ESTUDIOS

THE ECONOMIC POLICY OF THE EUROPEAN UNION IN THE CONTEXT OF THE COVID-19 CRISIS

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DIRECTOR

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The economic policy of the European Union in the context of the Covid-19 crisis

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Economic governance and exceptional financial assistance

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. INTRODUCTION

Over the last years, the Spanish Ministry of Science and Innovation has granted the University of La Rioja several national research projects focused on the study of the legal-institutional aspects of the economic governance of the European Union.

The third of these projects, entitled “The organic-institutional and procedural articulation of the economic policy of the European Union in the context of the debate on the deepening of EMU and the future of Europe (AIPFE)”, is currently underway, and within the framework of which this monograph is being published.

During these years, we have had the opportunity to study the main measures that have been approved in order to face the crises that have most strongly affected this policy: the reform of the Stability and Growth Pact (SGP); the introduction of the Macroeconomic Imbalances Procedure (MIP) and the European Semester; the creation of the European Stability Mechanism (ESM) and other previous instruments aimed at establishing financial solidarity in the EU; the Treaty on Stability, Coordination and Governance in the EMU (TSCG)…

All of this has allowed us to deduce that the penultimate crisis, the financial crisis that began in 2008, acted as a catalyst for undertaking reforms that have made it possible to deepen the development of the economic dimension of the EMU[1]. It can be said that, had this crisis not occurred, the economic policy of the European Union would not have been able to equip itself with a large part of the instruments that we currently have.

Although these instruments are not the best, they represent an important evolution in terms of coherence and effectiveness in terms of the coordination of national economic policies, but they have also made it possible to improve solidarity between the Member States to financially support States that they find themselves facing unfavorable situations.

However, financial assistance (solidarity) between the Member States dates back to the 1970s. Back then, we had a financial assistance mechanism that allowed the Member States to grant credits to other partners experiencing balance of payments difficulties. The instrument currently in force, which has evolved from the initial one, is included in Regulation (EC) 332/2002[2].

It is a mechanism designed to be applied in favor of the Member States that are not part of the Eurogroup. Its sole mode of action consists of EU loans financed in the capital markets, with a loan capacity of 50,000 million euros. As CLERC has pointed out, the exclusion of the Eurogroup member states from this mechanism is justified because they would have a common balance of payments, although it was not perceived that these same states might have future financing problems in the capital markets and, therefore, no financial assistance mechanism applicable to Eurogroup states was created[3].

Later, the Maastricht Treaty introduced article 122.2 of the TFEU to enable financial assistance to be provided to the Member States in the event of difficulties or serious risk of severe difficulties in a Member State caused by natural disasters or exceptional events beyond the State's control. Without denying its relevance, this provision does not allow the creation of permanent assistance instruments but is intended to act on an exceptional or temporary basis. In practice, exceptional events have been those that occurred during the previous financial crisis (giving rise to the European Financial Stabilization Mechanism, EFSM) and, more recently, the events experienced since the beginning of the pandemic (which has allowed the approval of the SURE and the Instrument for recovery, demonstrating that there were no mechanisms adopted ex art. 122.2 of the TFEU to address the health crisis from the EU)[4]. It should not be forgotten that the ESM, although a permanent mechanism, has proved to be very insufficient and ineffective in the current crisis, and is not an application of art. 122 of the TFEU but rather an extra-community mechanism in the hands of the Member States[5].

Therefore, in terms of solidarity, the health crisis that began in 2020 has revealed that the instruments that had been created were not enough to confront large-scale economic crises with solvency, especially if it is a question of equipping ourselves with permanent instruments that exist right at the moment they begin. For this reason, and without prejudice to other measures previously adopted, the COVID-19 crisis has steered the political debate towards Next Generation, triggering an extraordinary increase in the EU budget and offering support through loans and grants. Behind all this is the desire to strengthen financial solidarity between the Member States, but again in a temporal dimension. The problem for the future persists, in the sense that we still do not endow ourselves with permanent instruments in the hands of the EU to deal with the coming crises.

The health crisis unleashed by the SARS-CoV-2 coronavirus has had important consequences from very different points of view, causing the suspension or relaxation of the application of different essential components of various community policies (Schengen area and rules on State aid[6]). In relation to the thematic areas closest to the content of this monograph, it is worth mentioning the relaxation of budgetary discipline rules and the need to temporarily rethink the application of some existing instruments. Thus, the application of the Stability and Growth Pact (SGP) has been made more flexible by excluding the budgetary effect of the specific fiscal measures adopted to counteract the effects of the crisis, allowing for specific exceptional expenses such as specific expenses. The clause on “unusual circumstances beyond the control of the Government” has been implemented, so that Member States may temporarily deviate from the necessary budgetary adjustments in relation to health-related

expenses or those intended to compensate companies and workers, provided they are related to COVID-19, and the general exception clause, which suspends the recommended budgetary adjustment in the event of a severe economic recession[7], has been implemented for the first time.

Furthermore, the pandemic has come at a complex time in which the EU was in the process of approving a new multiannual financial framework for the next seven years. It has also been interspersed with the process of deepening the EU's economic policy, which began years ago, and with the opening (delayed and shortened for the same reasons) of the Conference on the future of Europe, in which the design of the future economic policy must play a fundamental role. In fact, if on the occasion of the presentation of its report on the six+two pack, in February 2020, the European Commission decided to open a public debate on the review of economic governance[8], this debate, still pending, has been redirected in part as a result of the impact of the pandemic, which has forced the Commission to prepare a new Communication in October 2021[9].

With this monograph, we intend to explain a large part of the measures adopted by the EU aimed at strengthening financial solidarity in order to provide assistance to the Member States in the context of the health crisis and the set of circumstances present when it began. To understand the structure and content of this collective work, it is necessary to remember that these measures have been adopted in three stages.

The first measures, by way of immediate action, were adopted in March 2020. Overall, their execution has required the approval of several EU amending budgets

and the amendment of the Regulation on the Multiannual Financial Framework (MFF) for the period 2014-2020 to increase the ceilings for commitment credits[10]. They broadly correspond to the Coronavirus Response Investment Initiative, which has made it possible to target, during 2020, 37,000 million euros of cohesion policy to finance part of the measures adopted at national level. In this way, the Commission decided not to request the reimbursement of unspent pre-financing corresponding to the European Structural and Investment Funds, and 28,000 million euros were allocated to support health systems, provide liquidity to companies and contribute to support schemes to workers and self-employed[11]. The flexibility instrument and the contingency margin were also mobilized in order to finance immediate measures in the context of the crisis[12]. Similarly, the EU Solidarity Fund has been extended to allow public health crises to be included in its scope through Regulation 2020/461[13].

These measures have been accompanied by other actions from the European Investment Bank[14] and, above all, the European Central Bank[15], even the banking package[16].

In order to provide an overview of the main financial support measures adopted in the aftermath of the pandemic, two chapters of this monograph will be dedicated to the study of these issues, beyond this introductory chapter. Thus, the role played by the European Investment Bank during the pandemic is studied by Professor **Ariadna Salazar Quiñonez**, from the Universidad Iberoamericana (Mexico). Professor **Jorge Urbaneja Cillán,** from the University of Alicante, analyzes the measures related to the Banking Union, in a chapter that also describes the actions deployed by

the ESM, within the framework of the instruments implemented in a second phase.

After the first (immediate) measures were adopted, a group of nine Member States addressed a letter to the President of the Council requesting to work towards the introduction of a common debt instrument (corona bonds or similar)[17]. It was the beginning of a very tense and extensive debate in which the axis formed by Germany, Italy, France and Spain, although not only, clashed with a frontal position especially of the so-called four frugal states (Austria, Sweden, Denmark and the Netherlands, but also Finland), led by the Netherlands and, closely, by Austria. In the time frame following the aforementioned Charter, many unknowns have been cleared up and various instruments have been adopted. From this point of view, we can differentiate between two phases that have given rise to the triple safety net and the recovery instrument.

. THE TRIPLE SAFETY NET

It was decided to launch the triple safety net as a result of the agreement reached at the Eurogroup meeting held on April 9, 2020, and the videoconference held on April 23 by the European Council. Endowed with 540,000 million euros, it includes actions through the ESM through precautionary credit lines of up to 240,000 million euros (pandemic crisis support)[18], the creation of a pan-European guarantee fund to help companies within the framework of the actions of the European Investment Bank (up to 200,000 million euros), and the creation of the SURE as a temporary solidarity instrument to grant loans to the Member States under favorable conditions. The set of measures adopted

within the framework of the ESM and the EIB are subject to specific analysis in the aforementioned chapters, written respectively by Professor **Ariadna Salazar Quiñónez** and Professor **Jorge Urbaneja Cillán**.

Regardless of this, I would like to emphasize from this introductory chapter that the actions planned by the ESM are also a temporary instrument linked to the health crisis that presents certain peculiarities. On the one hand, the conditionality imposed on the States that request it has been reduced to a minimum. On the other hand, and although it is necessary to apply the surveillance foreseen in the ESM Treaty for these cases, a much more flexible approach has been decided. This implies not activating several of the provisions contained in Regulation 472/2013 for cases in which a Member State receives financial assistance of these characteristics (there will be no macroeconomic adjustment program, for example), applying the normal or standard system of surveillance in the framework of the European Semester[19]. This is because we have reached this situation with healthy economies, at least apparently: at the time the pandemic began, there was no procedure for excessive public deficit open, nor for excessive macroeconomic imbalances (although the latter have never been opened). On the contrary, there is a very high volume of public debt in states such as Italy or Spain, two of the states most affected by the pandemic within the EU, at least initially.

In any case, it should be remembered that we are dealing with a loan system (if the credit line is used) run by the Member States themselves through an intergovernmental cooperation mechanism created between the Eurogroup Member States. A program that, on the other hand, is clearly insufficient, as has become

clear before its approval, not only for the amounts committed (Spain can request approximately half of what it received for financial assistance for bank recapitalization on the occasion of the 2008 financial crisis) but also because it does not reflect the genuine solidarity demanded by a good number of Member States in the face of a crisis that has a health and global nature[20].

In relation to the SURE (temporary Support to mitigate Unemployment Risks in an Emergency) it has been adopted in the framework, and with legal basis, of art. 122.2 of the TFEU through Regulation 2020/672[21]. It is endowed with 100.000 million euros, available until December 2022 for the twenty-seven Member States. It has been created to combat the COVID-19 outbreak and respond to its socio-economic consequences. It is an instrument of financial assistance to the Member States suffering, or are at risk of suffering, a serious economic disturbance caused by the health crisis and makes it possible to finance, in addition to national measures, working time reduction schemes or similar measures designed to protect employees and the self-employed (e.g., temporary labor force adjustment plans and temporary cessation of activity) and, incidentally, certain measures related to health protection.

Financial assistance to the Member States takes the form of loans granted by the European Union to be repaid in various installments, without introducing other types of solidarity. The mechanism is financed through loans contracted on the capital markets or with financial institutions on behalf of the EU. In any case, as a condition of availability, the Member States must contribute with at least 25% of the total amount in the form of guarantees (each Member State according to its

contribution to the total gross national income of the European Union)[22]. Nineteen Member States have received assistance from the SURE following the agreements reached within the Council[23].

Therefore, the SURE is the third instrument created with these characteristics to provide assistance to EU Member States, after the Balance of Payments support mechanism and the European Financial Stabilisation Mechanism (EFSM)[24]. However, this is the first time that the EU has issued social bonds[25]. The first issues took place in October 2020 for an amount of 17,000 million euros, and, in the same month, the distributions of loans to the Member States began[26].

. THE RECOVERY INSTRUMENT

The aforementioned triple safety net was, however, an intermediate step. A comprehensive recovery plan was proposed in the joint roadmap for recovery "Towards a more resilient, sustainable and just Europe", which was welcomed by the European Council on the occasion of its videoconference on April 23, 2020. Among other areas of action, new measures involving an unprecedented investment effort were proposed. From this point on, two clearly opposing positions became even more visible.

On the one hand, those States that proposed the reinforcement of the EU's solidarity through actions other than the SURE and the ESM. The need to create new instruments and incorporate aid in the form of direct transfers to the Member States without the need for reimbursement was raised. The *Franco-German initiative for the European Recovery from the*

Coronavirus crisis, presented on May 18, 2020, is revealing in this regard by proposing a temporary and flexible solidarity and growth fund financed through loans contracted by the European Commission in the markets on behalf of the Union[27]. The amounts handled in this initiative amounted to 500,000 billion euros and were linked, as could not be otherwise due to how the aid was conceived, to an increase of the multiannual financial framework and a modification of the Decision on European Union's own resources. It was a proposal that revealed a certain conditionality linked to the adoption of health economic policies and an ambitious reform program.

Against this position, the four frugal states expressed their antithesis in a *Non-paper EU support for efficient and sustainable COVID-19 recovery*[28]. They proposed the creation of a temporary emergency fund to support economic recovery and the resilience of health sectors against future outbreaks of the disease. They agreed on the need to "modernize" the multiannual financial framework but did not assume the creation of instruments that would entail debt mutualization measures or significant increases in the EU budget. Their proposal included the creation of an emergency recovery fund but based on a "loans for loans" approach. That is a return to (advantageous) loans with conditionality.

In this context, the European Commission launched a proposal on May 27, 2020. It was based, as it turned out, on the creation of a recovery instrument, globally called *Next generation*[29]. It was a broad, ambitious and complex proposal that sought to unite positions but openly favored the establishment of instruments involving direct transfers to the States without

renouncing the granting of repayable loans. It is a proposal made in the context of the negotiation of the multiannual financial framework for the period 2021-2027 and a new Decision on its own resources, forcing the issue to be reconsidered.

Indeed, the development of a new MFF for the 2021-2027 period was already in progress since 2018. Starting from a situation where the MFF for the 2014-2020 period set its ceiling at 1% of EU gross national income, the Commission launched a proposal for the following period slightly increasing the EU budget (1.11% of GNI) in the context of the consummation of BREXIT. By the end of 2019, an agreement had still not been reached. The European Parliament even proposed to increase the MFF to 1.3% of GNI. Finland's Presidency was trying to reach an agreement by lowering the Commission's proposal[30]. It is in this difficult negotiation context that the pandemic occurs, forcing the Commission to present a new proposal that doubles the EU budget if *Next generation* is included[31]. This increase is certainly temporary in nature but it is unparalleled in Community practice. This health crisis has therefore clouded the real debate around the MFF applicable to a situation of normality in a post-BREXIT European Union of 27 Member States.

The highly complex negotiations between the Member States were closed in July 2020, only after accepting a reduction in the proposed Multiannual Financial Framework[32] and an increase in the rebates in favor of Germany and the four "frugal" states, rebates that were originally planned to be eliminated[33]. At the same time, it was accepted to accelerate the introduction of new own resources from the EU budget in 2021, focused on taxes on plastic waste and carbon, and the digital tax[34].

Next generation was definitively approved in December 2020. The recovery instrument has been endowed, in line with the Commission's proposal, with 750,000 million euros. The financing of this new instrument will be provided by exceptional income obtained through loans contracted in the capital markets. Practically all of the capital mobilized under the new instrument will therefore be paid out through the amounts obtained in this way and will be transferred to the EU programs generically provided for in the recovery instrument.

The global budget foreseen in the recovery instrument is planned to be distributed in three blocks, with 384,000 million euros for reimbursable and non-reimbursable aid, 5,600 million euros for provisions for guarantees and other programs, and the remaining 360,000 million euros for loans[35].

Most of the funds earmarked for the recovery instrument are channeled through a new instrument (a program to finance recovery and economic and social resilience through support for reforms and investments) called the Recovery and Resilience Mechanism (RRM). Aimed at all Member States, but especially those most affected by the health crisis, the RRM is a program at the service of economic and social cohesion (the legal basis of the Regulation is art. 175.3 of the TFEU) that connects with the ecological and digital transition. It is a temporary mechanism to support long-term investments. For actions in a shorter period, the support objective is achieved through other programs such as SURE or REACT-UE. Through it, 672,500 million euros are allocated in the form of aid (312,500 million) and loans (360,000 million). This implies, therefore, that the entire amount earmarked for loans will be channeled through the Recovery and Resilience Mechanism. This is a very

relevant aspect because, fortunately, unlike the position of several States, already indicated, and the operation of the ESM itself, the recovery instrument, being less ambitious than the Commission's initial proposal, does not simply rely on loans for financial aid. Thus, genuine solidarity in the EU is actually strengthened[36].

Therefore, we are witnessing an unprecedented prospect of EU indebtedness and an increase in the Community budget in quantitative and qualitative terms. As M. Ruffert has pointed out, "Next Generation" implied a profound change in budgetary practice[37].

In fact, in situations where, prior to the health crisis, EU borrowing on the capital markets has been used to provide financial support to the Member States, it has always been of a very limited nature, concentrating, as I have already indicated, on the balance of payments support instrument and in the European Financial Stabilisation Mechanism (EFSM)[38]. Both based financial aid on individual loans only[39]. The recovery instrument is therefore a triumph of the ideas revolving around the creation of common debt instruments at EU level, at a time when there is still no EU Treasury. It is, in any case, an exceptional and temporary instrument intended exclusively to deal with the direct economic and social consequences of the pandemic. However, this temporary period could be extended until 2058, the deadline for finalizing the repayment of the loans.

It is clear, in short, that it has taken a pandemic to promote a broad debate on the scope of financial solidarity among the Member States beyond the implementation of the ESM or other instruments, always temporary, that emphasize the concession of loans in exchange for their repayment with interest and

associated conditionality. We are witnessing a major evolution in financial assistance and the strengthening of solidarity.

All these aspects will be addressed in more detail in this monograph over three chapters. The first chapter presents the new multiannual financial framework and the new Own Resources Decision finally adopted in December 2020. It is a work carried out by Professor **Matilde Lavouras,** from the University of Coimbra, and **Thaís Martins,** from the Central Bank of Portugal. In the second and third papers, Professor **José María Porras Ramírez,** from the University of Granada, and Professor **Tamara Çapeta**, from the University of Zagreb, address the study of the recovery instrument. The last one, exploring the issues related to the new financial package that may reach the Court of Justice of the EU.

From this introductory chapter, however, I would like to address several issues in advance, starting with an explanation of the context prior to the onset of the pandemic crisis, beyond the negotiation that was already open regarding the approval of the multiannual financial framework for the next period and the approval of the new Own Resources Decision.

. BUDGETARY INSTRUMENTS FOR THE EURO AREA 'RIOR TO THE HEALTH CRISIS

Indeed, fully understanding the Commission’s proposal and the measures finally adopted requires taking into account the process of deepening EMU in which we have been immersed for years. Without going into more details, it is necessary to go back to December 2017,

when the Commission launched a new package of proposals, including the *Communication on new budgetary instruments for a stable euro area within the Union framework*[40]. It proposed the creation of new budgetary instruments designed essentially for the euro area but integrated as a budget line within the EU budget, although external financing was also used. The concrete proposals were presented in May 2018. They sought to implement two new budgetary instruments[41].

On the one hand, it proposed the launch of a European Investment Stabilisation Function (EISF)[42]: “the EISF will provide financial assistance in the form of loans and interest subsidies for the realization of public investment to the Member States that are experiencing a large asymmetric shock” (art. 1.2). The legal basis used (art. 175.3 of the TFEU) shows that it is an instrument at the service of cohesion in the EU, although “outside the structural funds” (see page 3 of the proposal). It is a mechanism available to the Member States of the Eurogroup and the Member States that participate in the Exchange Rate Mechanism II (Denmark). Under this mechanism, loans of up to 30,000 million euros could be granted together. The financing of this instrument is based on the “back to back” idea; in other words, the European Union may have recourse to financial markets or financial institutions to grant loans to the Member States (art. 12). The proposal foresees the creation of a Stabilization Support Fund that can be used to pay interest subsidies on loans. This fund is planned to be financed with contributions from the Member States.

On the other hand, it also proposed the reinforcement of the already existing support program for structural reforms foreseen in Regulation 2017/825, also

reinforcing technical assistance from 2020[43]. As in the previous case, it is configured as an instrument of cohesion, so art. 175.3 of the TFEU is the legal basis. However, in this case art. 197.2 of the TFEU is added, insofar as this instrument also aims to strengthen the administrative capacity of the Member States. This program was to be endowed with 25,000 million euros for the three instruments it contains: an operational reform tool, a technical support instrument and a convergence mechanism for the preparation to join the euro area.

However, the first of the aforementioned contents is the most relevant (operational reform tool) and an allocation of 22,000 million euros is proposed to provide the Member States without distinction with financial incentives to achieve the intermediate objectives and goals of the structural reforms established in the reform commitments adopted by the Member States with the Commission (art. 5). In short, to provide financial assistance to the Member States in order to carry out the necessary reforms committed to within the framework of the European Semester, an outstanding debt in the design of the economic policy of the European Union. This is a financial contribution from the Common Budget that does not require national co-financing. The States concerned must submit a proposal for reform commitments and, if it is accepted and they receive the expected financial assistance, they will use the current National Reform Programs (NRP) as a means of informing the Commission of the progress they are making.

Taking into account the new figures adopted, the recovery instrument, and more specifically the recovery and resilience mechanism, constitute a qualitative and

quantitative, albeit temporary transformation of the intended objective of introducing new budgetary instruments to support the reforms and investments of the Member States within the framework of the European Semester. A spectacular quantitative improvement of the Reform Support Program and the European Investment Stabilization Function as a consequence of the new circumstances generated by the pandemic.

The new circumstances have made it necessary to vary the work program and the measures that the European Commission had already proposed, which are the reason why the proposal for the support program for structural reforms has been withdrawn. As could not be otherwise, the proposal for a Regulation on a governance framework for the convergence and competitiveness instrument for the euro area, envisaged under the Reform Support Program, is also replaced[44].

Finally, while the mechanism is being created, a technical support instrument is also being introduced which, in addition to offering the Member States with the necessary institutional and administrative capacity to develop and implement reforms, assists them in the preparation and implementation of recovery and resilience plans under the RRM[45]. It is endowed with 864 million euros for the period 2021-2027. However, this instrument does not represent any novelty. A similar instrument was already foreseen in the Commission's 2018 proposal for a new structural reform support program for the period 2021-2027. It is therefore the successor to the Structural Reform Support Programme (SRSP or PARE)[46].

. THE USE OF ART. 122 OF THE TFEU AS THE LEGAL ASIS OF THE RECOVERY INSTRUMENT

The legal basis chosen to adopt the Regulation introducing the recovery instrument is art. 122 TFEU (more precisely the Commission's proposal referring to 122.2 of the TFEU). This legal basis has also been used to adopt the SURE and, on the occasion of the 2008 crisis, it was also used for the introduction of the European Financial Stabilisation Mechanism.

This provision has made it possible to place the projected financial assistance in relation to the Member States within the framework of the EU and has placed under the umbrella of financial solidarity all the measures envisaged in the long term, without prejudice to the use of the ESM, such as I have already indicated, to act in a complementary way. And also, without prejudice to the fact that each specific program requires the use of other legal bases for its implementation, as is the case with the Recovery and Resilience Mechanism.

This is a remarkable aspect if we compare it with the 2008 crisis because then, it was decided to create the ESM and not to articulate the fundamental financial assistance through the EU budget with, for example, a quantitatively reinforce European Financial Stabilisation Mechanism (although then it could not have been permanent). This is one of the reasons why the recovery instrument is temporary. The CJEU in the *Pringle* affair drew attention to this aspect by pointing out that art. 122.2 of the TFEU prevents the creation of permanent financial assistance mechanisms charge to the EU budget: "The fact that the mechanism envisaged is to be permanent and that its objectives are to safeguard the financial stability of the euro area as a whole means

that such action cannot be taken by the Union on the basis of that provision of the FEU Treaty" (FJ 65)[47]. If one thing has become clear it is that a reform of the treaties is needed to create permanent instruments similar to the recovery instrument.

The truth is that, on the occasion of the previous financial crisis, there was a strong debate on the compatibility with the treaties of financial assistance instruments when it was decided to create the ESM. It was not only a matter of specifying the scope of application of art. 122.2 of the TFEU, but also to ensuring compliance with other provisions of the Treaties, especially art. 125 of the TFEU (no financial co-responsibility or no bail out clause)[48]. However, the political debate on the implementation of the recovery instrument has almost completely overlooked this problem. The fundamental obstacle we have encountered on the road to its approval has been, not so much the compatibility (with EU law) of the creation of temporary assistance instruments involving (in addition to loans) direct transfers without reimbursement in favor of the Member States financed by common loans to be contracted by the European Commission (corona bonds), but finally their volume. Only the frugal were truly against subsidies. However, beyond the political debate, the question arises as to whether it is possible to doubt the compatibility of such an instrument with EU law, an aspect on which the Council's Legal Service has ruled without finding any problem[49].

The doctrine has already had the occasion to pronounce on this question. Thus, for Goldmann, "coronabonds" would not really be Eurobonds since they would not imply a mutualization of the debt but mutual debts; in