

Depoliticising austerity: Narratives of the Portuguese debt crisis 2011-2015

Adam Standing (FCSH-UNL)

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The European sovereign debt crisis, beginning in 2010-11, was a catalyst for governments of all political persuasions to initiate a raft of austerity policies and structural reforms of the state. The reception of these policies varied greatly across Europe, from, on the one hand, largescale demonstrations and the rise of populist anti-austerity movements, to the relative popular acquiescence to austerity. It has become increasingly acknowledged that the selection and implementation of austerities can and should be viewed as a political choice on the part of political elites, rather than an economic imperative – as it was sold to publics. In order to provide a more persuasive account of the adoption of austerity as a crisis response, particularly in countries where contestation was relatively weak, we build on a discursive institutional approach to understanding crisis. More specifically we emphasise three characteristics of crisis which other approaches have a tendency to neglect (particularly in combination): firstly, the endogenous nature of crisis – crisis should be understood as generated from within the system rather than as an external condition; secondly, there are both material and ideational factors, the interaction of which contribute to giving the crisis meaning and supporting a resolution which ‘resonates’ with particular publics, and; thirdly, crisis should be understood as inherently political – that is that highlights existing social antagonisms and conflictual relations – *however*, the extent to which these antagonisms result in conflict and contestation is a matter of political strategy and particularly how politicians strategically frame crisis. Depoliticization, therefore, should be considered as a potential mechanism through which crisis serves to constrain what is politically feasible – not just in institutional terms (what policies are available to politicians) but by narrowing the realm of contestation.

The relationship between the Euro crisis and austerity has been variously understood as a form of ‘crisis avoidance’ (Burnham, 2014, 189), ‘crisis management’ (Blyth, 2013a; Blyth, 2013b; Featherstone, 2015), and a ‘window of opportunity’ for politicians to implement unpopular policies (Gorjão, 2012; Ladi, 2014). Crisis, in these analyses, is most often viewed in traditional institutional terms, as systemic, exogenous, material events to which politicians must respond *post hoc* – an analysis often employed by politicians themselves who argue ‘there is no alternative’ to austerity and fiscal consolidation. A recent ‘ideational turn’ has sought to supplement, or even directly challenge, these materialist perspectives by refocussing attention onto the endogenous nature of crisis itself (Samman, 2011; Stanley, 2014; Widmaier *et al.*, 2007), specifically to analyse the role of discourse in constituting competing narratives of crisis (Carstensen, 2013; Schmidt, 2014; Matthijs & McNamara, 2015). A third option, which is adopted in this paper, more than simply combining these approaches, is to understand the relationship between the material and ideational nature of crisis as dialectic, that is ‘interactive and iterative’ (Marsh, 2009).

Beyond its materiality, crisis can be understood as a rupture, a transformative moment which calls into question the status quo and in which the search for meaning, definition and resolution are opened to broader social and political contestation (Hay, 1999; Kosselleck, 2006; Widmaier *et al.*, 2007). While this moment may appear to provide the perfect opportunity for politicization, in which dominant paradigms are rendered contingent (Wood, 2015) – as demonstrated by the widespread growth in populist anti-austerity movements and rejection of traditional political institutions – crisis narratives are also particularly effective means of depoliticization: narrowing the sphere of the political and the institutional space in which to practice politics (Dean, 2009).

Here distinction is drawn between the *ontological* nature of ‘the political’ which describes a constituent element of the social world characterized by antagonistic social relations and the *ontic* nature of politics which are the everyday practices through which these conflicts are contested (Marchardt, 2011; Beveridge & Koch, 2016; Beveridge, 2016). Building on a recent paper from Beveridge (2016), we adopt a multi-lens approach to depoliticization in order to ‘capture more of the

actualities' of politics (see also Wood & Flinders, 2014). By doing so the discursive and institutional actions of politicians will be put into context, gaining a broader appreciation of their political effects and their role in narrowing the realm of political action.

The first two sections of this paper will discuss the question of crisis, depoliticization and the interaction of the material and ideation in constituting (or constraining) the political moment before seeking to apply these discussions empirically to the case of Portugal. Portugal, we argue, provides a relevant case in point – not only did political elites engage in a competition to define the broader Eurozone crisis within their particular national context, and according to their preferences, but this competition was 'won' by a pro-austerity faction deploying a discourse of 'no alternative'. In seeking to depoliticize a specific 'Portuguese crisis', Portuguese politicians sought to obtain certain advantages from reducing the political sphere and their ability to act within it. These included, gaining legitimacy among publics who remained generally supportive of both the welfare state and the Euro project, as well as closing down opportunities for contestation among other potential opponents of austerity, both from outside the state and within.

The politics of narrating crisis

The recent Eurozone crisis provides perhaps the clearest contemporary example of how crisis narratives compete for public and political legitimacy (see t'Hart and Tindall, 2009). From a discursive or ideational perspective this crisis was not one crisis, with a single set of objective contradictions, but a period in which political actors competed over the very nature of the crisis itself. The financial crisis can be seen as a series of contextualised crises which actors sought to construct - within their own domestic political, economic and social contexts – a narrative which would resonate with particular publics at particular temporal moments. In the early period under examination, dominant narratives shifted - what was first seen as a crisis of banking, dominated by the need to bail out struggling financial institutions and inject money into a faltering economic system, became a crisis of sovereign debt which necessitated a reduction in public spending (Blyth, 2013b; Mirowski, 2013; Schmidt, 2014). The underlying economic fundamentals of the global economy changed little in the period between 2008 and 2011 but what did change was the discourse deployed by politicians to project meaning onto events and to frame their responses (Blyth, 2013a, 205-208; Farrell and Quiggin, 2011, *passim*). As Mark Blyth notes, 'Only in textbooks do market actors respond to fundamentals, and only when they read neoclassical textbooks or ECB instruction sheets, where state spending is always and everywhere bad, do they reach for austerity as the first policy choice' (Blyth, 2013c: 744).

In seeking to explain this discursive shift and the widespread adoption of austerity among the European political class, academics from a broad range of disciplines have applied their own theoretical frameworks to their analysis of these events. This section engages with two particularly prominent traditions, historical institutionalism and international political economy, whose analyses, while enriching our understanding of the differing responses to the Euro crisis, nevertheless. Particularly prominent among these explanations have been analyses originating from the traditions of historical institutionalism and international political economy.

Historical institutional analyses of the financial crisis have placed particular emphasis on the 'conditionality' of austerity, specifically in the way in which Southern European countries were obliged to accept a raft of structural reforms as a condition for the deliverance of bailout packages to rescue their failing economies (see particularly Ladi, 2014 for the case of Greece and Cyprus, Featherstone,

2015 for Greece and Gorjão, 2012 for Portugal). Such analyses, following historical institutionalist understandings of path dependence, view the crisis as an ‘exogenous shock’, explaining national differences in the uptake of austerity through residual institutional inertia and variations in national institutional norms (Verdun, 2015). Adopting this approach gives national politicians a specific and, we would argue, overly narrow role in the construction of crisis – as *post hoc* managers of crisis (Burnham, 2014; Boin et al, 2006; Boin et al, 2009) – which in turn puts limits and constraints on the extent to which they can be said to control the nature of crisis within their national or political context. This approach has been increasingly rejected by discursive constructivists who place a much greater emphasis on the endogenous nature of crisis and the way in which politicians employ narratives to construct the moment of crisis itself (Hay, 1996; Hay, 1999; Schmidt, 2014; Widmaier *et al.*, 2007).

Political actors not only respond to failures but are able to frame failures in a manner that fits their particular ideological preferences, as Reinhart Koselleck explains, ‘crisis is a moment of objective contradiction, yet subjective intervention’ (quoted by Hay, 1999, 323). For political actors, therefore, crisis is a particularly useful discursive tool as it is seen to necessitate some form of state intervention. The specifics of that intervention are not determined but are, rather, dependent on the framing of crisis. Actors are able to project their subjective preferences for intervention through the discursive construction of crisis narratives. As Hay (1996, 255) notes, ‘crisis, then, is not some objective condition or property of a system defining the contours for subsequent ideological contestation. Rather, it is subjectively perceived and hence brought into existence through narrative and discourse.’ Within such a perspective, the difficulty lies in explaining how and why any particular crisis narrative – such as that favouring austerity policies - achieves predominance.

International political economy (particularly in its cultural/critical varieties) has been much more willing to engage with ideas at a causal level than traditional historical institutional approaches. Understanding the prevalence of austerity in terms of the widespread acceptance of overarching macroeconomic paradigms which originally served structure the Euro project as a whole, particularly the idea of German ordoliberalism (Matthijs & McNamara, 2015; Chima & Langley, 2012). After an initial period of uncertainty, these ideas reasserted themselves over the course of the crisis through the dominance of institutions such as the European Central Bank and the socialization of domestic economic actors in international forums. A weakness of this approach is its tendency to understand ideas in terms of ‘grand narratives’ – ordoliberalism, ‘Southern sinners’, PIIGS’ (Schmidt, 2014) - without any relation to the specificities of national contexts and the material constraints which these narratives must incorporate.

An attempt to providing a grounding for grand narratives within national constraints has come from the ‘everyday politics’ approach, typified by Liam Stanley’s work on popular acquiescence to austerity (Stanley, 2014; see also Langley, 2008). Stanley acknowledges that during times of crisis politicians will compete to present their own intersubjective narratives which define a problem and the interventions necessary for its resolution (Blyth, 2002; Widmaier *et al.*, 2007; Carsensten, 2013). The legitimacy of these competing narratives is predicated on their ‘resonance’ with pre-existing popular sentiment, or ‘the mood of the times’ (Stanley, 2014, 897-898; see also Marsh, 2009, 689; Jessop, 2004) and so Stanley rejects the use of proxies for investigating this legitimacy in favour of seeking direct measures of this popular sentiment through the use of focus groups.

While acknowledging that the ‘everyday politics’ approach offers a much more satisfactory explanation to the constraints faced by national politicians in framing their crisis narratives it leaves unanswered (and largely unasked) the question of the origin of this popular sentiment. If politicians are truly constrained by the ‘mood of the times’ then their agency is heavily circumscribed by pre-existing ‘common sense’ that they have little opportunity to influence. Rather than entering into what

is likely to be an unproductive and irreducible debate on the origin of ideas within political narratives (although, Carstensen, 2015 makes some progress conceptualizing this) we instead focus on the multiple (although interconnected) narratives that reflexive politicians employ which speaking to different audiences over time. A common thread among which is the way that material (and external ideational) constraints are used both discursively and institutionally in an attempt to reconstitute the sphere of the political. Appeals to the common sense nature of austerity, framed within a narrative that stresses the necessity of living within ones means, will undoubtedly resonate with a large part of the public, particularly in the context of an increasingly indebted society where the 'debtor/creditor' relationship has become part of the everyday lived experience (Lazzarato, 2012). But the public represents just one audience to which politicians must 'sell' their narratives – increasingly politicians' understanding of crisis must resonate with a broader set of external actors, international organizations, regional partners and the financial markets, as well as circumventing potential domestic opposition groups. Depoliticization, we argue, provides such a mechanism for this.

Depoliticization – narrowing the political and constraining politics

Crisis, understood as 'a moment of decisive intervention', legitimates executive state action by invoking, as Carl Schmitt put it, 'the state of exception' (2005), a period in which the normal course of decision-making is put aside for the good of the state. It is also a moment which, in Hall's (1993) terms, the status quo is challenged and a perceived failure in the existing paradigm opens up the existing definitions, assumptions and policies to question (Stanley, 2014, 897-898; Wood, 2015, 6-9). As we have argued above, the moment of crisis may give rise to any number of competing narratives which seek to frame the problems and suggest appropriate solutions (Hay, 1999). This would point to the inherently *political* nature of crisis, in the sense that it brings into relief the existing social and political antagonisms of a system as well as providing both cognitive and institutional space for contestation. Crisis can, therefore, be seen to challenge what has been described as a 'post-political' condition in which we live in a post-ideological 'ambient milieu' under which broad social differences, when not resolved, are not provided with the political structures to enter into real conflict (Rancière, 1992; Swyngedouw, 2014). During the crisis we were able to witness the rise of the 'rare and fleeting' political moment through the actions of Occupy, the 15-M movement and the UK Uncut before these political moments were subsumed back into the institutionalized, post-political system – as we see in the relative failures of Syriza and Podemos compared with the relative success of the UK Conservatives and Portugal's PSD in implementing austerity policies in their respective countries.

One of the problems associated with the 'post-politics' theory associates with Rancière, Swyngedouw and others is that it fails to properly recognise the 'post-political' condition which they claim exists is in fact a symptom of political achievement (Dean, 2009, 23; Beveridge & Koch, 2016). The success of a narrowing of the (cognitive and institutional) space for political contestation should be seen not as an inherent structural symptom of the current political system but rather as a victory for those who sought to narrow this space. It is, we would argue, evidence of the success of a process of depoliticization which, itself is a political strategy and not an inevitable condition (Flinders & Wood, 2014, 138).

The sudden and exceptional nature of crisis, frequently emphasized in the narratives of crisis, has extremely important implications on the timing and urgency of state intervention and therefore also on the amount of deliberation, reflection and consensus they are afforded. Some of the most common phrases heard from political actors across the globe during these periods are 'there is no alternative', or its more urgent relation, 'desperate times call for desperate measures'. This language is the

language of depoliticization (Burnham, 2001, 128; see also Buller & Flinders, 2005; Hay, 2007; Wood & Flinders, 2014) and achieves prominence in the way that it both reflects (and constructs) a particular material reality as well by shrinking the very ground of the political through which such claims could be contested (Beveridge, 2016).

An important distinction here is drawn between the ontological nature of 'the political' – as a realm of antagonistic and contested social relations – and the ontic nature of 'politics' – the everyday processes in which activity in the political realm is undertaken (Hay, 2013; Marchardt, 2011; Beveridge, 2016). The 'first wave' of depoliticization literature, within political science, focussed largely on the second of these, concentrating on the modes of statecraft, deliberation, binding rules, depoliticizing discourses, etc. through which depoliticization occurs and typically employs a narrow understanding of 'the political' realm characterized by the fundamental importance of choice and agency (see for example, Burnham, 2001; Hay, 2007; Flinders & Wood, 2014). This approach has been criticized for taking depoliticization for granted, as a constituent part of doing politics, and carries the risk of appealing either to a mythic form of political activity or else acting as an apologia for the status quo in which there is little room for alternative forms of political activity (such as protest, grassroots mobilization, populism) (Beveridge, 2016). In order to understand what is actually trying to be achieved through a strategy of depoliticization, as well as the processes through which it is attempted, a multi-lens approach to depoliticization offers a better option (ibid). This goes beyond the understanding that depoliticization may display different 'faces': governmental, societal and discursive (Wood & Flinders, 2014) to a sensitivity that depoliticization 'remakes politics rather than annihilating it' (Beveridge & Koch, 2016, see also Hay, 2014). The way that politics is remade is highly contextual, requiring an examination of the nature of the political in the case(s) being studied.

This is analogous to the argument raised by Schmidt when making the distinction between coordinative discourse and communicative discourse (2011; also Schmidt, 2014). The discourse employed by politicians differ depending on the audience. Schmidt builds on Habermasian ideas to distinguish between insiders – who are 'in on the fix' and merely need to be coordinated in order to produce the required results – and outsiders, who need to be convinced and 'sold the product'. While we hold back from making such strong distinctions in the nature of the varied audiences we do acknowledge the multitude of different discourses emanating from politicians, both to different audiences and over time (see also Hay & Rosamond, 2002, who make similar arguments with regards globalization). The distinction this paper wishes to highlight is that the very nature of 'what is political' varies between different groups and over time and therefore the motivation for pursuing a strategy of depoliticization, as well as the strategies themselves, will themselves vary. While early depoliticization literature focused on the 'blame avoidance' impact of 'placing at one remove the political nature of decision making', more recent studies have explored the role that depoliticization plays in reorganizing or restructuring relations between state/non-state actors (Burnham, 2001; c.f. Burnham & Macartney, 2016).

In the following sections we will seek to apply these discussions on both the ideational/material nature of crisis and the political nature of depoliticization to the case of Portugal during its own financial crisis of 2010-2015.

The fall of PS and the construction of a political crisis

Throughout the period 2010-2011 Portugal came under increasing external economic pressure. The country had seen its credit rating cut to junk level and the interest rate on its sovereign bonds had

almost doubled. Additionally, Ireland and Greece had recently been forced to accept bailouts from international lenders and the financial markets targeted Portugal as the next of the PIIGS – peripheral Eurozone countries with weaker economies, comprising Portugal, Ireland, Italy, Greece and Spain – to fall. The Portuguese Prime Minister, José Sócrates, leader of a minority Socialist Party (PS) government, maintained that Portugal did not need a bailout, a position supported by a number of commentators (Fishmann, 2011; Krugman, 2011), and could weather the economic storm by following their own economic plan. It was repeated often that, ‘Portugal is not Greece’, and that the biggest risk to Portugal came from predatory financial markets (Magalhães, 2012, 314; Magone, 2014, 352-353). This sentiment was echoed not just in Portugal but from the halls of the European Central Bank, where Jean-Claude Trichet too acknowledged, *‘Portugal and Greece are not in the same boat: it’s enough to see the numbers and the circumstances’*¹. In an effort to hold off a bailout, PS had introduced a succession of austerity packages, drafted with input from the European Commission (EC) and the European Central Bank (ECB) and the crisis narrative they wished to project was one which had, at the time, the full backing of European institutions whose primary aim was to avoid contagion (Matthijs & McNamara, 2015).

Events came to a head in March 2011 when Sócrates proposed the fourth austerity package (PEC IV), which was billed not just as another raft of economic measures but would serve as a vote of confidence on the government. A failure of the vote would result not just in the fall of the government but the inevitability of a Portuguese bailout, a situation that Sócrates argued was political rather than economic, *‘The measures imposed by these programs demand a liberal agenda that I am not willing to accept’*². Until PEC IV all previous measures had passed with the abstention of the largest opposition party, the centre-right Social Democratic Party (PSD) but PSD had seen its own popularity rise as the economic management of PS was called into question and the personal popularity of Sócrates plummeted due to a string of personal and political scandals. While PS were engaged, at this time, in a strategy of crisis avoidance, in particular seeking to avoid economic crisis that would result from accepting a bailout (and the harsh measures this would be conditioned on) PSD were simultaneously constructing a political crisis to which they could take the best advantage. In doing so they benefitted not just from the internal turmoil but also from material conditions outside of direct Portuguese control. Firstly, the risk of contagion had shifted from one of economic collapse to one of ‘moral hazard’, as Northern European economies, particularly Germany, shifted towards a discourse of ‘Northern Saints and Southern Sinners’ (Matthijs & McNamara, 2015), presenting Southern European economies as profligate spenders. Secondly, PSD could present first hand evidence of the experience of a country which had failed to satisfactorily implement austerity – Greece.

On 23rd March 2011 PEC IV was rejected, the PS government fell and new elections were called for 5th June. In the intervening period, acting in his position as caretaker Prime Minister, Sócrates announced to the public that the bailout was now unavoidable and negotiations would begin between the Troika – the ECB, IMF and EC – and representatives from PS, PSD and the right wing Popular Party (CDS-PP)³. At the time the leader of PSD, Pedro Passos Coelho, gave contradictory justification for rejecting PEC IV, first arguing that it was because, *‘The new measures, (...) are again overburdening the people who have sacrificed the most, they attack the basic foundations of the welfare state and do not make any cuts in the vast expense of the State machine. (...)’*⁴. He would quickly change this reluctant rhetoric to one of broad support for austerity measures, *‘The reason we voted against this revision in the SGP is not that the measures went too far (...). It is because it does not go as far as it should’*⁵. This support was repeated not just at home but also in the international press:

We voted against the latest announced austerity measures not because they went too far, but because they did not go far enough. They do not address the heart of Portugal's main

economic challenge, which is to ensure that growth goes hand in hand with fiscal discipline...⁶

The swift shift from a party which wanted to protect the most vulnerable in society, to a party which was the willing and supportive implementers of harsh austerity measures, was an abiding feature of PSD's election campaign. It represented not just an attempt to justify austerity to the general public but was also symptomatic of an intra-party battle between a more traditional, paternalist, pro-welfare state faction and a newer cadre that had wholeheartedly embraced a neoliberal worldview. This battle was explified by the tensions between Marcelo Rebelo de Sousa, the former President of PSD and current President of the Republic, and Passos Coelho, with Rebelo de Sousa regularly using his weekly television show to criticise the government's austerity policy. PSD's narrative of crisis broke from that of PS, who had sought to generate national indignation at the sustained international pressure Portugal was put under and which coalesced around the humiliation endured in the title of 'PIIGS'. In contrast, PSD argued that the need to 'trim the fat' was a matter of unavoidable necessity (Tsatsanis et al, 2014, 525-526) and that the crisis befalling Portugal were the inevitable result of years of irresponsible government spending and an 'engorged' public sector (Magalhães, 2012, 319). Instead of rejecting the 'PIIGS' heuristic, this was discursively deployed as symptomatic of Portugal's problems. PSD were a party who were attuned to the 'neoliberal reality' in which austerity measures weren't a political response to economic crisis but rather an economic imperative (Hay, 2007; Hay and Rosamond, 2002).

The Memorandum of Understanding (MoU) with the Troika was signed on 16th May 2011 and the measures went far beyond what had been envisaged in PEC IV, requiring a much more comprehensive reform of the state and social institutions. While PSD had been emphatic in their support for the measures, even proclaiming their desire to go beyond what was required of them, PS were seen as reluctant signatories which undermined public confidence in their ability to pass the reforms that were now seen as necessary for the stability of the country. Between them, the two largest parties of the Portuguese parliament had restructured the political nature of austerity where, in the space of not much longer than 6 weeks, it had gone from a contestable political choice to an economic imperative and an inevitability. This move served, at least for the duration of the following parliament or as long as the MoU was in force, to limit the extent to which austerity was contestable through traditional parliamentary means. The subsequent election brought PSD into government, with CDS-PP as a junior coalition partner, with a comfortable majority with which to pass the reforms they had committed to.

The electoral success of PSD in 2011 cannot be attributed solely to public dissatisfaction with the incumbents, nor as a rejection of austerity policies (Magalhães, 2012, 310), because PSD were openly supportive of the Troika and the austerity which was to follow. Instead, we argue, PSD were more successful in constructing a domestic political crisis, making best use of the economic context Portugal found itself in, to deploy a discursive strategy which benefitted their own preferred responses. Their narrative strongly emphasised the necessity for decisive action by incorporating the wider economic crisis in national imperative terms. This contrasted strongly with PS's narrative which sought to shift blame outside of Portugal and which undermined their own ability to act decisively to bring the crisis to an end. The political crisis caused by the fall of PS and the entry of the Troika was not an unavoidable consequence of state or economic failure but rather the calculated strategy of political actors who felt they were best positioned to take advantage. The impact of this domestic political crisis was felt not just in electoral terms, bringing in a new government who were enthusiastic about austerity, but it also sought to relocated sites of possible opposition to austerity outside of the national parliament.

PSD in power - the example of 'the good pupil'

Once in power, PSD lost the natural advantage they gained from being an opposition party in a time of crisis, in which they could criticise the incumbents without the responsibility or criticism of their own actions, and instead had to embark on a strategy to justify and legitimise their own policy choices. While the parliament had effectively been neutralized as a site of opposition, other sites had been opened. The presence of the Troika and the MoU allowed PSD to engage in a discursive strategy in which they were both constrained in their policy options while simultaneously being enthusiastic proponents of the policies those constraints entailed. PSD were also able to mobilise comparisons with Greece who, at the time, were experiencing prolonged difficulties in implementing the austerity policies that were required of them under their own MoU, as well as extreme popular opposition (Magone, 2014, 355). Greece came to be seen as exemplary of the consequences of resisting austerity, particularly in relation to diminishing international confidence as a second bailout was required in July 2011. Passos Coelho commented on the situation, '*the Government was ambitious and decided to go further (than the memorandum) and as a result Portugal has not suffered the same consequences as Greece*'⁷ In contrast Portugal, under the leadership of PSD, was to be known as 'the good pupil' of austerity, who learned their lessons and who implemented the required policies with the minimum of fuss and delay (Magone, 2014, 353).

As the negative impact of the reforms became more noticeable to Portuguese society at large, with unemployment reaching 15.6% in 2013 and falling wages (Magone, 2014, 350), the strategy of depoliticization played an increasingly important role in sustaining the momentum of unpopular government action. Opposition to austerity in Portugal was largely understated, particularly in comparison with Greece and Spain, and there were relatively few mass demonstrations and no new political actors entered the public sphere in the way that Syriza and Podemos did in their respective countries (Della Porta and Mattoni, 2014; FitzGibbon, 2014). Portugal did experience a dramatic rise in strikes and industrial action, however this was in a period which saw declining participation in trade unions (Accornero and Ramos Pinto, 2015, 498), and so protest frequency was not matched by protest intensity.

Traditional domestic veto players, particularly the strong professional associations, were targeted by PSD's strategy of depoliticization as alternative sites of contestation. Not only could PSD argue that the reforms were necessary but the presence of specific reforms, such as the simplification of eviction proceedings and the pricing of pharmaceuticals, in the MoU made opposition extremely difficult (IMF, 2011). PSD could, and often did, claim that opponents to these reforms were acting out of self-interest and were putting the long term economic stability of the country at risk. When a number of proposed reforms in the area of pensions and civil service pay were vetoed by the constitutional court, a consistent site of opposition to PSD's reform agenda, the court itself was attacked as being 'ideological' and 'politically motivated'. Passos Coelho stated, '*the problem is not the constitution but its interpretation*'⁸.

The parliament also briefly returned as a site of contestation through PSD's junior partner, CDS-PP. CDS-PP had always sought to position itself as advocating '*social ethics in austerity*'⁹ but the real area of opposition came over the appointment of ministerial portfolios. Objecting to Passos Coelho's choice of minister of the economy, the leader of CDS-PP, Paulo Portas threatened to take his party out of the government and open up the austerity narrative to a broader political contestation. This crisis was subsequently averted by granting Portas extra powers in economic policymaking and giving him the new position of 'deputy prime minister'.

As long as the Troika was present in Portugal PSD were provided with an external justification to continue with a reform agenda, going so far as to propose additional measures in the periodic reviews which 'locked in' reforms as part of the conditionality of Portugal's bailout terms. This situation, however, was always destined to be temporary. The exit of the Troika and Portugal's 'clean exit' from the bailout would reopen sites of political contestation which had previously been closed. This necessitated a renewed and intensified depoliticization of austerity as a means for legitimizing its necessity and again narrowing opportunities for political contestation:

In order to obtain the result in the public accounts that we are obliged externally to have, we must do more than was initially envisaged [...] If we were deprived of external aid, [...] we would be facing the immediate closure of many of the State's activities, non-payment of salaries, a chain of defaults in the economy that would lead to mass bankruptcies [...].¹⁰

Passos Coelho was supported in this narrative by external actors - both Mario Draghi and Angela Merkel acknowledged the difficulty of reforms but praised Portugal's commitments and repeated the necessity of sticking to these policies. The pro-austerity narrative was also aided by the European Central Bank's extended Public Sector Purchase Program which effectively provided quantitative easing 'by the back door' in return for sticking with austerity policies – measures which were unavailable to Greece and which effectively stabilised the Portuguese economy in the run up to the 2015 election (Príncipe, 2016).

It is noticeable in this period that PSD, and Passos Coelho in particular, engaged in subtly different rhetoric depending on the audience and on the timing of the communication. To the broader Portuguese public or with an election looming, the language would concentrate on the necessity of austerity, and the lack of options, as well as invoking the spectre of economic chaos that would result from deviating from this path, '*we did what we had to do in a country that was on the brink of bankruptcy*'¹¹. When speaking to his natural constituency in PSD or with some time before the next election the language would be much laudatory, celebrating PSD's role as enthusiastic reformers of the state:

The implementation of this memorandum of understanding is not the result of some heavy obligation that is met simply to feel that duty has been done (...) The opinion of the European Union and the IMF is in line with our conviction of what needed doing.¹²

This 'Janus-faced approach' (Hay and Rosamond, 2002, 158-159) presents the logics of neoliberal crisis response – reduction of the state, decreased state spending and fiscal consolidation – as inextricable, none negotiable and part of a general, international consensus while at the same time lavishing praise on the resolve of PSD to push the measures through. Opponents to this course of action are not only putting the stability of the country in jeopardy but they are ignorant of the harsh realities faced. It should come as no surprise then that PSD were among the strongest critics of Syriza in Greece, who, when elected, seemed to present a strong challenge to the logic that 'there is no alternative'. Passos Coelho dismissed Syriza's election programme as 'a fairy story'¹³.

When building a discourse of 'no alternative' to austerity, PSD were helped by both internal and external events. They were readily able to draw on the example of Greece as a means of demonstrating to the Portuguese population the consequences of resisting or opposing austerity policies. The success of PSD's strategy can be seen not only in the way they managed to circumvent domestic veto players to push through wide ranging reforms but also in the way that the Portuguese

people came to accept the inevitability of austerity. While many countries had seen austerity implementing parties suffer strong electoral defeats, after the October 2015 election PSD remained part of the largest group in parliament – now in a pre-election coalition with CDS-PP – albeit no longer with a parliamentary majority. The anti-austerity left – BE and the Communists – made gains but the biggest loser of the election must be seen as PS who still had fewer representatives than the PSD/CDS-PP coalition.

In a controversial move, exercising his constitutional right to nominate the government in the case of a hung parliament, Portuguese President Aníbal Cavaco Silva gave Passos Coelho the first opportunity to form a government. In doing so he built on the discourse of economic imperatives that had been such a feature of the previous 5 years. The left, he argued, would put the credibility and thus the stability of the country at risk:

Never, in 40 years of democracy, have the governments of Portugal depended on the help of anti-European political forces [...] Political forces that, in their manifestos, defend the revocation of the Treaty of Lisbon [...] the dismantling of the EU and the exit of Portugal from the Euro. [...] I greatly fear breaching the trust of international institutions, our creditors, investors and foreign financial markets. Credibility and confidence in the country are essential for investment and job creation.¹⁴

The subsequent government was the shortest in Portuguese history, lasting just 12 days before failing to pass its legislative programme through parliament. Cavaco Silva was ultimately forced to appoint a left wing government although it remains to be seen the extent to which, given the instrumental constraints placed on them by international actors, what real alternatives they can actually affect.

Conclusion

The events we have describes, and our analysis of them, have implications far beyond the borders of Portugal. Publics, especially in Europe, have been regularly and repeatedly told that ‘there is no alternative’ to austerity measures as a means of generating growth and of rebalancing the economic imbalances which spurred the biggest economic crisis since the Great Depression. The political rhetoric of ‘no alternative’ has been supplemented by a series of policy measures which have sought to ‘lock in’ fiscal consolidation and the retreat of the state into state and economic institutions. The Portuguese case is particularly effective in demonstrating how, in Beveridges’ terms (2016), depoliticization ‘relocates politics and the political rather than annihilating it’. The construction of a domestic political crisis which brought PSD to power in 2011 seemed to constrain the Portuguese parliament as a site through which austerity could be effectively contested – PS’s signing of the MoU made them essentially toothless. With this, opposition to austerity moved to different sites within and outside the state, including within the constitutional court, among traditional domestic veto players in civil society before finally returning as a political issue in the parliament – first through the junior coalition partner, CDS-PP and subsequently in parliamentary elections after the period of the Troika had ended.

PSD were elected in 2011 on a platform strongly supportive of austerity. Their message that the bailout and the entrance of the Troika were necessary in order to force the cutback of the state and to implement reforms despite strong opposition groups was aided both by the deteriorating economic

condition of Portugal as well as the events in Greece. The success of PSD's discourse came in the way they incorporated material events into their discourse, an example of which is the way they internalised the humiliating label of 'PIIGS' to emphasise the necessity of action. Greece provided the best possible example of what Portugal needed to avoid – rather than resisting austerity, Portugal must become 'the good pupil'.

Portugal represents an ideal vantage point to observe how political actors act strategically and selectively to construct crisis as a means to pursue their policy programmes but we can take from it broader lessons. Crisis cannot be considered some neutral or objective set of contradictions or failures but it is actors that give these contradictions and failures meaning. They do so in a way that seeks to narrow what is both feasibly conceived of as 'political' and by constraining appropriate action within that realm. These actions need not be seen as economically determined or structured by an essentialist view of the political but instead are highly contextual, both in temporal and spatial terms.

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¹ Jean-Claude Trichet, TVI24, 6 May 2010. All translations from the Portuguese are the author's own.

² José Sócrates, Diário de Notícias, 13 March 2011.

³ The left wing parties in parliament, Left Block (BE) and the Communists (CDU), refused to participate in negotiations and opposed the whole process (Magone, 2014: 353).

⁴ Pedro Passos Coelho, Press Conference, 12 March 2011

⁵ Pedro Passos Coelho, Interview to SIC, 25 March 2011

⁶ Pedro Passos Coelho, The Wall Street Journal, 30 March 2011

⁷ Passos Coelho, PSD Congress, 14 August 2011

⁸ Passos Coelho, Expresso, 1 September 2013

⁹ Paulo Portas, Diário de Notícias, 12 Abril 2011

¹⁰ Passos Coelho, speech on RTP, 13 September 2012

¹¹ Passos Coelho, opening of national council of PSD, 29 May 2014

¹² Passos Coelho, Speech to PSD members, 19 April 2013

¹³ Passos Coelho, Público, 26 January 2015

¹⁴ Cavaco Silva, speech to the country, 30 October 2015