
Foreword

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The economy of a country always contains two dynamics, with clearly distinct paces.

On the one hand, we have short-term dynamics, namely economic cycles that are recurrent and visible. These cycles reflect periods of growth and contraction in output and employment. It is relatively easy for households and enterprises to perceive these cycles and the impacts they have on their lives. Such dynamics generate instability in the economy and, for this reason, require monitoring that should be as agile as possible, so that the drivers for each cycle can be quickly identified and analysed, and economic policy can contribute to the stabilisation or mitigation of their effects. Banco de Portugal contributes to this task, by continuously monitoring and assessing ongoing economic developments.

On the other hand, in parallel to these economic cycles, comparable to tides that we can observe easily from the shoreline, the economy is subject to structural transformations, slower and deeper. These transformations, which can be compared to the movement of tectonic plates in the depths of the ocean, cannot be seen by the naked eye, but produce indelible effects on the economic and social fabric, with important and disruptive impacts on the lives of households and enterprises. It is the case, for example, of structural losses in productivity, capable of drastically limiting the wealth that enterprises can generate and the wages they are able to pay.

If the institutions responsible for analysing the economies remain exclusively focused on accompanying short-term dynamics, they will lose sight of structural dynamics that condition individual well-being and the wealth and equity of the society, and will consequently be unable to signal the need for measures that anticipate and mitigate their effects. Therefore, Banco de Portugal assumes its mission of assessing the structural reality of the Portuguese economy, identifying corresponding challenges and opportunities.

In this book, the Bank gives continuity to the fulfilment of this mission.

In 2009, Banco de Portugal shared with the Portuguese society a book containing a collection of studies on “The Portuguese Economy in the Context of Economic, Financial and Monetary Integration”. On this occasion, the structural implications of the European integration process were explored, namely in terms of the goal of real convergence with our European partners.

Today, the Bank reprises its structural assessment of the Portuguese economy to look at “Portuguese Economic Growth: A View on Structural Features, Blockages and Reforms”.

These exercises are undoubtedly relevant as the structural conditions and, in particular, the ability to adapt to the global context determine countries’ economic success.

Through this type of initiatives, the Bank aims to embody its strategic purpose of being a centre of gravity and dynamic propeller of the scientific reflection on the structural mutations of the Portuguese economy, aggregating and mobilising the academia, always in a spirit of full openness and close partnership. The goal is to make society aware of the challenges it faces and foster responses based on broad social consensus. The studies published in this work only obey the criteria of strict scientific rigour and reflect the conceptual, theoretical and methodological frameworks of the authors.

The e-book format adopted aims to encourage the sharing of such a reflection. The purpose is to ensure that this work becomes a living reference to the discussions under way. The set of studies that Banco de Portugal here provides to Portuguese society is not a tomb of crystallised thought, but rather a work plan for the future.