Back to External Pressure: Policy Responses to the Financial Crisis in Portugal

Francisco Torres

https://elischolar.library.yale.edu/ypfs-documents/806
Summary

The financial crisis caught Portugal in the midst of its long-protrated and slow fiscal consolidation process, which brought the budget deficit down to 2.2 per cent of GDP in 2008. The crisis was not a bursting bubble type of shock but it brought back the long forgotten external (liquidity) constraints. Given Portugal’s accumulated external imbalances, it is argued that the government should credibly pre-commit to medium term budgetary objectives with accelerated corrective measures to the 2009 fiscal overrun. Also, it should actively promote sustainable consumption patterns and a leap forward to a new ‘green’ competitive basis for sustainable development, thereby increasing the country’s general creditworthiness.

To view this article in its entirety please use the link provided below.

View Full Article

Recommended Citation