

**Question for written answer E-000904/2021
to the Commission**

Rule 138

Dimitrios Papadimoulis (The Left)

Subject: Review of Stability and Growth Pact (SGP) before deactivation of the general escape clause

The 2008 international financial crisis and the outbreak of the COVID-19 pandemic have both revealed in the starkest possible terms the failure of SGP rules to ensure the right balance between sustainability and stability even under normal circumstances, let alone when the social and economic situation takes an unexpected turn.

The uncertainty caused by the pandemic is continuing to annihilate growth, aggravate inequalities and drive up public debt worldwide. Recovery and growth will therefore depend on the implementation of an expansionary monetary policy designed to facilitate an upswing¹.

The possibility for Member States to deviate provisionally from the requirements of the SGP, while a good thing in itself, is not sufficient, since any deactivation of the general escape clause before GDP is properly restored to pre-crisis levels will effectively defeat the object of the SGP².

In view of this:

Can the Commission say what would be the consequences of deactivating the general escape clause before the SGP review?

Is it considering the possibility of tailoring debt requirements to the individual circumstances of each Member State and realigning primary surplus targets with a view to averting new austerity policies that would lead to soaring unemployment and debt, accompanied by a prolonged recession?

Is it seeking to formulate proposals for structural changes to the SGP, possibly in consultation with the ECB, in the light of lessons learned from the economic crisis and the pandemic?

¹ ECB Economic Bulletin 12/2020: <https://www.ecb.europa.eu/pub/pdf/ecbu/eb202008.en.pdf>

² European Economic and Financial Affairs Council 2020:
https://ec.europa.eu/info/sites/info/files/efb_annual_report_2020_en_0.pdf