Q89

Consider the following statements : The 'Stability and Growth Pact' of the European Union is a treaty that 1. limits the levels of the budgetary deficit of the countries of the European Union 2. makes the countries of the European Union to share their infrastructure facilities 3. enables the countries of the European Union to share their technologies How many of the above statements are correct? (a) Only one (b) Only two (c) All three (d) None Official key: A.

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Explanation

(a) Official key

Only one. The Pact caps deficits (and debt). It does not require sharing infrastructure or technology.

(b)

Only two. Statements 2 and 3 are not SGP.

(c)

All three. Only the fiscal-limit limb is right.

(d)

None. The deficit rule is the Pact's core.

Summary

Official key is (a) only one. The Stability and Growth Pact sets EU fiscal rules - notably a deficit ceiling (3% of GDP) and a debt reference (60%). It is not a treaty to share infrastructure or technology.

Related possible facts

These can be asked in a future Prelims paper.

SGP
EU Stability and Growth Pact, 1997, later reformed.

Maastricht criteria
The parent fiscal numbers the Pact polices.