Commission suspends public spending restrictions until 2023

(3 June 2021) The European Commission confirmed yesterday (2 June) that Member States would continue to have the freedom to boost public spending to support the recovery throughout 2022. The so-called “escape clause” of the Stability and Growth Pact (SGP) won’t be deactivated until 2023 at the earliest and so the debt and deficit targets for Member States will not apply.

Valdis Dombrovskis, Executive Vice-President for an Economy that Works for People, said: " For this immediate phase, our focus is on investing in public health and protecting jobs and companies.”

EPSU General Secretary Jan Willem Goudriaan welcomed the announcement saying that: “It is absolutely vital that Member States have the fiscal space not just to boost public investment but to increase the public spending that pays the salaries of the health and social care staff and other public service workers who have been on the frontline of the fight against the pandemic.”

He added: “Even before the virus hit, we were acutely aware of the staffing shortages that were to weaken the response to COVID-19. We need to guarantee that public spending levels are adjusted in the long term to deliver resilient public services.”

The Commission’s statement suggests that the SGP will be up and running again in 2023 and Dombrovskis argues that: “Once conditions allow, we will need to strike a balance between achieving fiscal sustainability while also stimulating investment.”

Jan Willem Goudriaan warns of the dangers of a return to austerity and a system that undermined the response to the economic and financial crisis of 2008. He said: "We need to rebuild our welfare systems so all and especially those hardest hit like women and groups like the young, migrants and the elderly have a home in Europe. We agree with ETUC that policies that lead to cuts in investment and public funding should be a thing of the past. They are incompatible with making social progress and achieving equality for the many."

For the full statement of ETUC’s confederal secretary Liina Carr: https://www.etuc.org/en/pressrelease/commission-needs-clearer-pro-investment-message

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