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**José Manuel Barroso has used his inaugural "state of the union" speech to demand new powers to raise money to fund the growing EU budget at a time of austerity and national spending cuts.**

Martin Banks in Brussels | Telegraph

Speaking to MEPs, in an event billed as emulating the annual speech by the American president to US Congress, the European Commission President insisted that "a euro spent at European level gets you more than a euro spent at national level".

"Pooling money at the European level allows member states to cut their costs, avoid overlaps and get a better return on their investment," he said.

Mr Barroso's intervention is timed to coincide with tough negotiations over future financing of the European Union as the Commission and European Parliament clash with Britain which is seeking to cut expenditure in Brussels.

In a bid to escape national vetoes over spending, Mr Barroso proposed giving the EU the right to raise money by issuing bonds, a facility currently limited to "sovereign" nation states.

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