

**Portugal had to ask for outside help because of budget problems and was criticized by many governments, especially Nordic. How to look at this situation?**

If we look at the situation in Europe as a whole, we see that the fiscal problems are not solely due to the mismanagement of public finances. Ireland and Spain are in dire straits due to the burst of the housing bubble - until the outbreak of the crisis, they had surpluses. In Greece, the public finances were grossly misused. I put Portugal somewhere in the middle of these two cases.

**The politicians were irresponsible?**

When we look at the values of the deficit, we conclude that maybe they were not so much responsible as they should have been. The problems are not new - Portugal has deficits for a long time and was even the first country to break through the Stability Pact. Yes, there was a crisis, there were problems of competitiveness, but Portugal has behaved badly. Not as bad as Greece, but has behaved badly in some ways.

**How does the nordic public opinion interpret the situation?**

I think people have the notion that there is a difference between the situation in Portugal and Greece. Although they knew the budget problem arises not only from the crisis, they understand that Portugal was not irresponsible as Greece. Actually, here in Sweden Italy has much worse reputation than Portugal.

**Portugal will create a "Fiscal Council" [Council of Public Finance] to monitor the budgetary situation of the country. If it had been created some years ago, the problems could have been avoided?**

I do not know if it would have avoided the problem, but could have helped. The "Fiscal Councils" have precisely this function: to provide information to the public and Parliament in order to make sound "the alarm" when something starts going wrong.

**Even without sanctioning powers ...**

No, they don't have those powers. But everyone works this way: giving warnings, through the media. I do not know enough about the political process in Portugal, but in Greece and Italy, which I know best, it is clear to me that there is a need to take more informed economic policy decisions.

**How was the "Fiscal Council" Swedish created?**

The starting point was a referendum in 2003 to decide whether or not we should join the euro zone. This has created a working group to examine how we should best manage fiscal policy, and concluded that it would make sense to create an organ of this kind.

**The idea was to create pressure on the government?**

Exactly. There were fears that, with the euro, fiscal policy would be too loose during the boom times and thus lose "ammunition" for the hard periods. The agency was created in 2007 and since then we produce an annual report that assesses the fiscal policy. The report has a lot of media attention.

**Its real power does not depend much on the attention paid by the public?**

Sure. The more voters are willing to listen to relevant information, and the more credible is the Fiscal Council, the greater its impact. In Sweden, as in other Nordic

countries, there is much involvement on the part of voters. It is a fertile soil. And politicians understand this and tend therefore to be responsible. The Fiscal Council was not created when there were problems, but to prevent them from appearing.

**This hampers the creation of a "Fiscal Council " in Portugal?**

Maybe it that makes it even more necessary. If you have problems of credibility, an authority to oversee the budgetary performance makes even more sense than in Sweden.