

# **Portugal State of the Art Report**

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## Workpackage 2

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## Glossary

### Institutions and policy measures

CES – Conselho Económico e Social (Social and Economic Council – Government advisory body composed of social partners - trade unions and employers' associations – municipality representatives and assorted associations)

CESIS – Centro de Estudos para a Intervenção Social (Center for Studies in Social Intervention – Private research center)

CNEI – Conselho Nacional para o Empreendedorismo e Inovação (National Council for Entrepreneurship and Innovation – advisory body created by the PSD/CDS-PP government)

CSI – Complemento Solidário para Idosos (Elderly Solidary Complement – a means-tested social transfer for pensioners)

EC – European Commission

ECB – European Central Bank

EU – European Union

IMF – International Monetary Fund

INE – Instituto Nacional de Estatística (Portuguese National Statistical Authority)

ISCTE-IUL – Instituto Universitário de Lisboa (University Institute of Lisbon)

ISEG – Instituto Superior de Economia e Gestão (Higher Institute of Economy and Management - Portuguese Faculty of the University of Lisbon)

PES – Programa de Emergência Social (Social Emergency Plan, the overarching programme of the current Government for addressing the immediate social impacts of the crisis )

RMG – Rendimento Mínimo Garantido (Guaranteed Minimum Income – a means-tested social transfer for poor individuals and households)

RSI – Rendimento Social de Inserção (Social Insertion Complement, a 2003 rebranding of the RMG)

### Political Parties represented in the Portuguese Parliament (230 seats for the 2011-2015 term)

BE – Bloco de Esquerda (Left Bloc, left-wing, 8 MPs)

CDS-PP – Partido Popular (Popular Party, right-wing, 24 MPs)

PCP – Partido Comunista Português (Portuguese Communist Party, left-wing, 16 MPs)

PS – Partido Socialista (Socialist Party, center-left, 74 MPs)

PSD – Partido Social-Democrata (Social Democratic Party, center-right, 108 MPs)

## Foreword

The current report is part of the Working Package 2 of the RESCuE project and was conceived having two major concerns in mind. The first was to provide our colleagues from the RESCuE project and other interested readers with an accurate and interesting picture of the main social, economic and political trends in Portugal between 2000 and 2013, as well as providing for an up-to-date overview on poverty and resilience research in Portugal. The second concern was to produce a piece that was concise enough to adequately feed the RESCuE International State-of-the Art report and allow for the analysis of the Portuguese experience in a comparative perspective.

The 2007-8 global financial crisis and the subsequent shifts in European Union policy decisions are the backdrop against which this report should be read. We strongly emphasize that economic and social policy options have had a decisive contribution in enhancing or mitigating the crisis' impacts and this document is thus strongly oriented to the assessment of those impacts and trace the policy choices that are connected with them. In particular, the reader will find an insistence in the idea of a two-wave crisis both in economic and social terms: one lasting from late 2007 to early 2010, in which fiscal expansionism managed to soften the blow of the crisis on both levels; and a second one from late 2010 onwards, precipitated by the debt crisis and increasingly harsher austerity measures, with consequences at the social and economic level whose magnitude is increasingly visible in statistical data series.

The report is divided into six chapters. Chapter one is a presentation of the evolution of statistical indicators and a discussion of major public policy decisions. The goal of this chapter is twofold: on the one hand, it provides a discussion of the roots of the current economic crisis in Portugal; on the other hand, it discusses public policy options and their consequences in key fields of the welfare state, such as: demography; inequalities and poverty; employment and labour market; education; and health. This chapter ends with an attempt to map changes in attitudes in Portugal stemming from the crisis.

Chapter two is dedicated to a discussion of poverty in Portugal. This chapter explains the origins of the two main traditions of poverty research in Portugal, before turning

on the discussion of their main conceptual tools and empirical findings. Chapter three provides an overview of conflicting public discourses in regarding the role of the state in poverty fighting and the different political and social actors that promote them. It also briefly maps the evolution of resilience-like concerns in public policy. As will be quickly evident, resilience as an explicit term is practically absent in Portugal. Yet principles and positions on issues such as unemployment, poverty and social inequality that have affinities with different meanings of resilience are very much present in the public debate.

Chapter four is dedicated specifically to the impacts of the crisis on third sector organizations interventions and on the relation between these organizations and the crisis as well as assessing the presence and relevance of resilience and resilience-like concerns in their intervention. Chapter five is dedicated to provide an overview of the (scant) research on resilience by social scientists in Portugal. Finally, the report ends with a set of conclusions, summarizing the main findings and arguments of the previous chapters.

One final note, to justify an editing option. After careful consideration, we decided to merge the discussions of social policies and of statistical data into a single chapter. Although this was not initially foreseen in the WP2 Guidelines we ourselves delivered, it actually emerged during the production of the report as a more coherent and easily readable way of presenting and grounding that discussion. We hope you agree with us.

## Part I: Country Overview

### 1. Crisis configuration and Public Policies in Portugal

#### 1.1. Demographic Outlook

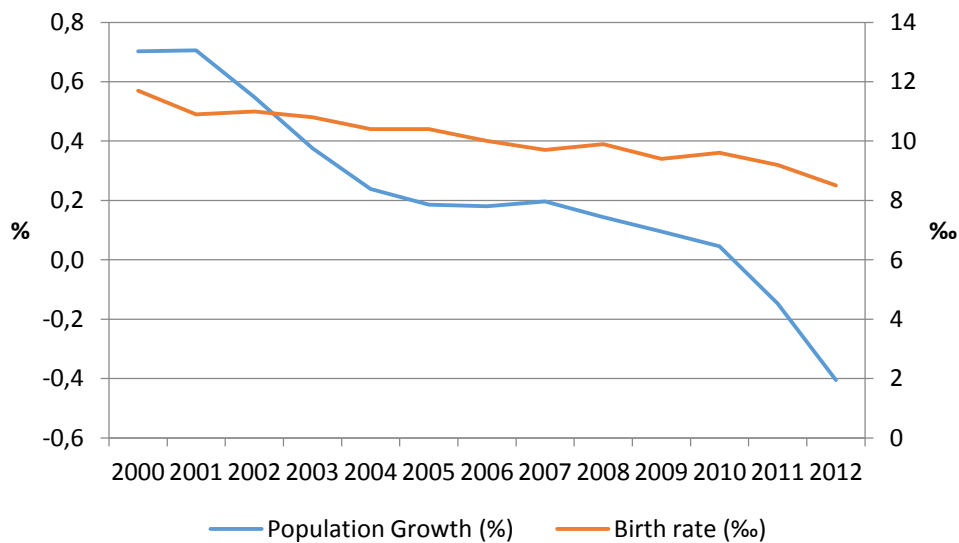
In 2012, Portugal had the third smallest population of the RESCuE sample with 10,5 million inhabitants – ahead only of Finland (5,4 million) and Ireland (4,6 million). Population growth in Portugal has been falling since the early 2000s and has actually been negative since 2011. This is partially connected to a more or less steady decline in birth rates. In 2000, Portugal's crude birth rate stood at 11,7‰; by 2012, it had dropped to 8,5 ‰ and more recent data confirmed it is still falling<sup>1</sup>.

In the specific case of Portugal, such drop seems to be related to an increase in the postponing of reproductive decisions both by women and particularly by men to later stages in their lives and not so much to the devaluating of the idea of parenthood in itself (Cunha, *O Lugar dos Filhos: Ideais, Práticas e Significados*, 2007). Drops in birth rates thus translate mainly into an increase in the number single-child households at the expense of households with two or more children and, to a lesser degree, in an increase in childlessness situations (Cunha & Atalaia, *A Evolução da Conjugalidade em Portugal: Principais Tendências e Modalidades de Vida em Casal*, 2014).

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<sup>1</sup> According to provisional data from the Eurostat, the crude birth rate in Portugal in 2013 was 7,9‰, the lowest in the European Union.

**Figure 1 – Population Growth and Crude Birth Rates in Portugal (2000-2012)**



Sources: World Bank and Eurostat

However, the consistent decline in birth rates fails to account for the magnitude of the drop in population growth, as can be seen in Figure 1. In 2000, Portugal registered a growth of 0,71% in its population. It then proceeded to drop consistently, with the exception of the years from 2005 to 2007. By 2012, Portugal featured a negative growth rate of 0,41%.

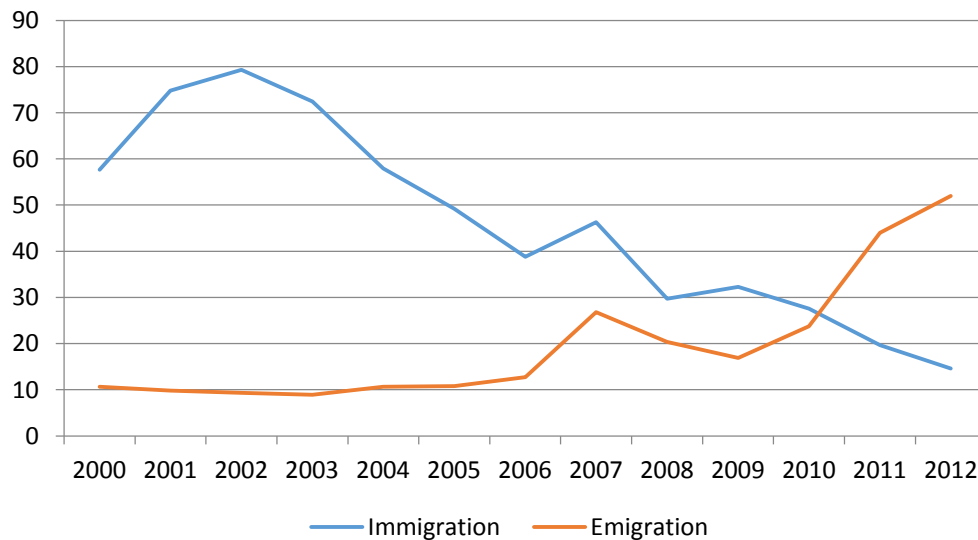
Furthermore, population growth rates seem to be much more sensitive to periods of economic recession and growth than birth rates. For instance, one can detect a sharp drop of 0,47 p.p. between 2001 and 2004, which is contemporary of the global economic downturn that followed the bursting of the “dot com” bubble and the 9/11 attacks in the USA. More recently, one can detect two phases of population growth decline after the global financial crisis of 2007-8. The first is a gentler drop of 0,15 p.p. occurring from 2008 to 2010, in which population growth stays just about over the zero growth line. The second is steeper fall of 0,45 p.p. occurring between 2010 and 2012, in which Portugal plunges into negative population growth. Note that this two-wave pattern of impacts of the current crisis is something that is common to several other indicators, as will be shown later.

The main phenomenon that relates population growth and economic climate is international migrations. An emigration country up until the 1980s, Portugal had seen



this condition change in the years following ascension to the then called European Communities in 1986. On the one hand, emigration rates declined sharply during the late 1980s and the 1990s, reflecting an increase in life conditions tied to the fast economic growth (in which both through the afflux of both foreign investment and European Funds played a major role) and the further development of the Portuguese welfare state (for which the influence of EU institutions was key) following the ascension to the EU. On the other hand, at the same time, immigration increased both in numbers and in sources. Traditionally restricted to the former Portuguese colonies in Africa (Cape Verde, Angola, Guinea-Bissau, and, to a lesser extent, São Tomé and Mozambique), origins of significant immigrant fluxes by the late 1990s and early 2000s now included also South America - particularly Brazil - and Eastern Europe – mainly Ukraine, Moldova and Romania.

**Figure 2 - Number of permanent immigrants entering in and permanent emigrants leaving Portugal per year (2000-2012) (in thousands)**



Source: Eurostat

Yet, this panorama changed in the past decade. Following the economic downturn of the early 2000s, immigration began decline. After peaking at 79,3 thousands in 2002, a general trend of decline in immigration set in. By 2006, only 39,3 thousand registered immigrants were entering Portugal – a drop 41,6% in relation to 2002. The global financial crisis and the debt crisis of the late 2000s, with translated into fast-rising

unemployment, further accentuated this trend: by 2012, the number of registered immigrants in Portugal had fallen to just 14,6 thousands, a decline of 81,5% regarding 2002.

Emigration followed an opposite trend, albeit at a different pace. Indeed, the economic downturn of the early 2000s seems to have had little impact in emigration, with yearly emigration averaging just 10,4 thousands in the period between 2000 and 2006. That changed dramatically after the 2007 and, again, we can discern here the two-waved impact of the 2007-8 global crisis. The first phase lasted from 2007 to 2010. At first, the number of emigrants leaving Portugal more than doubled between 2006 and 2007 standing at 26,8 thousands in the latter year. Yet emigration then proceeded to decline steadily in the next two years – standing at 16,9 thousands in 2009. 2010 marks a transition year, with the number of emigrants rising to 23,8. But the second phase definitely kicks in in 2011. In the context of fast-rising unemployment and the setting in motion of an IMF-ECB-EC-sponsored austerity programme<sup>2</sup> heavily based on direct and indirect lowering of salaries, 44,0 thousand persons left Portugal, a number that would rise to 51,4 thousands in 2012 – by far the highest numbers since the 1970s, according to INE data.<sup>3</sup>

As a final note, it should be mentioned that, unlike other countries in the RESCuE sample, such as Turkey, Germany or the UK, refugee population in Portugal is residual. Indeed, Portugal presents by far the lowest number of refugees in the sample, with only 483 living in the country in 2012, according to the United Nations. Also, situations of illegal immigration, while non-negligible, tend to be restricted to the immigrants from traditional sources of immigration to Portugal – that is, the Portuguese-speaking countries in Africa – as Portugal is neither a major entry point nor does it stand in the main illegal migration routes that have Europe as its destination (Morehouse & Blomfield, 2011).

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<sup>2</sup> See section 1.2 for details on this.

<sup>3</sup> To grasp the magnitude of the current phenomenon, one has to take into account the highest number of emigrants leaving Portugal in a single year between 1975 and 2006 had been registered in 1992 (22,3 thousands). Note, that data before 1975 severely underestimates emigration due to the high percentage of illegal emigration during the dictatorship that ruled Portugal until April 1974 – both to avoid general emigration restrictions in place at the time or specifically to escape conscription into an Army then fighting the Portuguese Colonial Wars in Africa (1961-1974).

## 1.2. Economic outlook

Portuguese economy developed an increasing gap vis-a-vis the more developed countries of the RESCuE sample in the past decade. With GDP per capita in 2012 standing at 19 400 PPS in dollars, Portugal stands only ahead of Poland (17 100) and Turkey (13 400 in 2011), and close to Greece. More worryingly still, the trend during the period in analysis is one of divergence. Portuguese GDP per capita in 2012 was only superior by 26,0% to that of 2000, when the EU average was 34,7%. Indeed, only Greece and the UK in the RESCuE sample present an inferior difference between these two years.

**Figure 3 - GDP per capita in 2000 and 2012 (2000 = 100)**

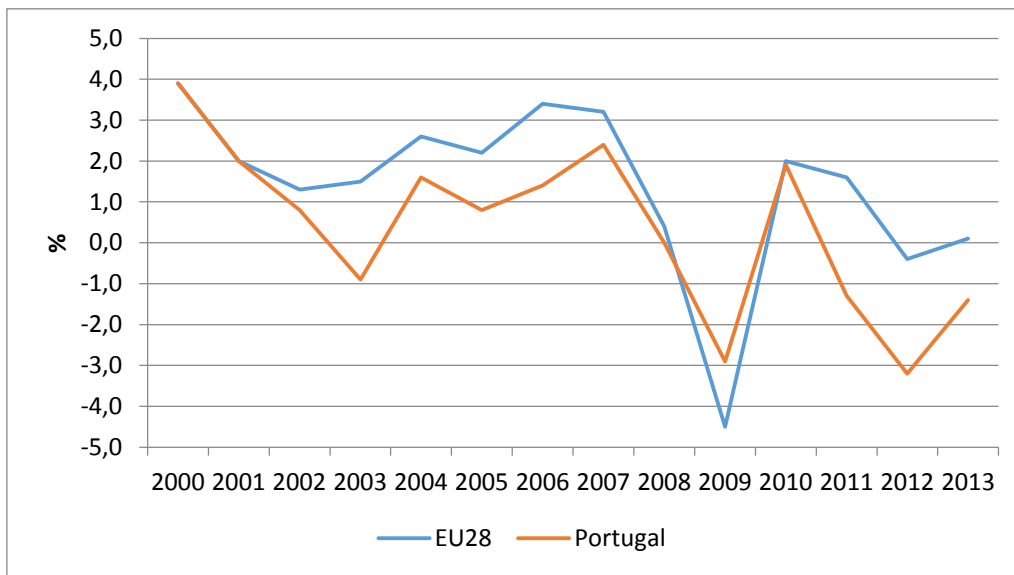
	<b>2000</b>	<b>2012</b>	<b>Δ</b>
<b>EU 28</b>	100,0	134,7	34,7
<b>Germany</b>	100,0	140,6	40,6
<b>Ireland</b>	100,0	131,1	31,1
<b>Greece</b>	100,0	121,9	21,9
<b>Spain</b>	100,0	131,9	31,9
<b>Poland</b>	100,0	185,9	85,9
<b>Portugal</b>	100,0	126,0	26,0
<b>Finland</b>	100,0	131,8	31,8
<b>UK</b>	100,0	117,0	17,0
<b>Turkey</b>	100,0	167,5*	67,5

\* Value for 2011

Source: Eurostat

Looking now to the evolution of GDP, one can see that this divergence is complex and multi-staged, actually preceding the great recession that followed the 2007-8 global financial crisis. Indeed, Portugal was already having below-EU-average GDP growth rates in 2002 – a situation that, with the exception of 2009, remain very much a constant up until today. Thus, the global economic downturn of 2002-2003 was much more keenly felt in Portugal– where GDP growth in 2003 was actually negative by 0,9% – and the subsequent recovery never reached the magnitude felt in the rest of Europe.

**Figure 4 - GDP growth rates in Portugal and the European Union (%)**



Source: Eurostat

The somewhat peculiar nature of the Portuguese economic stagnation of the early 2000s a topic of controversy in academic circles. There is some consensus as to the hypothesis that was partially the backlash of funnelling the investment boom of the 1990s into unproductive firms in non-tradable goods sectors – such as construction and personal services(Bento, 2010). However, agreement stops here. More orthodox economists see stagnation as a result of the underdevelopment of a Portuguese capital market incapable of allocating investments efficiently (Reis, 2013) and of the increase of public investment in infrastructures and fiscal incentives to housing ownership by families(Alexandre & Bação, 2014). Heterodox economists tend instead to view it as a national translation of a generalized trend for de-regulation of the financial sector and consequent financialization of the economy, coupled with the dwindling margin after the Maastricht Treaty of 1993 for corrective-type state intervention characteristic of mixed economies (Teles, 2009).

Narratives about the two-stage depression that followed the 2007-8 global financial crisis also vary widely. More orthodox economists tend to see the Portuguese economic depression as being rooted in state profligacy, which not only crowded out private investment but also made the economy more vulnerable to the impact of international financial crisis. The crisis would thus be the culmination of a long process of an unsustainable growing in social expenses – particularly pensions - and public sector

salaries. This allegedly put the Portuguese economy under two major strains in order to make up the numbers: tax increases and growing public debt. The global credit crunch and the consequent unwillingness of investors meant a vicious circle of soaring interest rates and, without the IMF-ECB-EC Troika intervention, eventual bankruptcy (Pereira P. T., 2012).

More heterodox economists point out that the crisis was actually a private debt crisis before becoming a public debt one. The indebtedness of families – mainly due to the acquisition of housing in an inflated market in the near-absence of public provision – banks – through heavily borrowing from foreign banks to make up for money demand growth of both the housing market and the non-tradable goods sector – and firms – through expanding debts on the booming years - both preceded and had a much more worrying dimension than public debt on the eve of the crisis (Abreu, et al., 2013) .

Also, heterodox economists emphasize that the 2007-8 global crisis was more of a final straw on the back of a Portuguese economy already reeling from three major on-going transformations in international economic and political relations. The first of these transformations was the pegging of a weaker economy such as the Portuguese to a stronger currency stemming from the adoption of the Euro. Not only Portugal would have joined the Euro at an overvalued conversion rate from its former currency, the Escudo, but the impossibility of currency devaluation from thereon resulted in progressive loss of export competitiveness, an increase in imports and, consequently, a decline of internal production output (Amaral, 2013).

The second was the deepening of globalization and particularly China's growing role in the international trade system, symbolized by its adherence to the World Trade Organization in 2001. As the Portuguese tradable goods production structure still leaned heavily on low added-value goods, such as textiles, plastics and low-tech electronic devices – and was thus particularly vulnerable to competition from less developed countries from outside the EU.

The third major challenge was the accession to the EU of Eastern European countries from 2004 onwards, which resulted both in a diversion of productive investment to those countries and further declining in European funds attributed to Portugal.

These changes compounded long-standing specific problems of the Portuguese economy, as the low qualification stocks of its population and the obsolete organization of its economic fabric, based on the predominance of labour-intensive and small and very small-scale production units, resulting in very low productivity levels(Mamede, 2014).

Economic policy responses to the crisis from the Portuguese governments followed closely the general orientations of the European institutions – and particularly the European Commission. The first phase, lasting from 2008 to mid-2010, was characterized by a fiscally expansionist response, with increasing spending in social protection – including more generous conditions of access for unemployment and child benefits. The results were quick to follow: after stagnation in 2008 and a drop of 2,9 percentage points (p.p.) in 2009, GDP growth was again on the positive by 1,9 p.p. in 2010 – incidentally, the highest GDP growth rate in Portugal since the introduction of the Euro.

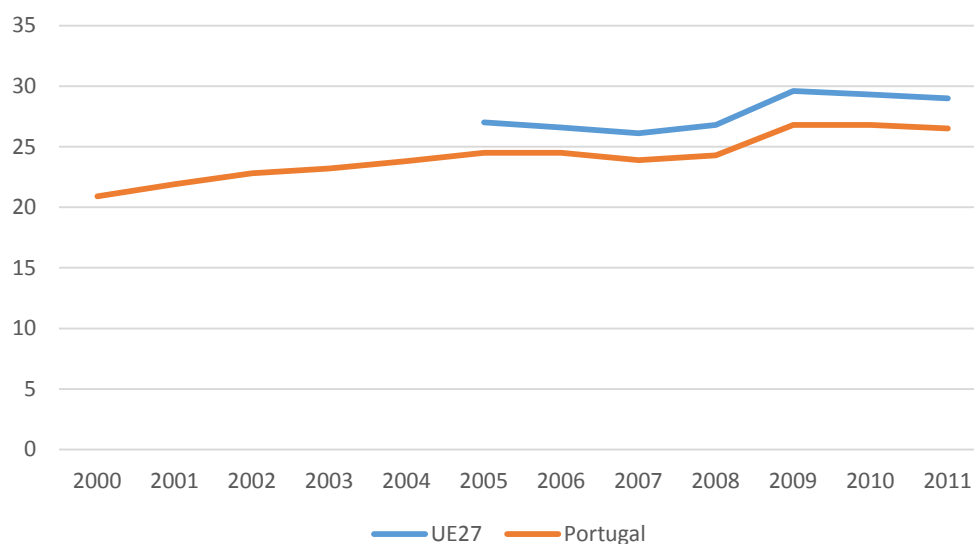
The watershed moment regarding economic policy is the Council of the European Union meeting of June 17<sup>th</sup>, 2010. This meeting took place against the backdrop of the Eurozone debt crisis and the possibility of Greece defaulting on its public debt and made for a sharp turn in economic policies towards fiscal consolidation. Portugal again followed suit on its European counterparts with the first austerity measures being taken in the second half of 2010. These measures turned into a full-fledged austerity programme after the Portuguese government asked for a financial rescue package from the International Monetary Fund, the European Central Bank and the European Commission on the Spring of 2011. This programme was oriented by – although by no means not restricted to - a Memorandum of Understanding (MoU) signed on May 17<sup>th</sup>, 2011 by the Portuguese Government and a tri-partite body (commonly called the “Troika”) composed of the three aforementioned institutions. It emphasized the privatization of public firms and services and the deepening of the liberalization of the labour market, while also making provisions for budget cuts in health services, education, pensions and public servants salaries(Governo de Portugal, 2011). Yet, the results in GDP terms were still very poor. After the surge of 2010, Portuguese GDP fell

again by 1,1 p.p. hit a record low of 3,2 p.p. and was still falling by 1,4 p.p. by 2013. Growth Early forecasts from the Bank of Portugal put finally at 0,8 p.p.

### 1.3. Public expenses

The existing Eurostat data for social expenditure has the considerable drawback of only stretching until 2011 – and thus not covering most of the harshest phase of the economic recession in Portugal. Even so, the available data does allow for some pertinent considerations.

**Figure 5 - Expenditure in social protection in Portugal and in the EU (as % of GDP)**



Source: Eurostat

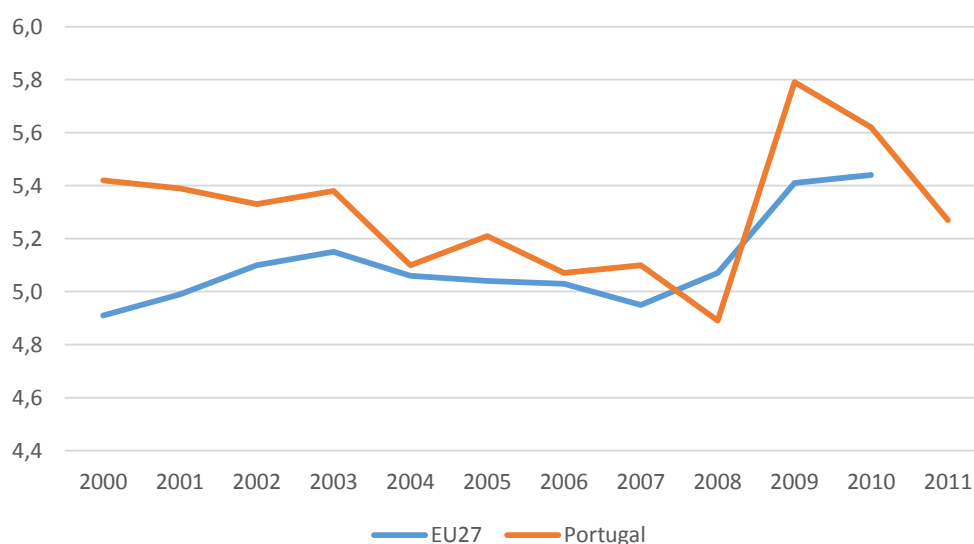
One is the debunking of the thesis pinning the roots of the Portuguese crisis on supposedly unsustainable levels of social expenditure. This is certainly not the case in Portugal (nor in the European Periphery for that matter). While it is true that social expenditure in 2007 represented 23,9% of GDP and had grown by 3,0 p.p. since 2000, it was still below the EU average of 26,1% in the former year and short of the analogous proportion of more developed welfare states such as Finland (25,4%) and Germany (27,1%).

Not only that, but despite the coming in to work of automatic stabilizers (such as unemployment benefits in the context of fast rising unemployment) with the first shock wave of the 2007-8 global credit crunch and the encouragement of the European Commission on fiscal expansionism during this phase, social expenditure in Portugal peaked at 26,8% in 2009 and 2010, a number still well below the EU average of 29,9% for those years.

Finally, one can discern a slight drop on to 26,3% in 2011. Note however, that this coincided the second wave of recession hitting Portugal. The negative GDP growth in 2011 thus imply that social spending cuts were higher in absolute terms for this year than the relative numbers indicate.

Unlike social expenditure, expenditure in education in Portugal has been very close and often higher than the EU average during the period in analysis. However, it is important to stress that Portugal starts from a much more unfavourable point, with a large educational gap regarding its European partners. As we shall see further below, Portugal presented at the beginning of the 2000s the highest level of early school leaving in the EU and one of the least qualified active populations in the Union.

**Figure 6 - Public expenditure in education in Portugal and the EU (as % of GDP, 2000-2011)**

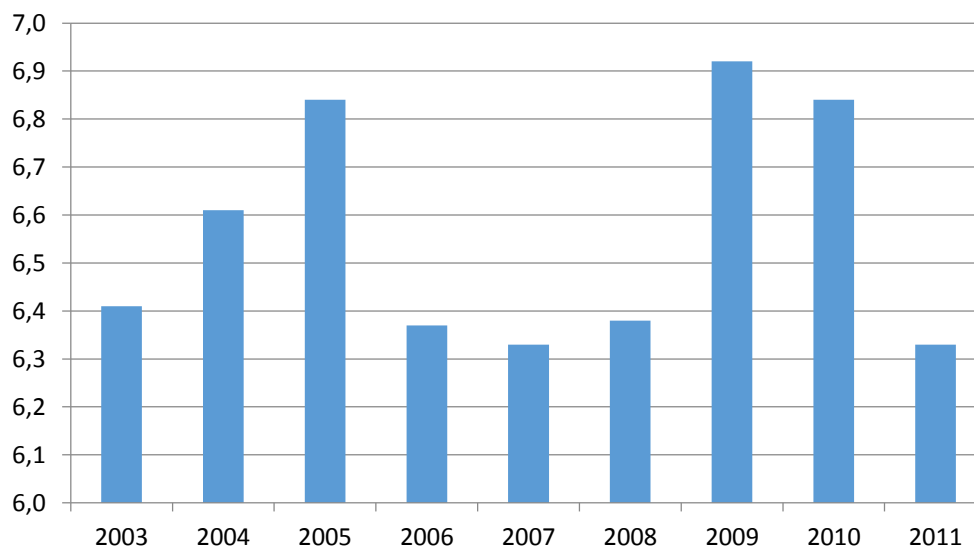


Source: Eurostat



Despite this, and starting from 5,4% of the GDP in 2000, public spending on education in terms to GDP percentage followed a steady decline down to a minimum of 4,9%. However, one can also see this indicator peaking at 5,8% in 2009. This owes both to the drop in GDP in that year and to the acceleration of the Portuguese Government's programmes for investment in primary and secondary public schools renovation – in line, as we see, with the recommendations of the European Commission. This surge seems to have at least kept in absolute terms in 2010, even if slightly dropping due to the growing GDP in that year. However, it was already on the wane by 2011, as the declining trend continued even as GDP shrunk, with measures such as the closing of the national network for adult education playing a big part in this.

**Figure 7 - Health expenditure by public sector in Portugal (as % of GDP, 2003-2011)**



Source: Eurostat

Health expenditure follows somewhat the same trend as education expenditure. With a first maximum of 6,8% of GDP in 2005 it then proceeded to fell to a more or less stable plateau around 6,3% of GDP in the following three years. Again, and like education, health expenditure peaks in 2009 at a 6,9% though one should be wary of the arithmetical effect caused by the GDP decline for this year. Particularly noteworthy is the major dip seen in 2011, with expenditure returning to 2008 levels in relative

terms – which, considering the negative growth GDP for 2011, imply large-scale cuts. As we shall see further below, the Troika MoU austerity measures heavily targeted the public health services.

#### 1.4. Household income and poverty

Since the Democratic Revolution of 1974, Portugal entered a noticeable path of poverty reduction that lasted, as we have seen, until the eve of the 2007-8 global crisis. This positive trend is the result of several dynamics and political measures that we now are aware of (Capucha, *Desafios da Pobreza*, 2005): wage growth, particularly of the lower echelons; the dual activity of men and women, largely resulting from the desire to improve the living standards of families, even at the expense of the accumulation of work and house caring tasks by women; very low unemployment rates until the early 2000s; modernization of the economy with decreasing weight of unproductive sectors - such as subsistence agriculture - and the growing weight of more modern sectors, such as those related to science and the professions based on symbolic manipulation; and pension growth, namely through the entry in the social protection system of retired workers with more prolonged careers and better contributions.

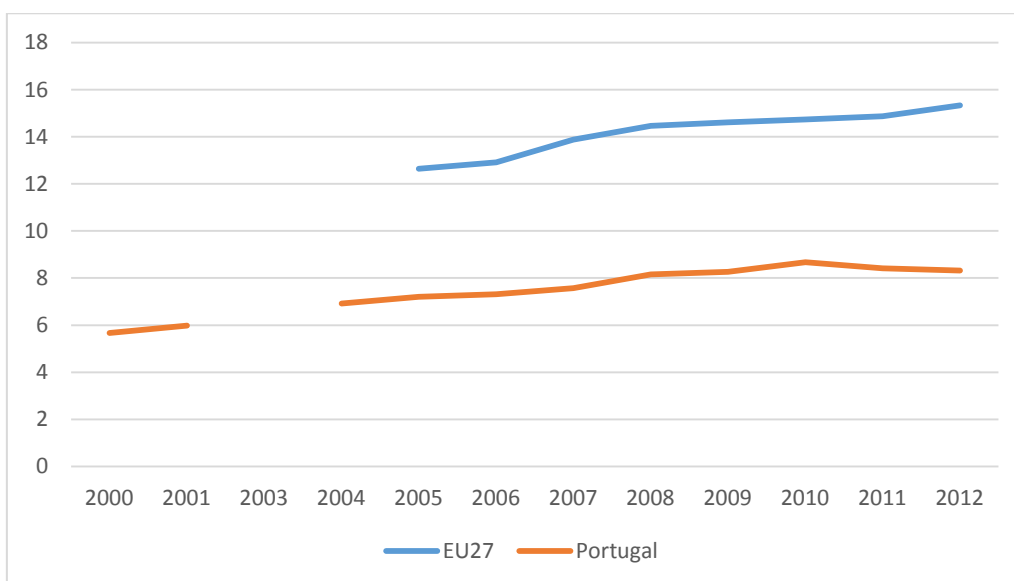
The dynamics of these markets added at the political level with measures targeting the expansion of schooling; the setting of a National Health Service in the late 1970s and its later improvement; the creation and growth of the minimum wage; the creation of a universal system of social protection and social security reforms that became effective factor in the redistribution of income; the differentiation of family benefits in order to encourage low-income families; the creation and development of social labor market; the expansion of social action, due to the cooperation between the state and civil society network services; and, more recently, the creation of the Solidarity Supplement for the Elderly (CSI). The Social Insertion Income (RSI), introduced in 1998 as Minimum Guaranteed Income (RMG) had a particularly strong impact in reducing the intensity of poverty and the reduction of the relative deprivation of the poorest of the poor (Rodrigues, 2012).

However, since the austerity turn from 2010 onwards, these socio-economic and political dynamics seem to be increasingly in jeopardy. As we have seen unemployment continued to rise alarmingly; wages in the public sector, including the lowest ones, decreased by about 20%; pensions were reduced from 30% to 35%; there were cuts in scholarships and school social action; there were pronounced cuts in CSI and RSI, either on the values of the benefits or the efficiency of the coverage.

Portuguese household available income has been dropping since 2011. This had to do with the two-wave economic recession that hit the country following the global financial crisis of 2007-8 and the acceleration in the rising of unemployment levels that followed.

However, household income reduction has also – and arguably mainly – to do with the nature of economic policies adopted by the Portuguese government, particularly after the signing of the MoU in June 2011. Indeed, the Troika-sponsored rescue programme for the Portuguese economy was based on a threefold strategy: fiscal retrenchment as a means of reducing public deficit that had soared during the immediate years after global credit crunch; consumption compression as a means of rebalancing the external trade balance; and lowering workers' salaries as a means of restoring competitiveness of Portuguese economy. Lowering families' income was thus central to this programme both as a direct target and as an indirect desirable consequence.

**Figure 8 - Median equivalised net income in Portugal and in the EU (in thousand euros, 2000-2012)**



Source: Eurostat

Directly, this was through also cuts in public servants salaries – which, in Portugal, tend to act as benchmarks for salaries the private sector – in the order of 20%, as well as the freezing of minimum wage since 2010. Social transfers were also, with average pensions cuts in the order of 30%. Indirectly, fiscal retrenchment meant increases in indirect taxes – such as VAT - and the expanding the revenue tax base, mainly through lowering the minimum thresholds for paying revenue and income taxes, and the reduction on the number of tax brackets. Also to be noted are steep increases in co-payments in public health services and public transportation prices.

Thus, the immediate result is that the two waves of the Portuguese economic recession have had different impact on the median income<sup>4</sup>. Indeed, the first wave did not seem to have affected significantly the growth of the median income by household, as it rose from 7200 euros/year in 2005 to 8267 euros/year in 2009 – a 15% increase in this period, that mirrored the one felt in the EU at the same time (16%) – something which may be attributed to the fiscally expansionist answer that Europe’s institutions encouraged until mid-2010. The only year where the increase rate of

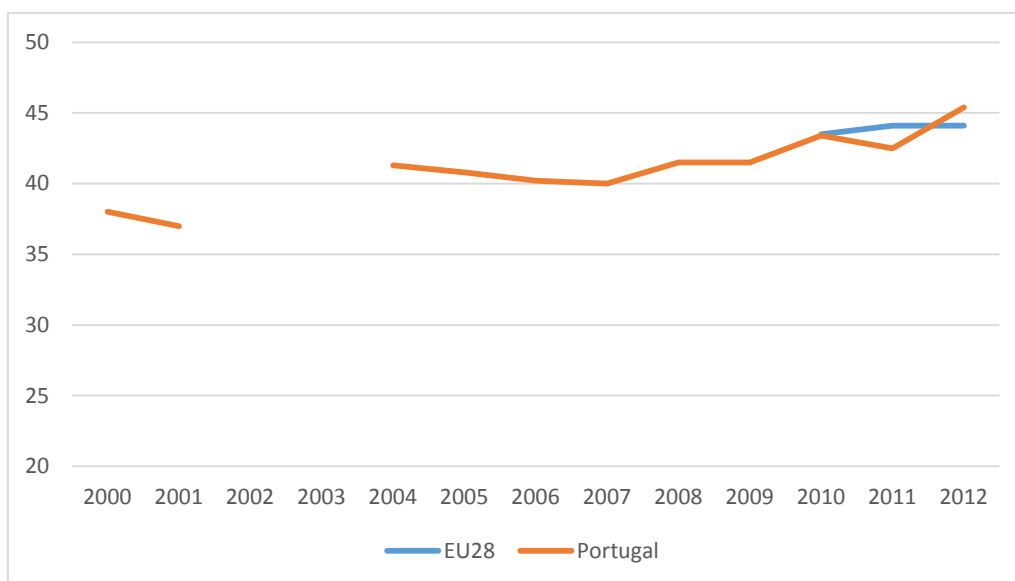
<sup>4</sup> We are taking here 2005 as the point of reference, given that there is no aggregate data for the EU for previous years.

Portuguese household's mean income was superior to the EU average was 2010, peaking at 8678 euros that year.

However, it is been falling ever since, as austerity and the second wave of recession hit the country from 2011 onwards. Portuguese household median yearly income dropped to 8410 euros and to 8323 in in 2012 – a drop of 4% in 2 years. In contrast, the median income in EU rose by 4% in the same period.

When looking at poverty rates, one can also see the impacts two-wave economic recession impact as well austerity measures beginning to take its toll. The at-risk-of-poverty rate before social transfers had stabilized around 40% in the years leading to the crisis. It then rose to 41,5% in 2008 and stood stagnant for 2009. In 2010 it hiked again to 43,4% and, despite a slight drop to 42,5% in 2011, it would hit 45,4% in 2012 – a maximum in the period and a full 1,2 p.p. above the EU average for that year.

**Figure 9 - At-risk-of-poverty rate before social transfers in Portugal and the EU (%)**

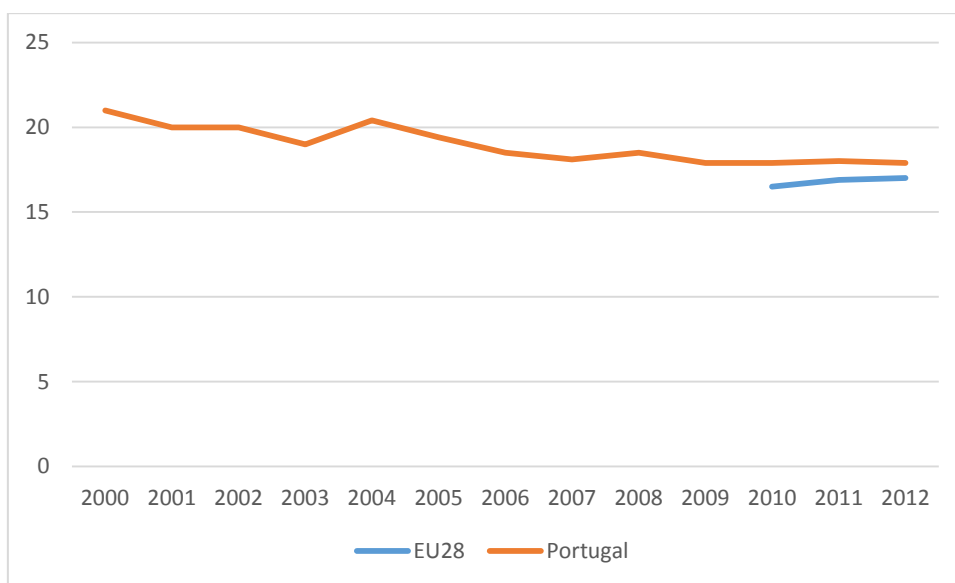


Source: Eurostat

The overall at-risk-of poverty after social transfers rate bears a somewhat different but still consistent pattern with the two-wave recession model. Here one can see poverty rates falling during the 2000s, from 21,0% in 2000 to 18,1% in 2007, on the eve of the crisis. This can be attributed detect the effect of reforms in Social Security in Portugal,

such as the reform and expansion of child benefits and the introduction of compensatory measures such as the Elderly Solidarity Complement, a means-tested extra transfer to pensioners with smaller pensions. Also worth mentioning is the positive impact of the fiscal expansionist economic policies during the first wave of recession. After a 0,4 p.p. surge to 18,5% in 2008 – the first year of impact of the crisis – 2009 actually marks the minimum poverty rate in the period considered, at 17,9%.

**Figure 10 – At-risk-of-poverty rate after social transfers, Portugal and EU (%)**



Source: Eurostat

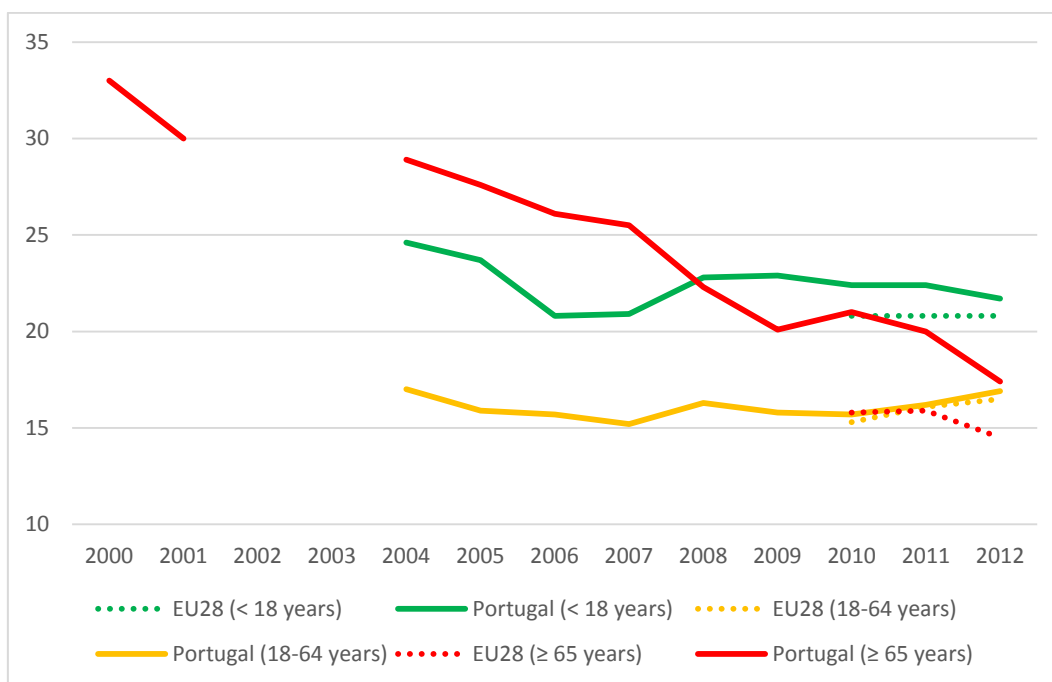
From here onwards, poverty rate stagnates at this level or very close to it. However, this does not constitute evidence of a lesser impact of the economic recession or of austerity policies. Indeed, one has to consider that poverty rates are calculated having as reference the evolution of the median household income – which, as we have seen, is declining since 2011. As such increases in poverty situations may not be fully reflected by these indicators due to simultaneous decline of the reference point. This latter interpretation would be consistent with reductions in social transfers due to austerity measures from late 2010 onwards. These include pension cuts at higher levels and failure to updating of all pensions since 2011, tightening restrictions on access to measures such as the Minimum Guaranteed Income or child benefit, reductions on the amounts of unemployment benefits and also increasing number of

people who lose entitlement to unemployment benefits due to long-term unemployment situations.

This also calls for a closer analysis of the poverty rates after social transfers. Such analysis allows us to see that poverty rate evolution is not uniform across age groups nor across household types. Regarding age groups, one can see that the age group with the largest proportion of active population (18-64 years of age) is the one whose situation has worsened the most since 2007 – which would be consistent with a rapid increase in unemployment, and particularly long-term unemployment. Again, we can see an impact of two waves of economic recession and of the austerity measures concomitant with the second wave. Poverty rate on this age group had been on the decline since at least 2004, hitting a minimum of 15,2% in 2007, in the immediate eve of the global crisis. It then rises to 16,3% in 2008 but it recedes on the two following years to 15,8% (in 2009) and 15,7% (in 2010). However, after that one can then see the rate rise to 16,2% in 2011 and 16,9% in 2012 - the highest value for the period in analysis is reached and slightly above the EU average for the same period.

Poverty rates after social transfers for the two other age groups considered in this analysis follow different patterns. The under-18 age group poverty rate dropped 3,8 p.p. in just two years, from 24,6% in 2004 and 20,8% in 2006 and in 2007 and, at the eve of the first wave of the crisis, this rate is still at 20,9%. These latter levels would not be reached again after the onset of the crisis. In 2008, poverty rate after social transfers for the under-18 group rises to 22,8 and would stabilize around the 22% mark for the rest of the period in analysis – and despite falling to 21,8% in 2012, it was still 0,9 p.p. above the EU average for that year.

**Figure 11 – At-poverty-rate after social transfers in Portugal and the EU, by age group (%)**



Source: Eurostat

As to the over-65 age group, one can observe an almost continuous drop on the poverty rate after transfers that does not seem to be significantly interrupted by the first wave of the crisis. Between 2000 and 2009, poverty rate after social transfers in this age group fell by 12,9 p.p. However, this trend would stop in 2010, when it rose to before receding back to 21,0% in 2011. Only in 2012 would a significant drop be felt again, to 17,7% - though still 3,9 p.p. above the EU average.

Regarding household type, the trend is less clear-cut. Single person households, particularly those with dependent children, are traditionally more exposed to poverty risks. And, in fact, these two groups still stood out in 2012 from the others in this matter, with 30,5% of single person households with dependent children and 24,2% of single person households without children were at poverty risk – albeit below the corresponding European average of 34,2% and 25,4% respectively.

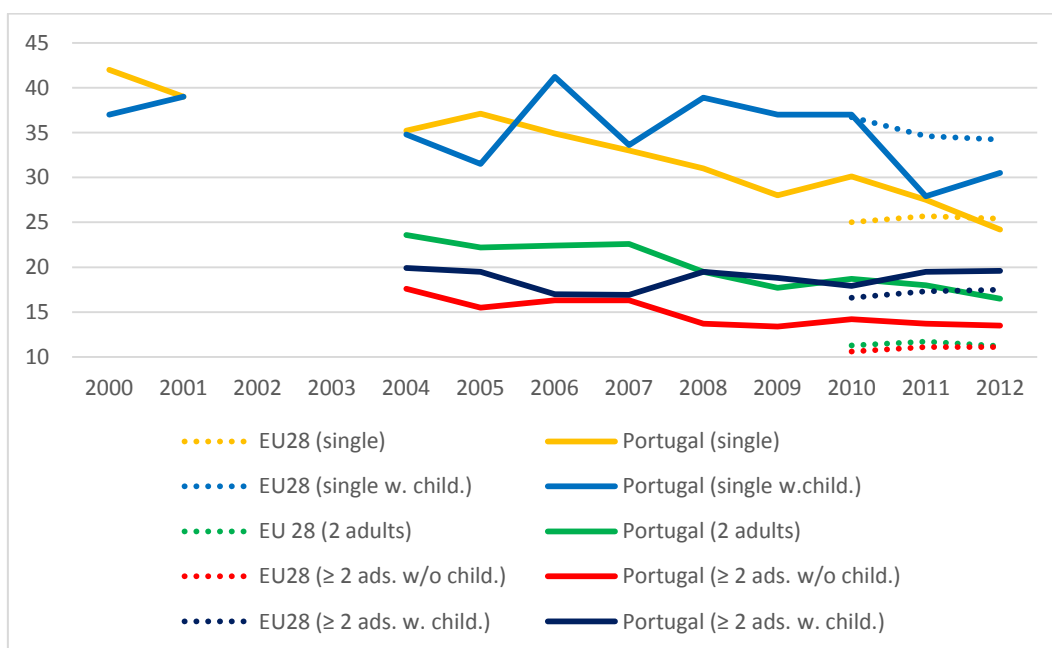
The trend regarding the latter group is one of decline, with at-risk-of-poverty rate falling almost continuously during the reference period, from 42,0% in 2000 to 24,2% in 2012. This is probably due to the fact that a considerable proportion of single households without dependent children is composed of persons with over 65 years old. Thus, evolution of poverty rates among this type of single person household would



be essentially explained by the same factors that affected that age group – namely, increases in the amount and effectiveness of transfers destined to them, such as the Solidarity Complement for the Elderly.

The evolution of the subset of single person households with children follows a more irregular path. Firstly, the overall decline was less steeper, starting from 37,0% in 2012 and standing at 30,5% in 2012. Secondly, it does not follow clearly the two-waved crisis impact pattern. In fact, the maximum for the reference period was actually registered in 2006 – that is, before the first wave of the crisis – with 41,6%, while the minimum was reached in 2011 – at a time when the second wave of the crisis was hitting the country – with 27,8%.

**Figure 12 – At-poverty-risk rate after social transfers, by household type (%)**



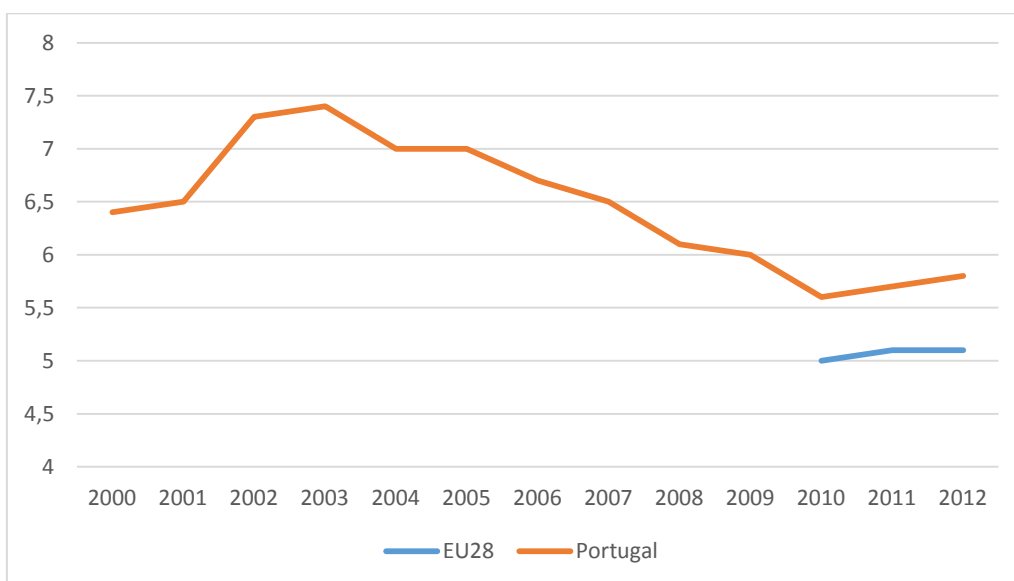
Source: Eurostat

However, other groups do follow the two-waved crisis impact pattern. It is the case of households composed by two adults with dependent children. Here one can see dropping from the 19,9% in 2004 to 16,9% in 2007. This is followed by a hike to 19,5% in 2008 – as the first wave of the crisis hits - and then a slow drop to 18,8% and 17,9% in 2010. Then, the second wave of the crisis seems to kick in, with at-poverty rate for this group increasing to 19,5% in 2011 and peaking at 19,6% in 2012 – a full 2,1 p.p.

above the European average. Given that the adult members of these groups tend to be in active age, this would be consistent with the problems of fast rising unemployment and long-term unemployment alluded above.

Portugal also features some of the highest levels of inequality in Europe – and the third highest of the the RESCuE sample behind Spain and Greece in 2012 – with the average disposable income of the wealthiest 20% of the population in 2012 being 5,8 times that of the poorest 20%. Yet the evolution of this indicator seems on a first reading to be mostly dissociated from the worsening of the macroeconomic situation. It fell continuously since the 7,4 peak in 2003 until reaching a minimum of 5,6 in 2010 – implying that the first wave of recession did not have a significant impact on the tendency of reduction of inequality. It did rose by 0,1 each year in 2011 and 2012, which could indicate an impact – albeit mitigated - of the second wave of recession and austerity measures.

**Figure 13 – S80/S20 income quartile ratio in Portugal and the EU**

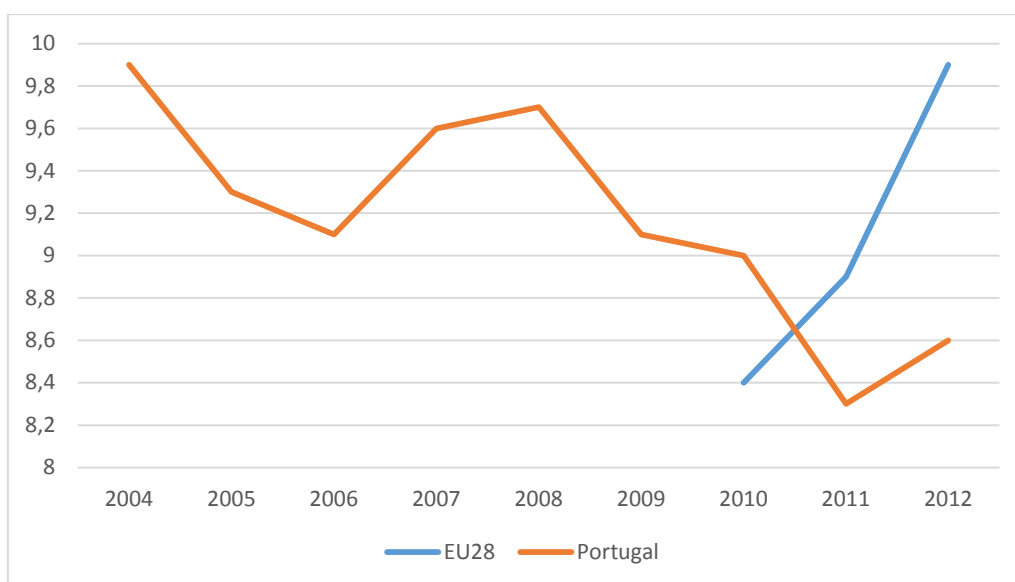


Source: Eurostat

Even less clear in this linkage with economic recession is the evolution of the severe material deprivation rate indicator. The effects of the first wave of recession are clearly depicted in figure 13, with a peak of 9,7% in 2008. However, it then proceeded to fell to a minimum of 8,3% in 2011. Severe material deprivation did stood at 8,6% in 2012, but still below the 2010 level. This might by linked to a process of recomposition of the

population in poverty stemming from the retrenchment of social transfers, in which safety net-style measures in for the already extremely poor may be preventing situations of extreme deprivation but general retrenchment is pushing previously non-poor from falling into forms of less extreme poverty (Matsaganis & Leventi, 2014).

**Figure 14 – Severe material deprivation rate in Portugal and the EU (%)**



Source: Eurostat

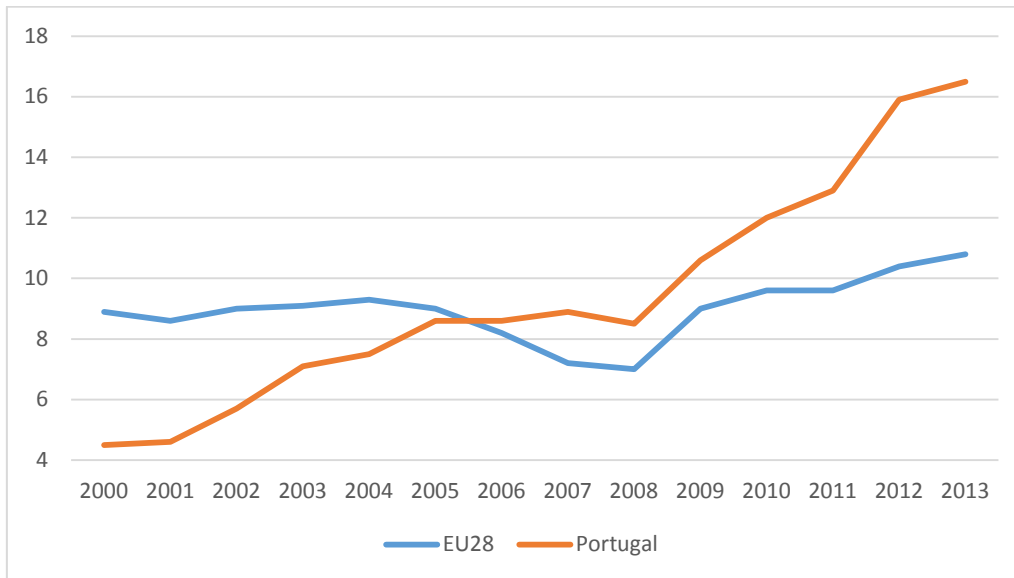
## 1.5. Labour market

At the beginning of the 2000s, the Portuguese labour market was characterized by four major features: low unemployment rates by European standards; high proportion of micro firms and self-employed persons, with consequences on the organization of work and hindering technological modernization and lack of capital - and hence low productivity; low wages, which among other things resulted in an unusual large percentage of working poor; high female participation, resulting from the need of couples to complement low wages and often exploited by employers through high gender inequality regarding salaries.

Some of these features have persisted throughout the crisis years. But one that changed dramatically was unemployment. In 2000, the employment rate in Portugal stood at 4,5%, only above Ireland's 4,2% in the RESCuE sample and way below the then EU average of 8,9%. By 2013, unemployment had escalated to 16,5%, the third highest

in the sample, only behind Spain and Greece, and much higher than the 10,8% EU average. Also, some groups were hit especially hard. Indeed, unemployment between under-26 year-olds soared from 10,5% in 2000 to a staggering 37,7% by 2013.

**Figure 15 - Unemployment Rate in Portugal and the EU (%)**



Source: Eurostat

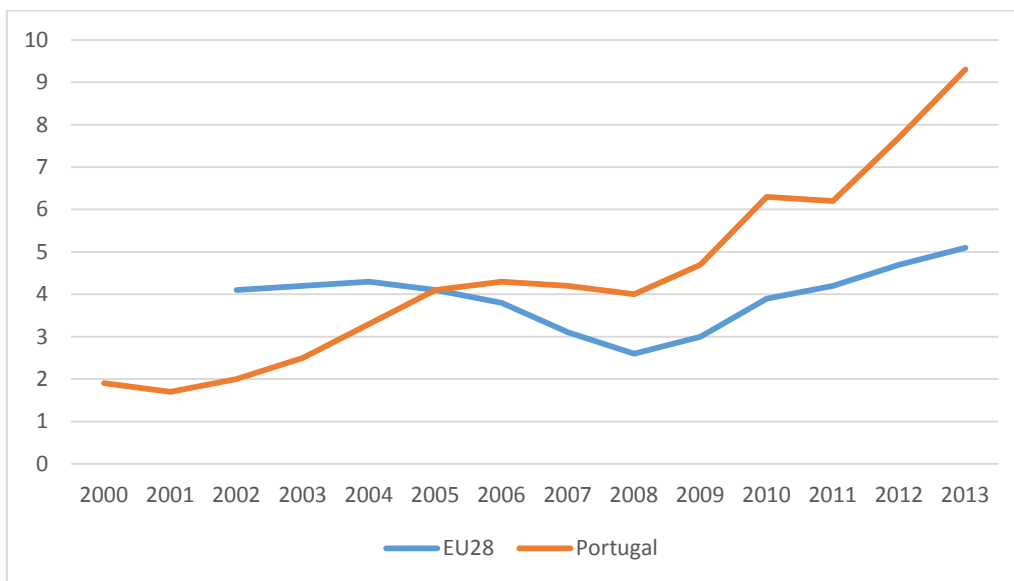
When looking at these numbers, one can identify two trends at work. The first is a structural increase that seems concomitant with the country's entrance in the Euro in 2002. As indicated above, loss of competitiveness of exports due to the pegging of a weaker economy such as the Portuguese to a strong currency and the severe restrictions on public intervention in economic policies have been suggested by some authors as having had a detrimental effect on employment.

The second trend is more conjunctural in nature and seems to be tied to economic crisis moments. The two major hikes in coincide more or less with the two wave recession moments identified above: an increase of 2,1 p.p., from 8,6% in 2008 to 10,2% in 2009; and an increase of 3,0 p.p. between 2011 and 2012.

Long-term unemployment followed suit. Starting at 2,0% in 2002 – less than half of the EU average of 4,1% for that year - it had soared to 9,1% in 2013, almost the double of the EU average of for this year. This also hints at the workings of a phenomenon that may also be behind the decline of the employment rate. Indeed, the latter rate was at 68,1% in the last quarter of 2007, had fallen of 60,5% by the end of 2012 – though

recovering slightly to 62,1% in the last quarter of 2013. Note that the unemployment rates use the active population as a base line, while the employment rate uses the total population in active age. This points out to a significant increase that either gave up entering the labour market, gave up looking for a job as a consequence of or passed on to the informal economy.

**Figure 16 - Long-term unemployment rate (%)**



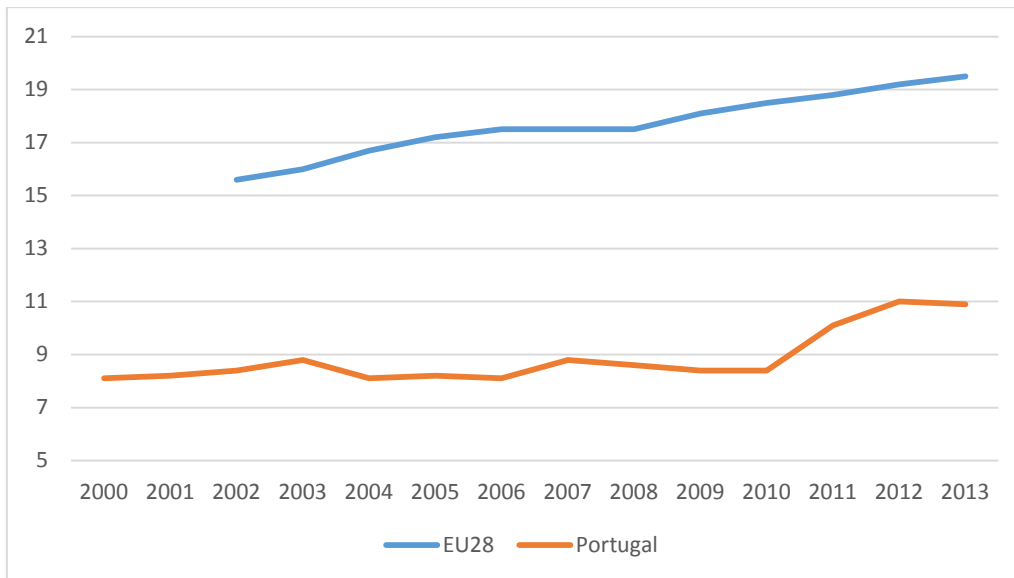
Source: Eurostat

But fast rising unemployment and increasing difficulties in entering and re-entering the labour market for workers are not the only changes in the Portuguese labour market in the past decade. Equally important is the transformation in the nature of employment. The past decade saw a significant raise in precarious employment – including underemployment, short-term and temporary contracts and “false independent work”<sup>5</sup> – and the situation seems to have worsen with the second-wave of the crisis as the de-regulation of labour relations – which translated in to discouragement of collective contracts and collective bargaining at firm level and the drastically lowering of contract termination compensations - was a mainstay of the internal devaluation strategy followed after 2011.

<sup>5</sup> This refers to situations where the worker effectively performs the functions of a regular employee but is formally an independent worker, thus sparing the employer from the fulfillment of obligations of a normal work contract (such as social security payments, mandatory holidays and other benefits).

One can partially detect this trend through the raise of part-time jobs during the second wave of the crisis: part-time employment as a percentage of total employment, that had floated in a narrow interval between 8,1% and 8,8% during the years between 2000 and 2009, rose quickly to 10,1% in 2011 and 11,0% in 2012.

**Figure 17 - Part-time employment as a percentage of total employment in Portugal and the EU**

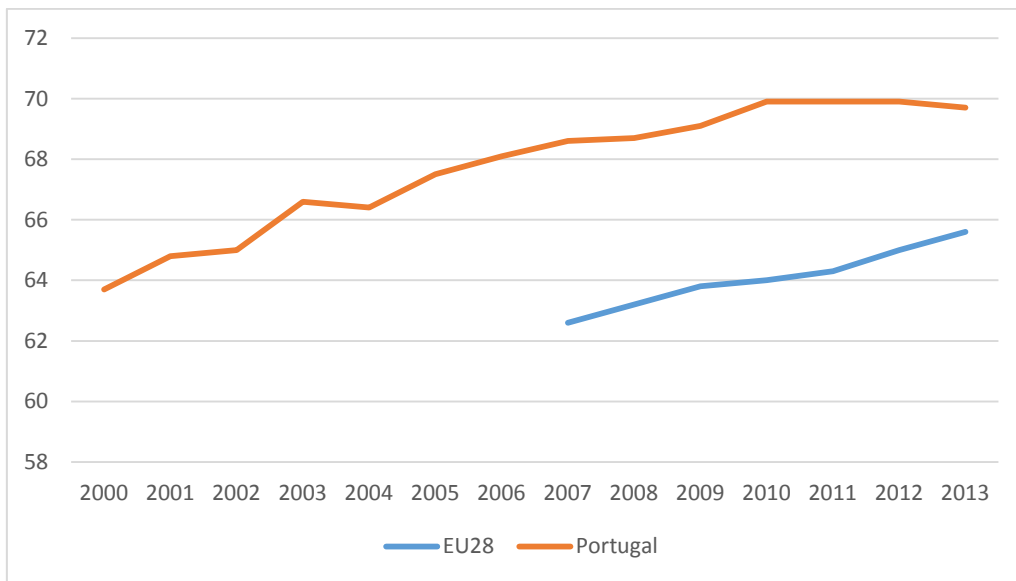


Source: Eurostat

Nevertheless, at least three features remained more or less unchanged. The first is low wages. As seen above, median household income in Portugal was the third lowest in the RESCuE sample in 2012, only above Poland (and probably Turkey, given the available value for 2005) and representing only 54,3% of the EU average – which actually represents a drop of 2,4 p.p. from the value of 2005.

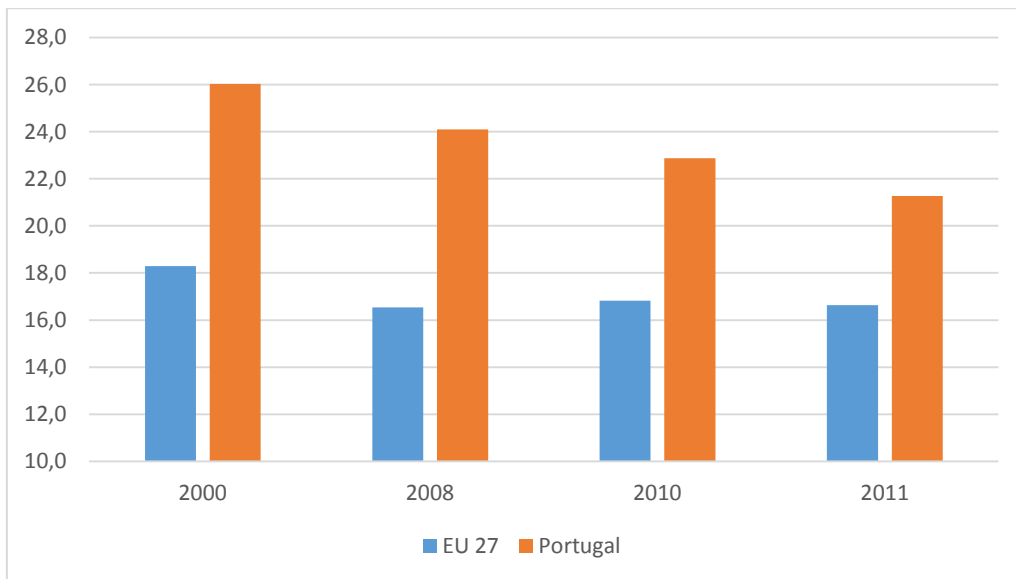
Female activity rate in the labour market increased steadily during the period in analysis from 64,0% in the last quarter of 2000 to 70,8% in the last quarter of 2013 – way above the EU average of 66,2% and only surpassed in the RESCuE. Also, despite a drop from 26,0% in 2000 to 21,3% in 2011, self-employment rates in Portugal remain high, being 4,6% above the EU average and being only surpassed in the RESCuE sample by Greece and Turkey.

**Figure 18 - Women activity rates in Portugal and the EU (%)**



Source: Eurostat

**Figure 19 - Self-employment rates as percentage of total employment, in Portugal and the EU**



Source: OECD

## 1.6. Education

One of the more emphatic deficits in Portuguese society is the one pertaining formal qualifications. This deficit has deep historical roots. The education system set in place by the fascist dictatorship that ruled Portugal from 1926 to 1974 had an explicit elitist orientation. It neither invested nor encouraged mass education beyond the

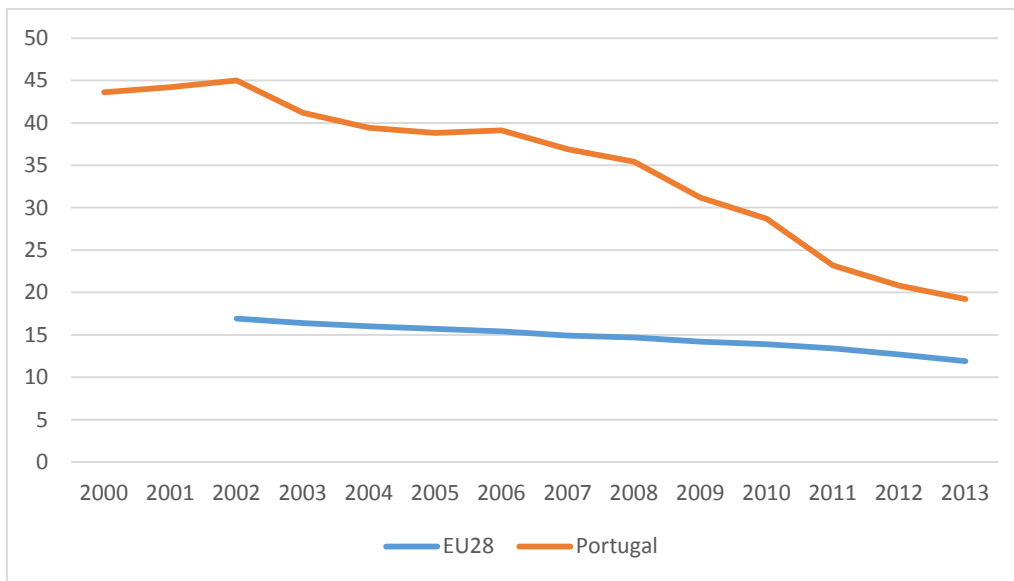
elementary level and, even for the few that managed to trickle beyond that level, it offered secondary level based on a heavily segmented offer of vocational and regular university-oriented pathways in secondary level. Furthermore, it tolerated – if not regarded as a necessary for the fulfilment of its elitist objectives - extremely high levels of school failure and school dropout. As a result, in 1973/74, on the eve of the democratic revolution, only 17,2% of 17-year-olds in Portugal were enrolled in any kind of education and, of these, only 6,2% were enrolled in upper secondary education.

After 1974, the segmented system was abolished and enrolment rates quickly grew. Yet the rhythm of recovery of this qualification deficit was slow, as school failure and school dropout levels remaining very high. By 2002, Portugal still presented the highest level of early school leaving in Europe, with 45,0% of Portuguese aged between 18 and 24 years having neither concluded secondary level education nor being at the time enrolled in any type of training – a massive 28,1 p.p. above the then European average. Tertiary attainment was also very low for European standards, with only 9,1% of those aged between 30 and 34 years having obtained a higher education diplomas in 2002 – a full 10,5 p.p. below the EU average. Pre-schooling also fared poorly, with the proportion of 4 to 6 year olds in early education standing at 76,6% in 2000.

This situation improved considerably since the early 2000s, owing much to deep transformations in the Portuguese education system, including: (1) expansion of compulsory education from 9 to 12 years, which mainly implied setting upper secondary as the minimum threshold in qualification; (2) diversification of education offers, through the mass introduction of upper secondary level vocational training courses in public schools; (3) investment in renovation and re-equipment of public elementary and secondary schools; (4) the setting up of a national network of recognition of informal competences and of adult education courses in public schools and private institutions – an element hitherto marginal in the Portuguese education system and also crucial, given the low qualifications of adult population .



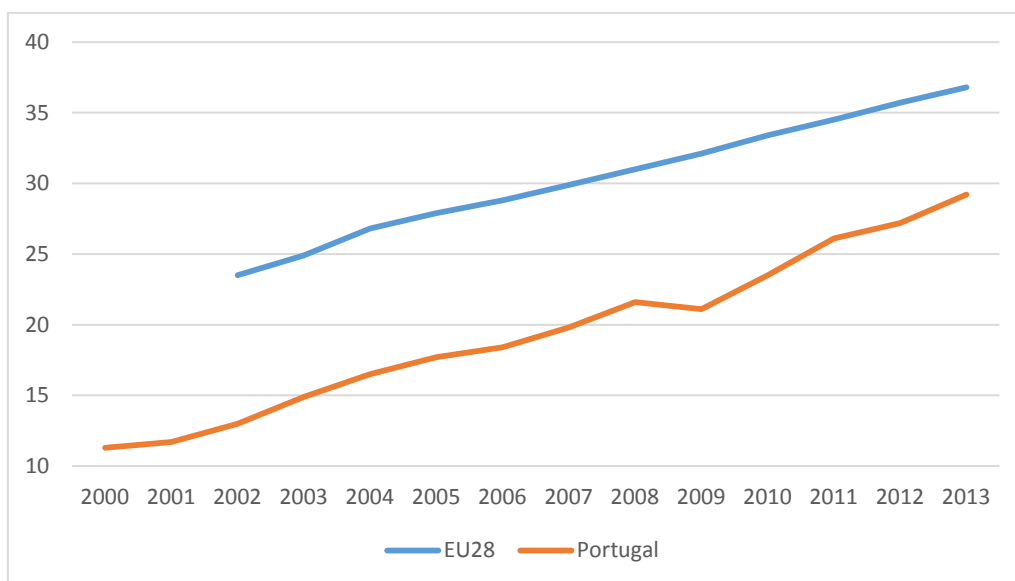
**Figure 20 - Early school leaving rate in Portugal and the EU**



Source: Eurostat

As such early school leaving dropped very quickly in the second half of the 2000s. Still standing at 39,1% in 2006, it had fallen to 19,2% by 2013 – still 8,0 p.p. above the EU average, but a remarkable recovery in such a short period of time given the starting point and previous evolution. Tertiary education attainment also rose significantly in the reference period, which can be related to the increasing of the recruitment pool of secondary education graduates: by 2012, 24,3% of persons aged between 30 and 34 years had a higher education diploma – representing an increase of 14,6 p.p., though still 9,0 p.p. short of the EU average. Finally, early education participation rose 18,4 p.p. since 2000, to 95,0% in 2013.

**Figure 21 - Population with tertiary education attainment (%)**



Source: Eurostat

Now, as seen above, investment in education as part of GDP began to drop on 2010, a situation that worsen in 2011 – the latest year for which there is information available on Eurostat. In fact, education was a major target for austerity measures from 2011 onwards; in 2013, the total public budget for education had fallen by 22,2% relative to 2010. Some policy areas were severely hit: renovation and re-equipment of public schools were suspended while the national network for adult education was gradually dismantled until ceasing to exist by late 2012, not being replaced by any systematic offer of adult education up to the current date.

The effects of austerity are still hard to discern at this level, due to the time-lagging nature of both the early school leaving and tertiary attainment indicators.<sup>6</sup> However, computing official statistical data from the Portuguese Ministry of Education and Science (DGEEC, 2013; DGEEC, 2014) allows for the detection of 7,7% drop in the number of new enrolments in higher education in Portugal between 2011/12 and 2012/13 school years alone. Also, other indicators from Eurostat indicate a slowing down and even a possible inversion of the educational development registered in the late 2000s. Having rose by 43,2% between 2007 and 2009, the total number of

<sup>6</sup> Effects of drops in participation in secondary and higher education level can only fully be assessed as age cohorts hit the age interval measured by these indicators (18 to 24 year-olds in the case of early school leaving rate and 30 to 34 year olds in the case of the tertiary attainment rate).

students in upper secondary in Portugal began to fall rapidly from 2011 onwards. By 2012 the number of students had already dropped by 17,4% in relation to 2009.

## 1.7. Health

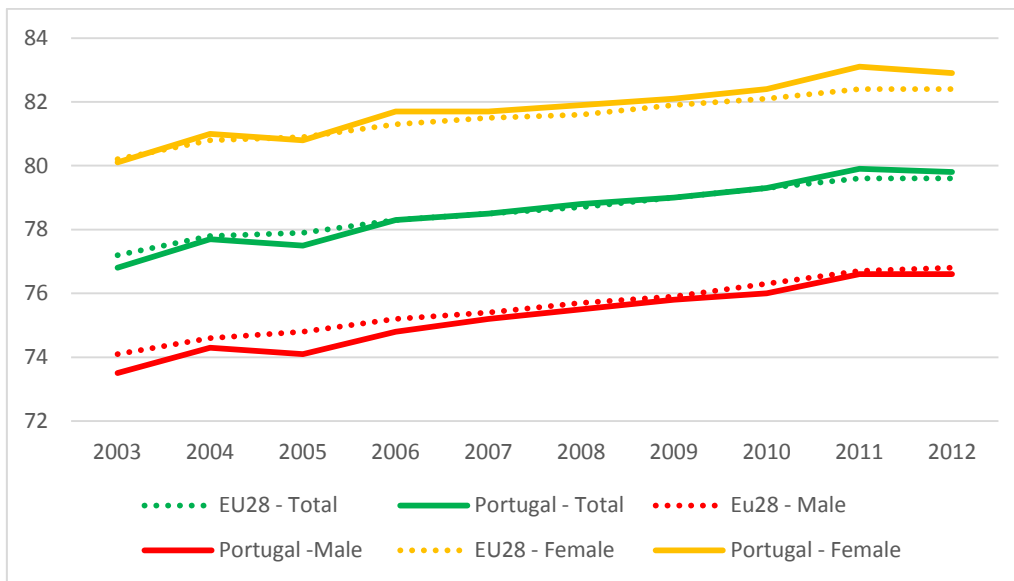
In Europe the overall tendency of public investment in health is one of convergence. Nevertheless, Portugal has one of the lowest rates of public investment in health in the RESCuE sample, only behind Poland. In fact, we can observe a slight decrease in investment between 2003 and 2011, from a rate of 6.41% of the GDP to a rate of 6.33%.

In gross terms this slight decrease is greater, since the GDP also declined during this time period. However, the lesser public investment has not represented a worst performance of the health system. In fact, in some key indicators - like infant mortality and life expectancy at birth - the results show a similar or even better performance than the countries from the North and Center of Europe, which suggest better levels of efficiency.

Portugal has a life expectancy rate similar to the rest of the countries included in the RESCuE sample, with 79.8 years of life expectancy at birth in 2012. For this year, all the countries included in the sample had values from 76.3 years (Poland) to 81.8 years (Spain), while the average for the European Union was 79.6 years. From 2000 to 2012, we can observe a consistent increase of the life expectancy at birth in Portugal, from 76.8 years in 2000 to 79.9 in 2011, its higher value. 2012 indicates to a slight decrease, which suggests some impact of the austerity policies.

Regarding gender differences, Portugal follows the general trend with much higher life expectancy among women than men. In 2012, while men registered 76.6 years women registered 82.9 years. The most noticeable inference in this indicator is the tendency of slight convergence, with men gaining 3.3 years between 2003 and 2012, while women gained 2.9 years in the same time period.

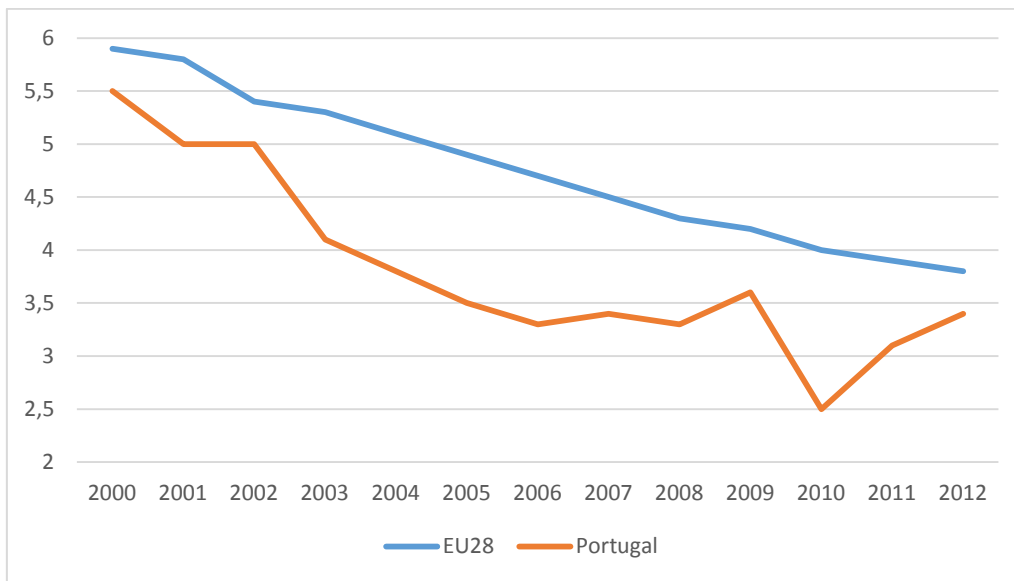
**Figure 22 - Life expectancy in Portugal and the EU, 1 year-olds, total and by sex**



Source: Eurostat

Between 1974 and 2011 Portugal observed a decrease in the rate of infant mortality from 37.4‰ to 3.1‰, only behind Finland in the RESCuE sample, and 0.8‰ lower than the European Union’s average. Two aspects should be observed from the analysis of this indicator. The first one is that even in 2000 Portugal registered a better infant mortality rate than the European Union’s average, at 5.9‰, 0,4 p.p. above Portugal. That is followed by a much better performance of Portugal during the next 8 years. If both saw their rates drop, Portugal observed a decrease of 2.2 p.p. while the European Union only dropped 1.6. However, in recent years, this rate has recorded an alarming negative trend. Between 2010 and 2011 it recorded an increase from 2.5‰ to 3.1‰. This negative trend was enhanced in 2012, recording another increase to a rate of 3.4‰.

**Figure 23 - Infant Mortality Rates in Portugal and the EU (%)**

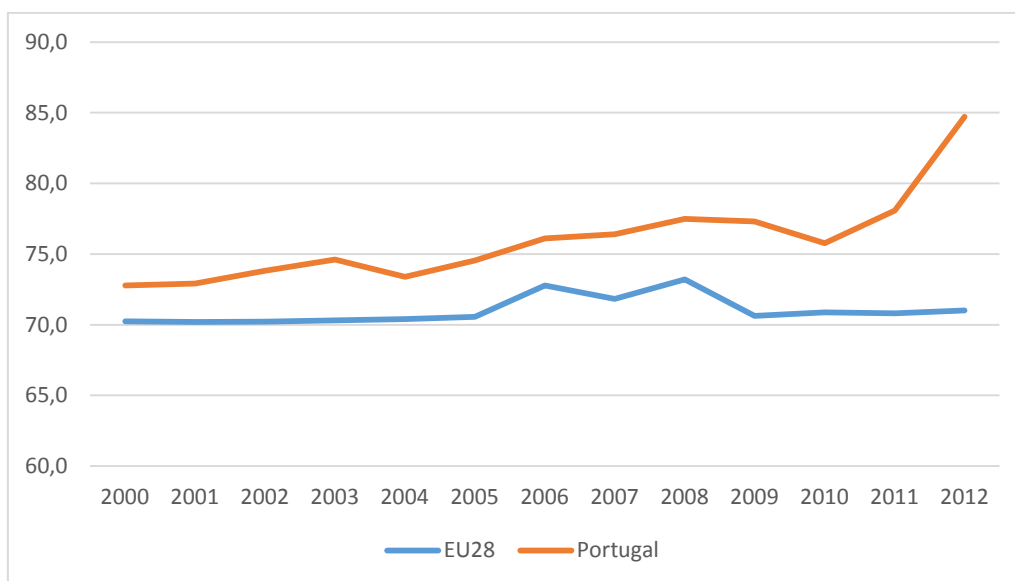


Source: Eurostat

The analysis of these indicators is valuable to illustrate the evolution of the health system in Portugal and to understand the different trends and challenges posed by the crisis and the economic political response by European institutions and the Portuguese government. On one hand, it reinforces the thesis that Portugal presents a better efficiency than most of the European Union countries. On the other hand, with the crisis, but mostly since 2010, the performance dropped. This inversion cannot be explained without accounting the cuts on health public services as a result of the austerity program and the worsening of families' life conditions, as a consequence.

The austerity measures in public investment have had direct impacts on family's expenditures, which is visible with the indicator of out-of-pocket expenditure. The expenditure in Portugal has been above the European Union's average since the beginning of the sampled time period. In 2000 it registered 72.8% against 70.2% in the EU. Throughout the last decade this rate has been increasing in Portugal, a trend that is not met by EU average, which is characterized by a path of stability – in the EU the highest rate registered was 72.8% in 2006, recording 71% in 2012.

**Figure 24 - Out-of-pocket health expenditure (% of private health expenditure)**



Source: World Bank

Meanwhile in Portugal the current trend is one of high increase, particularly in the last two years, creating an even bigger gap with the European partners. From 2010 to 2011 the rate increases from 75.8% to 78.1% and between 2011 and 2012 the rate reaches a record value of 84.7%. Only Greece has a higher rate.

One of the main trends in health services in Portugal relates to generic drugs, whose use quickly spread after 2005 (Maria, 2007). This measure should have represented both a decrease of public investment in prescript drugs and a smaller burden for people and households. However, while the public investment in fact decreased, the out-of-pocket expenditure for families increased alarmingly.

To explain this negative trend three types of factors should be considered. Firstly, there was an increase of taxes on public health services, making them (in some cases) almost as expensive as the private health services. At the same time there have been several cuts in services and in human resources, which resulted in harder access to health by families and decreased quality of health services. Secondly, the state decreased their rate of co-payment, and even cut coverage, on several medicines, which consequently increased the burden for families. Thirdly, the worst conditions of life of most families, especially the more vulnerable to poverty, were met with several reports that indicate worse health conditions of the population.

Regarding the third factor, the Spring Report of 2014 of the Portuguese Observatory of Health Systems – emphatically titled “Health: syndrome of denial” – presents a set of alarming data that shows the impact of austerity policies in public health (OPSS, 2014). The report’s conclusions points to a set of alarming signs in public health, linking them with cuts in public investment, namely:

- Regarding mental health, it identifies an increase of the depression rate;
- Regarding lifestyles, the findings point to a decrease of animal protein consumption that is not related to any kind of diet or healthier lifestyle;
- Regarding the consumption of prescript drugs, it shows an increase of the consumption of anti-depressives and anti-psychotics and alarming failures in the stock of medicines in pharmacies;
- Regarding infectious diseases there’s been an increase of HIV virus in more vulnerable populations and a decrease of tests made. These trends are met with a very accentuated decrease in the distribution of free syringes (cuts around 60%) and condoms (cuts around 70%).
- Finally, the data point to an alarming increase of deaths by respiratory diseases, in the order of 25%, with the mortality rate by pneumonia being the double of the European average.

## 1.8. Values and attitudes

In the context of the crisis monitoring citizens’ attitudes towards public and political institutions assumes greater relevance. The analysis of these tendencies allows testing the soundness of democracy, to the extent that significant losses of confidence in institutions are usually accompanied by the fragmentation of the bonds of solidarity and national cohesion, paving the way for the emergence of non-democratic movements. Data provided by the European Social Survey is particularly helpful to identify changes in trends over time and compare tendencies across Europe.

The analysis of the data regarding citizens’ trust political institutions – in this case country’s Parliament and European Parliament – shows that the Portuguese citizens reveal low trust in both institutions. Curiously, the levels of trust regarding the

European Parliament are slightly higher than those of the Portuguese Parliament, in both cases at the bottom end of the RESCuE sample in the time period considered (only Poland has worst levels of trust).

If a higher distrust seems to be a trait of the Portuguese people, the most recent values indicate some worrisome trends related to the impacts of the crisis. In both these indicators the 2012 values (2,57 in Portuguese Parliament and 3,18 in European Parliament) mark a low record of trust, placing Portuguese citizens in the absolute bottom of trust in the sample.

This recent trend is in consonance with the tendencies identified in other indicators, relating the change of performance or results to the political and economic responses to the crisis. If the 2010 values already show a drop in citizens' trust, the 2012 results show a higher and deeper fall, which meets the implementation of austerity measures. In the case of the Portuguese Parliament the fact that the Coalition government has the majority of votes and the political support of the President, leaving almost no resources for the opposition parties to negotiate or include their points of view in the measures taken, should be considered when observing the results. Between 2008 and 2012 the level of trust dropped almost 1 point. Only Spain registers a similar downfall.

One aspect that should be highlighted is the relative constancy of trust in the legal system. Even though the Coalition government has made several accusations to the Constitutional Court related to austerity measures that they wanted to implement, which the latter court dismissed, the trust levels did not decline. On the contrary, they improved slightly, showing a complete different trend than the political institutions. The data suggests that the Portuguese citizens rely in the legal system to protect them against the austerity program and the concentration of power of the Coalition Government.

The impact of the crisis in the relationship between citizens and the government also finds correspondence in the positions of peoples regarding the role that the latter must have in reducing differences in income obtained. If it's true that Portugal, in the context of the RESCuE sample, is the country where citizens tend to show more support to the government's role in reducing income differences, the crisis and the



following austerity measures, looking at the tendency of the indicator, strengthens this position.

The second phase of political and economic responses in Portugal introduces the first concrete evidences of the austerity measures' impact in people everyday lives. This impact can be observed in the citizens' views of the state of education and health. While the tendency in both indicators since 2002 until 2008 is one of increase, reaching in the latter year their record values - in both cases with a value of 4.52, which represents an improve of 0.79 points in the case of education and of 1.22 in the case of health. However, the 2012 results show a change in these tendencies with a decrease on the evaluation of the quality of these services, registering 4.38 in the education system and 3.99 in health system.

Therefore, data suggests that cuts in education and health have correspondence with a less favorable perception of citizens about the quality of both the state of education and health. These trends coincide with the implementation of austerity measures, as a consequence of the Troika Memorandum. Between 2008 and 2010 the perception about these key areas was at their highest point. More than the crisis, the cuts in these areas influenced the perception of citizens.

Regarding the immigration topic all three indicators selected behave similarly. They registered a positive path between 2002 and 2008, indicating a more inclusive and diverse society, that is trending to give more value to the immigrants, both in economic and cultural aspects. Since the crisis of 2008 the tendency has been one of decrease, reaching in 2012 values lower than those of 2002. In terms of the impact of immigration on economy in 2012 it registered 4.37, against 4.96 in 2002 and after a high value of 5.07 in 2008. In terms of the impact on cultural life, in 2002 registered a 5.38 positive view, which decreased to 5.04 by 2012, after a top value of 5.61 in 2008.

## Part II: Crisis, poverty, welfare state and social economy

### 2. Poverty and crisis in Portugal

#### 2.1. Conceptual and theoretical debates on poverty, crisis and resilience in Poverty

The fascist dictatorship that ruled Portugal until 1974 was very reluctant towards the development of social sciences and very much hostile to sociology in particular. Thus, although data on income had long been collected by the National Statistics Institute (INE), poverty only began to be widely studied as an object of scientific inquiry by Portuguese researchers after the Democratic Revolution of 1974. One of the pioneers in poverty studies in the country was Manuela Silva, from the now-called Higher Institute of Economics and Management (ISEG) of the University of Lisbon, who published an article on poverty in Portugal using the data from the Surveys of Families Income by INE and making use of the concepts of absolute poverty and relative poverty as a conceptual framework (Silva M. , 1982).

Manuela Silva was also part of a team comprising Alfredo Bruto da Costa, José Pereirinha and Manuela Matos, who published a seminal book on Poverty in Portugal in the mid-1980s, stemming from a research project conducted for the Center for Christian Reflection. Based on the concepts mentioned above, the book explores new waves of application of the Household Budget Survey, also promoted by INE, which takes place every five years in Portugal. Moreover, the authors conducted a specific survey on the life conditions of the poor families in Portugal, using a subsample extracted from the Household Budget Survey (Bruto da Costa, Silva, Pereirinha, & Matos, 1985).

The Center for Christian Reflection gave origin to Center for Studies in Social Intervention (CESIS), which since the early 1990s has been working on poverty and on the various dimensions of the respective concepts. In the same line of research, Alfredo Bruto da Costa defended his doctoral thesis at the University of Bath (UK), in the early 1990s. His thesis is focused on poverty in Portugal and explores the same

data used in former research (Bruto da Costa, *The Paradox of Poverty: Portugal, 1980-1989.*, 1992). Meanwhile Leonor Vasconcelos Ferreira, in her doctoral thesis in economics – later published by the Social and Economic Council (CES) explored the same set of data to experiment other indexes of poverty and to compare the evolution of the phenomenon over time (Ferreira M. L., 2000).

The works based on the concepts of absolute and relative poverty multiplied from then on, driven by a group of researchers led by José Pereirinha and Carlos Farinha Rodrigues at ISEG and are still a major current of research on poverty in Portugal today (Rodrigues C. F., *Distribuição do Rendimento, Desigualdade e Pobreza: Portugal nos Anos 90*, 2008; Rodrigues & Andrade, *Monetary Poverty, Material Deprivation and Consistent Poverty*, 2012; Pereira, Pereirinha, & Passos, 2009; Albuquerque, Arcanjo, Escária, Nunes, & Pereirinha, 2010).

In particular , and based mainly on data from the European Household Panel and later on the European Union Statistics on Income and Living Conditions (SILC), Carlos Farinha Rodrigues has been exploring in detail the inequalities and the impacts of poverty combat policies in the reduction of the phenomenon (Rodrigues, et al., 2007).

Another current of research on poverty began to take form in 1987, when Portugal joined the II European Programme for Fight Against Poverty. This program was based on research-action projects. The projects allowed for the creation of a vast stock of qualitative information on poverty, which was used in the research "Social Exclusion - Factors and Types of Poverty in Portugal", João Ferreira de Almeida, Luís Capucha, António Firmino da Costa, Fernando Luís Machado, Isabel Nicolau and Elizabeth Reis (*Exclusão Social : Factores e Tipos de Pobreza em Portugal*, 1992), all from ISCTE-IUL. Besides this general data, they also constructed an indicator of vulnerability to poverty by county.

The product of this research with the greatest impact was, however, a typology of "poverty ways of life" in Portugal. This indicator was constructed from the identification of vulnerable groups from "objective" indicators and the respective intersection with the attitudes, representations, life strategies, models of family organization and other defining parameters for different lifestyles among vulnerable

families living in similar conditions and with similar profiles.<sup>7</sup> Further developments of this typology can be found in the work of Luís Capucha (*Desafios da Pobreza*, 2005), who as also extensively worked on the impacts of public policy on poverty in Portugal (Capucha, Bernardo, & José, *Social Exclusion and Poverty in Europe: New Social Problems and New Priorities for Social Research*, 2001)

Other participants in the II European Programme for Fight Against Poverty were Alcides Monteiro, who has focused on the phenomenon from a micro sociological perspective; and Fátima Toscano who has developed a critical approach to the concept of poverty based on the deconstruction of the assumptions of traditional studies of poverty (Toscano, *Os Conceitos de Pobreza como Categorias de Análise Sociocêntrica: Uma Leitura das Abordagens Sociológicas do Industrialismo*, 1992; Toscano, *Pobreza e requalificação socio-identitária: uma leitura sociológica crítica da tradição dos estudos sobre a 'pobreza'*, 2012)

From 1997 to 2000, a large team of researchers from ISCTE – University Institute of Lisbon and from the Oporto University conducted a major study on Competitiveness and Social Exclusion in the Metropolitan Areas of Lisbon and Oporto, which brought together a lot of critical information, qualitative and quantitative, on poverty and social exclusion in those metropolitan areas. One of the main researchers of this project was Eduardo Vítor Rodrigues, whose PhD thesis made use of both qualitative and quantitative data on Minimum Guaranteed Income beneficiaries in Oporto collected during the project. From it, Rodrigues presented these beneficiaries as very heterogenous group regarding trajectory and aspirations, identified a typology of “social immobilisms” – that is, factors hindering social reintegration - and discussed the characteristics public policy that either fostered or defused such immobilisms (Rodrigues E. V., 2010).

Today, the core research groups are all still active: at ISEG, where the focus has been on the updating of econometric procedures of the phenomenon of poverty (including "fuzzy set theories", the risk of poverty and social exclusion indicator, the "material deprivation rate", and "multidimensional poverty index) (Nunes, 2012; Bastos, Machado, & Passos, 2011); at ISCTE-IUL, namely the Center of Investigation and

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<sup>7</sup> See section 2.2.

Studies in Sociology of the University Institute of Lisbon (CIES-IUL), where an Observatory of Inequalities is working and where the most sociological-driven approaches continue to generate scientific production in relatively abundant fashion on poverty (Capucha, Poverty and Social Exclusion, 2009), social inequalities (Costa, 2012) and also on specific vulnerable groups, such as young adults and the growing precariousness of their labour market insertion (Alves, Cantante, Baptista, & Carmo, 2011),

Most of the research theoretically follows the traditional economic concepts of absolute poverty, relative poverty and subjective poverty and the subsequent developments in the measuring of poverty. The study of the “ways of life” is also inspired in the concept of “culture of poverty”, but is mainly based on general sociological theories about the relations between social conditions and cultural dispositions. The issues of local development and social inequalities have also been mobilized. The notion of “social exclusion”, both as “rupture in social ties” and “rupture in social contract / exclusion from rights” have been discussed but, because of its nature, did not give place to empirical research, except for a few academic works about the homeless. The concept of social resilience has been virtually absent from the research on poverty in Portugal up to now.

Regarding the main points of contention in scholarly debate, they concern: the utility of the notion of “social exclusion” for empirical research; the multidimensional nature of poverty and how to capture this reality; and the implications of the conceptions about poverty in the policy making process.

## **2.2. Traditional vulnerable groups /categories in each countries: living conditions, lifestyles, values and practices**

Following the works of Capucha(Desafios da Pobreza, 2005), the categories traditionally more vulnerable to poverty tend to be distinguished not only by objectively observable attributes (age, sex, family status, conditions in employment, income, nationality, etc.), but also by cultural rules and dispositions. The intersection

of both analytical fields creates the space of attributes for a typology of the “ways of life of poverty” in Portugal, which includes 8 ideal types:

1. "*Destitution*", typical of individuals and families in extreme precariousness, without any type of life strategy and almost completely dependent on public or private assistance for survival (e.g. homeless; very poor families with large number of children);
2. "*Restriction*", individuals and families having a minimum of resources for day-to-day survival and self-awareness of their poverty situation, but lack of capability to envision strategies for escaping poverty. Present mainly among low-skilled workers, low-wage, unstable jobs, agricultural workers, pensioners with low pensions, single parents and people with disabilities.
3. "*Double reference*", typical of poor immigrants with a minimum of resources for survival and occasional situation of ostentatious consumption behavior. Life strategies based around the idea of accumulation of economic capital hoping for a return to the country of origin (which rarely occurs).
4. "*Parsimony*", typical of the peasantry and the partial peasantry. Resources coming from subsistence agriculture at home and informal activities. Very restricted consumption allowing for the sell of occasional surpluses to complement low incomes.
5. "*Sociability*", emerging among residents of poor urban neighborhoods, oriented for hedonism as occasional strategy of inversion of everyday life characterized by shortages and precariousness;
6. "*Investment in mobility*", more typical of poor workers but with stable labour relationships and some measure schooling. Strong restriction on consumptions and heavy focus on the education of children, self-presentation and/or savings for later in life. Life strategies focused on intergenerational mobility and/or hierarchical progression at the workplace;
7. "*Transitoriness*", referring to individuals or families that have fallen recently on a poverty situation due to the abrupt interruption of family or professional trajectories (e.g. divorce, death of a household member, unemployment). Life projects centered on the return to the previous non-poverty situation, though

with risks of falling in to other ways of life through accommodation or incapability.

8. "*Disaffection*", typical of of drug addicts, inmates/former inmates and children at risk, with scarce resources either made available by institutions or obtained from informal activities and/or crime. Characterized by lack of long-term life strategies, isolation and orientation to marginal values and contexts.

### 2.3. The crisis and its impacts on poverty ways of life

Portuguese society experienced a period of relative stability and economic growth after joining the European Communities, which made almost residual the presence of "*transitoriness*". Following the 2007-8 crisis and the austerity policies from 2010 onwards, "*transitoriness*" returned to the scene dramatically. Daily evidences of the long-term impact of unemployment and the ineffectiveness (or retrenchment) of income support policies are broad, leading thousands of people and families to fall into a situation of extreme precariousness. The absence of mechanisms of resilience makes its situation particularly serious and puts on the horizon the possibility of turning into "*destitution*" if solidarity mechanisms are not triggered.

The presence of this way of life in terms of exclusion tends to grow and the right—wing government goal of replacement of national solidarity by local charity all but strengthens the ties that bind poor people to their extremely precarious conditions.

The social crisis and the restriction of regular life opportunities tend to be associated with the growing presence of behaviors such as drug abuse and petty crime. For example, after more than a decade with new cases of drug addiction decreasing, one can now observe the increased presence of "*disaffection*" in society, with all the set of disorders usually associated with it, as the increased sense of insecurity and crime.

The way of life less affected by the crisis is perhaps the "*sociability*". Its presence in society has remained stable and the strength of the ties that integrate the communities' characteristic to this way of life, as well as the skills developed by individuals and families to survive in situations of insecurity and instability, are major

factors of resilience. The continued decrease in available resources, however, will cause some worsening of the living conditions of these families.

As for immigrants, the trend after the crisis is complex and has contradictory effects. As we have seen in Part I, after a period of strong growth in immigration, which made Portugal a net receiver of immigrants (without ever abandoning emigration completely), the country ceased to be attractive due to the crisis. Not only many of those who came are now leaving, but a new wave of Portuguese emigration began to take place also. The presence of the "*double reference*" type, particularly affected by unemployment and precariousness, decreased its size due to immigrants either searching for other destinations or returning to their countries of origin, many of them in an accelerated growth process. For those who stayed, the worsening of living conditions approaches them even more to the "*restriction*" way of life and for some of these people, falling into a situation of "*destitution*" is a likely possibility.

Aging and the abandonment of non-capitalist agricultural activity has long been transforming peasantry into a social class in decline. Economic crisis do make some unemployed return to peasantry sporadically, but this situation tends to be seen as a provisional solution. Against a background of economic depression and retraction of domestic consumption, farmers have greater difficulty in placing the production surplus in the market, invalidating one of the main components of the "*parsimony*" lifestyle, thus making it increasingly rarefied.

Parts of the peasants are drawn to the social categories that tend to develop "*restriction*" as a way of life, which was also strongly affected by the crisis. In recent decades the lowest wage threshold increased, albeit slightly. Also the available income of the elderly on low incomes also increased. This was due partly to higher pension resulting from longer and better paid employment careers but also, as we have seen, due a result of the introduction of a set of measures to combat poverty in this age group, such as the Elderly Solidarity Complement. In recent years, the low skilled, low-paid and precarious workers experienced all these situations worsen and pensioners on low incomes were not spared by the austerity policies. The extreme scarcity in which they live is are now being aggravated and the respective decay will accentuate to the intolerable limits of their condition.



Years of wage growth and democratization of access to education have been favorable to the way of life of the "*investment in mobility*." After the crisis, whose impacts are devastating to nearly all the poor population, this way of life will likely see decreased its quota. In fact, families living slightly above the poverty threshold, but who also developed strategies to social promotion, will join the number of those living below the poverty line. The question is to what extent the diminishing labor income and unemployment will push individuals and families for ways of life as "*destitution*" and "*restriction*". On the other hand, the path of investment in education of young generations - already difficult to achieve because of selection mechanisms that, despite improvements, had not been eradicated from the Portuguese school system - became even more hazardous, due to the disinvestment in education by the current government.

### 3. The welfare state and the crisis

#### 3.1. Main national political debates and changes in political context coming from the crisis

##### 3.1.1. Narratives on the crisis and changes in the political context

The two-wave crisis stemming from the 2007-8 global financial crisis did have relevant impacts in electoral terms. At the time of the global crisis, the center-left Socialist Party (PS) was governing with an absolute majority, achieved in the 2005 general elections. By the 2009 elections, PS had lost the absolute majority but still held a plurality in Parliament. However, the Eurozone debt crisis and the austerity turn in the EU from 2010 onwards would quickly undermine support for the PS government. The first austerity package was presented and approved by the Parliament in March 2010 and was quickly followed by two other packages in May and September. The rejection of a forth austerity package by the Parliament in April 2011 precipitated the cabinet's resignation and the calling of general elections for June 2011. Crucially, the resigning government was forced to negotiate a rescue package with the EC-IMF-ECB "Troika" before the elections, in a process in which representatives of the center-right Social

Democratic Party (PSD) and right-wing Popular Party (CDS-PP) were fully integrated on the negotiation team. Incidentally, the MoU that accompanied this rescue package comprised much harsher austerity measures than any of the previous in internal packages. PS then proceeded to lose the general elections of June and a PSD/CDS-PP coalition government took office for the 2011-2015 term.

In order to fully understand this change in political context, it is important to take into account the conflicting nature of the discourses on the public sphere on the crisis and its roots. Indeed, the 2011 general election campaign was very much centered on the issue of Portuguese debt crisis and the looming Troika intervention.

Two contrasting narratives had been taking shape in the months leading to that intervention, each adopted by one of the two major parties. On the one side, PS and the outgoing Prime Minister, José Sócrates, stressed the international nature of the financial crisis and as the raising public deficit as an inevitable consequence of the coming into play of automatic stabilizers during the first wave of the crisis and that resolution of the crisis had to take a coordinated European effort. On the other side, PSD campaigned (and eventually carried) the election on the premise that the debt crisis was essentially a national problem stemming from the incompetence of the PS government.

In this latter version, the roots of the debt crisis were presented as double. The first was a more structural one: public deficits were the result of an increasingly “fat state”, with fast-growing intermediate consumptions (that is, acquisition of goods and services by the state) that the PS government had fueled and was unwilling or unable to thwart. The second was a conjunctural one: the lack of trust of international financial markets on a discredited government. Thus, the central goal of the PSD electoral programme was to regain the trust of financial investors in the Portuguese state by showing the new government’s determination on drastically reducing of public expenses, fulfilling its public debt obligations and building a more business-friendly environment – through lowering corporate taxes and social security contributions by employers. The PSD programme stated such drastic public expense could be achieved mainly through what the then candidate and future Prime Minister Pedro Passos Coelho deemed “cuts on the fat tissues of the state” (DN, 2011): the

reduction said intermediate consumptions – through reducing and merging government ministries as well as public bodies such as public foundations, institutes and universities – and the cancelling of ongoing infrastructure projects<sup>8</sup>. Crucially, public services provision levels were to be left untouched (PSD, 2011).

However, a third narrative emerged in the context of the Troika intervention and eventually became dominant in political discourse after the elections. It was epitomized by President of the Republic Aníbal Cavaco Silva (himself a former Prime Minister for PSD between 1985 and 1995) public addressment on television, on the day of the signing of the Troika MoU. According to Cavaco Silva, the root of the crisis was not just state profligacy but also that fact that the Portuguese had been “living above their means” in the years leading to the crisis. Consequently, they needed “to change attitudes and behaviours”, through “changing consumption patterns... avoiding superfluous and unnecessary expenses, turning to national products and reducing their own indebtedment” (Silva A. C., 2011). This narrative carried strong moralistic overtones; according to the new Government and its supporters in the media, heavy austerity on the context of the Troika intervention was thus not to be seen as a foreign *imposition* on Portugal but as a unique *opportunity* for the transformation of what were supposedly fundamental “character flaws” in Portuguese society: dependency of the state, consumerism and lack of individual initiative<sup>9</sup>. Within this narrative, the reduction of salaries and pensions, the de-regulation of labour relations and the reduction of provision of public services - that had not constituted issues during the election campaign - could now be presented as necessary corrections to address such flaws.<sup>10</sup>

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<sup>8</sup> Examples of such projects were the new Lisbon Airport, the new bridge over the River Tagus in Lisbon and new high-speed (TGV) train connection to Spain. The three were effectively suspended by the new Government.

<sup>9</sup> Publishing of popular books from center-right and right-wing commentators that insisted on the “crisis as opportunity” trope were plentiful in the years from 2010 to 2012. See for example (Lourenço, 2012; Ferreira J. G., 2013; Carreira, 2011)

<sup>10</sup> A recurrent trope of the PM discourse in the first months after the election was effectively the intention of the government to go “farther than even the Troika dared” (Publico, 2011; Expresso, 2011)

### 3.1.2. The field of poverty fighting: actors, discourses and interventions

Opinion polls that take place in Portugal show that fighting against poverty should be, from the citizens point of view, a priority and also that it is the responsibility of the state (see Eurostat), although some signs of prejudice towards groups such as drug abusers and Roma people can be detected in this regard.

In political party terms, positions on this subject tend to follow a left-right divide. Although the notion of the fight against poverty as a duty of the state is consensual, the way this duty is to be fulfilled differs a lot between the political parties. For PS (and also by the other left-wing parties with parliamentary representation such as the Portuguese Communist Party (PCP) and the Left Bloc (BE)), redistribution of wealth through social transfers is the mainstay of the fight on poverty, with non-monetary support (e.g. distribution of food, clothes and other essential goods) by private charities and NGOs playing a strictly complementary role.

In contrast, for PSD and CDS, the fight on poverty should be essentially based around the interventions of these private charities, often on the basis of the claim that these organizations have a more complete knowledge of poverty situations than any state agency may have - and thus focus of non-monetary support. Thus, these institutions should benefit from a much larger share of the social spending of the state than they currently do, in order for their interventions to be adequately supported.

These ideological differences have had practical consequences along the years. The main measures to fight poverty were created during center-left PS government tenures (1995-2001 and 2005-2011), such as an the Elderly Solidarity Supplement (CSI) or the Minimum Guaranteed Income (formerly RMG, now RSI). PSD and CDS-PP tend to strongly oppose such measures– with the paramount example being the creation of the Guaranteed Minimum Income – and, though never actually annulling them, have always proceeded to reduce their levels of benefits and/or restrict access to them once in power. Typical of the PSD and CDS-PP safety-net approach is instead the current Government flagship programme for “social canteens” – that is, places providing meals for the very poor, run by charities and funded by the state.

The Catholic Church is the main player in this field, both directly and through a vast array of organizations affiliated with it. Charity organizations are active players in the development of social facilities and local projects to fight poverty. The Church usually takes position in favor of anti-poverty policies, although the tension between a traditional poverty-alleviating and a more modern solidarity-oriented intervention still runs in its public discourse and intervention. Also, while not questioning the State's role in funding poverty fighting interventions, it does defend that a larger role in such interventions should be ascribed to private organizations.

Employers' associations and trade union confederations do not play a significant role in direct providing services or financial assistance. They do, however, play an indirect role regarding the actualization of the minimum wage. Trade unions also play a more important role through negotiation of wages at sectorial and firm level. Regarding public positions on the matter, both the larger CGTP – where trade unions affiliated with PCP are in majority – and the smaller UGT – where trade unions are predominantly affiliated with PS - tend to follow the positions of those political parties.

### **3.2. Integration of resilience concerns in policy design and implementation**

Social Resilience as a term and concept is very much absent from policy design in Portugal. It should however be mentioned that that a possibly related idea of “activation” has oriented a significant part of employment and social policies in the country since the mid-1990s. This idea of activation took shape in the context of the several versions of the European Employment Strategy. It addresses unemployment and poverty not as an individual's fault but as consequence of the interplay of factors such as lack of formal education, social prejudice and discrimination, of informal activities and precariousness in labour relations. Thus, active employment and social policies should be conceived and implemented having as a goal the suppression of these factors (Pedroso, et al., 2005).

Despite this general orientation, it is questionable how in the current of institutions on the ground – such as employment centers and social security units - actually implement active policies and, if so, what is the relative priority they assign to

combatting the works each of those factors (Pedroso, et al., 2005). Furthermore, active policies always thread lightly on the edge of workfare, with several authors alerting for the risks that a neoliberal agenda turns activation policies into concealed ways of promoting state de-responsabilization and compulsory work schemes instead of beneficiary emancipation (Pedroso, Modelos de Ativação de Desempregados: Os Desafios Estruturais e as Condicionantes Conjunturais, 2010; Hespanha, 2005)

In the context of the hegemonic narratives of the crisis alluded in the section above, one can also detect another notion related to resilience in the current Government discourse – both in public speeches of the PM and in the justification of some social and employment policy measures – albeit one more akin to a “heroic conception of resilience”. This is the idea of *responsabilization*, by which an individual should for by their own means and creativity and no longer relying on a faltering state<sup>11</sup> So far, this has had two major realizations in policy terms.

The more direct realization of these is active promotion of entrepreneurship, though in a version that can be regarded as both crude and overly-individualistic<sup>12</sup>. The core of this version entrepreneurship is the assumption that unemployment is – at least partially – caused by the lack of willingness on the part of the majority of the unemployed to take the risk of creating their own businesses, preferring instead to take a “free-ride” on the efforts of “job-creators”<sup>13</sup>. Entrepreneurship-fostering policies would thus strive to promote a more risk-prone predisposition among the youth and the unemployed as well as providing access to capital through the form of micro-credit.

The PSD/CDS-PP Government specifically created a Secretary of State for Entrepreneurship<sup>14</sup> and set up a National Council for Entrepreneurship and Innovation (CNEI) as an advisory body on this matter. It also launched Strategic Programme for Entrepreneurship and Innovation, featuring measures such as: “Passaporte para o

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<sup>11</sup> See the RESCuE International State of the Art Report for further elaboration on the notion of “heroic resilience” and its pitfalls.

<sup>12</sup> See section 4 on this.

<sup>13</sup> Interestingly enough, this is contradicted by the fact that Portugal features traditionally some of the highest rates of self-employment in Europe. See section 1 on the labour market for data on this.

<sup>14</sup> In the Portuguese Governmental structure, Secretaries of State are the lower tier of executive power, being dependent of a Ministry. The Portuguese Secretary of State of Entrepreneurship is part of the Ministry of Economy.

Empreendedorismo [Passport to Entrepreneurship] or “Rede Nacional de Mentores”, featuring advice for business plans and a micro-credit line and targeted for young higher education graduates. No ex-ante or on-going evaluation is taking place on this Programme, so data on their effectiveness is sketchy. Regardless, both its target public –young graduates – and the statistics occasionally presented<sup>15</sup>, suggest it to be very limited.

A second, more indirect, instance of individual responsabilization was the more or less explicit appeal to emigration by the Government as a solution to unemployment. This took the form declarations from members of Government, such as the Secretary of State for the Youth, for whom “when unemployed, one should to leave one’s comfort zone and look for work abroad” (RTP, 2011) or the Minister of Parliamentary Affairs, according to whom “people shouldn’t have a poor man’s view of emigration” and that having “young, highly qualified persons search [elsewhere for work] and being ambitious is extremely positive”(Negócios Online, 2011). This type of declarations, however, waned as the statistics of emigration soared<sup>16</sup>.

## 4. Social economy and the crisis

### 4.1. Main impacts of the crisis on third sector intervention

The most important sub-sector of the third sector in Portugal is the area of “social action”, that is, social facilities and services addressed at children, older people, people with disabilities and fight against drug addiction.

Due to the history of the welfare state in Portugal these facilities and services are run by market organizations and, mainly, by what are commonly called “Particular Institutions of Social Solidarity (IPSS). There are more than 4.000 IPSS in Portugal, with the largest share of these being connected to the Catholic Church. The state supports these institutions paying them a certain amount by each beneficiary of the different

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<sup>15</sup> A recent communiqué from the Portuguese Institute for Supporting to Small and Medium Firms (IAPMEI) claimed the number of applicants that had been admitted to “eighth phase” of the Passport to Entrepreneurship measure is 850. INE estimated the number of unemployed persons in the first quarter of 2014 as 788 100.

<sup>16</sup> See section 1.1.

facilities. These amounts are negotiated by the Federation of the IPSS and Charity Organizations with the government. There has not been a reduction in the amounts and there have been some increases. But the financing of the facilities includes the payment of a part of the services by the beneficiaries who are in conditions to pay.

The implementation of the austerity program by the coalition government was followed by a political discourse invoking the need of retreat of the state of social action, due to immediate and long term financial constraints in the public budgets, concentrating its role of intervention to the lowest and unprotected sections of the population. The arguments supporting this proposal is that the welfare state causes an excessive and unbearable burden for the public budget, affecting the balance of public accounts. However, experts point out that this retreat of the state assumes more ideological contours than actually effective. That is, the state's investment in social welfare costs over the state today than it cost before the crisis. More than the actual cost or the balance of public accounts, what is at issue are the philosophy and the recipients of the investment of the welfare state in social action.

Regarding the impacts on the organizations, the IPSS are complaining that many families or beneficiaries are finding it very difficult to pay their part. In consequence of this situation, the debts of the organizations have risen and may amount to more than €160.000.000, which is posing serious problems to the management of the institutions. Even more so because they are also being pressed to respond to the effects of the crises with new measures, like benefits in kind, namely meals.

It begins to be passed the message by the government to those organizations that they have to be more entrepreneurial, pressing them to generate their own revenues. This is paving the way for the integration of management professionals for the third sector, appropriating the methods of management of enterprises for profit. According to academic specialists in this area, namely José Manuel Henriques, a prominent researcher in social work in Portugal, it is not clear that the optimal management for a company to be same for a third sector organization.

The economic conjuncture, aligned with the new role of these organizations, is accentuating and turning visible the lack of skills in the management of the third sector. The larger and more complex role of these organizations led to an increase of



the gap between the skills of the officers - whose experience is essentially located in shares of local or regional charitable foundation - and the nature and complexity of the challenges that currently arise.

At these organizations, the volunteer work is predominant and is rising. Besides the fragility of the responses based on volunteer participation and the limitations on the quality of the aid, due to the lack of qualifications of the volunteers in social work, three specific phenomena are gaining prominence in the current context. The first one is the lack of context and supervision in the work of volunteers and social workers, which poses risks both to the beneficiaries, social workers and may affect the quality of the interventions. The second one has to do with the increase of demand in volunteers. The organizations are faced with too much demand, that they are not able to fit their activities. Besides that, this kind of volunteer work is more focused on solving the problems of the volunteers themselves - in many cases recently unemployed persons - than those of the beneficiaries. Thirdly, there are evidences of the substitution of professional social workers by volunteers, due to budget cuts.

The inability of the third sector to respond to the extent of degradation of living conditions in Portugal does anticipate that the ongoing operation of shifting the social action to the Third Sector is coming to a point of saturation. According to José Manuel Henriques, these organizations begin to recognize that their greater capacity for action is collective and involves claiming to the State changes in the operation of the Third Sector.

Two perspectives of change emerge in Portugal. The first one involves the recognition that the crisis has tested the limits of the capacity of civil society interventions, being necessary and urgent a greater role of the welfare state, which has the real ability to solve large and complex social problems. The second one is the need to adjust state's funding to the current functions and responsibilities performed by these organizations, restraining state action merely to the financing component.

Regarding the methodologies of intervention and resilience practices, there's no conscious introduction of resilience discourse or practices. Like mentioned throughout this report, resilience is a new concept in social sciences and, consequently, in social

action. The first signs of these kind of practices in Third Sector action is the involvement of many IPSS in interventions based on micro-entrepreneurship - strongly encouraged by the government - as a way of solving unemployment. The overuse of this kind of response to unemployment, according to José Manuel Henriques, is going to generate at medium term a rise in family's debts, due to the level of debt that these families put themselves to start their own business and the inability of the market to absorb the multiplicity of companies.

## 5. Research on resilience in Portugal

The existing scientific work on human resilience in Portugal is far from abundant and has been mostly restricted to psychology and health sciences. These disciplines have nevertheless focussed on a reasonably wide range of subjects such as family resilience in the case of disease (Peixoto & Martins, 2012), career orientation of adults (Meireles & Xavier, 2010), military personnel behaviour in international peacekeeping missions (Morais, 2009) or risk behaviours among children and teenagers (Simões, Matos, Ferreira, & Tomé, 2010). The approaches followed closely the medical notion of resilience as a process of coping and adaptation and are grounded on quantitative methods and statistical analysis.

Social sciences, on their hand, have largely ignored the notion of resilience up to now, with only a handful of exceptions. Within Portuguese sociology, only the subfield of sociology of education, where the perspective of resilience set forward by the OECD in the context of the Programme for International Student Assessment (PISA) has been the major influence, has had any significant work on resilience. Resilience is here viewed as the condition of students "who succeed despite adversity" (OECD, 2011). This is very much a quantitative approach: on the context of PISA, these students are identified through comparison between standardised PISA tests and indicators of their socio-economic status. Despite the "heroic" overtones of this approach to resilience, it should be stressed that key to the OECD is between the approach to characteristics of schools and school systems. Following this line, detailed analysis of PISA results of

Portuguese Students have begun to be undertaken by Portuguese researchers (Carvalho, Ávila, Nico, & Pacheco, 2014).

The only other social science where resilience is human geography, where some Portuguese researchers are trying to promote an agenda of research on “resilient territories” in order to study long-term transformations and emphasize the role locally grounded structures and factors that foster creativity and social innovation (Freitas & Stevens, 2012). This current, however, still lacks any significant empirical works.

## 6. Conclusions

### 6.1. Stagnation and crisis in Portugal

The first thirteen years of the 21st Century in Portugal were marred by economic stagnation at first and then by the longest recession in the country’s recent history, with Portugal recording negative GDP growth in no less than five of the six years between 2008 and 2013. The roots of stagnation and depression are a topic of hot controversy in academic circles in Portugal, with two main positions clashing:

An orthodox view that sees stagnation and depression as the culmination of a long process of an unsustainable growing in social expenses and public sector salaries in Portugal, with corresponding tax increases and growing public debt to cover it. Stagnation would come as consequence of crowding-out phenomena and the 2007-8 global credit crunch and consequent unwillingness of investors to continue buying Portuguese public debt meant a vicious circle of soaring interest rates and, without the IMF-ECB-EC Troika intervention, eventual bankruptcy.

A heterodox view, for whom stagnation and depression was first and foremost caused by a private debt crisis, fuelled by the growing financialization of the economy on the context both of the creation of the Euro and of the international financial deregulation movement of the 1990s. The 2007-8 global crisis was, in this view, the final blow on an economy that was already reeling from both a globalization process occurring in very unfavourable terms for the Portuguese tradable goods production structure and also from a diversion of foreign investment and European funds to the

Eastern European countries from 2004 onwards. These changes compounded long-standing specific problems of the Portuguese economy, such as the low qualification stocks of its population and the obsolete organization of its economic fabric.

The latter, on-going, crisis materialized economically as a two-wave depression, with a GDP from 2008 to 2009, a short-lived recovery in 2010 and then another plunge into recession in 2011 that lasts until today. We defend that this has very much to do with sharply distinct economic and social policies set in place as a response to the crisis. The succession of such responses very much mirrored the European Union's own shift of priorities and policies during this time. The first phase, lasting from 2008 to early 2010, was characterized by a fiscally expansionist response, with increasing spending in social protection – including more generous conditions of access for unemployment and child benefits. The second phase, lasting from late 2010 until today, was marked by austerity, intensified after the Portuguese government asked for a financial rescue package from the International Monetary Fund, the European Central Bank and the European Commission in May 2011. The Memorandum of Understanding signed by Portuguese government and these three institutions rested heavily on the privatization of public firms and services and the deepening of the liberalization of the labour market, while also making provisions for budget cuts in health services, education, pensions and public servants salaries.

The turn to austerity is clearly visible on public spending. Social spending, that was already lower than the EU average – a fact that works against the orthodox arguments on the cause of the crisis – began steadily declining since 2010. Yet the more emphatic drops from 2010 onwards were the ones pertaining education and health spending – two key dimensions of the Portuguese welfare state. In education, this threatens to interrupt Portugal's convergence trajectory with its European partners regarding upper secondary and higher education-level qualifications among its people and the effort to recover from its historic deficits in this regard. In health, it is possible to detect already increases in infant mortality rates and the evolution of life expectation, with national reports also flagging increases in depression and infectious diseases incidence rates, as well on the diversity and the quality of nutrition.

The consequences of the combined forces of economic depression and austerity were broad and far-reaching. The Portuguese labour market was until the early 2000s characterized by four major features: low unemployment rates by European standards; high proportion of micro firms and self-employed persons, with consequences on the organization of work and hindering technological modernization and lack of capital - and hence low productivity; reliance of firms in low wages, which resulted in an unusual large percentage of working poor; high female participation, resulting from the need of couples to complement low wages and often exploited by employers through high gender inequality regarding salaries.

Some of these features have persisted throughout the crisis years. But one that changed dramatically was unemployment. Unemployment and long-term unemployment rates, which were very low by European standards in the late 1990s and early 2000s, began to grow steadily during the stagnation years and soared after 2008 – to the point of the unemployment rate becoming the third highest in the EU by 2013. The past decade also saw a significant raise in precarious employment – including underemployment, short-term and temporary contracts and “false independent work”, and the situation seems to have worsen with the second-wave of the crisis as the de-regulation of labour relations was one of the key points of the MoU.

Rising unemployment has been one of the factors behind the drop of Portuguese household available income since 2011. However, household income reduction has also – and arguably mainly – to do with the nature of economic policies adopted by the Portuguese government, particularly after the signing of the MoU in June 2011. Decreasing household income was a central element of austerity plans, to be achieved either directly – through cuts in pensions and social transfers and lowering of public workers’ wages and the freezing of minimum wage – or indirectly – through increases in indirect taxes, reducing lower tax thresholds and the number tax brackets and increasing co-payments in health and public transportation prices.

An interesting fact is that poverty rates after social transfers did not fall in line with the decrease in income. Poverty rates had been falling since the early 2000s – particularly amongst the elderly, as a result of the introduction of means-tested complements to

pensions – and the first wave of the recession did not change that. However, these rates stagnated during the second wave of recession, which, given (1) the fact that they are calculated having the median wage as benchmark and (2) that the age group which has seen its situation worsen as by far has been the population in working age, seems to point to a general pauperization among wage-earners of different echelons of the income distribution.

Portugal also features some of the highest levels of inequality in Europe – actually, the third highest of the the RESCuE sample behind Spain and Greece in 2012 – although these were on the decline after 2003. Again, one can see that the first wave of recession did not alter a declining trend that preceded it but and the second wave leading to stagnation – which would be consistent with the pauperization thesis.

Stagnation and depression also brought about significant demographic changes. Economic stagnation in the beginning of the 2000s was concomitant with a steady decrease of immigration that would continue. The first wave of recession would also lead to the reappearance in significant numbers of emigration. But it would be the second wave that would make emigration return to levels that were unseen in Portugal since the 1960s.

Impacts of the two wave recession would extend to the political system, with the center-left Socialist Party first losing its majority in 2009 and then being replaced by a coalition consisting of center-right Social Democratic Party and right-wing Popular Party a month after the ECB-IMF-Troika intervention.

This also occurred as two contrasting narratives had been taking shape in the public sphere the months leading to that intervention, having the debt crisis as backdrop: one stressing the international nature of the financial crisis and as the raising public deficit as an inevitable consequence of the coming into play of automatic stabilizers during the first wave of the crisis and that resolution of the crisis required a coordinated European effort; the other that the debt crisis was national problem stemming from the incompetence of the PS government in thinning a “fat state”, leading to the lack of trust of international financial markets on a discredited government and the debt crisis. However, a third narrative emerged in the context of the Troika intervention and eventually became dominant in political discourse after the elections. In this narrative

the root of the debt crisis was not just state profligacy but also that fact that the Portuguese had been “living above their means” in the years leading to the crisis. Consequently, heavy austerity on the context of the Troika intervention was as a unique *opportunity* for the transformation of what were supposedly fundamental “character flaws” in Portuguese society. Within this narrative, the reduction of salaries and pensions, the de-regulation of labour relations and the reduction of provision of public services - that had not constituted issues during the election campaign - could now be presented as necessary corrections to address such flaws.

## 6.2. Poverty and resilience in public discourse and public and private intervention

Conflicting views also extend to poverty fighting policies and follow very much a left-right divide. Although the notion of the fight against poverty as a responsibility of the state is very much consensual in Portuguese society, the way it is to be fulfilled differs a lot between the political parties. For the left parties, redistribution of wealth through social transfers is the mainstay of the fight on poverty, with non-monetary support by private charities and NGOs playing a strictly complementary role. For the right, the fight on poverty should be essentially based around the interventions of these private charities – that in Portugal are mainly clustered around the Catholic Church - and these institutions should benefit from a much larger share of the social spending of the state than they currently do. This has had practical effects over the years, with the PS governments putting forward measures of direct social transfers such as the Minimum Guaranteed Income and the Elderly Solidarity Complement, while the PSD/CDS-PP governments engage tend to foster poverty-alleviating measures based on the extra funding of charities, as is the case of the social canteens programme.

It should be stressed that social resilience as a term and as concept is very much absent from policy design in Portugal. Two concepts that have a relation with it have, however, played a significant part in public policy in different moments. The first is that of “activation”, that oriented a significant part of employment and social policies in the country since the mid-1990s, in the context of the several versions of the

European Employment Strategy. It addresses unemployment and poverty not as an individual's fault but as consequence of the interplay of factors such as lack of formal education, social prejudice and discrimination, of informal activities and precariousness in labour relations. Thus, active employment and social policies should be conceived and implemented having as a goal the suppression of these factors.

A second notion – albeit one more akin to a “heroic conception of resilience” - emerged lately in the context of the hegemonic narratives of the debt crisis. This the idea of *responsabilization* by which an individual should for by their own means and creativity and no longer relying on a faltering state. So far, this has had two major realizations in policy terms; the creation of programmes for promoting entrepreneurship, though in an overly-individualistic perspective; and the appeal to emigration as a solution for unemployment.

Regarding private and third sector intervention, the implementation of the austerity program by the coalition government was followed by a political discourse invoking the need of retreat of the state of social action, due to immediate and long term financial constraints in the public budgets, giving third sector organizations the financing and the autonomy to provide responses to poverty and social exclusion. However, experts point out that this shift to civil society are ideological based, not representing a lesser role or investment by the State. What is at stake are the philosophy and the recipients of the investment, namely private charities, ONGs.

This social action based on Third Sector is reaching a point of saturation and these organizations are beginning to realize that their greater capacity for action is collective and involves claiming to the State changes in the fight against poverty and social exclusion. The path that will be followed regarding the type of role of these organizations is still on debate.

### 6.3. Research on poverty and resilience

Despite hampered by the fascist regime that ruled Portugal until 1974, research on poverty in Portugal thrived since the 1980s, and eventually congregated on two major currents. The first revolves around the measurement of poverty and its evolution,



making extensive use of statistical data and increasingly sophisticated econometric apparatus. The second is more focussed on the multidimensional configurations of the phenomena in Portugal and making use of both quantitative and qualitative data for that effect.

From this second line emerged the key concept of “poverty ways of life”, which was constructed from the identification of vulnerable groups from “objective” indicators and the respective intersection with the attitudes, representations, life strategies, models of family organization and other defining parameters for different lifestyles among vulnerable families living in similar conditions and with similar profiles. According to this line of research, the categories traditionally more vulnerable to poverty tend to be distinguished not only by objectively observable attributes (age, sex, family status, conditions in employment, income, nationality, territory of residence, etc.), but also by cultural rules and dispositions. The intersection of both analytical fields creates the space of attributes for a typology of the “ways of life of poverty” in Portugal, which includes ideal types such as *destitution*, *parsimony*, *double reference*, *restriction*, *investment in mobility*, *sociability*, *disaffection* or *transitoriness*. These ways of life have been differently affected by the two-wave recession. Some of it will tend to lose weight, such as *double reference* that is typical of immigrants immigration becomes almost residual, while others such as *transitoriness* will take center stage through the growing unemployment and precariousness of labour relations and others can morph into *destitution*.

Research on resilience by the social sciences, in contrast, is still very much on its infancy in Portugal, being restricted to the analysis of PISA results by some sociologists of education and calls for a research agenda on resilient territories in human geography.

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## Appendix 1– Tables

### 1.8 Values and attitudes

**Table 1 - Trust in country's parliament**

Country	2002	2004	2006	2008	2010	2012
	Mean	Mean	Mean	Mean	Mean	Mean
Germany	4,35	4,13	4,09	4,57	4,18	4,74
Spain	4,85	5,07	4,99	4,97	4,30	3,43
Finland	5,79	6,01	5,99	5,99	5,38	5,91
UK	4,64	4,23	4,16	4,27	4,05	4,21
Greece	4,79	4,71	-	3,58	2,04	-
Ireland	4,43	4,75	4,80	3,81	3,63	3,56
Poland	3,48	2,41	2,67	2,99	3,44	2,96
Portugal	<b>4,32</b>	<b>3,68</b>	<b>3,83</b>	<b>3,50</b>	<b>2,91</b>	<b>2,57</b>
<b>Total</b>	4,90	4,59	4,46	4,19	3,93	3,94

(0 – not trust at all; 10 – complete trust)

Source: European Social Survey

**Table 2 - Trust in the legal system**

Country	2002	2004	2006	2008	2010	2012
	Mean	Mean	Mean	Mean	Mean	Mean
Germany	5,57	5,43	5,46	5,64	5,54	5,83
Spain	4,30	4,70	5,00	4,32	4,38	3,70
Finland	6,75	6,90	7,05	7,10	6,91	7,04
UK	5,04	5,03	4,99	5,14	5,19	5,52
Greece	6,29	5,45	-	4,75	3,82	-
Ireland	5,13	5,22	4,98	4,99	5,04	5,24
Poland	3,66	3,00	3,75	3,88	4,26	3,66
Portugal	<b>4,26</b>	<b>3,93</b>	<b>4,04</b>	<b>3,83</b>	<b>3,44</b>	<b>3,48</b>
<b>Total</b>	5,48	5,12	5,04	4,83	4,79	4,73

(0 – not trust at all; 10 – complete trust)

Source: European Social Survey

**Table 3 - Trust in the European Parliament**

Country	2002	2004	2006	2008	2010	2012
	Mean	Mean	Mean	Mean	Mean	Mean
Germany	4,46	4,17	4,00	4,27	3,93	4,29
Spain	4,80	5,04	5,01	4,93	4,48	3,92
Finland	4,88	5,00	4,99	5,15	5,09	5,04

<b>UK</b>	3,61	3,45	3,39	3,48	3,27	3,30
<b>Greece</b>	5,69	5,39	-	4,40	2,56	-
<b>Ireland</b>	5,11	5,36	5,23	4,70	4,00	4,35
<b>Poland</b>	4,77	4,27	4,77	4,55	4,72	4,22
<b>Portugal</b>	<b>4,76</b>	<b>4,00</b>	<b>4,59</b>	<b>4,36</b>	<b>3,66</b>	<b>3,18</b>
<b>Total</b>	4,71	4,56	4,59	4,49	4,28	4,33

0 – not trust at all; 10 – complete trust)

Source: European Social Survey

**Table 4 - State of education in country nowadays**

Country	2002	2004	2006	2008	2010	2012
	Mean	Mean	Mean	Mean	Mean	Mean
<b>Germany</b>	4,53	4,18	4,37	4,42	4,62	5,06
<b>Spain</b>	4,86	5,29	5,20	5,24	5,23	4,54
<b>Finland</b>	7,84	7,94	7,94	7,72	7,87	8,03
<b>UK</b>	5,31	5,52	5,47	5,70	5,73	5,84
<b>Greece</b>	4,48	5,08	3,52	3,52	3,06	-
<b>Ireland</b>	6,35	6,97	6,75	6,03	5,98	6,13
<b>Poland</b>	4,92	5,14	5,20	5,63	5,93	5,22
<b>Portugal</b>	<b>3,73</b>	<b>3,83</b>	<b>4,18</b>	<b>3,98</b>	<b>4,52</b>	<b>4,38</b>
<b>Total</b>	5,53	5,59	5,48	5,26	5,33	5,56

(0- extremely bad; 10 – extremely good)

Source: European Social Survey

**Table 5- State of health services in country nowadays**

Country	2002	2004	2006	2008	2010	2012
	Mean	Mean	Mean	Mean	Mean	Mean
<b>Germany</b>	4,81	4,68	4,39	4,65	4,77	5,73
<b>Spain</b>	5,34	5,79	6,02	6,07	6,44	5,26
<b>Finland</b>	6,62	6,89	6,96	6,64	6,94	6,86
<b>United</b>	4,96	5,43	5,25	5,95	6,34	6,26
<b>Greece</b>	3,99	4,76	-	3,26	3,00	-
<b>Ireland</b>	3,98	4,10	3,91	4,25	4,12	4,11
<b>Poland</b>	3,85	3,10	3,85	3,75	3,80	3,42
<b>Portugal</b>	<b>3,30</b>	<b>3,47</b>	<b>3,57</b>	<b>4,32</b>	<b>4,52</b>	<b>3,99</b>
<b>Total</b>	5,29	5,22	5,02	5,00	5,03	5,16

(0- extremely bad; 10 – extremely good)

Source: European Social Survey

**Table 6- Immigration bad or good for country's economy**

Country	2002	2004	2006	2008	2010	2012
	Mean	Mean	Mean	Mean	Mean	Mean
Germany	5,12	4,44	4,72	5,16	5,11	5,71
Spain	5,36	5,57	5,67	5,15	4,95	5,23
Finland	5,25	5,08	5,39	5,49	5,21	5,46
UK	4,40	4,55	4,50	4,58	4,49	4,43
Greece	3,62	3,90	-	3,49	3,10	-
Ireland	4,99	5,85	6,05	5,02	4,38	4,83
Poland	4,53	4,63	5,51	5,52	5,40	5,51
Portugal	<b>4,96</b>	<b>4,39</b>	<b>4,90</b>	<b>5,07</b>	<b>4,72</b>	<b>4,37</b>
<b>Total</b>	4,96	4,72	4,93	4,80	4,62	4,87

(0- good for the economy ; 10 – bad for the economy)

Source: European Social Survey

**Table 7 - Country's cultural life undermined or enriched by immigrants**

Country	2002	2004	2006	2008	2010	2012
	Mean	Mean	Mean	Mean	Mean	Mean
Germany	6,18	5,74	5,62	6,08	5,69	6,20
Spain	5,84	5,93	5,83	5,68	5,94	6,22
Finland	7,32	7,04	7,11	7,27	6,84	7,14
United	5,13	4,96	4,72	4,83	4,88	5,03
Greece	3,59	3,77	-	3,45	3,18	-
Ireland	5,60	5,85	5,91	5,76	5,27	5,47
Poland	6,24	6,28	6,59	6,45	6,41	6,73
Portugal	<b>5,38</b>	<b>4,67</b>	<b>5,30</b>	<b>5,61</b>	<b>5,27</b>	<b>5,04</b>
<b>Total</b>	5,76	5,43	5,48	5,36	5,21	5,51

(0 cultural life undermined; 10- cultural life enriched)

Source: European Social Survey

**Table 8 - Imigrants make country worse or better place to liv**

Country	2002	2004	2006	2008	2010	2012
	Mean	Mean	Mean	Mean	Mean	Mean
Germany	4,82	4,60	4,51	5,05	4,93	5,35
Spain	4,74	5,12	4,92	4,90	5,15	5,34
Finland	5,28	5,40	5,54	5,52	5,35	5,61
United	4,55	4,59	4,41	4,49	4,55	4,61
Greece	3,41	3,44	-	3,21	2,81	-
Ireland	5,33	5,65	5,71	5,55	5,08	5,37
Poland	5,23	5,51	5,91	5,97	5,88	5,96



<b>Portugal</b>	<b>3,94</b>	<b>3,81</b>	<b>4,20</b>	<b>4,29</b>	<b>4,10</b>	<b>3,88</b>
<b>Total</b>	4,77	4,69	4,78	4,78	4,70	4,94

(0- worse place to live ; 10 - better place do live)

Source: European Social Survey

**Table – 9 - Government should reduce differences in income levels**

Country	2002	2004	2006	2008	2010	2012
	Mean	Mean	Mean	Mean	Mean	Mean
<b>Germany</b>	2,55	2,51	2,37	2,29	2,23	2,09
<b>Spain</b>	1,97	2,02	1,89	2,01	1,95	1,89
<b>Finland</b>	2,00	2,18	2,07	2,05	2,05	2,05
<b>UK</b>	2,50	2,44	2,54	2,47	2,45	2,39
<b>Greece</b>	1,68	1,57	-	1,60	1,78	-
<b>Ireland</b>	2,20	2,23	2,28	2,21	2,00	2,02
<b>Poland</b>	2,06	1,94	2,00	2,16	2,15	1,98
<b>Portugal</b>	<b>1,72</b>	<b>1,84</b>	<b>1,78</b>	<b>1,80</b>	<b>1,62</b>	<b>1,61</b>
<b>Total</b>	2,20	2,16	2,12	2,10	2,02	2,01

(1- agree stongly; 5- disagree stongly)

Source: European Social Survey

**Table 10- Important that people are treated equally and have equal opportunities**

Country	2002	2004	2006	2008	2010	2012
	Mean	Mean	Mean	Mean	Mean	Mean
<b>Germany</b>	2,12	2,21	2,12	2,14	1,96	1,94
<b>Spain</b>	1,83	1,94	1,80	1,74	1,64	1,64
<b>Finland</b>	2,03	2,07	2,04	2,03	2,09	1,99
<b>UK</b>	2,27	2,20	2,15	2,19	2,08	1,99
<b>Greece</b>	1,80	1,78	-	1,76	1,62	-
<b>Ireland</b>	1,98	1,85	1,99	1,88	2,10	1,93
<b>Poland</b>	1,90	1,98	1,96	2,05	1,99	1,88
<b>Portugal</b>	<b>2,20</b>	<b>2,48</b>	<b>2,23</b>	<b>2,31</b>	<b>2,29</b>	<b>2,18</b>
<b>Total</b>	2,06	2,12	2,10	2,10	2,04	2,04

(1- very much like me; not like me at all)

Source: European Social Survey