

Professor Danuta Hübner

***“Revising Stability and Growth Pact: Toward a More Comprehensive
Governance Framework”***

Plenary intervention - Debate on Stability and Growth Pact

Strasbourg, 9 May 2023

Colleagues, the review of the Stability and Growth Pact is not only about bringing back a reinvented Pact, with strong enforcement, including rule of law, mechanism, allowing for progressive consolidation of public finance and investing in the future.

There is much more than macroeconomic angle to it and recently implemented reforms should be incorporated into governance framework.

Sustainability of the debt is fundamental in the long run but in parallel we need to strengthen the role of fiscal policy in shifting Europe away from its business model and use public investment to boost changes to the way we run Europe and its structural change.

We are now pivoting to a completely different world and we need to focus collectively on economic resilience and security without abandoning competitiveness perspective.

There is the need to move away from strategic dependencies - without switching to new ones.

With a growing risk of global subsidy race, smart use of public money becomes a bigger challenge than ever.

European public goods are crucial, when national economies suffer from limited fiscal space, when you cannot just cut the debt but grow your way out of debt and when broader group of actors have to be brought into this pivot toward a different world.