

The EU's long term budget: an overview of the spending areas most in need of reform

15 October 2019

By Pieter Cleppe
Head of Brussels office, Open Europe
pieter@openeurope.org.uk
+32477684608
@pietercleppe
www.openeurope.org.uk

Deutscher Bundestag Ausschuss für die Angelegenheiten der Europäischen Union Ausschussdrucksache 19(21)79

By the Summer of next year, EU member states aim to agree upon a new long term EU budget, or “[Multiannual financial framework](#)” (MFF), to be spent from 2021 until 2027. Over seven years, EU spending amounts to more than 1 Trillion euro. Hereunder is an overview of how this is being spent and what's controversial.

1. Agricultural spending

The EU's biggest spending area is [agriculture](#), amounting to 420 billion euro, estimated at [41%](#) of its budget in 2017, which is down from 71% in 1985. For 2021-2027, the European Commission has proposed that this drops to less than 30%, which [would](#) mean 365 billion. [That's](#) a five percent cut in current prices – or 12 percent cut in 2018 fixed prices.

A [part](#) of that spending, around 300 billion euro, goes to “market related expenditure and direct payments”, whereby the link between subsidies and production of specific crops has [largely](#) been removed.

Direct payments to agricultural landowners, irrespective of production:

Originally, EU agricultural funds were tied to production, which led to overproduction, with surplus produce then being [dumped](#) on the markets of developing countries, distorting markets over there.

As a result of these “direct payments”, farmers receive EU funds per hectare of owning or using agricultural land. It's well-known the [Queen of England](#) is one of the receivers. Between 2008 and 2016, 60 of 200 richest Spanish families [received](#) €250m in EU agricultural funds. A less known example is how the editor of the Eurosceptic Daily Mail, Paul Dacre, [received](#) around 100.000 euro in one year – 2014 – simply for owning a shooting estate in Scotland and a home with some land in Sussex. Also non-EU citizens owning land, including wealthy Russians and [Saudis](#) have reportedly been [receiving](#) EU funds. And then there are of course large corporates, with Nestle [receiving](#) at least 625.9 million euro [over the last 20 years](#), German sugar producer Südzucker 77.3 million euro and its French competitor Tereos 355.8 million euro.

There are conditions linked to receiving the money, as for example keeping land in good agricultural condition and complying with some environmental requirements, but many have

wondered why a subsidy system leading to market distortion had to be replaced with another subsidy system. Precedents outside of Europe, for example in [New Zealand](#), have demonstrated how cutting subsidies to farmers can actually make them a lot more competitive. Environmentalists have furthermore [claimed](#) that because there are requirements for the land to look agricultural, some owners have been destroying wildlife habitats in order to be eligible.

One particular concern with these direct payments is how a lot of the money is going only to a handful receivers, with one [estimate finding that](#) in 2015, 2 percent of beneficiaries, or 121,000 farms, received 30 percent of all direct payments. Half of the direct payments beneficiaries, on the other hand, receive less than €1,250 per year, which is around €100 per month. In 2008, the so-called “health check” to the Common Agricultural Policy (CAP) introduced the possibility for EU member states to cap basic payments drastically, but this has remained voluntary for them to do so and in 2015, this was only applied to 0.36% of these kind of EU spending.

As a result of all this, the Common Agricultural Policy and in particular these payments to owners of agricultural land have been under fire for years

Proposals for reform, also in the light of Brexit:

The President of the European Parliament, Antonio Tajani, has [proposed](#) drastic cuts to farmers, instead reorienting the funds more towards migration policy and border protection. Soon after, however, Tajani withdrew his proposals, [reportedly](#) following pressure from the Italian farming lobby Coldiretti and “European Landowners' Organization” as well as MEPs from Ireland and Poland.

Czesław Siekierski, the former chairman of the European Parliament's Committee on Agriculture and Rural Development, has claimed that half of the income of farmers in the EU comes from direct payments. That could be correct. In the UK, 61% of an average farm's profit [comes from](#) the EU's direct payment scheme, which is more than 90 percent for farms specialised in livestock farming. This suggests that reforms won't be easy, even if a lot of the resources go to non-farmers that happen to own agricultural land. Even less promising for the prospect of reform [is that at](#) least eight MEPs who have joined the European Parliament's agriculture committee as a member or substitute member in 2019 have declared that they plan to continue earning money from farming activities.

One particular challenge is how to deal with the departure of the United Kingdom from the EU. According to think tank [Bruegel](#), freezing agriculture and cohesion spending in nominal terms, which would mean a real terms cut, would already fill the Brexit-related hole in the EU budget and would also generate enough to cover most of "new priorities" such as border control.

That's not what Europe's most prominent farming lobby, COPA-COGECA, has in mind, however. It has [called](#) for farmers not to be hit. Also net-receiving member states, like Spain, [openly](#) revolt against spending cuts. The new European Commissioner for Agriculture, Janusz

Wojciechowski, has [expressed](#) his preference to target CAP payments to small and middle-sized farms.

A lot of uncertainty remains. An internal EU Commission note [revealed](#) in May 2018 that in the next budget period, agricultural funds won't be reduced with 4%, as previously announced in the EU Commission's [proposal for](#) the 2021-2017 MFF, but with 15%, while regional funds would not face a 7% but instead a 16% hit. The most controversial spending area—direct payments – [would](#) be reduced to 265 billion euro, which would still amount to around 25% of the total EU budget.

More ambitious agricultural spending cuts, combined with full liberalization as well as scrapping tariffs, would boost the EU's economy with at least 1%. Open Europe has [calculated](#) in the past, highlighting the [impact](#) of the rigid regulatory framework which accompanies EU agricultural spending on the competitiveness of Europe's farming sector. The economic gains would also materialise because resources could be reinvested into more productive areas of the economy and because households could [save up to a 1.000 euro per year](#) on their food bills, which is one Oxfam estimate of the cost of the EU's Common Agricultural Policy.

A less ambitious [reform, which](#) may be more politically feasible, would be to replace the current CAP with a system of agri-environmental allowances, whereby farmers would receive funds according to environmental criteria, such as biodiversity, administered nationally. In this way, farmers would receive funds to the extent they provide “public goods”. Open Europe has estimated that such a more modest reform would already cut EU agricultural spending by half.

2. Regional spending

Between 2014 and 2020, the EU [allocated](#) 366 billion euro intended to promote “economic, social and territorial cohesion”, which is known as the EU's “regional policy”.

More important for poorer member states:

In Portugal and Croatia, these funds are [good](#) for about 80 percent of all public investment. That percentage is close to zero for Germany, France, the UK, Ireland, Benelux, Austria and the Scandinavian countries.

Not effective and possibly counter-effective to bring about “convergence”:

The idea of these transfers is to help poorer regions catch up, but research looking into this is [skeptical](#), at best. In 2016, a study by German economists for the reputed Centre for Economic Policy Research even [concluded](#) that “EU structural funds [are] negatively correlated with regional growth” and “[do] not seem to contribute effectively to foster income convergence across regions.”

Misspending, fraud, corruption and problematic recovery of unduly paid funds:

Slovak MEP Richard Sulik, a former Speaker of the Slovak Parliament and the architect of his country's successful economic reforms, once [stated](#) that “the more EU subsidies go to Slovakia, the more corruption there is”. While it's hard to prove such correlation, stories of government leaders in [Romania](#), [Hungary](#) or the Czech Republic enriching themselves or their close ones in a shady way through EU funds keep popping up, amid accusations EU regional funds have [helped](#) to undermine the rule of law in countries like Hungary, as they have served to support the power of the incumbent government leader, Victor Orban. In June, the European Commission [urged](#) Czech Prime Minister Andrej Babis to return millions of euros subsidies after a draft audit report found the billionaire in a conflict of interest, as he would stand to gain from EU funds himself.

In 2018, three scholars of the Italian Central Bank, [looked](#) at the effects of EU cohesion funds on the south of Italy, [concluding](#) that “EU funds' disbursements significantly increased the number of white collar crimes”, even provide a precise estimate of the increase, putting it at “about 4%” on average per year”.

OLAF, the EU's anti-fraud body, has [stated](#) that “the structural funds sector remains at the core of OLAF's investigative activity”. Another EU body, the European Court of Auditors (ECA), openly criticized OLAF this year, [stating](#) that when it comes to dealing with misuse of EU expenditure, “OLAF's results are truly, very surprisingly weak.” The ECA itself sees EU cohesion funds as vulnerable to fraud, [having pointed](#) out that “cohesion policy represents one third of EU budget but accounts for nearly 40% of all reported fraud cases and almost three-quarters of the total financial amounts involved in these cases”, in particular [criticizing](#) EU member states for not being effective enough to combat this, [complaining](#) that “in a significant proportion of cases OLAF closes with a recommendation to recover unduly paid EU money, either no such recovery takes place or the amount recovered is significantly lower than that recommended”. OLAF also questions the EU Commission's statistics on fraud, noting that Hungary and Estonia have [reported](#) a lower level of EU funding irregularities than Belgium and the Netherlands, which they do not find credible given their lower ranking on international corruption indexes.

European Court of Auditors chairman Klaus Heiner Lehne [thinks](#) that “[EU] structural funds must become more targeted. (...) Often, profound economic analysis or local involvement are lacking.”

Proposals for reform:

As scrapping these funds altogether may not be politically realistic, Open Europe's [proposals](#) to reform these funds have centered around the idea that involving all member states in EU regional spending, irrespective of their relative wealth, is economically irrational. The European Commission itself has in the past admitted that this exercise creates “considerable administrative and opportunity costs.”

Open Europe has [estimated](#) that if EU regional funds were to be **limited to EU member states with income levels at or below 90% of the EU average**, this would have resulted in almost all EU member states – apart from four – either receiving more funding or paying less into the EU budget, looking at the previous MFF budget period. Interestingly, France would emerge as the biggest winner from this, as its net contribution to the EU budget would be €12bn lower, with also Germany gaining 2 billion euro and Poland receiving 4 billion euro extra. The latter should increase the political feasibility of the reform.

3. Other areas of EU spending:

Here are some other selected areas of EU spending where improvements are necessary:

- **European Parliament spending:** This amounts to [almost](#) 2 billion euro per year, for 751 MEPs and 7000 civil servants. It includes spending for the “**travelling circus**”, whereby members of the European Parliament relocate from Brussels to Strasbourg each month for a plenary session, [costing](#) up to 180 million euro every year. It’s hard to over-estimate the damage this does to the EU’s reputation.
- **EU salaries:** These have been subject to regular scrutiny by the public, given how attractive they are in comparison to many national administrations and much of the private sector. Among the most **controversial** arrangements are the lifelong “expat allowance”, whereby EU officials enjoy a 16 percent tax-free [bonus](#) on their normal salary for the rest of their careers – unless they are from Belgium and the [4,416 euro](#) every MEP receives on top of their 8,611.31 euro salaries as a monthly “general expenditure allowance”, for which no proof of expenses is needed. These kind of excesses, part of the EU’s 3 to 4 billion euro annual administrative spending, won’t drive Europe to bankruptcy, but they do a lot of **harm to the EU’s image**, which the EU Commission is trying to improve with expensive marketing costing millions.
- **The institutional “spaghetti”:** Apart from the [32.000](#) officials working for the EU Commission, there are many more people working for the European institutions. Over the years, more than 50 EU agencies distinct from the main EU institutions [have emerged, tasked](#) with dealing with all kinds of policy areas, from the single market, crime and policing, to areas of scientific research, either to gather information or to decide how EU rules should be implemented. Many of these agencies [duplicate](#) the work of each other, of the core EU institutions, as well as of member states’ organisations and civil society.

For example, two EU agencies are specifically dedicated to human rights in addition to similar bodies in member states, the Council of Europe, the European Court of Human Rights and a range of NGOs. There’s also the “Economic and Social Committee”, an “advisory” body, costing 129 million euro per year, which publishes

“opinions” of which it is unclear to what extent these have altered EU decisions in recent years. And even if they would have, there are questions whether taxpayers need to fund lobby activities of employer organisations or trade unions, represented in the Economic and Social Committee.

- EU “external” spending: this includes spending for EU enlargement and for the EU’s “Foreign Ministry”, or “External Action Service”, as well as EU **aid spending**, with the EU being the world’s second biggest aid donor. Especially the latter has been subject of controversy. The European Court of Auditors [complained last year](#) that the EU “was **not sufficiently transparent** regarding the implementation of EU funds by NGOs” and “does not have comprehensive information on all NGOs supported” by taxpayer funds. EU funding via the United Nations is particularly non-transparent and unaccountable, as “UN bodies’ procedures for selecting NGOs lacked transparency” and “the UN bodies directly awarded sub-grants to NGOs without adhering to their own internal procedures.”

Of particular concern has been EU funding to NGOs active in Israel, with the Israeli government [claiming that](#) the EU has been spending at least 5 million euro to groups that campaign for boycotts of Israel and in some cases even have ties to terror groups.

Also there have been the occasional **scandals**, [like](#) spending for broken toilets in Haiti or providing computer systems for empty offices in Jamaica.

More fundamental criticism [involves](#) EU aid not being sufficiently focused on the **real needs**, with a large share [still](#) not going to the poorest countries and resources sometimes used for non-aid related things, like supporting the police in Senegal to crack down on migrant smuggling. One particular [criticism](#) is also that the EU isn’t sufficiently focused on challenges closer to Europe, where the EU should be able to have more influence. One part of the EU aid budget, the “Development Cooperation Instrument”, for example reserves 30.1 percent for South Asia and 19.8 percent for Latin America but only 4.3 percent for the Middle East.

Open Europe has [argued](#) that a proven success formula to improve the “poverty focus” is to enable national governments the choice whether they want to contribute to a particular aid budget. This is the case already for the “European Development Fund (EDF)”, whose resources [go](#) for more than 80% to low income countries.

In recent years, EU policy makers have repeatedly claimed that development aid would take away the “[root causes](#)” of migration, while this contradict the evidence whereby migration only decreases when a country enters a GDP per capita of roughly 8,000 to 10,000 USD per year, which today’s poorest countries aren’t projected to reach until 2198. In the first place, there is vast [literature](#) suggesting that development aid actually [harms](#) development.

4. Overall problems with EU spending:

Apart from problems with specific spending areas, there's the issue of **the EU's "debt"**: Even if the EU is not legally allowed to go into debt, it has built up a mountain of **"unpaid bills"**, now amounting to a [record 281 billion euro](#), which is almost twice the EU's annual budget.

Since 2011, this has increased with 36 percent and the European Commission expects it to rise further, to 313 billion euro in 2023. The European Court of Auditors has warned that if this is not dealt with, especially in case of a "no deal" Brexit, insufficient means may be available in case all past commitments would have to be fulfilled first.

Furthermore, overall weaknesses persist in the way the EU budget is spent. The European Commission [resists](#) making its **"spending reviews" public** whereby it looks at the efficiency of every spending programme, despite this being requested by the likes of the Dutch government.

Also, there is the annual lashing by the European Court of Auditors. This EU body has been [giving](#) the EU budget a "clean bill of health" since 2007, but it has [continued to criticize](#) the **unacceptably high error rate in spending**. It's only [since 2017](#) that the body does not give an "adverse" but only a "qualified" opinion on this, meaning that there are no longer "widespread problems" with regards to errors in spending but nevertheless, "the auditors cannot give a clean opinion" even if "the problems identified are not pervasive".

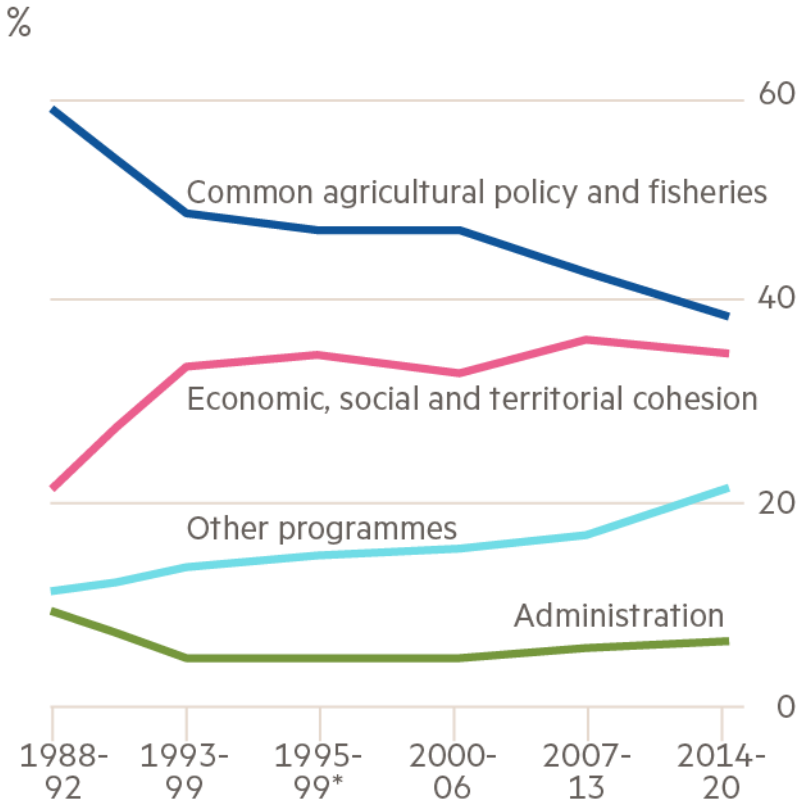
In 2018, 2.6% of EU spending was affected by errors, meaning the threshold of 2% whereby there is a "material level of error" was reached. This 2.6%, or 4 billion, should not have been paid out from the EU's 2018 budget, for example when public procurement rules were not followed. In recent years, only the UK, Sweden and the Netherlands [refused](#) to approve EU budget discharge, because of this, with Swedish Finance Minister Magdalena Andersson stating last year: "I welcome the reduction in error rate for EU payments, but errors have still not come down to acceptable levels."

5. What is being planned for the future 2021-2027 MFF?

In May 2018, the EU Commission came up with its [proposal](#) for the new Multiannual Financial Framework (MFF), to be spent between 2021 and 2027, [suggesting](#) that the 7 years [budget](#) would amount to 1.11% or 1.14% GNI, when certain off-budget items are included, which would be [1.279 billion euro](#). In effect, this means that the EU long term budget would remain more or less as big as it was, despite the fact that the UK, the second biggest net payer, is leaving the organization. A [coalition](#) of five member states – Germany, Austria, the Netherlands, Denmark and Sweden, is [determined](#) to make sure the EU's long term budget does not surpass 1% of GNI.

As mentioned, **savings** would be made on agricultural and regional spending, while spending would be shifted towards **new priorities** such as defence, border control and the digital economy.

Evolution of main policy areas in the EU budget



*Adjusted for 1995 enlargement
 Source: European Commission
 © FT

[Source.](#)

The EU Commission wants EU spending for the management of **migration** and asylum to increase from 7.3 billion euro 11.3 billion euro. Decentralised agencies linked to the IBMF budget, including Frontex, the European Border and Coast Guard Agency, would have their budget almost tripled, allowing Frontex to create a standing corps of around 10 000 border guards by the end of the next MFF period. In July 2018, EU Commission President Jean-Claude Juncker even stated that “between now and 2027 we want to produce an additional 10,000 border guards. We are now going to bring that forward to 2020”. Spending on migration and border security would thereby significantly increase, with no less than 207 %, in the next EU budget period.

Questions should be asked however whether the lack of border guards was the reason for the fact that in just three years, 2015, 2016 and 2017, 2.5 million people entered the EU in an

irregular manner. The existence of the so-called “Balkan Route” seems to have played a more important role, as people arriving on a Greek island or in Italy could be fairly certain to be able to continue their journey to Northern Europe without having to apply for asylum in the country of arrival. Not an increase in border staff but a decision by the Greek government to ban asylum seekers from leaving Greek islands in 2016 was the key reason why people no longer risked their life by trying to make the dangerous journey from Turkey. At least, this [ended](#) mass drownings but it hasn’t resolved the many profound challenges related to the issue.

The EU Commission also wants to [increase spending for a whole range of EU programmes](#), for example Erasmus (student exchange: +92 %), Horizon Europe (research and innovation: +29 %), the LIFE programme (environment and climate action: +50 %), CEF (infrastructure spending: +19 %) and (COSME, for Small and Medium Sized companies: +17 %). The European Parliament has [responded](#) to that by putting forward even bigger spending hikes, for example tripling Erasmus spending. These programmes have provoked a lot less controversy than other areas of EU spending, even if the the “Horizon” [programme](#) is particularly [vulnerable](#) for errors in spending, according to the European Court of Auditors.

What the Commission wants to [incorporate](#) into the MFF is the so-called [European Defence Fund \(EDF\)](#), which would amount to 13 billion euro in the next budget period. Its purpose is to [integrate](#) European defence initiatives and to cover the development of weapons prototypes, but [only](#) members of the European Economic Area would be eligible for EDF funding, which has been [dubbed](#) a “Europe first” policy and has [raised](#) tensions with the United States. The Pentagon has [warned](#) the EU against blocking US firms from the defence fund, claiming that together with the Permanent Structured Cooperation (PESCO), the EDF would “produce duplication, non-interoperable military systems, diversion of scarce defence resources and unnecessary competition between NATO and the EU”, stressing that “similar reciprocally imposed US restrictions would not be welcomed by our European partners and allies, and we would not relish having to consider them in the future.”

A novelty is the so-called ["InvestEU" Programme](#), intended to "bring together under one roof the multitude of EU financial instruments currently available to support investment in the EU", for which a 15.2 billion euro budget has been earmarked. It aims to "build on" the "European Fund for Strategic Investments (EFSI)", or "Juncker plan", a facility [whereby](#) an EU budget guarantee has been provided, in order to trigger larger amounts of investment. With [EFSI](#), about 16 billion euro from the EU budget as well as 5 billion euro from the European Investment Bank’s (EIB) own capital was provided as guarantee, which thereby ["increased the riskier lending of the"](#) European Investment Bank. Later, this was [increased](#) to 33.5 billion euro in total, [after](#) some [German and Dutch resistance](#).

Problematic was that a lot of the money went to projects that were already funded anyway by the EIB, as think tank [Bruegel](#) and the [European Court of Auditors](#) have [noted](#), while another concern is that some countries have been [disproportionally](#) profiting from these investments, with the biggest beneficiaries, relative to GDP, [being](#) Greece, Estonia, Portugal Spain and Lithuania. Germany, Austria and the UK profited least. In a [paper](#) for the European

Parliament, a group of economists estimates that 115,000 permanent jobs had been created as a result of the scheme by the end of 2017. At a price tag of – at least - 21 billion euro, that amounts to more than 180.000 euro per job.

Furthermore, EU spending would be made **more conditional** on implementing economic reforms and respecting the rule of law. There is some sense in [linking](#) EU funds with the challenges identified in the European Semester, as governments mismanaging national budgets shouldn't be trusted with EU funds. That case is harder to be made when it comes to “protection of the Union's budget in case of generalised deficiencies as regards the rule of law”, as [foreseen](#) in a European Commission proposal. As important as matters like the “independence of the judiciary” are, it may be hard to implement in practice. The European Commission has been under fire for allegedly employing “double standards” when judging the likes of Hungary and Poland, even if those critics mostly did not disagree with the Commission's view on Poland and Hungary. The single market can only function if the rule of law is preserved in all member states, but perhaps a more modest first step would be to no longer billions of euros in agricultural and regional funds to EU member states with institutions vulnerable to corruption.

The Commission also wants to **phase out "rebates"** over five years, something that is [backed](#) by 10 member states, led by France. These are “corrections” for big contributors.

The Commission also wants to acquire “**own resources**”, for example by [imposing](#) a [tax](#) on member states dependent on the use of non-recycled plastics, [raising](#) 6.6 billion euro per year. Another idea is for the EU to receive a part of the taxable income [generated](#) by the proposed “[Common Consolidated Corporate Tax Base \(CCCTB\)](#)”, something that would reduce tax competition in Europe, which acts as an incentive for governments to conduct prudent fiscal policies. Other ways for the EU to obtain own resources is to receive a share of income generated by the EU's Emissions Trading Scheme, [as well as](#) some of the ECB's “seigniorage” profits.

Last but not least, the Commission also wants to **increase the maximum that the EU is able to raise** from member states, from 1.2 percent to 1.29 per cent of GNI annually. This is meant to underwrite a new “[European investment stabilisation function \(EISF\)](#)”, which [should](#) be able to lend up to 30 billion euro, if the Commission would get its way. Cash-strapped member states could be allowed to only contribute half. Remarkably, these loans would be [guaranteed](#) by the EU budget, so also by non-eurozone member states, [even if](#) the whole point is “to strengthen Europe's Economic and Monetary Union”.

This comes on top of another, similar, new fund, the proposed “[Reform Support Programme](#)”, which would [amount](#) to 25 billion euro and is supposed to “provide financial and technical support for Member States to implement reforms aimed at increasing the resilience of their economies and modernising them, including priority reforms identified in the European Semester”. It's questionable whether member states will be more keen to undertake reforms when providing financial support [and not just](#) technical support. At least the ECB's strategy to achieve this by promoting more beneficial lending conditions for Eurozone governments has not been successful.

Furthermore, there is the so-called “[Budgetary Instrument for Convergence and Competitiveness for the euro area](#)”, which is supposed to become an embryonic “Eurozone budget”. The Commission has [suggested](#) it could be set up by amending its legislative proposal for the “Reform Support Programme” if necessary. The idea is to use it to issue cheap loans to Eurozone governments that would not require a full bailout. In October 2019, Eurozone finance ministers [agreed](#) that Euro zone countries will need to pay capped contributions into the fund. Its actual size and scope has yet to be determined but it is [expected](#) to reach €17bn over a seven-year period. Member states will also be able to provide extra financing, if they agree.

Conclusion:

Following Brexit, the EU has an [opportunity to change](#). The EU can turn the loss of the UK budget contribution into a strength. It could phase out “direct payments” to owners of agricultural land and combine this with deregulation for the farming sector, so Europe’s farmers can become more competitive, following the [successful](#) example of New Zealand. In any case: surely supporting struggling farmers doesn’t mean the same as handing out cheques to those who happen to own agricultural land?

Regional transfers fail to develop the economies of the EU’s poorer member states, so this failure should not be replicated at the Eurozone level. The EU’s single market and framework for open borders already offer a [great way](#) for European countries to economically develop, so further opening this up, for example by [liberalizing services](#), is a better option.

The EU’s own auditing body has stated that EU cohesion funds are vulnerable to fraud, so instead of launching “rule of law” procedures against EU member states with a weaker democratic tradition, the EU should wonder if transferring vast resources to member states with [higher levels of corruption](#) is a wise thing to do if it wants to promote the rule of law over there. It could scrap these transfer altogether, or cut bureaucracy by reserving these funds for the poorest member states alone, while making them more targeted.

Last but not least, other wasteful spending within the EU institutional machinery and the problematic monthly “travelling circus” of the European Parliament between Strasbourg and Brussels won’t bankrupt the EU but inflict great damage the EU’s reputation. Tackling this should be made a priority, as a first step for the EU institutions to regain trust.