In God we trust; all others must bring data: *implications for Europe*
Manuel Heitor, October 2026

The quote "In God we trust; all others must bring data" by William Edwards Deming (1900-1993), provides a sharp lens to critique the current clash over Europe's next research and innovation framework program (i.e., FP10, or Horizon Europe - HE), under discussion together with the negotiations of the upcoming Multiannual Financial Framework (MFF) for 2028-2034.

The debate centers on a profound disconnect: European leaders publicly state that closing the "innovation gap" is an existential priority, yet the Irish Presidency's revised MFF proposal[1] slashes the research budget to appease "frugal" net-contributor nations.

Applying Deming's data-driven philosophy to this conflict exposes **three critical contradictions** in the current European strategy.

1. **The Rhetoric vs. The Data - The Global Investment Gap**: European leaders frequently cite the landmark 2024 report by former Italian Prime Minister Mario Draghi, which explicitly states that Europe needs €800 billion in additional annual investment to avoid a "slow but irreversible decline" against the US and China.
    - The Data: The official European Commission expert group on the interim evaluation of Horizon Europe[2], which I chaired in 2023-2024 (ie, the so called "Heitor Group"), did exactly what Deming demanded: we spent months evaluating the system, analyzed the empirical shortfalls of the current framework, and **"brought the data"** to justify a precise number. We argued that a minimum of **€220 billion** (current prices) is needed for 2028-2034. Nevertheless, the European Commission initially proposed, in July 2025, only **€175 billion** budget for FP10. In the meantime, most of our recommendations were adopted by the European Parliament, arguing that a minimum of **€200 billion** is needed. Recently, **i**n October 2026, the Irish Presidency's negotiating text proposed an 8% cut to the total EU budget, which **caps FP10 at €158.2 billion**—a nearly 10% reduction from the Commission's target. This proposal equates to a **stagnation of investment** in R&I when compared to the previous programme FP9/HE. In fact, **it would mean 14 years of stagnation from 2020 to 2034.**

    From a Deming perspective, the frugal countries are trusting in an unproven hypothesis: that Europe can achieve global technological autonomy while actively cutting the empirical baseline of its research funding. The data says otherwise.

    Filling the **investment gap** affecting Europe means more investment with virtuous impact, supported by public and private research institutions, innovative startups, firms and industry, together with philanthropy, while ensuring scientific accountability, enabling paths for valorising knowledge. Investing more in science and engineering not only fosters industrial innovation and strengthens the capacity to prevent the diseases we are treating today but, arguably more important, creates through collaborations and entrepreneurship the human backbone that will reinforce the success of the European Union project based on solidarity, freedom and democracy.

2. **Misallocating Capital - Agriculture vs. R&I**: Deming championed the idea that data should drive resource optimization. In the current Irish Presidency compromise, traditional expenditures like the Common

[1] https://irish-presidency.consilium.europa.eu/en/news/irish-presidency-publishes-its-proposal-for-the-eu-s-long-term-budget/.
[2] https://op.europa.eu/en/publication-detail/-/publication/2f9fc221-86bb-11ef-a67d-01aa75ed71a1/language-en

Agricultural Policy (CAP) and cohesion funds are largely preserved, while the competitiveness and research sectors take the brunt of the cuts.

- The data: single member states can easily fund localized agriculture or infrastructure independently. However, **no individual country** can replicate the scale, cross-border collaboration, and international impact of a centralized European research framework.

Cutting the pan-European framework to save money is structurally inefficient according to economic data, yielding a much lower return on investment (ROI) for Europe's long-term GDP.

3. **A "False Economy" and Long-term Atrophy**: Leaders of frugal nations (such as Germany, Austria, Sweden, Finland, and the Netherlands) justify the cuts under the banner of fiscal prudence and affordability. Deming, however, warned that optimizing individual components (short-term national budgets) at the expense of the whole system (long-term European innovation) causes total systemic failure.
    - The data: Our 2024 Report, *Align, Act, Accelerate*, explicitly built a blueprint for European competitiveness. In its landmark position paper, "*Seizing the Moment*", the *European Round Table of Industry* - ERT[3] explicitly stated that the financial firepower for FP10 must be **at least €200 billion.** Recently, EU-Life[4], a coalition of 86 major European business and research groups brought data showing that keeping the FP10 budget "wholly insufficient" is a **false economy**. Without robust public R&I funding to de-risk early-stage technology, private venture capital will continue to flow to the US, widening the productivity gap.

If the Irish Presidency and the frugal coalition were forced to "bring data" to prove that a €158.2 billion or even a lower FP10 budget can successfully reverse Europe's declining competitiveness, they would come up empty-handed. Their proposal relies on political compromise rather than economic or social reality.

Europe's innovation crisis is not an absence of capital—**it is a crisis of political fragmentation:**

- The Data: The household saving rate in the Eurozone hovers around 15.7%, compared to roughly 4.5% to 8% in the United States[5]. This translates into trillions of euros sitting quietly in safe, low-yield European bank retail deposits. Because the EU has failed to build a unified *Capital Markets Union*, it lacks the institutional mechanism to pool these fragmented retail savings and convert them into venture capital or large-scale research equity[6].

The money exists. However, political resistance prevents it from being weaponized at a pan-European scale. **Two main threats** must be understood, as follows:

1. **The Political Mechanism: Fear of Populism Driving "Defensive Nationalism": Following a recent analysis of the Institute Jacques Delors[7],** The pressure on center-right and center-left coalition governments—including in Germany and the Frugal coalition—has shifted their policy away from Deming's systemic optimization and toward local self-preservation. To counter the rise of right-wing nationalist and populist parties, mainstream governments are adopting "defensive nationalism". Fearing accusations from populist rivals that they are "wasting taxpayer money in Brussels," leaders are demanding that public funds stay

[3] https://ert.eu/wp-content/uploads/2024/07/ERT-Seizing-the-Moment-FP10-Position-Paper_July-2024.pdf.
[4] https://eu-life.eu/newsroom/news/investing-europes-future-through-ambitious-fp10.
[5] https://group.bnpparibas/en/news/savings-and-investment-in-europe-trends-in-2026-and-their-impact-on-economic-competitiveness. See also: https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/autumn-2024-economic-forecast-gradual-rebound-adverse-environment/household-saving-rates-euro-area-and-us-counter-factual-analysis_en.
[6] https://www.bruegel.org/.
[7] https://institutdelors.eu/content/uploads/2025/04/BP_201027_Frugaux_Debomy_EN.pdf

within national borders. When the German government or other frugal nations choose to fund a localized domestic subsidy rather than committing those euros to FP10**,** they are trying to buy short-term political stability at home.

2. **The Systemic Threat: The Re-Nationalization of European Science:** According to Deming, a system cannot manage itself; it requires overarching coordination. Sub-optimizing components (focusing exclusively on national research initiatives) destroys the efficacy of the entire system. If the EU re-nationalizes its research landscape by starving FP10 down to €158.2 billion or even lower budgets, it triggers a chain of systemic failures that no single nation can solve independently:
    - **Loss of Scale:** Small, siloed national grants cannot replicate the massive, cross-border collaborative consortiums required to build advanced infrastructure like supercomputing networks, next-generation semiconductor foundries, or continent-wide clinical trials.
    - **Duplication and Waste:** Instead of one highly optimized European Research Council (ERC) funding the absolute best breakthrough science in the region, 27 different member states end up funding 27 overlapping, sub-scale versions of the same projects. This creates massive structural inefficiencies.
    - **Aggravating the Brain Drain:** If funding is dictated by national borders rather than centralized excellence, scientific talent from southern and eastern Europe will permanently migrate to the few wealthy nations (like Germany or the Netherlands) that can afford domestic subsidies. This deepens regional inequality and further fuels the very regional populism that mainstream politicians are trying to stop.

In a recent open letter sent directly to EU leaders, our group warned that the Irish Presidency proposal and the pressure from leaders of frugal countries move in a "totally wrong direction"[8].

By Deming's standards, cutting the very mechanism that generates the data, technology, and industries of tomorrow is not prudence—it is a mathematically verifiable choice to fall behind. The 61.8 billion€ delta between the data-driven recommendation and the frugal political compromise illustrates a severe divergence in strategy.

In addition, claiming that the current proposal doubles the envelope is far from reality. Official figures (in current prices) show that the 2020 HE final budget was very close to 95,5 billion€, from which approximately 5 billion€ from Next Generation EU. Today it would mean 122,5 billion€ (ie, the equivalent purchasing power of 100€ in 2020 equates to 128,15€, with 3% inflation between 2020 and 2027). In the meantime, the total number of researchers and lab personnel in Europe will increase from 2.96 million in 2020 (from which 1.99 million researchers) to 3.7 million in 2027 (from which 2.35 million researchers), representing a conservative extrapolation from 2024 figures. It is therefore clear that the per capita investment of the European programme stagnates at around 41.500€.

Three additional critical issues should be stressed:

1. The Factual Deficit vs. "Funding All Excellent Proposals": The €220 billion€ figure proposed by the "Heitor Group" was calculated with a specific systemic metric in mind: ensuring that **all excellent research proposals** that pass rigorous peer review receive funding. Under current funding levels, Europe routinely rejects thousands of world-class, "excellent"-rated scientific proposals simply because the budget runs out. The Heitor Group's data proved this is an active waste of intellectual capital. At 158.2 billion€, the Irish Presidency text represents a **28% funding deficit** relative to what experts say is necessary to stop this innovation drain.

[8] https://www.researchprofessionalnews.com/rr-news-europe-horizon-2020-2026-10-parliament-leaders-say-they-won-t-sign-off-proposed-fp10-cut/. Also: https://sciencebusiness.net/news/council-floats-96-budget-cut-next-horizon-europe.

2. Erasing the Foundation: By gutting the overall budget of HE- Horizon Europe, the frugal countries are choking off the raw data—fundamental, curiosity-driven science and collaborative research, together with ecosystem infrastructures—that feeds the non-linearity of innovation pipelines they want to see flourish.

3. Expert Consensus vs. Political Expediency
The data backing the €220 billion figure is not isolated; it directly aligns with Mario Draghi's macroeconomic analysis calling for a doubling of the R&I framework budget, to at least 200 billion€.

Deming pointed out that a management system driven by arbitrarily compressed budgets, rather than the data of what the system requires to function, will systematically produce defects. By ignoring the 220 billion€ data point in favor of a politically expedient 158.2 billion€ cap, the Council is intentionally building a defect into Europe's economic engine, welfare systems and democracy.

European governments are treating the EU budget like a zero-sum accounting ledger rather than an economic and social catalyst. By prioritizing fragmented national investment over unified European cooperation out of fear of domestic populism, they are starving the only vehicle (**FP10**) capable of transforming European wealth into global technological competitiveness. Following the debates at the European Parliament over 2026, if Europe chooses to re-nationalize its innovation strategy, the data dictates a clear outcome[9]: **it will solidify its position as an economic spectator between the US and China.**

[9] https://www.europarl.europa.eu/RegData/etudes/STUD/2026/779870/ECTI_STU(2026)779870_EN.pdf.