

National Recovery and Resilience Plan: Portugal

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Abstract

This article addresses not only Portugal's position vis-à-vis the NGEU, but also the contents of the national Recovery and Resilience Plan and its assessment by the European Commission and the Council. It provides an overview of its most significant measures with regard to social and employment policies, as well as the plan's stance regarding the European Pillar of Social Rights, the 2019, 2020, and 2022 Country-Specific Recommendations. The European Commission's in-depth analysis of Portugal is also examined.

Keywords: NGEU; Portugal, Recovery and Resilience Plan, European Pillar of Social Rights, Country-Specific Recommendations, Social and Employment Policies.

1. General Framework.

Before the Covid-19 pandemic, Portugal was experiencing an economic upturn. Since 2016, Portuguese GDP had been growing by more than 2 per cent a year, unemployment rates were falling, and the budget balance was consolidating.¹

The pandemic disrupted this state of affairs, however. In 2020, GDP fell 7.6 per cent, public finances deteriorated, and the hospitality and tourism sector (especially as regards foreign visitors), which had played a key role in economic revival,² became paralysed,³ generating fears of a new crisis and a new era of austerity.

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¹ See Ministério do Planeamento, *Recuperar Portugal, construindo o futuro*. PRR – Plano de Recuperação e Resiliência, Lisboa, 2021, 29, available at <https://recuperarportugal.gov.pt/wp-content/uploads/2021/10/PRR.pdf>, accessed 4 July 2022.

² See European Commission, *In-depth review for Portugal in accordance with Article 5 of Regulation (EU) No. 2011/1176 on the prevention and correction of macroeconomic imbalances*, 23 May 2022, SWD(2022) 637 final, 13.

³ The number of airport passengers fell more than 90 per cent – see European Commission, *Analysis of the recovery and resilience plan of Portugal*, 16 June 2021, SWD(2021) 146 final, 5, available at <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021SC0146&from=EN>, accessed 4 July 2022. Nevertheless, the key labour market indicators remained stable (the unemployment rate went from 6.5 per cent in 2019, to 6.9 per cent in 2020, while the active population and the number of employed persons decreased by 1.4 per cent and

The ‘European bazooka’, as the NextGenerationEU plan (NGEU) became known in Portuguese politics⁴ (and in social media⁵), was therefore welcomed as a way of avoiding such outcomes and of relaunching the economy.⁶

It is therefore not surprising that, during the NGEU negotiations, the Portuguese government favoured an urgent and robust response to the looming crisis. Furthermore, it perceived the European Commission’s proposal for the NGEU as a balanced solution, heeding both the countries that preferred loans, and those that, like Portugal,⁷ favoured non-refundable support.⁸

2. The Portuguese RRP: an overview.

The Recovery and Resilience Plan [RRP] was presented on 22 April 2021⁹, and it requested 13.9 billion euros (€) in non-repayable support and €2.67 billion in loans.¹⁰

1.7 per cent, respectively, in 2020), because of a substantial government programme that weighed heavily on public finances. Nevertheless, labour utilisation fell, with a drop of 23.6 per cent in hours worked and an increase in the number of registered unemployed during lockdown, ‘implying certain statistical discrepancies due to the complexity of the situation, where many persons were forced into temporarily paid or unpaid leaves’ (see SWD(2021) 146 final, 5).

⁴ It was given this name by Portuguese Prime Minister António Costa, see Coelho M., “Bazuca” para Portugal. O que significa isto, agora?, in *Rádio Renascença*, 16 January 2021, available at: <https://rr.sapo.pt/noticia/economia/2021/06/16/bazuca-para-portugal-o-que-significa-isto-agora/242728/>, accessed 4 July 2022; and Redação, *Costa anuncia fundo de emissão de dívida europeia. “Se tudo se concretizar será uma bazuca”*, in *Rádio Renascença*, 23 April 2020, <https://rr.sapo.pt/2020/04/23/economia/costa-anuncia-fundo-de-emissao-de-divida-europeia-se-tudo-se-concretizar-sera-uma-bazuca/noticia/190392/>, accessed 4 July 2022.

⁵ See, for instance, Henriques A., “Bazuca europeia”. A importância dos incentivos na retoma da economia, in *TSF Rádio Notícias*, 1 June 2021, <https://www.tsf.pt/especiais/moneris-visao-de-futuro/a-importancia-dos-instrumentos-de-incentivo-na-retoma-da-economia-13793209.html>; and <https://expresso.pt/politica/2021-04-16-Eis-o-plano-de-Antonio-Costa-para-aproveitar-a-bazuca-europeia--veja-o-documento--c59007bb>, accessed 4 July 2022.

⁶ See Pires R., *PS destaca importância da bazuca europeia na recuperação económica da Madeira*, in *O Jornal Económico*, 18 May 2021, <https://jornaleconomico.pt/noticias/ps-destaca-importancia-da-bazuca-europeia-na-recuperacao-economica-da-madeira-739943>, accessed 4 July 2022; and Ministério do Planeamento, nt. (1), 29.

⁷ See Lopes M., *Costa acredita numa “bazuca” europeia contra a crise e dinheiro ainda este ano*, in *Público*, 23 April 2020, <https://www.publico.pt/2020/04/23/politica/noticia/costa-acredita-bazuca-europeia-crise-dinheiro-ano-1913655>, accessed 5 July 2022.

⁸ See Santiago D., *Costa e Conte: Previsões de Bruxelas exigem “coragem para decidir de imediato”*, in *Jornal do Negócios*, 7 July 2020, <https://www.jornaldenegocios.pt/economia/europa/uniao-europeia/detalhe/costa-e-conte-previsoes-de-bruxelas-exigem-coragem-para-decidir-de-imediato>, accessed 5 July 2022. To overcome the Hungarian veto, the Portuguese Prime Minister also argued that the rule of law should not be a condition of accessing these resources. Instead, this issue should be framed and dealt with under Article 7 TFEU; see Santiago D., *Costa não quer Estado de direito na Hungria a atrapalhar acordo sobre recuperação da UE*, in *Jornal do Negócios*, 14 July 2020, <https://www.jornaldenegocios.pt/economia/europa/uniao-europeia/detalhe/costa-nao-quer-estado-de-direito-a-atrapalhar-acordo-sobre-recuperacao>, accessed 5 July 2022.

⁹ Portugal was the first member State to submit its RRP, see Rocha C., *Portugal “foi o primeiro Estado-membro” a entregar PRR à Comissão Europeia*, in *Jornal do Negócios*, 22 April 2021, available at: <https://www.jornaldenegocios.pt/economia/detalhe/portugal-foi-o-primeiro-estado-membro-a-entregar-prr-a-comissao-europeia>, accessed 4 July 2022.

¹⁰ See European Commission, nt. (3), 2.

The document is structured in terms of three main dimensions: resilience, green transition, and digital transition. These are divided into 20 components, funded as follows:¹¹

Component	Allocated funds (million euros)
C1 National health service	1 383
C2 Housing	2 733
C3 Social responses	833
C4 Culture	243
C5 Investment and innovation	2 914
C6 Qualifications and skills	1 324
C7 Infrastructure	690
C8 Forests	615
C9 Water management	390
C10 Sea	252
C11 Decarbonisation of industry	715
C12 Bioeconomy	145
C13 Energy efficiency in buildings	610
C14 Hydrogen and renewables	370
C15 Sustainable mobility	967
C16 Enterprises 4.0	650
C17 Quality and sustainability of public finances	406
C18 Economic justice and business environment	267
C19 Digital public administration	578
C20 Digital school	559
Total	16 644

The highest amounts are directed towards investment and innovation, followed by housing, the national health service, and qualifications and skills.

The resilience dimension aggregates the highest number of components (the first nine), as well as of reforms (22) and investments (49).¹² Whereas the green transition (which encompasses components 10 to 15) and the digital transition (the remaining five components), entail, respectively, eight reforms and 17 investments, and seven reforms and 17 investments.¹³

Several of these reforms and investments will have an impact on the labour market, employment protection, social protection and welfare, and social assistance. This is particularly visible concerning the national health system, housing, social responses, and qualifications and skills.

Regarding the national health system, the RRP is intended to improve responsiveness to demographic and epidemiological changes, therapeutical and technological innovation,

¹¹ See European Commission, nt. (3), 36.

¹² See PRR, nt. (1), 8.

¹³ See PRR, nt. (1), 10 and 13.

growing costs, and the expectations of a more informed and demanding society. To this end, the reforms are supposed to:

- (i) strengthen of the core role of primary health services;
- (ii) scale up long-term and mental health services;
- (iii) complete reform of public hospitals' governance model.

In turn, the investments will target:

- (i) provision of primary health services (improving access, quality and efficiency, modernising equipment and constructing new facilities, among other measures);
- (ii) development of the national network of integrated long-term care and the national network of palliative care;
- (iii) the conclusion of mental health reform and implementation of the strategy for dementia;
- (iv) acquisition of equipment for hospitals in the Lisbon area;
- (v) strengthening the national health system in Madeira;
- (vi) implementation of the digital transition; and
- (vii) the fulfilment of the universal system of support for an active life.¹⁴

Concerning housing, the RRP aims to relaunch and reorient national housing policy by strengthening public housing and the rehabilitation of housing for low-income families, in order to promote generalised access to adequate housing.

The reform associated with this component envisages implementation of the national plan concerning urgent and temporary housing.¹⁵

The investments are directed at:

- (i) increasing the social and affordable housing supply;
- (ii) creating a national pool of urgent and temporary housing;
- (iii) reinforcement of the housing offer in Madeira and Azores;
- (iv) construction and rehabilitation of public housing and students' housing at accessible cost.¹⁶

With regard to social responses, the reforms and investments are aimed at their reinforcement, adjustment and innovation in relation to children, the elderly, people with disabilities or special needs, and families, in order to increase birth rates and foster healthy and active aging, social inclusion, autonomy, work–life balance, and social and territorial cohesion. For this effect, the RRP envisages:

- (i) reform of social equipment and responses (through the promotion of collaborative housing, innovative models of housing support, better conditions in long-term care residences, reinforcement of social support for socially isolated people, increases in childcare facilities, among other things);

¹⁴ See PRR, nt. (1), 79ff.

¹⁵ See PRR, nt. (1), 89–90; European Commission, nt. (3), 26.

¹⁶ See PRR, nt. (1), 88ff.

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- (ii) implementation of the national strategy for the inclusion of people with disabilities 2021–2025 and of the national strategy against poverty 2021–2030; and
 - (iii) the development of support schemes for underprivileged communities in metropolitan areas.

In turn, the investments are aimed at:

- (i) bringing on a new generation of provision and social responses (through the modification of present solutions; increased social measures and resources directed towards children, the elderly and people with disabilities; development of a new generation of home support measures; acquisition of electric vehicles; and the constitution of teams for the ‘*Radar Social*’ (Social Radar) pilot project);
- (ii) improving physical accessibility for people with disabilities;
- (iii) strengthening social responses in Madeira and Azores;
- (iv) creating the Platform +Acesso (More Access), in order to implement digital solutions to enhance the inclusion of people with special needs or disabilities; and
- (v) promoting the social inclusion of underprivileged communities in the metropolitan areas of Oporto and Lisbon.¹⁷

Regarding qualifications and skills, three of this component’s reforms envisage:

- (i) an overhaul of teaching and vocational training (to promote an increase in qualifications among young people and adults, contributing to a reduction of socioeconomic and geographical disparities);
- (ii) implementation of the agenda for the promotion of decent work (to fight the precarity and segmentation that traditionally characterise the Portuguese labour market,¹⁸ by promoting collective bargaining, better qualifications, and adequate salaries and income¹⁹);
- (iii) fighting gender inequality in the labour market (by implementing measures that effectively ensure equal pay and dispel gender stereotypes that limit the formative options of women and girls and, consequently, their incomes and occupational paths).

To achieve these goals, the investments in this component will target the modernisation of teaching provision and infrastructure, but also financial incentives to create permanent jobs. The RRP also foresees several programmes to promote adult learning, to increase adults’ occupational professional and academic qualifications, adjusting them to market

¹⁷ See PRR, nt. (1), 93ff.

¹⁸ For more information on this, see Carvalho C., Ribeiro A.T., *The impact of the EU economic governance in Portugal*, in *European Labour Law Journal*, 13, 2, 2022, 192–213. Specifically, regarding labour market segmentation, the RRP aims to mitigate labour insecurity and instability, bogus self-employment and non-declared work, among other things, and to clarify the legal classification of contractual relations, namely regarding new labour realities, such as platform work.

¹⁹ One of the goals is to increase the minimum wage to €750 by the fourth trimester of 2023 – see PRR, nt. (1), 117.

demands, and also to boost the number of young graduates in sciences, technology, engineering, arts and mathematics (STEAM).²⁰

Furthermore, improving workers' skills is also addressed by components 16 (Enterprises 4.0) and 20 (Digital School), while component 7 (Infrastructures) will contribute to the reduction of territorial disparities.

3. Social and labour dimensions of the RRP.

3.1 The European Commission and the Council's assessment.

On 16 June 2021, the European Commission gave its green light to the plan, which was adopted by the Council on 13 July, opening the door to its implementation and financing.²¹

The Commission stated that the RRP is balanced, takes a holistic approach to driving the recovery, and enhances socio-economic resilience by addressing several social and labour policy challenges.²²

In accordance with Article 3 of Regulation (EU) 2021/241, the Recovery and Resilience Facility's (RRF) scope of application refer to policy areas of European relevance, structured in six pillars. Of these, those more closely related to social and labour issues are social and territorial cohesion (fourth pillar), health, and economic, social and institutional resilience, with the aim, among other things, of increasing crisis preparedness and crisis response capacity (fifth pillar); and policies for the next generation, children and young people, such as education and skills (sixth pillar).

The Commission found that the RRP contributes adequately to the fourth pillar of the RRF because more than half of its components are directly related to it, particularly those concerning resilience, such as strengthening the national health system, housing, culture, sustainable mobility, and social development. The fifth pillar of the RRF is also covered extensively, as it is directly developed by around half of the plan's components. It is addressed in particular by the measures aimed at strengthening the national health system, increasing access to social housing at affordable rents and to temporary housing in emergency situations; and by the strengthening, expansion, upgrading and reforming of social protection. Finally, the sixth pillar of the RRF is also abundantly covered – nearly one-third of all components are directly related to it. This refers in particular to the following measures with a direct impact on children and young people: increased capacity of childcare facilities and benefits to low-income households; the creation of study support points for children and young people to combat early school dropouts; the award of temporary wage subsidies

²⁰ See PRR, nt. (1), 115ff.

²¹ See European Commission, *Portugal's Recovery and Resilience Plan*, available at: https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility/portugals-recovery-and-resilience-plan_en#portugals-recovery-and-resilience-plan, accessed 4 July 2022.

²² For the following references, see European Commission, nt. (3), 43 and 46 ff.

for sustainable quality employment for young people; the increase in the provision of vocational education and training courses adapted to labour market needs, and of tertiary education posts, including for STEAM courses; investment in student accommodation at affordable prices for tertiary education; and distribution of IT equipment to students and teaching staff.²³

This evaluation of the Portuguese RRP by the Commission was then endorsed by the Council, through its implementing decision.²⁴ The Council also noted that social and territorial cohesion are closely intertwined, in particular in the less-developed regions, while ‘regional and local authorities are called upon to play a central role in the provision of various community-based services’.²⁵ Finally, it stressed the clear weight of social policy in the plan’s components (because around half contribute to health and social and institutional resilience, while several other measures cover policies for the next generation).²⁶

3.2 The RRP and the European Social Pillar.

In turn, the European Pillar of Social Rights (EPSR) is mentioned several times in the RRP, stressing the RRP’s alignment with it, as well as in connection with the responses to the social crisis, reinforcement of the education system, the fight against poverty, and the challenges brought into being by the new forms of labour.

According to the RRP, this plan will make a decisive contribution to the effective implementation of the EPSR’s three dimensions: equal opportunities, fair working conditions, and social protection and inclusion.

In fact, ‘equal opportunities’ are promoted through components 6, 16 and 20 (which are connected to matters such as qualifications, skills and lifelong learning, gender equality in the labour market, and active employment support).²⁷ ‘Fair working conditions’ are addressed mainly by components 3 and 6 because of their connection with job flexibility and security, social dialogue, and work–life balance.²⁸ And finally, ‘social protection and inclusion’ are addressed in particular by components 1 and 3 (related to the national health system and social protection).

²³ See European Commission, nt. (3), 46ff. According to the Commission, because of all the reforms and investments envisaged by Portugal, its RRP contributes appropriately to all six pillars established in Article 3 of the RRF Regulation, warranting a rating of A under assessment criterion 2.1 in Annex V to the RRF Regulation.

²⁴ See Council of the European Union, *Council implementing decision on the approval of the assessment of the recovery and resilience plan for Portugal*, 6 July 2021, 2021/0154(NLE), 6.

²⁵ See nt. (24), 8.

²⁶ See nt. (24), 9.

²⁷ See European Commission, nt. (3), 63. To the European Commission, the reforms and investments in the field of skills, adult learning, and vocational education and training should help to deliver on the related principles of the EPSR.

²⁸ Similarly, see European Commission, nt. (3), 29 and 46. The European Commission adds that component 6 of the RRP addresses several principles of the EPSR, such as labour relations, the protection of workers with atypical labour contracts, financial support to promote the inclusion of unemployed people with permanent quality jobs, and equal pay.

There are also several components that contribute to universal access to quality essential services (fighting against inequality and promoting the social inclusion of more vulnerable groups).²⁹

The European Commission also acknowledges that the Portuguese RRP is expected to contribute effectively to the implementation of the EPSR.³⁰ The same positive assessment was shared by the Council, which stressed that the RRP ‘is expected to have a high impact (Rating A) on strengthening the growth potential, job creation and economic and institutional resilience of Portugal, contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth, and on mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing the economic, social and territorial cohesion and convergence within the Union’.³¹

An analysis of the elements contained in the Portuguese RRP confirms this assessment.

This plan’s contribution to EPSR principles is particularly evident with regard to education, training, and lifelong training,³² gender equality,³³ equal opportunities,³⁴ active support of employment,³⁵ secure and adaptable employment,³⁶ wages,³⁷ work–life balance,³⁸ childcare and support for children,³⁹ minimum income,⁴⁰ health care,⁴¹ inclusion of people

²⁹ See PRR, nt. (1), 53. Similarly, European Commission, nt. (3), 59.

³⁰ See European Commission, nt. (3), 69.

³¹ See Council of the European Union, nt. (24), 16-18. Furthermore, the measures concerning social policy ‘will help deliver on the implementation of the European Pillar of Social Rights Action Plan endorsed at the Porto Summit of 7 May 2021 and are expected to contribute to improving the levels of the indicators of the Social Scoreboard’.

³² Component 6 on qualifications and skills provides several measures concerning the improvement of education, training, and lifelong learning, with the aim of aligning workers’ qualifications with the needs of the labour market.

³³ Component 6 addresses the gender pay gap and gender stereotypes that limit the formative and professional choices of women and girls.

³⁴ Through components 6 and 3 (which aim at the inclusion of people with disabilities or part of underprivileged communities, and the fight against poverty).

³⁵ Component 6 foresees financial incentives for the creation of permanent jobs and investment in adult learning and training.

³⁶ Component 6 envisages the fight against precarious work, improvements in the legal classification of employment relations, and the creation of incentives towards the creation of permanent jobs, as previously mentioned.

³⁷ Component 6 entails the increasing of the minimum wage and the promotion of collective bargaining, as well as the establishment of adequate salaries and income. However, since the RRP merely alludes to a generic promotion of collective bargaining, we do not allude to the principle related to social dialogue and involvement of workers.

³⁸ Component 3 is intended to boost measures concerning childcare, elderly care and care for people with disabilities, and the adaptation of social provision to the needs of the families and their working lives.

³⁹ Via component 3, because of the measures previously mentioned, but also because it directs investments towards in underprivileged communities, which will benefit children.

⁴⁰ Through component 6.

⁴¹ Via component 1, which entails several reforms and investments concerning the national health system.

with disabilities,⁴² long-term care,⁴³ housing and assistance for the homeless,⁴⁴ and access to essential services.⁴⁵

The RRP, accordingly, addresses the Social Scoreboard indicators,⁴⁶ especially those concerning early leavers from education and training, the gender employment gap, adult participation in learning, tertiary educational attainment, the gender pay gap (unadjusted), the unemployment rate, the in-work-at-risk-of-poverty rate, the unemployment rate, transition rates from temporary to permanent contracts, the at-risk-of-poverty or social exclusion rate, the at-risk-of-poverty rate or exclusion of children, the disability employment gap, housing cost overburdening, and self-reported unmet needs for medical care.

3.3 The RRP and the 2019 and 2020 Country-Specific Recommendations.

The RRP also addresses the social aspects stressed by the 2019 and 2020 Country-Specific Recommendations (CSRs).

The 2019 CSR conveyed the need for a durable reduction of problems with hospitals,⁴⁷ to address labour market segmentation, and to improve the population's skills level, 'in particular their digital literacy, including by making adult learning more relevant to the needs of the labour market'. It was also stated that Portugal should aim to increase the number of higher education graduates, particularly in science and information technology, and to improve the effectiveness and adequacy of the social safety net.⁴⁸

In turn, the 2020 CSR mentioned that Portugal should 'support employment and prioritise measures to preserve jobs. Guarantee sufficient and effective social protection and income support. Support the use of digital technologies to ensure equal access to quality

⁴² Several measures are aimed at people with disabilities. Component 3 is aimed at increasing social measures for the care of the disabled, to improve their physical accessibility, to develop a new generation of home support, and to implement the +Acesso (More Access) platform to provide new digital solutions to the inclusion of people with disabilities. Plus, component 2, on housing, encompasses better and more adequate conditions for people with disabilities or limited mobility. And component 3 alludes to the technical recalibration of social measures for people with special needs or disabilities and their integration in the labour market.

⁴³ Via component 3, because it foresees several measures on improving facilities devoted to care of the elderly and people with disabilities, as well as the development of a new generation of home support.

⁴⁴ This principle is addressed by component 2, which seeks to provide urgent and temporary housing solutions for, among others, homeless people, and by component 3, which entails, among other things, increased support infrastructure for the homeless.

⁴⁵ This is achieved through component 7, regarding infrastructure, which is aimed at improving territorial resilience and cohesion, namely by enhancing connections between different parts of the country; component 9, regarding water management, intended to foster better management of water resources; and component 15, on sustainable mobility, which is focused on improving public transport systems.

⁴⁶ Available at: <https://ec.europa.eu/eurostat/web/european-pillar-of-social-rights/indicators/social-scoreboard-indicators>, accessed 6 July 2022.

⁴⁷ See European Commission, *Recommendation for a Council Recommendation on the 2019 National Reform Programme of Portugal and delivering a Council opinion on the 2019 Stability Programme of Portugal*, 5 June 2019, COM(2019) 522 final, 8. Which should be attained through the improvement of public finances by prioritising growth-enhancing spending while strengthening overall expenditure control, cost efficiency and adequate budgeting.

⁴⁸ See European Commission, nt. (47), 8.

education and training and to boost firms' competitiveness.⁴⁹ The 2020 CSR also stressed the need to invest in the resilience of the national health system and to improve the efficiency and capacity of long-term care.⁵⁰

These recommendations are addressed by the Portuguese RRP. As previously stated, this document contains several measures regarding the national health system, aimed at strengthening it and enhancing its responsiveness.⁵¹ Also addressed are qualifications and skills (component 6 of the RRP), with the aim of improving adult qualifications, adjusting them to the needs of the market, and promoting lifelong learning. This last component also contains an investment directed towards increasing the number of graduates in STEAM subjects,⁵² and another aimed at fostering open-ended employment contracts. Component 20, concerning the Digital School, provides for an increase in the population's digital skills.

Finally, even though the 2019 and 2020 CSR do not state this expressly, previously they alluded to the inadequacy of minimum income schemes, an aspect also targeted by component 6, one of whose goals is to increase the national minimum wage (to €750) by the fourth trimester of 2023.⁵³

4. Lessons from the previous crisis

In the Portuguese case, it is quite clear that the current path diverges greatly from the one taken during the previous crisis. Following the 2010 economic crisis, the country requested financial assistance under the terms of European Financial Stabilisation Mechanism, which was granted in May 2011. However, this assistance required a commitment to a three-year austerity plan laid out in the Memorandum of Understanding on Specific Economic Policy Conditionality (MoU).

This led to the implementation of a series of austerity measures that affected not only the Portuguese public administration and budgetary policies (with a focus on increasing revenue

⁴⁹ See European Commission, nt. (47), 9.

⁵⁰ See European Commission, nt. (47), 5.

⁵¹ See DN/Lusa, *Novo Estatuto do SNS aprovado quinta-feira em Conselho de Ministros*, in *Diário de Notícias*, 6 July 2022, <https://www.dn.pt/politica/novo-estatuto-do-sns-aprovado-quinta-feira-em-conselho-de-ministros---costa-14997782.html>, accessed 8 July 2022. Having this goal in mind, in the meantime, the government announced the approval of a new Statute for the national health system.

⁵² See Silva S., *Cursos superiores financiados pelo PRR não estão sujeitos a limitações de vagas*, in *Público*, 15 June 2022, <https://www.publico.pt/2022/06/15/sociedade/noticia/cursos-superiores-financiados-prr-nao-estao-sujeitos-limitacoes-vagas-2010029>, accessed 8 July 2022.

In the meantime, the government has issued directives according to which the usual limitations on the number of applications will not apply to STEAM studies, giving universities greater leeway on this matter. New undergraduate studies in these areas have also been approved, and universities have been tendering to improve their equipment and facilities, hiring new teaching staff, and raising students' grants.

⁵³ Council of the European Union, nt. (24), 9-10. According to the Council, the RRP is expected to contribute effectively to addressing all or a significant subset of challenges identified in the CSR addressed to Portugal. And it includes an extensive set of mutually reinforcing reforms and investments that help effectively to address all or a significant subset of the economic and social challenges identified therein.

and cutting spending), but also the labour market.⁵⁴ In fact, in this last domain, unemployment benefits and severance pay for dismissals (and other forms of employment termination) were cut, the payment of overtime was lowered, burdensome working-time schemes were introduced, the national minimum wage (at the time, €485) was frozen, and collective bargaining was decentralised.

In sum, the MoU had a clear focus on austerity measures. And even though it alluded to the promotion of social policies (such as tackling labour market segmentation and promoting active employment policies), these were not developed.⁵⁵

Conversely, the RRP takes a different approach. While it aims at the better management of public services, enhancing company competitiveness and capital investment, these goals are not meant to be achieved through the reduction of social and labour related costs. Furthermore, it focuses on promoting workers' skills and competences, increasing and developing social provision, and adopting measures against labour market segmentation.

It should be noted that in the 2022 European Commission's in-depth analysis, Portugal was considered to be experiencing imbalances related to high external, private and government debt in a context of low productivity growth.⁵⁶ However, the country 'has implemented policies in all areas of its macroeconomic imbalances and many new measures are expected to be implemented in the medium term'.⁵⁷ And while the initial focus was on temporary measures to address the impact of the pandemic, a wide range of policies are being pursued through the RRP, which are expected to address the macroeconomic imbalances in Portugal directly or indirectly.⁵⁸

Policy gaps were also identified with regard to the productivity boost that Portugal needs. This is deemed essential to balance the country's external position and debt ratios. However, the Commission believes that these things are being addressed by the RRP, together with Cohesion Policy Funds, 'particularly those related to education, digital skills, as well as improving the functioning of the judicial system and business regulation'.⁵⁹

⁵⁴ For a detailed description of these measures, see Ramalho M.R.P., *Portuguese labour law and industrial relations during the crisis*, Working Paper No. 54, ILO, 2013, 7–8, https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---dialogue/documents/publication/wcms_232798.pdf; Távora I., González P., *The reform of joint regulation and labour market policy during the current crisis: national report on Portugal*, in A. Koukiadaki, I. Távora and M. Lucio (eds.), *Joint regulation and labour market policy in Europe during the crisis*, ETUI, Brussels, 2016, 332; Carvalho C., Ribeiro A.T., nt. (18).

⁵⁵ See Ramalho M.R.P., nt. (54), 8.

⁵⁶ See, European Commission, *Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank. 2022 European Semester – Spring Package*, 23 May 2022, COM(2022) 600 final, 7 and 24; Directorate-General for Economic and Financial Affairs, *The economic adjustment programme for Portugal*, Brussels, 2011, 5ff and 13ff. In the previous crisis, Portugal had also faced several imbalances. As of 2011, the country had been suffering from low GDP and low productivity growth for more than a decade; it had suffered losses in export market shares, a very high external indebtedness, as well as growing household and firm indebtedness, and pressures on the banking system, among other very challenging factors. The combination between the deterioration of confidence, rising pressures on Portuguese debt, the lowering of the Portuguese sovereign credit rate, coupled with other circumstances, made for an unsustainable situation and the following request for financial aid.

⁵⁷ See European Commission, *In-depth review for Portugal*, SWD(2022) 637 final, 23 May 2022, 6.

⁵⁸ See European Commission, nt. (57), 6.

⁵⁹ See European Commission, nt. (57), 6.

The measures enshrined in the RRP are also expected to enhance the quality and composition of public finances, to strengthen the financial sustainability of the national health system, and to mitigate vulnerabilities in some state-owned companies. And while there are still weaknesses in the business environment, especially related to sector-specific regulatory and administrative burdens, the Commission acknowledges that these areas are embedded in the RRP.⁶⁰

In sum, even though the in-depth analysis issued fiscal and macroeconomic recommendations, these do not contend with any of the measures directed at social and employment protection policies. This means that, at least for the time being, there is no suggestion of implementing austerity measures.

Finally, the 2022 CSR have not introduced any new remarks regarding social and employment issues. Portugal is encouraged to proceed with its RRP, which is perceived as being ambitious and directed towards the several challenges faced in this domain.⁶¹

It is worth mentioning that the social partners and other bodies were consulted during the elaboration of the RRP,⁶² both at institutional level (namely through the Economic and Social Committee) and via ad hoc meetings with different bodies and personalities (such as economists and other relevant stakeholders). Thematic seminars were also held and there was a public consultation, several contributions to which were later taken into consideration in the final version of the RRP.⁶³

The social partners, among other civil society bodies, will be part of the National Monitoring Committee, which will oversee the execution of the RRP and its results, make recommendations and ensure its adequate dissemination among the population, companies and other organisations.⁶⁴

⁶⁰ See European Commission, nt. (57), 7.

⁶¹ See European Commission, *Recommendation for a Council Recommendation on the 2022 National Reform Programme of Portugal and delivering a Council opinion on the 2022 Stability Programme of Portugal*, 23 May 2022, COM(2022) 623 final, 11 and 8.

⁶² See Eurofound, *Involvement of social partners in the national recovery and resilience plans*, Public Office of the European Union, 2022, Luxembourg, 9 and 11. Social partners were involved from the beginning in the development of the RRP –According to this study, the satisfaction regarding the time allotted to consultations varied among the social partners. Employers' organisations generally believed it to be insufficient, while trade unions were divided on the matter.

⁶³ See PRR, nt. (1), 237ff. and 241; Council of the European Union, nt. (24), 33; Eurofound, nt. (62), 6. For a description of the several steps and deadlines that characterised the development of these public consultations and meetings. The RRP also states the areas in which adjustments were made following the suggestions presented during the public consultations.

⁶⁴ See PRR, nt. (1), 222ff; Lusa/TSF, *Agenda do Trabalho Digno será aprovada em junho sem acordo dos parceiros sociais*, in *TSF Rádio Notícias*, 25 May 2022, <https://www.tsf.pt/portugal/sociedade/agenda-do-trabalho-digno-sera-aprovada-em-junho-sem-acordo-dos-parceiros-sociais-14887169.html>, accessed 8 July 2022. Measures aimed specifically at the labour market and legislation are usually discussed with the social partners within the Permanent Commission for Social Concertation (a body of the Economic and Social Committee). This happened recently regarding the legislative changes demanded by the agenda for the promotion of decent work. Despite the inability to reach a consensus with the social partners, the government presented the proposal to the Assembly of the Republic.

Finally, even though there were recent legislative elections,⁶⁵ which culminated in the appointment of a new government, the adoption of the NextGenerationEU exerted no influence. And so far, the current political discourse has focused on repelling the austerity narrative.⁶⁶

5. Final Conclusions

The Portuguese RRP puts a strong emphasis on social and employment protection. Different social policy domains are targeted in an ambitious manner that, if properly executed, has the potential to avoid retrenchments in such areas.

Furthermore, these reforms and innovations, particularly those directed at the national health system, housing, skills and qualifications, as well as social provision, have the potential to address endemic issues and inefficiencies that have traditionally characterised the national scene and hindered social and economic development.⁶⁷ Moreover, other measures contained therein will also allow the country to take several strides towards the digital and green transitions, considerably accelerating their fulfilment.

In order to achieve such goals, however, it is vital to ensure that the RRF funds are properly applied and that the envisaged reforms are conducted effectively, a matter that has already sparked some political debate and controversy.⁶⁸

⁶⁵ See DN/Lusa, *Marcelo decretal oficialmente a dissolução do parlamento*, in *Diário de Notícias*, 5 December 2021, <https://www.dn.pt/politica/marcelo-decreta-oficialmente-a-dissolucao-do-parlamento-14381369.html>, accessed 8 July 2022. The elections took place on 30 January 2022 and were the result of a political crisis triggered by the Assembly of the Republic's inability to approve the new state budget. The Socialist Party, which had formed the previous government, was strengthened, achieving an absolute majority.

⁶⁶ See Lusa, António Costa: "Crise não se pode resolver com respostas de austeridade", in *Rádio Renascença*, 22 April 2022, <https://rr.sapo.pt/noticia/politica/2020/04/22/antonio-costa-cri-se-nao-se-pode-resolver-com-respostas-de-austeridade/190225/>, accessed 4 July 2022; Reuters Staff, *Portugal não deve impor mais medidas a "novos pobres" do país*, 29 February 2012, <https://www.reuters.com/article/mundo-portugal-presidente-novospobres-idBRSPE81S06Q20120229>, accessed 26 September 2022. The Portuguese Prime Minister has rejected the austerity path to solve the post-pandemic crisis. In 2012, during the previous crisis, the government had defended the austerity path as inevitable, along with the adoption of further measures of this nature, if needed, to ensure fulfilment of the country's commitments.

⁶⁷ As underlined by the Council (see Council of the European Union, nt. (24), 18), the RRP envisages significant measures to address long-standing social challenges.

⁶⁸ See Lusa, *Marcelo espera "que haja controlo" da utilização dos dinheiros do PRR*, in *Jornal do Negócios*, 7 July 2022, <https://www.jornaldenegocios.pt/economia/politica/detalhe/marcelo-espere-que-haja-controlo-da-utilizacao-dos-dinheiros-do-prr>, accessed 10 July 2022. The President of the Republic recently urged an effective control over the funds. See Correia J.D., Coelho L., Gomes H., Silva A., *Partidos chamam Governo para explicar apoio do PRR a Mário Ferreira e questionam papel de Lacerda Machado*, in *Expresso*, 7 July 2022, <https://expresso.pt/politica/2022-07-07-Partidos-chamam-Governo-para-explicar-apoio-do-PRR-a-Mario-Ferreira-e-questionam-papel-de-Lacerda-Machado-d6f3eb7e>, accessed 10 July 2022. Furthermore, opposition political parties have questioned the government concerning the allocation of some grants, fearing that it may be favouring certain economic groups. See Lusa, *Não está assegurada "adequada segregação de funções" no controlo do PRR, diz Ministério Público*, in *ECO News*, 17 May 2022, <https://eco.sapo.pt/2022/05/17/nao-esta-assegurada-adequada-segregacao-de-funcoes-no-controlo-do-prr-diz-ministerio-publico/>, accessed 10 July 2022. The Public Prosecution Services have also expressed doubts regarding the adequate segregation of functions regarding RRP control.

Finally, the contrasting approach that is currently being implemented (by comparison with the 2010 crisis) allows us to say that social and employment policies might be becoming less functional with regard to fiscal and macroeconomic priorities and are acquiring their own momentum. Or at least, they are no longer being perceived as mere costs, to be sacrificed in times of duress. However, this assessment has been made possible by the philosophy behind the NextGenerationEU – focused on the ideas of solidarity and social and economic recovery – and the current political consensus on this path. New and different crises may turn out differently.

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