items given the highest priority in the EU Budget such as Sustainable Growth are discussed.

1.INTRODUCTION

The European Union and the system introduced by the Union are extensively studied subjects among the scholars who studied on the international discipline. After the Second World War, Europe began seeking to build a new Europe took a firm step to turn the Founding Fathers' dream into reality. In the Treaty of Rome which is the basis of this dream, the following task areas were determined for the European Economic Community (EEC): to create a common market, gradually to bring the economic policies of member states closer to each other, and to promote closer relations among member states within the Community. This target, together with the phenomenon of globalization, differs in the areas of sovereign states at the international level and enters into a period that has closely corresponded to a relationship. As a result of this process, new institutions or structures, where the sovereignty of the state becoming a matter of debate, have emerged in the international arena. One of the most important institutions is the European Union with its unique structure.

In fact, the most fundamental feature that separates the EU from other international organizations is the bodies that took place in the political system of the Union. The central building blocks in the EU political system make up the organs of the Union. The Organs of

the Union, using powers just as the authority of the national states (legislative, executive and judicial), take essentially similar binding decisions and carry out the decisions from a single center. The Organs of the Union speak on behalf of nearly 500 million citizens of the Union and 27 members of the country. "Brussels factor" attracted an increasing attention in the Union takes important decisions concerning the political life and enforces them. This situation has a legal basis in the Treaty of Lisbon. Significant changes in the EU's institutional structure and the decision-making processes have been made. A step towards the idea of "European United States" is successfully accomplished 4.

In this paper, the political system of the EU will be explained and the budget process as an important issue of political systems will be discussed. The EU budget has taken the present form by the regulations as a parallel process of deepening the Union. Thus, in terms of acceptance procedures, operation principles, preparation, and the content, the EU budget substantially differs from the budget of any state or any international organization. It even exhibits characteristics which can be found quite complex.

2.The Political System of the European Union

The EU defines itself a family of democratic European countries committed to working together for peace and prosperity. The decisions including specific matters of common interest to be taken democratically at the European level, Member States have formed the partner institutions handing over sovereignty partially. These institutions determine the EU policies. Just as the duties and the functioning of state organs at the national level, the EU institutions are also similar to those organs in terms of functions, duties and distribution of powers. The EU policies are determined by the political decisions taken by three major institutions. In other words, the political system of the European Union is operated by the European Council (which represents member states), the European Union Parliament (which represents the citizens) and the European Commission (which is a politically independent body established in order to consider the common European interests).

This institutional triangle implements laws and policies throughout the EU. Primarily, the commission proposes laws, but the Parliament and the Council legislate them. In addition to these important political institutions, the European Court of Justice that ensures the European Law, and the European Court of Auditors that controls the activities of the Union's finances and budget, are two important "state" institutions. The functioning of the duties, powers and regulations about the Council, the Parliament and the Commission which have the most important position in the functioning of political systems of the EU will be explained below in the light of recent developments.

4 The concept of Europe united by politics was instated by Victor Hugo in the opening speech of Berlin Peace conference and European Union was set as its goal. The concept's adoption in politics was a big project announced by a famous English statesman W. Churchill in the opening speech of Zurich University of 19 Sep 1946. (Hocaoğlu 2007, p11 and 28)

3. The European Parliament

The European Parliament (EP) is the only institution of the European Union directly to the public on the basis of legitimacy. The EP represents for people of the European Union member states. In other words, the EP is known as the voice of Community Nationals. In addition, the EP was established at Strasbourg in 1952 in order to control and provide information to the Council and the Commission⁵. The Parliament, currently composed of 785 members, two-thirds of which are female, exercises the legislative activity in Strasbourg.

The Parliament cannot be easily characterized and structured as in conventional patterns. The jurisdiction of the parliamentary body of the EU system is often limited by the parliaments of member countries. However, a careful examination of the powers vested in the founding treaties of the Parliament shows that the parliament resembles the national parliaments. The purpose is, featuring similar powers to the legislature of the EP, to serve the goal of creating a political union of the EU. Similar with the National Parliaments, functional powers assigned to the EP can be listed under the following headings:

- With the Treaty of Lisbon, the so-called participation of parliament in decision-making mechanisms through co-decision procedure, cooperation procedure, consultation procedure (consulting), and approval procedure (consent) gained the Parliament legitimacy by giving the authority to elect the President of the European Commission.
- The authority to make Budget: This authority is granted by the Treaty of Brussels which has strengthened the existing financial approval authority of the parliament by the Lisbon Treaty. Combining the expenditures which were approved separately by the Commission and the Parliament in previous periods, provided for two organizations to work together and provided a balance between the Commission and the Parliament⁶. Lisbon Treaty has given the EP a greater role in the commissioning of the EU Budget.
- Legislative Authority: "co-decision procedure" is re-named as the "natural legislative procedure", and many new fields have been included in⁷.
- Political Control Authority: The authority introduced by the Single Act includes authorities which are also used in national parliaments such as to censure, to ask questions, provide reports to the parliament, the appointment of public auditor and the right to petition. ⁸

⁵ Parliament working in three different cities formally took place in the EU Council Summit in Edinburgh in 1992 and the Amsterdam Treaty.

⁶ Akar Sevda, (2010), "Lizbon Antlaşmasının Avrupa Birliği Bütçe Sürecine Getirdiği Yenilikler ve 2010 Avrupa Birliği Bütçesi", Marmara Üniversitesi İİBF Dergisi, 161.

⁷ Bayram Hanifi Mehmet, (2010) "Lizbon Antlaşması: Parlamentoların Avrupa Birliği Karar Alma Sürecindeki Yeni Rolü", Uluslar arası Hukuk ve Politika, Cilt 6, s.85.

⁸ Topal Emre, (2008), "Lizbon Antlaşması İle Avrupa Birliği'nde Yasama Niteliğindeki İşlemler ve Yasa Yapım Süreçlerine Getirilecek Değişikliklere Genel Bir Bakış", Yasama Dergisi, Sayı:9, 2008, s. 25

- Approval of the international treaties, the accession to the Union, and the partnership agreements: With the Treaty of Lisbon, the consent of parliament for international agreements have been put to obtain⁹.
- The authority of filing a case against the Community institutions in the Court of Justice.
- As mentioned above, the EP does not still have a form of legislative initiative. As an exception, however, it has the authority to prepare a proposal for a single European election.

The internal functioning of the EP is similar to its structure and distinct from other parliaments with its unique position. 785 parliamentarians deal with political issues under the roof of the European Parties. The parliamentary political landscape reflects a general political landscape and the diversity of views just as national political parties in National Parliaments. Number of seats is proportional to population distribution of the member countries. (Germany have 96 parliamentarians, Luxembourg have 6 parliamentarians). These quantitative criteria are fixed by the Treaty of Lisbon.

4. The European Council (summit)

The Council is the European Union's main decision-making mechanism. Where the final decisions on the EU and member states are taken, the Council consists of presidents of a State or prime ministers who meet twice a year. In a political sense, it is the EU institution that located at the highest level. ¹⁰ In accordance with Article D of the EU agreement, the European Council provides the driving force required for the development of the Union and places the general political objectives in a specific location for this development. Although the authority is specified in this way, both coverage and density of the actual events and functions are differentiated and largely spread over a wide area. The tasks of the Council of Europe can be grouped under three main headings: architects who structure, to determine the basic outlines for the EU, and being the highest decision making body of the EU.

In accordance with their national constitutions members of the Council of Europe are comprised of the top-level political decision units specified in each member state. Beside the heads of government, prime ministers and the chancellors, the presidents of France and Finland in accordance with their national procedures, are also members of the Council. President of the European Commission is also among the members of the Council of Europe. The Council is also open to the participation of foreign ministers and members of the Commission. Decision-making process within the Council of Europe has very different characteristics. The main element of decision makings is the negotiation among the member countries. Regarding many political areas only the heads of state and government can balance

⁹ *ibid*, p. 33.

¹⁰ Tekinalp (2000:218). Council of the EU which meet since 1974 was formalized with the Single European Act (1986) and the European Council became a legal entity which has gained the official status by the Maastricht Treaty.

the decision-making process with the reciprocal demands and concessions. Development of the European Union significantly depends on the summit negotiations. In this regard, the heads of government mutually try to influence each other.

5.The European Commission

The Commission is independent of national governments. Its duty is to represent and promote the interests of the EU. It makes the proposals for the EU and submits them to the European Parliament and the Council. At the same time the Commission is the EU's executive body and it is responsible for the implementation of the decisions taken by the Parliament and the Council. This means administration of daily operations such as the implementation of policies, implementation of programs, and spending of funds. Informally, the Commission members are known as the 'Commissioners'. The Commission members are committed to work for the common interests of the Union and do not take instructions from their national governments. Every five years, a new Commission is appointed within six months after the European Parliament elections.

The Commission is politically responsible to the Parliament. The Commission attends to every meeting of the Parliament to explain and defend the policies. In addition, it will respond to the written and oral questions posed by the members of Parliament. The Commission's daily operations are carried out by administrative officials, experts, interpreters, translators, and the secretariat staff.

The European Commission is a central entity in the preparation, the implementation and control of binding decisions of the European Union. The rights and duties of the Commission detected and stipulated by the founding treaty. In Agreement on the European Union (the first column), in addition to other duties and jurisdiction, the European Commission is equipped with three principal functions:

The most important role of the Commission is being the engine of the EU's integration. The Council and the European Parliament can make legal regulations only on the suggestion of the Commission.

The Commission, may take binding decisions about implementation under the jurisdiction of the executive branch, and may initiate negotiations on international agreements on behalf the Union.

As the guardian of the Treaties, the Commission supervises the implementation of law arising from the Agreements.

The formation of the Commission's decision usually takes in three fields. The decision-making committee, which is usually composed of 27 members with the chairman of the Commission, is Kollegium. Management mechanism of the Commission, headquartered in Brussels, consists of 26 General Directorate and other services (General Secretariat, Legal Service, European Community Publications Department, Statistics Department, Translation

Services, etc.). Comparable to the general directorates at the national level (Department, Resort) general directorates were created by functional and hierarchical structuring. Directorate General of Agriculture and Social Policy can be shown as an example. The basis of the decision formation within the Commission lies on the draft resolution which is prepared by the general directorate in coordination with other general directorates and Legal Services. Almost all over the world, the Commission is authorized as an effective entity because the EU representatives are administratively attached to the Commission in almost every region of the world.

5.1.Operation of the system

Decision-making process at EU-level includes the institutions above and many other institutions. The European Commission, the European Parliament, the European Union Council are important decision makers. In fact, a new legislation is recommended by the European Commission, but it is the Council and the parliament that pass the laws. There are other institutions and organizations that have various roles in this process.

The main characteristic of the European Union is that it has the authority in the issues which are falling entirely within the jurisdiction of a state such as to execute commercial arrangements and to determine the tax instruments. Organs of the Union provide the preparation, the execution and the control of decisions. Most notable of these processes is the decision-making mechanism that leads to the formation of a legal system which binds both the member states and the citizens of the Union.

Rules and procedures of EU decision-making process are specified in the agreements. Every European law called "legal basis" based on the article of a specific agreement. There are three main procedures to implement a new EU law: Joint decision-making procedure, the consultation procedure and the procedure of finding appropriate (assent procedure).

Legislative activity in the European Community is conducted within the framework of certain procedures under the above-mentioned institutions. In all of these procedures listed as Co-decision, consultation and approval, legislative proposals in general are being prepared by the Commission. According to the procedures applied, Parliament's binding opinion is taken, and then the proposal is adjudicated by the Council after consulting with the other advisory bodies.

5.2.Basic Features of the EU Budget

a - Basic Features of the Budget of the European Union

The European Union's budget was created through the merger of the budgets of three Communities (ECSC, EEC and Euratom) which were combined with the Merger Treaty (1967). 11

11 Karluk Rıdvan, AB ve Türkiye, Altıncı Baskı, Beta Basım, İstanbul 2002, s. 415.

The EU budget significantly differs from the budgets of other international organizations. Lacking defense and security spending which holds an important place in the state budget resulted in relatively small budget. 12

Nevertheless, the EU's budget is no different from any state budget in terms of income resources, revenues, expenses, content, acceptance procedure and provisions for implementation.

The EU's budget, described as "a complex mechanism", is still prepared by taking into consideration of the budgeting principles. 13

These budgeting principles are;

Unity Principle: The community's all income and expenditure laid down with a single document in accordance with the provisions stipulated by Article 268 of the Treaty which establishes the European Community.

Universality Principle: This principle is based on two basic rules. Firstly, budget revenues cannot be specifically allocated to a certain items of expenditure; in accordance with the second rule, called "the gross budget rule" (gross budget principle), expenditure and revenue should take a full part in the budget without offsetting each other.

Annuality Principle: In accordance with this principle, aimed at facilitating the process of operational control of Community's expenditure and revenue, the process is considered within the framework of a budget year.

Equivalency Principle: In accordance with this principle, income must be equal to the expenditure envisaged during for a fiscal year. Accordingly, additional borrowing cannot be made to close the budget deficit. If the budget is in surplus, the surplus is recorded as a revenue in the following budget. In the event of an additional expenditure, which is unforeseen during the preparation of the budget, either changes to budget (a new amended budget) is formed, or the additional resources outside of the budget is used. *

Determination (Specification) Principle: this principle is brought to avoid confusion about how the budget allocations are used in areas. Accordingly, the purposes for which such expenditures are determined should be clearly identified.

12 Keskin Hakan; Doğru Sanılan Yanlışlarla Avrupa Birliği, Ankara 2010, s. 46.

13 European Commission, Fundamental Principles of the Community Budget, http://www.europa.eu.int/comm/budget/budget/index_en.htm#principles

* Non budgetary sources are provided from debt financing from capital markets, sources from the European Investment Bank, or sources from European Investment Fund created by Edinburgh summit of 1992, and the European Development Fund financed directly by the member states established to provide financial assistance to African, Caribbean and Pacific (AKP) countries under the Lomé Conventions (Nugent Neill, The Government and Politics of the European Union, Macmillan Press, London, 1995, p339-340).

The final principle related to underlying budget procedures, is that the Euro, the official currency of the Union from 1 January 1999, is to be used during these procedures.

the Adoption and Process of the EU Budget before the Lisbon Treaty

The formation process of the budget of the European Union is regulated with Article 272 of Community Founding Treaty that provisions the process of formation of the budget and time constraints of the rules that the Council and the Parliament, known as "the two wings of the budget authority", are obliged to comply with.

Accordingly, the procedure of the budget covers a period between September 1 and December 31 belong to the budget prepared in the previous year. However, while keeping the validity of these principles established by the Founding Agreement, the Commission is the main organ which is responsible for preparation and implementation of the budget, in the case of the application, the budget procedure is considered a slightly longer period of time within the framework. Accordingly, as applied since 1977 the budget will be formed in the framework of the following stages:

Until June 15, the first form of the draft budget (preliminary draft budget) prepared by the Commission presented to the budgetary authority (the Council and the Parliament).¹⁴

b- Adoption of the Draft Budget by the Council

The Council reading the preliminary draft budget agrees upon a draft of the budget before July 31 with a majority decision after consulting with a delegation from the Parliament.¹⁵ At this point, especially the distinction between mandatory and discretionary spending can lead to serious problems. One of these problems is that while on the one hand the Council saying the last word in determining the mandatory expenditure items, on the other hand Parliament has the final say on non-compulsory expenditure items. ¹⁶

Reading the Draft Budget by the Parliament

During this phase that should occur in October, and also called the "first reading by the Parliament" the draft bill primarily examined by the Parliament's Budget Committee and then forwarded to the General Assembly. Two results may occur during the plenary discussions. The first of these is the draft budget may be adopted by the Parliament. This happens if the

¹⁴ European Commission, Main Stages of the Budgetary Procedure, http://www.europa.eu.int/comm/budget/budget/index_en.htm#stages

¹⁵ European Commission

¹⁶ Tekinalp, *ibid* p. 295.

bill is adopted by the majority of members of the Parliament within 45 days of negotiations takes place. 17

Council's Reading Draft Budget for the Second Time

After discussions with the delegates from the Parliament, this phase is expected to be completed during the 3rd week of November. At this stage, the Parliament's draft budget in relation to mandatory and non-compulsory expenditure items is re-arranged by the light of the above-mentioned changes. From the completion of these arrangements, the Council is authorized to have the final say on mandatory spending. The only exception is the entire rejection of the bill during the second reading of the Parliament after the second reading by the Council.

Parliament's Second Reading and Adoption of Budget

After the provisions concerning compulsory expenditure items of the budget bill by the Council, in the Parliament's second reading, mostly in December, the regulations regarding non-compulsory expenditure items are reviewed. 18

Then the Parliament, together with the small changes in the non-compulsory expenditure, accepts the budget by at least three fifths of the votes. Another case in this stage is that the Parliament rejects the entire budget by at least two-thirds of the members vote. In this case, the procedure starts again. The other case, which can be seen in the final stage of the budgetary procedure, is that the Parliament does not decide on the bill received from the Council. In this case, the budget is adopted as received from the Council.

Although it is an exception, after the budget entering into force, the Commission can make changes to the budget by preparing the preliminary draft and proposing the necessary changes. In the event of the budget amendments proposed by the Commission, the above-mentioned procedure in the budget preparation applies for.

c -The changes to budget process introduced by the Treaty of Lisbon

According to the budget process in the Treaty of Lisbon, the fiscal year from January 1 to December 31 has remained as the budget year; the budget will be made by the European Parliament and the Council. Complied with the condition on the procedure followed before the Treaty of Lisbon, duties and powers of the Parliament on the budget are expanded, and timetables are re-arranged. In addition, by removing the distinction between compulsory and non-compulsory expenditure in the budget, the budget process has become more effective

17 Tekinalp, ibid p. 296.

18 European Commission, ibid.

with the Treaty. As a consequence, the European Parliament has gained full co-decision power - together with the Council – over all expenditures including agriculture¹⁹.

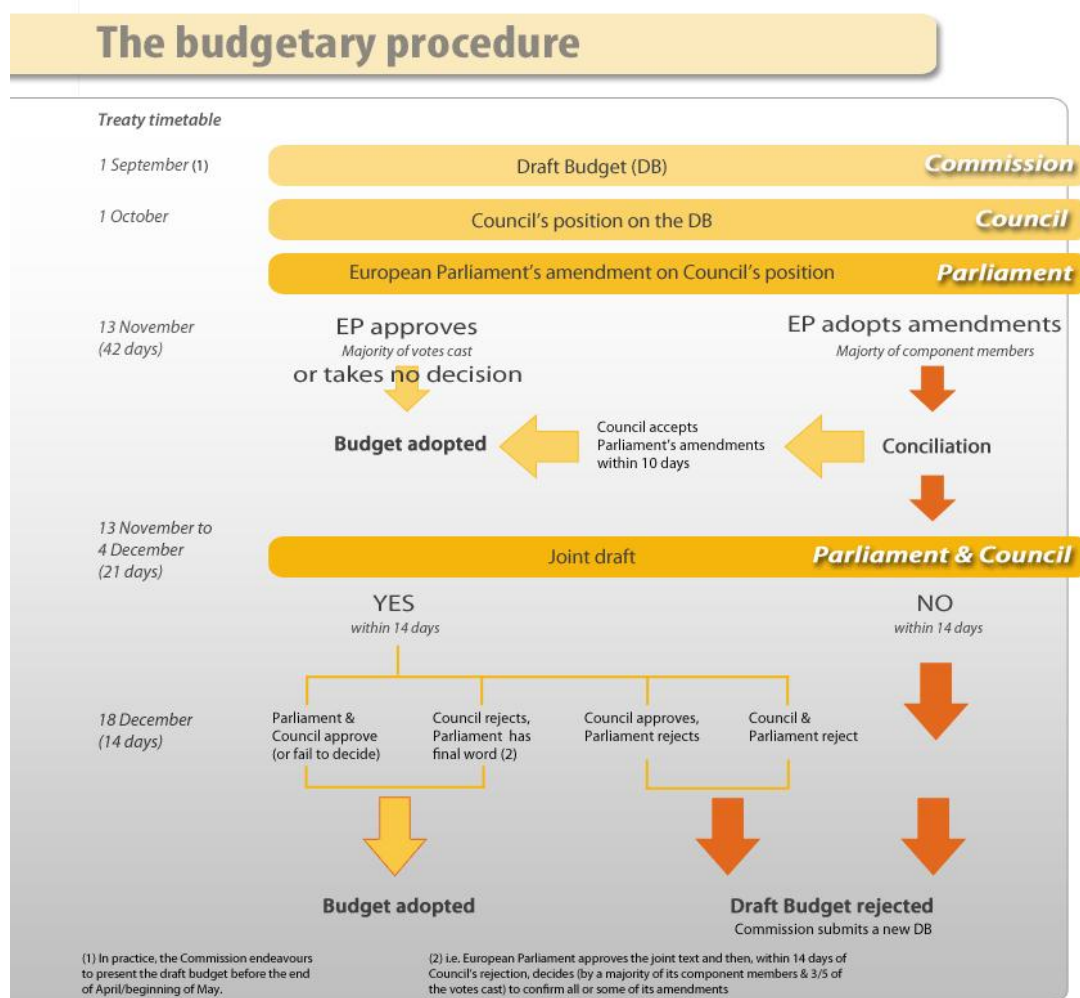
Based on the estimated expenditure sent to EU institutions as of July 1, the Commission initiates the budget process of preparing the draft budget. The draft budget submitted to the Council, becoming the budget bill is sent to the European Parliament for review within 42 days. The Parliament examines the bill through its sub-committees. The bill examined by the Parliamentary sub-committee is then sent to the General Assembly. As a result of sub-committee review, if the draft is accepted by the General Assembly, the budget is legalized. If an amendment is decided on the bill by a majority of members of the parliament, the amended draft budget is sent to the Council and the Commission by the parliament. The budget is finalized if the Council accepts the amendments of the budget draft within 10 days. However, if the Council does not accept the amendments made by the Parliament, the Conciliation Committee is formed. The committee members are formed by the equal number of members of the Council and the Parliament.

The main task of the Committee is to establish a common bill by agreeing on a compromised budget bill. If the Conciliation Committee agrees on a common bill within 21 days, and if the Parliament and the Council review and accept this agreed common bill within 14 days, then the bill is approved by the Parliament and the Council. To approve the bill by a party shall be deemed accepted. At the end of the 21 days, if the Conciliation Committee cannot negotiate a common bill, a new draft budget is prepared by the Commission. When the budget procedure is completed, the EP President announces the acceptance of the budget. The Commission is responsible for implementing the new budget. By monitoring the financial situation of assets and liabilities of the EU, the Commission also delivers the budget evaluation reports to the Court of Auditors. ²⁰

19 Seifert, Jan (2011:5), Change and stability in the EU budget, EU Centre in Singapore, Working Paper, no:3, p1-16.

20 European Commission, Treaty of Lisbon, s. 183.

Graph: The European Union Budgetary Procedure²¹



6. Structure and Content of the EU Budget

With the Merger Treaty combined the executive organs of the European Communities and entering into force on July 1, 1967, the Community budget is formed gathering the separate budgets of the European Coal and Steel Community (ECSC), the European Economic Community (EEC) and European Atomic Energy Community.

Accordingly, since January 1, 1968 initially two communities made a single budget and from 1971 ECSC joined them. However, ECSC's "operating budget" is excluded from this application. ²² The Community budget attains an independent structure of the member countries with the Luxembourg Agreement signed in Luxembourg April 22 1970 and came into force on January 1 1971. Accordingly, the Community's own budget resources replaced

²¹ http://ec.europa.eu/budget/figures/fin_fw0713/fw0713_en.cfm

²² Karluk, Rıdvan, Avrupa Birliği ve Türkiye, Beta Yayınları, 5. Baskı, İzmir, Haziran 1998, s. 327.

the financial assistances received from member countries.²³ After the own resources system was introduced, traditional taxes started to be collected, and as a result of the increase in the number of member states and the needs of more funding in the Community implemented programs, the size of the budget has increased over time.²⁴ However, considering activities of the Union and the geographical area covered by the Union, the European Union's budget is found to be quite small.

Table: Financial framework 2007 - 2013 Budget Terms of European Union²⁵

Commitment appropriations	2007	2008	2009	2010	2011	2012	2013	Total 2007- 2013
1. Sustainable Growth	53.979	57.653	61.696	63.555	63.974	66.964	69.957	437.778
1a. Competitiveness for Growth and Employment	8.918	10.386	13.269	14.167	12.987	14.203	15.433	89.363
1b. Cohesion for Growth and Employment	45.061	47.267	48.427	49.388	50.987	52.761	54.524	348.415
2. Preservation and Management of Natural Resources	55.143	59.193	56.333	59.955	60.338	60.810	61.289	413.061
of which: market related expenditure and direct payments	45.759	46.217	46.679	47.146	47.617	48.093	48.574	330.085
3. Citizenship, freedom, security and justice	1.273	1.362	1.518	1.693	1.889	2.105	2.376	12.216
3a. Freedom, Security and Justice	637	747	867	1.025	1.206	1.406	1.661	7.549
3b. Citizenship	636	615	651	668	683	699	715	4.667
4. EU as a global player	6.578	7.002	7.440	7.893	8.430	8.997	9.595	55.935
5. Administration	7.039	7.380	7.525	7.882	8.334	8.670	9.095	55.925
6. Compensations	445	207	210					862
Total commitment appropriations	124.457	132.797	134.722	140.978	142.965	147.546	152.312	975.777
as a percentage of GNI	1,02%	1,08%	1,16%	1,18%	1,16%	1,13%	1,12%	1,12%

²³ *ibid*, p. 329.

²⁴ Nugent, p.340.

²⁵ http://ec.europa.eu/budget/figures/fin_fw0713/fw0713_en.cfm

The expenditure items included in the budgets of the EU fiscal year 2007-2013 is given in the table above. As clearly seen from the table the most important item of the EU budget is devoted to sustainable growth. In the expenditure item international competitiveness for sustainable growth, there are goals such as to do international research, to focus on new technologies, to support projects to help the EU is leading in key areas, to modernize etc. 26.

Expenditure item in the second row is reserved for Natural Resources. The purpose here is to support the sustainable development of the rural population in the EU, to improve farmers' living standards by creating a healthy environment and to reduce greenhouse gas emissions by promoting organic farming. 27.

The EU as a global player transferred resources to the Budget, in order to create global changes and democratic institutions of the EU. Citizenship, freedom, security and justice areas are targeted for the use of this resource.

In fiscal year 2010 budget of the EU is 141.5 billion Euros. Every year there is approximately 2% gradual increase in the budget. For example, budget for fiscal year 2007 is 121.6 billion Euros; budget for fiscal year 2008 is 129 billion Euros and fiscal year 2009 budget is 133.8 billion Euros. 28

7.CONCLUSIONS

Budget is an important issue in functioning the political system and administering the Union. Since the Lisbon Treaty which plays a in the EU role came into force, some important changes have been made in the Budgeting process. The most important change is the status of legislature which is an important factor in the political systems. Along with the Treaty it seems that the Parliament has an important position in the budget process as in many areas. Indeed, in order to reform a constitution of Europe, the Lisbon Treaty came into force on December 1, 2009 and introduced important regulations. Besides being an actor in the international system, the Union has laid the foundations to be the state entity symbolizing people's unification such as flag, anthem, motto, currency, day of the establishment.

One of the regulations is the budget reminiscent of the formation of a State. The budget of the European Union has gradually occurred as a part of EU integration process over time. The new budgets made, if it was necessary in the course of the changing, are quite different from the ones of any other states or institutions and have unique features and mechanism. This situation is connected to two reasons; unidentified economic and political structure in part

26 EU Commission EY Budget 2010.

27 EU Commission EY Budget 2010.

28 EU Budget Details, official web site of the EU is; [//ue.europa.eu/budget/budget_detail/last_year_en.htm](http://ue.europa.eu/budget/budget_detail/last_year_en.htm)

due to the complex characteristics of the European Union, on the other hand the integration process has not reached the final stage yet. Thus the EU budget has not finalized yet. These impressions and observations are confirmed by the changes in the preparation of the budget procedure as well as regulations depending on needs changing over the period for the income and expenditure items in terms of both content and ratio.

Being significantly different from the budgets of other international organizations, the absence of defense and security spending, which hold an important portion in a state budget, resulted in relatively small EU budget. While the EU budget is prepared, the budgeting principles are in some way complied with. However, income and spending are equalized within the EU Budget. Consequently, the EU cannot borrow. When the EU budget is carefully examined, every year the budget is increased by 2%. The budget of this size is inversely proportional to the size of its own political system which appeals to a large geographic area and more than 500 million citizens. Member states are reluctant to transfer resources to the EU budget yet. This situation seems to become clearer by the EU integration process.

Despite all these limitations, when we look at the expenditure items in the budget the largest share of the EU's budget sources are transferred to sustainable growth and sustainability of natural resources. The Treaty of Lisbon, bringing changes to ensure the EU's and its organs' democratic legitimacy and representation, has created new structures for the EU to allow representation in the international arena and to eligible for the providence. The Treaty, besides being a single and under a new identity unified the Europe as "the Union", enhancing the role of the European Parliament in the legislative process and increasing the functional effect of important issues such as the budget of the Union are important steps towards becoming "United States of Europe". Adoption of the budget process being determined through the European Parliament stands out as an important regulation of the Lisbon Treaty.

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