

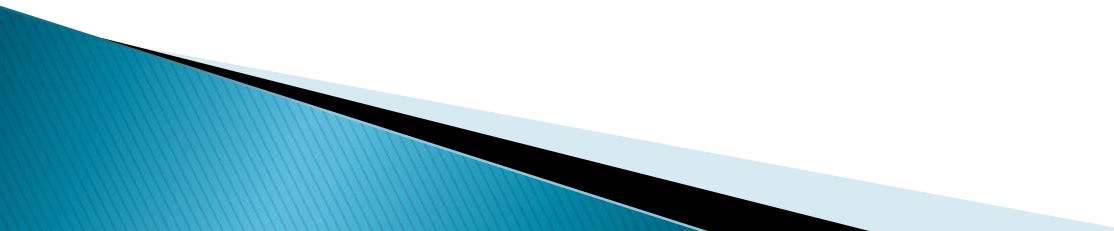
From crisis to resilience

The financial assistance programme for Portugal


Teresa Violante

Research fellow in the DFG-funded research project on “Transnational Solidarity Conflicts” (www.tsc-projet.org) at FAU University Erlangen–Nürnberg

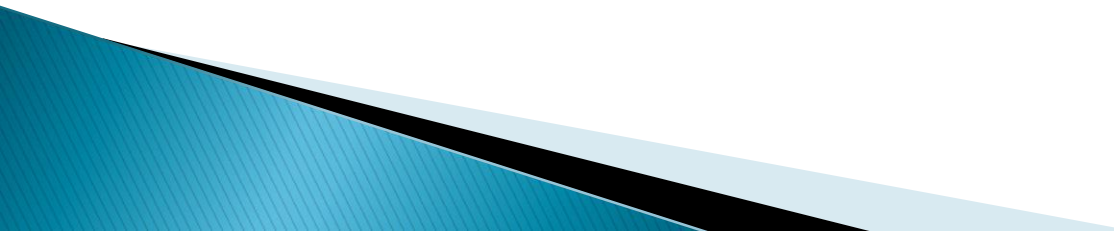
Outline

1. Portugal and the global financial crisis
 2. The beginning of austerity and the Financial Assistance Programme
 3. The «austerity case law»
 4. Building fiscal credibility
 5. Concluding remarks
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1. Portugal and the global financial crisis

- ▶ «deepest and most wide-reaching reforms in the history of Portuguese democracy»
 - ▶ Economic and social wounds
 - ▶ The road to fiscal discipline
 - ▶ Discursive reaction to hegemonic austerity opened the way to an innovative left-wing parliamentary coalition
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2. The beginning of austerity and the Financial Assistance Programme for Portugal

- ▶ EDP December 2009
 - ▶ Three packages of austerity between March and December 2010
 - ▶ Financial assistance requested in March; FEAP signed on 17 May 2011
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2. The Financial Assistance Programme for Portugal (cont.)

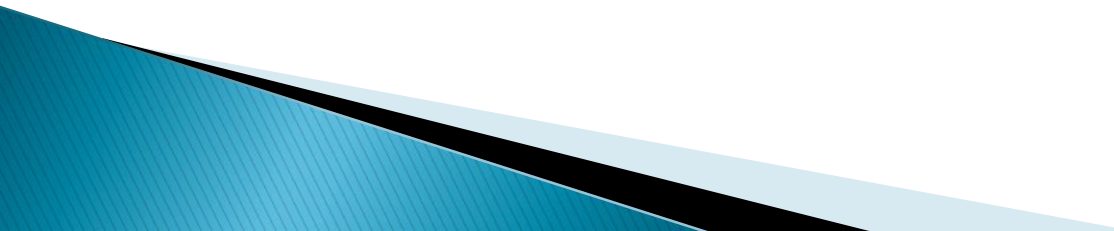
- ▶ EUR 78 billion loan granted by the IMF, the EU (through the EFSM) and by the euro zone member states (through the EFSF)
- ▶ Objectives:
 - Restore confidence in the international financial markets
 - Promote competitiveness and sustainable economic growth around three main pillars: (1) fiscal consolidation; (2) financial system stability; (3) economic adjustment

2. The Financial Assistance Programme for Portugal (cont.)

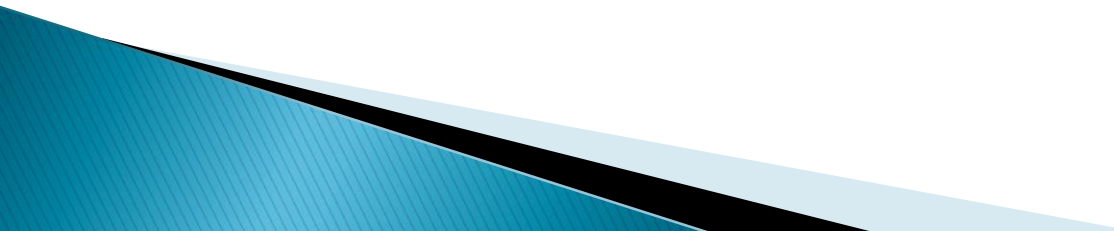
- ▶ Structure: the FEAP included three separate documents:
 - The Memorandum on Economic and Financial Policies;
 - The Technical Memorandum of Understanding;
 - The Memorandum of Understanding on Economic Policy Conditionalities («MoU»)

- ▶ Disputed legal nature

3. The austerity constitutional case law

- ▶ **14 decisions** delivered on austerity legislation between 2010 and 2016 (on abstract review, many more on concrete review)
 - ▶ **Initial phase (2010–2011):** judicial modesty and deference
 - ▶ **Second phase (2012):** the first warning
 - ▶ **Third phase (from 2013 onwards):** several austerity measures were annulled or prevented by the Court, forcing the legislature to find alternatives and to renegotiate the blocked conditionalities
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3. The austerity constitutional case law: a critical review

- ▶ Legal, social and political polarization
 - ▶ The “constitutional risks” and lack of inter-branch dialogue
 - ▶ Nationalization of the crisis and EU law: «the elephant in the room» and its possible interpretations
 - ▶ Real judicial activism?
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4. Building fiscal credibility

- ▶ Strengthening the role of parliament in the budget process
 - UTAO (Parliamentary Budget Office)
 - CFP (Public Finance Council)
- ▶ Paradigmatic reforms of the Law Governing the Budgetary Framework
 - Structural Budget Balance Rule
 - Intergenerational equity mandate
 - Means to appeal financing laws in respect of budgetary constraints

4. Building fiscal credibility: government debt/GDP ratio (source: Pordata)

Anos	Dívida bruta das Administrações Públicas em % do PIB
1991	54,9
1992	49,3
1993	53,8
1994	56,5
1995	58,3
1996	59,5
1997	55,2
1998	51,8
1999	51,0
2000	50,3
2001	53,4
2002	56,2
2003	58,7
2004	62,0
2005	67,4
2006	69,2
2007	68,4

2008	71,7
2009	83,6
2010	96,2
2011	111,4
2012	126,2
2013	129,0
2014	130,6
2015	128,8
2016	129,2
2017	Pro 124,8
2018	Pro 121,5

4. Building fiscal credibility: Government deficit/GDP ratio (source: Pordata)

Anos	Despesas das AP em % do PIB	Receitas das AP em % do PIB	Défice/excedente público em % do PIB
1995	42,6	37,4	-5,2
1996	43,1	38,4	-4,7
1997	42,4	38,7	-3,7
1998	42,7	38,3	-4,4
1999	42,6	39,5	-3,0
2000	42,6	39,4	-3,2
2001	44,1	39,3	-4,8
2002	43,7	40,4	-3,3
2003	45,3	40,9	-4,4
2004	46,1	39,9	-6,2
2005	46,7	40,5	-6,2
2006	45,2	40,9	-4,3
2007	44,5	41,5	-3,0
2008	45,3	41,6	-3,8
2009	50,2	40,4	-9,8
2010	51,8	40,6	-11,2
2011	50,0	42,6	-7,4
2012	48,5	42,9	-5,7
2013	49,9	45,1	-4,8
2014	51,8	44,6	-7,2
2015	48,2	43,8	-4,4
2016	44,8	42,8	-2,0
2017	Pro 45,7	Pro 42,7	Pro -3,0
2018	Pre 44,0	Pre 43,5	Pre -0,5

4. Building fiscal credibility

ÉCONOMIE

Le Portugal, meilleur élève des pays du sud de l'Europe

Le budget adopté le 31 octobre prévoit un déficit public de 0,2 % en 2019.

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Article réservé aux abonnés



Le premier ministre portugais, Antonio Costa, à Bruxelles le 17 octobre. BEN STANSALL / AFP

La comparaison est un peu facile, mais elle est tentante. Tandis que, d'un côté, l'Italie poursuit le bras de fer avec Bruxelles autour de son budget, de l'autre, le Portugal a adopté le sien sans faire de bruit, en première lecture, mercredi 31 octobre. Le contraste entre les deux pays est grand : si Rome table sur un déficit public à 2,4 % du produit intérieur brut (PIB) en 2019, contre 1,8 % cette année, Lisbonne

Concluding...

- ▶ «Le Portugal, meilleur élève des pays du sud de l'Europe», *Le Monde*, 2 November 2018

Thank you for your attention!

violante@mpil.de

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