

Can Germany afford to take most defence spending out of its debt brake?

Higher German defence spending would be fiscally sustainable, but would require cuts elsewhere and would breach EU fiscal rules

... -0.68 44.454 -3.6 (-) -0.005 0.0 -0.391 02

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.A

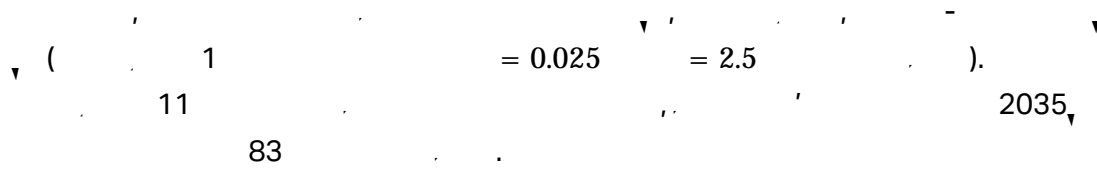
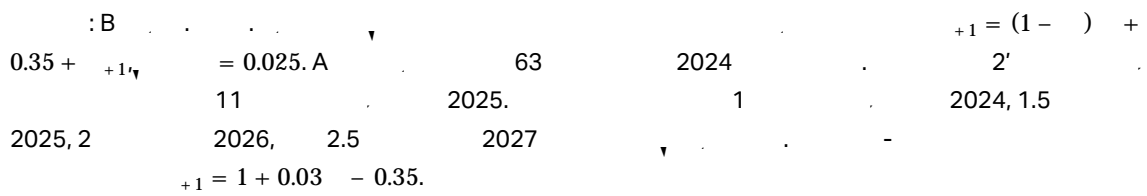


Figure 1: Scenarios for evolution of German debt



Invoking the ' national escape clause ' will not be enough

B

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debt ratio is put or remains on a plausibly downward path or stays at prudent levels below 60 % of GDP over the medium - term."

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