Surviving the crisis and austerity:
The coping strategies of Portuguese households

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Abstract *

In recent years Southern European households have been facing acute economic hardship, involving falling incomes, rising unemployment, devaluated investment portfolios and a growing burden of debt. This means most households have been forced to make unusual adjustments to their expenditure and living standards.

However, the Portuguese society has revealed the capacity to deal with austerity through the way households are resorting to self-mobilisation and solidarity-based strategies. These adjustment strategies are inscribed in a cultural framework in which familialistic values, prevalent in Southern European societies, stand out in supporting a strong, operative welfare society.

This feature is confirmed hereby through empirical research on the coping mechanisms mobilised by households, via survey questionnaire and interview techniques.

INTRODUCTION

Portugal has been severely hit by a prolonged economic crisis. From 2008 to 2013 the average per capita GDP shrank by more than 6.5% (compared with -2.4% in the EU as a whole), the unemployment rate rose by around 8 percentage points to the highest figure ever recorded (17% in 2013), and the downward trend in the poverty rate

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was reversed\(^2\). Like Greece, Ireland and Spain, Portugal experienced the harmful effects of a sovereign debt crisis in addition to those resulting from the international financial crisis of 2008. The combined effects of the two crises deepened the economic stagnation that had been evident since the beginning of the 2000s, putting a halt to the catching up with the average EU per capita income\(^3\). The economic vulnerability of the country, resulting from stagnation in growth combined with rising levels of public and private debt, inevitably led to a request for economic and financial assistance from the European Central Bank, the European Commission and the International Monetary Fund (the *Troika*). The assistance was intended to provide enough funding for Portugal outside the global financial market where financial resources had become prohibitively expensive\(^4\).

Within such a recessive environment, most households have been forced to make remarkable adjustments to their expenditure budgets and living standards. Surprisingly Portugal has been keeping a remarkable low level of credit arrears in a cross-country comparison\(^5\).

We argue that the main reason for this seemingly paradoxical situation lays down in the familialistic tradition that underpins a pervasive welfare society\(^6\). Families play a central

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\(^4\) A financial assistance programme, amounting to €78 billion over a three-year period, was agreed in May 2011. The programme was made conditional on fiscal consolidation measures and structural reforms, described in detail in the so-called “Memorandum of Understanding” and its subsequent updates. For a full description of the Portuguese Economic and Financial Assistance Programme, including the austerity measures, the monitoring of their enforcement and the final assessment of the Programme, see the Banco de Portugal website at http://www.bportugal.pt/en-US/EstabilidadeFinanceira/AEstabilidadeFinanceiraPAEF/OProgramaAssistenciaFinanceiraPortugal/Pages/inicio.aspx; See also International Labour Organization (2014), *Portugal. Tackling the jobs crisis in Portugal*. URL: http://www.ilo.org/public/libdoc/ilo/2014/114B09_27_engl.pdf.


role as social protection providers in Portugal, as inter-generational kinship ties and networking are stronger and oftener than in other non-Southern European countries. This implies that in critical moments, as those we have been living on, intergenerational solidarity plays a decisive role in keeping a minimum social safety net.

Analysis of the coping strategies used by Portuguese households to face up to the crisis enables us to discuss the crucial role of social support networks as the key element in understanding the non-disruptive process of adjustment that has been observed in Portugal. The outcomes of this research have a wide explanatory potential, given the cultural, economic and social model Portugal shares with other Southern European countries that have also been particularly affected by the financial crisis and austerity programmes.

The interpretative framework used in this paper draws on a typology developed by Frade concerning the strategies adopted by Portuguese households to cope with the consequences of financial hardship.

The assessment of households’ coping strategies is based on a transdisciplinary empirical study involving quantitative and qualitative methods. A national survey was administered to a sample of working age couples with children. In addition, a set of in-depth interviews were held with couples sharing the same profile.

This text is organised into three sections. The first section characterises the effects of the crisis and austerity on households’ standards of living, on an aggregated scale. The second part draws on the theoretical framework, comprising the interpretative grid which supported the analysis, as well as the structuring operative concepts. In the third and final part, the results of the empirical research are presented and discussed.

I. THE ‘MACRO-IMPACTS’ OF THE ECONOMIC CRISIS AND AUSTERITY MEASURES ON HOUSEHOLD STANDARDS OF LIVING

Portuguese households suffered with the economic slowdown itself and, in particular, with the fiscal adjustment measures adopted by the government to reform public
The fiscal policy adopted include: reforms to the labour market (changes in labour law to foster flexibility and changes to the terms of collective agreements); wage cuts and reductions in the number of civil servants; cuts to public provision, in particular pensions and unemployment benefits; increased taxes in income, turnover and property; and cuts in public contributions to healthcare, education, transport, etc.\(^9\).

The sharp growth in unemployment has disproportionately affected young people and those with low levels of education. In the 15-24 age group, unemployment rose from 16.6%, in 2007 to 37.7% in 2013. In the same period, employment rates fell by 9.5 percentage points for men and 5.1 percentage points for women. In addition, long-term unemployment\(^10\) increased dramatically from 48% in 2008 to 62% in 2013\(^11\). In February 2013, 13,187 couples were registered as having both members unemployed, two and a half times more than at the end of 2011. Worsening conditions in the labour market has also triggered emigration: between 2007 and 2012 the number of permanent emigrants increased six fold, with young people, particularly the most highly qualified, over-represented in the emigrant population\(^12\).

When referred to the anchored poverty line\(^13\), the poverty rate\(^14\) increased by 6.9 percentage points between 2009 and 2012, ranking third in the European Union. Poverty rise affected mostly people of working age, children and young people. Families with more children have been particularly badly hit. In contrast, poverty increased only marginally among the elderly\(^15\). Although 10% of the working population lives below the poverty line, losing employment has been one of the main reasons why households have suffered income losses. In 2012, 40% of the unemployed lived below the poverty line, more than double the overall poverty rate\(^16\).

Consolidation of public finances in the second phase of the crisis implied significant cuts to social protection systems, leaving a large number of unemployed workers

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\(^10\) The percentage of jobseekers who have been without work for over one year.


\(^12\) See International Labour Organization, 2014.

\(^13\) This fixes the real value of the poverty threshold at 2009 levels and then adjusts only for inflation.

\(^14\) People at risk-of-poverty are those with an equivalent disposable income below the risk-of-poverty threshold, which is set at 60% of the national median equivalised disposable income (after social transfers) (see EUROSTAT at http://ec.europa.eu/eurostat/web/income-and-living-conditions/statistics-illustrated).


\(^16\) See Banco de Portugal, 2014.
without protection. Whereas in 2000, according to Gallie and Paugam, the Portuguese social protection system was already a sub-protector system, the changes undertaken during the financial assistance programme made the situation worse\(^{17}\). Between 2001 and 2011 the effective coverage rate of unemployment insurance decreased from 82.9\% to 44.8\%\(^{18}\). Moreover, the activation rate, meaning the proportion of the unemployed benefiting from active employment policies, is quite low within the context of the EU (18\% in 2011)\(^{19}\).

Besides, public expenditure on family benefits remains relatively weak, amounting to only 1.5\% of the GDP, compared to an OECD average of 2.3\%\(^{20}\). The impact of social transfers (excluding pensions) in reducing the risk of poverty decreased from 8.5 percentage points in 2009 to 6.8 percentage points in 2012\(^{21}\).

Even workers with more stable and secure jobs, particularly civil servants, have suffered major cuts to their income\(^{22}\). According to PricewaterhouseCoopers, between the beginning of 2011 and the end of 2013, the average public employee lost the equivalent of 3.7 net salaries\(^{23}\). Taken together, wage and pension cuts, increased taxation, (including extraordinary income surtaxes and reduced tax exemption) have led to a sharp fall in standards of living, which has been particularly acute for the middle-income classes. Inevitably, these adverse economic conditions have had a negative effect on the financial solvency of households.

For the two decades prior to the crisis, household debt had increased very rapidly: the debt rate\(^{24}\), which represented only 20\% of disposable income in 1990, rose to 40\% in 1995 and 124\% in 2009\(^{25}\). Household credit was mainly for housing purposes. This


\(^{19}\) See European Commission, 2014:11.


\(^{23}\) See the Portuguese newspaper Jornal de Negócios, 17th January 2014. URL: http://www.jornaldenegocios.pt/economia/impostos/detalhe/funcionario_medio_perdeu_quase_quatro_salarios_em_tres_anos.html

\(^{24}\) Indebtedness is understood to mean the balance owed by a household, which may result from a single credit commitment or more than one commitment at the same time, in which case it is referred to as multi-indebtedness. See Marques, Maria Manuel et al. (2000), O endividamento dos consumidores. Coimbra: Almedina.

\(^{25}\) See Farinha, Luisa & Noorali, Sara (2004), Endividamento e Riqueza das Famílias Portuguesas in Banco de Portugal, Relatório de Estabilidade Financeira. Lisboa: Banco de Portugal. URL:
meant no significant risk, since it took place in a favourable economic climate with a steady growth in real wages and a steady fall in interest rates. Consequently, it represented, to a large extent, a rational response by households to the political-economic context. Nevertheless, indebtedness made households more vulnerable to personal circumstances that could undermine their financial stability and the reimbursement of debts. Thus, the rising unemployment, combined with the shrinking Welfare State, would lead to an increase in credit defaults and to a growing number of bankruptcies. The statistical trend for personal bankruptcies reveals a perfect match with the negative impacts of the crisis and austerity. Personal bankruptcies increased by over 2000%, between 2007 and 2013. In 2011, the number of natural persons’ bankruptcies exceeded business bankruptcies for the first time. Nevertheless, in cross-national terms the figures for Portuguese household defaults have remained relatively low, given the high level of indebtedness and the serious financial constraints. According to EU-SILC data, arrears on mortgage or rent payments, utility bills and hire purchase instalments of Portuguese households are in line with the average EU-28 figures.

27 See Lopes, Frade & Jesus, 2013.
28 According to the Central Bank of Portugal, the ratio of overdue household loans increased from 2.9% in December 2009 to 4.4% in December 2013. By the same token, the percentage of borrowers in households with overdue loans during the same period rose from 13.2% to 14.8%. See Banco de Portugal (2014), Statistical Bulletin, November 2014. URL: http://www.bportugal.pt/pt-PT/Estatisticas/PublicacoesEstatisticas/BolEstatistico/BEAnteriores/Lists/FolderDeListaComLinks/Attachments/173/BENov14.pdf
29 Figures obtained from calculations based on quarterly statistical information issued by Direcção-Geral da Política de Justiça do Ministério da Justiça. URL: http://www.dgpj.mj.pt/sections/siej_pt/destaques4485. It should, however, be noted that in absolute terms the number of individuals in situations of insolvency is very modest, give the overall situation in the country. In cumulative terms, between 2008 and 2013 32,294 bankruptcies of natural persons were registered.
II. COPING WITH THE CRISIS IN THE CONTEXT OF THE SHRINKING WELFARE STATE

Coping as an operative concept

The concept of coping strategies will be used to explore the impact of the crisis and austerity policies on households. This concept has mainly been used in health psychology and sociology of medicine to address the way individuals deal with illness and stress in general\(^\text{31}\). Its influence later extended to other spheres, such as the sociology of the family\(^\text{32}\) and gender studies\(^\text{33}\), and to other problems, such as unemployment\(^\text{34}\), the reconciliation between professional and personal/family life\(^\text{35}\), financial difficulties\(^\text{36}\) and poverty\(^\text{37}\).

According to Carver and Connor-Smith “coping is often defined as efforts to prevent or diminish threat, harm, and loss, or to reduce associated distress”\(^\text{38}\). Coping strategies are therefore forms of behaviour used to adapt and adjust to adverse conditions\(^\text{39}\). In this paper we consider coping strategies to be the formal and informal mechanisms adopted by individuals and families, in a relatively planned and deliberate way, to deal with the financial difficulties that are affecting their quality of life and personal, social and


\(^{32}\) See Graham Crow’s analysis of the increasing use of the term “strategy” in sociology. Crow, Graham (1989), SOCIOLOGY, 23(1), 1-24. “Analysis of actions and their outcomes in terms of strategies carries with it the promise of avoiding some of the pitfalls of the classic agency/structure dichotomy, as well as shedding a different light on questions of rationality” (p. 1).


\(^{34}\) See Frade, 2006.

\(^{35}\) See Andersen & Larsen, 2012.

\(^{36}\) See Fryer, David & Fagan, Rose (1993), Coping with Unemployment, INTERNATIONAL JOURNAL OF POLITICAL ECONOMY, 23(3), 95-120.


professional well-being\textsuperscript{40}. They include both strategic behaviour, in the form of active, generally long-term measures, and adaptive behaviour, in the form of reactive measures, involving basic, usually short-term adjustment\textsuperscript{41}. Faced with financial difficulties, households tend to combine immediate with more weighted forms of behaviour, and more pragmatic and intuitive measures with more planned and customised ones. Extant empirical research has shown that in the context of financial difficulties, households react by immediately cutting back on consumption\textsuperscript{42}. Adaptive strategies play a key role in dealing with situations involving significant income losses, since they produce immediate effects. However they are almost always insufficient to deal with prolonged financial constraints. In such a case, a more planned and structured approach is required, in order to reconfigure the expenditure pattern to a new (more restricted) one. The reconfiguration to a new, less affluent, lifestyle may result from an imposition/suggestion of an external entity, such as the social services or the courts. In such cases it is still possible to detect an internal impulse in the act of seeking out for aid.

Reconfiguring family spending habits is a painful process that requires making choices, prioritising and combining individual and common interests within the family sphere\textsuperscript{43}. Couples’ financial decisions result from complex interactions involving tacit or explicit negotiation between the spouses. The austerity changed the assumptions behind those “negotiations”, thus creating a context that can lead to (or rekindle) conflicts over the reallocation of scarcer financial resources. In this sense, the crisis represents a challenge and a threat, both to the stability and unity of the family and, in more serious cases, to its actual survival. It may be said that the crisis puts to the test the resilience of families.

An interpretative grid for coping strategies

We adopt here the interpretative grid proposed by Frade\textsuperscript{44}, in order to understand how Portuguese households have sought to overcome the financial constraints caused by the financial crisis and the national austerity programme. The strategies were classified according to the people and/or entities mobilised by households to enable them to deal

\textsuperscript{40} See Frade, 2006.
\textsuperscript{41} See Andersen & Larsen, 2012.
\textsuperscript{42} See Frade, 2006.
\textsuperscript{44} See Frade, 2006, on the coping strategies of households affected by unemployment and households suffering from over-indebtedness.
with their financial problems. According to the grid, households resort to three different types of coping strategies: *self-mobilisation*, corresponding to measures adopted by household members in order to reduce spending or increase income; *solidarity-based mobilisation*, involving aid from friends and close family members, in the good tradition of welfare societies; *institutional mobilisation*, including requests by individuals to the State (claims for social protection and assistance), civil society (especially non-profit organizations) or the market, in order to overcome financial difficulties. While in self-mobilisation, coping takes place within the *inner circle* i.e. within the nuclear family, in solidarity-based and institutional mobilisation coping is sought outside the family. Although this is still restricted to a close circle of family members and friends in one case, and extended to the available social, economic and legal institutional mechanisms in the other.

A) Self-mobilisation

In situations of financial constraint, the members of the household first engage in dealing by themselves with the problems – *self-mobilisation* – either by downsizing consumption habits and lifestyles or seeking out new sources of income, or both. Cutting down on goods and services is the strategy households adopt immediately. Instead of cutting only “superfluous” consumption, households reassess their consumer priorities and make an overall reduction in spending. This reduction is distributed unequally in terms of goods and beneficiaries, since the tendency is to maintain spending on children as far as possible. The recognition by parents of their responsibility to provide for their children’s well-being means that the needs of the latter take precedence over any other. Adults are the first to give up certain expenses, although over time restrictions eventually affect all members of the household. Leisure

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45 Various authors, particularly in the field of psychology, have identified and classified coping strategies in different ways. See Carver & Connor-Smith, 2010; Skinner, Ellen A.; Edge, Kathleen; Altman, Jeffrey & Sherwood, Hayley (2003), Searching for the structure of coping: A review and critique of category systems for classifying ways of coping, PSYCHOLOGICAL BULLETIN, 129(2), 216-269. The classification used here follows a distinct sociological perspective and addresses the relational spheres of individuals and families. In this sense it comes close to an approach commonly used in sociological studies of network analysis, namely the egocentric approach. According to Silvia Portugal (2014: 69), egocentric networks are defined as “the set of individuals who know and interact with a particular ‘target’ (an individual or couple). (…). These types of networks give us a Ptolemaic vision of networks: rather than conceiving of them from the point of view of an external observer, we obtain the perspective of the individuals at their centre”. See Portugal, 2014.


47 See European Commission, 2014.
(holidays and sports), culture (books, shows) and social events (going out with friends, eating out or going to the cinema) are the items primarily given up or drastically reduced. Consequently, social ties start to break down, leading to feelings of depression and isolation, whilst also reducing the network of contacts which may, for example, help individuals to find a new job.\footnote{See European Commission, 2014; Portugal, 2014; Frade, 2006.}

Spending on food also tends to be adjusted, although in a less drastic manner than spending on leisure. A number of substitution strategies can be identified: reducing the consumption of certain more expensive products (meat and fish, for example) and increasing purchases of cheaper goods (cereals, bread, vegetables); taking advantage of promotions and products from less prestigious brands (for example, “white label” products or own-brand goods); preferring discount stores, fairs and markets rather than hypermarkets, shopping centres and brand-name stores; cancelling particular services (cable television, internet, insurance) or searching for cheaper “packages”; giving up certain healthcare services, such as regular visits to the dentist, or making greater use of public health services. Certain types of consumption traditionally segmented by gender, such as beauty treatments (hairdressers, cosmetics) or going to sports events, are also cut drastically, if not completely given up.

As already pointed out, reducing the quantity, range and quality of what is consumed is not achieved without hardship and stress, leading to feelings of dissatisfaction and revolt (or the reverse, resignation). It is therefore a situation that may create or aggravate marital and family conflict.

In addition to reducing levels of consumption, self-mobilisation is also pursued through income strategies. The most common, but also the most precarious of these, involves using personal savings. Households which manage to mobilise savings tend to put off or even avoid resorting to other types of coping strategies. The existence of a financial “cushion” may provide the time needed for planning a more efficient strategy for surviving the crisis and alleviate the sacrifices in consumption habits.\footnote{In an empirical study produced in 2006, Frade concluded that it was a lack of savings combined with weak or non-existent solidarity-based networks that made the unemployed more likely to become involved in situations of overindebtedness. See Frade, 2006.} Another measure is the search for a new job when unemployed. However, since it is not always possible to find a new job straight away, some individuals resort to small informal jobs mostly in domestic cleaning, repairing and building work. Extra working hours and a second job may also be part of this strategy. Another, more radical solution may imply
emigration in search of work or a better paid job. Whilst working extra hours takes its
toll on leisure and family time, emigration deeply affects family and friendship ties. In
both cases major changes may occur in the emotional and affective relations among
household members\textsuperscript{50}.

The extent of the sacrifices and hardship is shaped by objective factors, such as,
accumulated wealth and disposable income, composition of the family (in particular, the
presence of children) and place of residence (urban versus rural). Additionally,
prevailing social values and individual perceptions on the causes and drivers of the
crisis do also play a role. In research carried out in 2012, Lopes & Frade concluded that
the willingness of individuals to make additional long-term sacrifices to their lifestyles
is influenced by collective beliefs about the economic crisis and trust in political and
market institutions, thus corroborating the Theory of Market Anomie\textsuperscript{51}.

\textbf{B) Solidarity-based mobilisation}

Solidarity-based mobilisation entails mutual aid based on family and friendship
networks. This operates according to a rational of \textit{gift and reciprocity} following Marcel
Mauss’s perspective\textsuperscript{52}. Solidarity tends to play a key role in financial and emotional
well-being of individuals\textsuperscript{53}. The ability to mobilise informal solidarity-based networks
reduces the risk of social exclusion and poverty of those who lack the necessary means


\textsuperscript{52} See Mauss, Marcel [2002 (1950)], \textit{The Gift: The form and reason for exchange in archaic societies}. London and New York: Routledge Classics. Mauss recognises the gift as a central element of archaic societies, but also considers it a residual manifestation of the past in modern societies. However, Godbout (1992: 20), like many other authors, has argued that “the gift is just as typical of modern and contemporary societies as it is typical of archaic ones.” Through the gift of goods and services with no guarantee of return, social ties are also created, fostered or recreated amongst individuals in contemporary societies (Godbout, 1992; Caillez, 2000). According to these anti-utilitarian sociologists, the obligation to give is a triple obligation to give, take and return. See Godbout, Jacques T. (1992), \textit{L’esprit du don}. Paris: Éditions La Découverte; Caillez, Alain (2000), \textit{Anthropologie du don: le tiers paradigme}. Paris: Desclée de Brouwer; Portugal, 2014.

to support themselves and live in dignity. By offering money or providing goods (food, clothing and footwear, housing) or services (childcare, domestic chores), family and friends alleviate the hardships faced by households. Empirical data highlights the particular importance of these networks among lower socio-economic strata.\textsuperscript{54}

Solidarity-based mobilisation is a clear example of the central role played by the so-called welfare society in Southern European countries (Portugal, Spain, Italy and Greece). \textit{Welfare society} is understood here as “the networks of inter-knowledge, mutual recognition and mutual help based on kinship and community ties, through which small social groups exchange goods and services on a non-market basis with a logic of reciprocity”.\textsuperscript{55} In Southern Europe the welfare society has been essential to meeting various social needs – ranging from employment and production\textsuperscript{56} to caring for children and the elderly\textsuperscript{57} and providing housing\textsuperscript{58} – and helps to fill the gaps in public provision. In this sense, Santos\textsuperscript{59} argues that “in Portugal a weak Welfare State coexists with a strong welfare society”. In fact, Southern European Welfare States\textsuperscript{60} are not included in the Esping-Andersen triptych\textsuperscript{61} and, in the opinion of Ferrera\textsuperscript{62} and Rodes\textsuperscript{63}

\begin{footnotesize}
\begin{enumerate}
\item See Costa, Sónia & Farinha, Luísa (2012), Inquérito à situação financeira das famílias: metodologia e principais resultados, \textit{Occasional Paper}, 1/2012. Lisbon: Banco de Portugal. URL: http://www.bportugal.pt/pt-PT/BdP%20Publicaes%20de%20Investigao/OP201201.pdf. The distinction made by Agnès Pitrou (Pitrou, 1978; 1992, cited in Portugal, 2014) should be noted here between promotional solidarity – typical of the middle and upper classes in which kinship networks help the family to enhance their standard of living and rise socially – and subsistence solidarity – which is common in the less privileged classes and aims to ensure everyday family life keeps on going. See Portugal, 2014. One of the signs of the gravity and extent of the current financial difficulties is the fact that subsistence solidarity has also become vital for the Portuguese middle classes.
\item See Santos, 1991: 37.
\item Santos (1991) calls it a quasi-welfare state. Having emerged later in comparison to its European peers, the Southern European Welfare State has always shown weaknesses resulting from underfunding, amongst other factors, which has always led to inadequate protection for certain sections of the population and certain types of social and economic risk.
\item See Esping-Andersen, Gosta (1999), \textit{Social Foundations of Postindustrial Economies}, Oxford: Oxford University Press; (1990): \textit{The three worlds of welfare capitalism}, Cambridge: Cambridge Polity Press. Based on the concepts of decommodification and social stratification and considering the distribution of welfare functions among the state, the market and the family, Esping-Andersen identified three welfare
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forms a separate model featured by the relevance of family support networks and the inadequacy of public provision\textsuperscript{64}. Therefore this model reproduces and perpetuates the familialistic values that historically characterised European Mediterranean societies\textsuperscript{65}. In Southern European countries, familialistic values still support intergenerational solidarity\textsuperscript{66} and, to a lesser extent, multigenerational and other extended families\textsuperscript{67}. In Mediterranean countries, shared values and representations place great emphasis on strong interpersonal relationships, encouraging interdependency among members of the community and nurturing a sense of belonging and reciprocal sharing. Close ties within the extended family and strong kinship relations are a reflection of that. A recent report from the European Commission confirms this perspective, recognising that, “The countries of Southern Europe are characterised by a traditional structure of commitment (in the sense of the normative interweaving of social connections) that can be described as familialist. The stability of familial bonds determines solidarity within the family and plays an overall regulatory role in society. (…). They provide mutual support to one another in accordance with the absolute principle of filial respect towards one’s elders and the duty of unfailing protection and care of children”\textsuperscript{68}. 

regimes: conservative (Germany, France and Austria, among others), liberal (USA, UK and Australia) and social-democratic (Scandinavian countries).


\textsuperscript{64} This fourth model of the Welfare State is characterised by a combination of the following: a dual system of social protection, polarised between generous protection for those within the labour market (insiders) and weak protection for outsiders (inspired by the pan-professional Bismarckian model); a National Health System governed by the principle of universal citizenship, according to the north European Beveridge model, but which also promotes and fosters the private system; disproportionate protection against social risk, favouring protection for the elderly to the detriment of family and housing support and protection; clientelism in accessing state benefits and support; and family-based solidarity as a security net in the face of inadequate state provision. See Ferrera, 1999; Rodes, 1996.

\textsuperscript{65} Referring specifically to Portugal, Silvia Portugal (2014: 27) states that “familialist values appear to have a profound effect on social relations in our country and are embedded in individual representations and practices, as well as the legal framework which governs family relations”. As an example, the sociologist cites Article 1874 of the Portuguese Civil Code, which establishes that “parents and children owe each other mutual respect, help and assistance”. See Portugal, 2014.


\textsuperscript{67} This hypothesis underpins Mijuskovic’s distinction between the so-called Mediterranean organic communities and the Anglo Saxon atomistic communities which emphasise individual autonomy. See Mijuskovic, Ben (1992). Organic communities, atomistic societies and loneliness, JOURNAL OF SOCIOLOGY AND SOCIAL WELFARE, 19, 147-164.

\textsuperscript{68} European Commission, 2014: 37.
Solidarity-based mobilisation strategies function on the basis of one of two logics. On the one hand, they may emerge from *spontaneous action* by members of the networks who, realising that a family is facing difficulties, offer them various forms of assistance. This may involve direct financial support (donations, loans, payment of loan instalments and certain goods and services, such as rent, public utilities, education) or indirect support (supplying food, clothing and footwear). However, it may also take on a more subtle form (invitations to lunch, dinner or outings) and be less materialistic (emotional comfort or advice)\(^69\). One the other hand, mobilisation may result from *appeals by individuals and households facing hardship*. In this case, financial support tends to be the main form of aid, in particular the giving of money to pay off debts to financial institutions and service providers\(^70\). Whereas *spontaneous solidarity* is accepted naturally, since it does not challenge beneficiaries ‘autonomy and self-esteem, *requested solidarity* tends to be seen more emotionally problematic. In this case, the request is made only in critical situations, such as urgent children’s needs, the risk of losing a major asset (for example, the dwelling) or the eminence of bankruptcy. The main reason seems to lay with a fear of judgement or attempts of social control from those providing assistance\(^71\). Claude Martin explicitly notes that family gift is accompanied by a *right to interfere*, which clashes with the principles of autonomy\(^72\). The psychosocial and symbolic aspect of the gift cannot be ignored in countries such as Portugal, where there is a prevailing notion of intergenerational giving, in which resources tend to flow from the older to the younger generations\(^73\). This generates inevitable tensions between the values of the older generations (who tend to be more closely linked to the rural world, less educated, more conservative, less consumer-driven and more focussed on saving and moderation) and the values of the younger generations (who are more urban, more

\(^{69}\) European Commission, 2014: 43.

\(^{70}\) For more details, see Frade, 2006.

\(^{71}\) See Frade, Catarina (ed.) (2008), *Um perfil dos sobreendividados em Portugal*. Coimbra: Centro de Estudos Sociais; Frade, 2006. As Silvia Portugal stresses, “given the intense material and affective flows between parents and children, it is difficult to achieve a balance between giving, reciprocity and autonomy and this become a complex matter for families to deal with”. See Portugal, Silvia (2007), O que faz mover as redes sociais? Uma análise das normas e dos laços, REVISTA CRÍTICA DE CIÊNCIAS SOCIAIS, 79, 35-56. URL: [http://www.ces.fe.uc.pt/publicacoes/rccs/artigos/79/RCCS79-035-056-SPortugal.pdf](http://www.ces.fe.uc.pt/publicacoes/rccs/artigos/79/RCCS79-035-056-SPortugal.pdf).


\(^{73}\) See Cheal, David (1983), Intergenerational family transfers, JOURNAL OF MARRIAGE AND THE FAMILY, 45(4), 805-813. In the previously cited European Commission report (2014: 41), the interviews revealed the discomfort and reluctance experienced by parents in Portugal and Spain in accepting help from adult children, primarily because this contradicts the prevailing culture in Southern European countries, according to which it is always the parents who should help their children.
educated and open to change, seeking immediate gratification and self-esteem through intensive and complex consumption patterns). Individuals who feel they have reached higher social and economic status than their parents usually experience feelings of shame and denial that prevent them from asking for help. Besides cutting back on consumption habits, resorting to institutional support mechanisms is the most viable option for those individuals.

C) Institutional mobilisation

Institutional mobilisation engages with the major institutional actors – the State, the Civil Society and the Market – and involves opening up the family intimacy to the outside world through the socialisation of its inner problems. Mobilising institutional aid may result from established social alert mechanisms or from the initiatives of individuals facing difficulties.

It includes, amongst other possibilities, the various forms of public assistance mechanisms (social policies), such as unemployment benefits, the minimum income allowance and other forms of social support (for example, student grants, housing subsidies, children benefits, etc.). The extent and coverage of public support is nowadays one of the most critical areas in the architecture of social assistance, given the financial constraints faced by countries such as Portugal, Spain and Greece. What seems clear, at least in Portugal, is that the general reduction in public support spared relatively more the disadvantaged strata of the population than the middle class. With less money to spend and more people lacking help, government has focused in the fight against severe poverty.

Certain judicial and extrajudicial proceedings can also be included in the State domain, such as the bankruptcy procedures as well as the debt advisory services provided by

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74 Some interviews held in 2006 reveal this type of emotional reserve and conflict in certain interviewees living in urban areas. See Frade, 2006.

75 The value placed on individual independence appears to be a defining characteristic of the culture of countries such as France or Germany and helps to explain the greater unwillingness on the part of individuals to mobilise family networks when they face difficulties. In Southern European countries, the tradition of mutual aid amongst less affluent societies which are more accustomed to depending on intergenerational solidarity contrasts with the desire for autonomy and explains why young people leave the family home at a later age (in comparison to the north) and return more readily if they are no longer able to live on their own resources. See European Commission, 2014.

76 In the second semester of 2011, Portuguese government adopted the Social Emergency Programme direct to the most vulnerable groups of the population. The Social Emergency Programme established “the creation of a solidarity network of social canteens, the Social Rental Market and measures of access to services and equipment (social tariffs for public transports, user fee exemptions in health services, social energy tariffs).” See http://ec.europa.eu/social/BlobServlet?docId=7774&langId=en.
local authorities and other administrative bodies. The extrajudicial renegotiation of debts seeks an overall restructuring of the household debts to ensure the pay off of creditors and the retaining of the property. Nonetheless, debt restructuring only works for those with a regular income. High levels of unemployment therefore compromise the success of such renegotiations. For this reason, many countries have created bankruptcy laws for individuals although at the cost of great sacrifices in terms of well-being and quality of life. In effect, most European bankruptcy laws do not prescribe a fresh start as broad and generous as the 2005 Bankruptcy Abuse Prevention and Consumer Protection Act does. Obtaining debt discharge is far more controlled and uncertain within the context of the European bankruptcy regimes.

Civil society plays a very important role in the aid to households, namely through various civic, social and religious non-profit institutions. With worsening economic conditions in countries such as Portugal, requests for aid from households who cannot even meet their daily needs have increased dramatically. Well-known religious and social institutions, such as Caritas, the Food Bank and the Red Cross, have been providing material support to a growing number of families.

Finally, individual’s applications to financial institutions aiming to renegotiate existing credit agreements or to contract emergency loans also exemplify institutional mobilisation, but within the market sphere. The credit issue merits special consideration. Applying for new loans do not always have a positive effect on the household financial situation. Whereas an emergency loan for paying off certain bills and instalments may bring immediate relief, empirical data shows that it may, in the medium and long term, make a difficult situation even worse. The easy access to all sort of credit products in many countries makes resorting to credit an attractive strategy for those who are drowning in debt. The best example is the credit card which, given its widespread availability, the opacity and the dilution over time, appears to offer a

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79 In 2007, the Portuguese Food Bank helped over 230,000 people. In 2013, this figure surpassed the 350,000 people. See http://www.bancoalimentar.pt/article/24.

80 A “snowball” effect can be seen, resulting in the accumulation of small debts used to pay off other credit commitments in arrears and which very often only helps individuals to slightly reduce the pressure of creditors. See Frade, 2006.
miraculous solution. In short, resorting to credit to pay off accumulated debts or meet everyday consumption needs only functions as an effective coping strategy in a limited number of cases. In all other situations, it merely serves to aggravate the existing financial imbalance.

Ambivalence and variation in coping strategies
The three types of coping strategies are not mutually exclusive and are often combined. The geometry of the combinations varies and depends on several factors related both to the context in which the family lives and to psychosocial and relational aspects, including the personality traits of the individuals. Research carried out in 2006 has shown that more rural or more urban lifestyles (corresponding to simpler or more complex consumer profiles), saving habits, the (un)availability of informal support networks and the diversity of individual and cultural values (achievement, power, security, conformism) are important predictors of the choices made in coping strategies.

For example, households with more sophisticated consumption patterns - mostly living in urban environments, with higher incomes and education level - found it harder to sacrifice personal consumption but were more willing to resort to institutional solutions. Contrariwise, in families living in rural areas or on the outskirts of cities - with more frugal consumption habits, lower income, education and professional qualifications - self-mobilisation strategies prevailed, followed by recourse to informal solidarity-based

83 See Frade, 2006.
84 According to Edgar & Sedgwick, 1999: 216, ‘‘[l]ifestyle’ referred to the patterns of consumption and use (of material and symbolic goods) associated with different social groups and classes (...). Lifestyles may be understood as a focus of group or individual identity, in so far as the individual expresses him or herself through the meaningful choice of items or patterns of behaviour, as symbolic codes, from a plurality of possibilities.’’ See Edgar, Andrew & Sedgwick, Peter (1999), Key Concepts in Cultural Theory, London and New York: Routledge. For further discussion, see Sobel, Michael. (1981), Lifestyle and Social Structure: Concepts, Definitions and Analyses, New York: Academic Press; Bourdieu, Pierre (1984), Distinction. A Social Critique of the Judgement of Taste, London: Routledge; Bügenhold, Dieter (2001), Social Inequality and the Sociology of Life Style: Material and Cultural Aspects of Social Stratification, AMERICAN JOURNAL OF ECONOMICS AND SOCIOLOGY, 60(4), 829–847; Tomlinson, Mark, (2003), Lifestyle and Social Class, EUROPEAN SOCIOLOGICAL REVIEW, 19(1), 97-111.
aid. In these cases institutional mobilisation was very rare and was considered a personal failure to meet own obligations.

There is also a temporal dimension in understanding the interaction between the three types of strategic mobilisation. As previously stated, self-mobilisation is, as a rule, the first strategy adopted by households and individuals and it is also the one which tends to last longer, since it involves self-imposed austerity. However, the severity and the duration of financial problems may require additional forms of support. Resorting to help from informal solidarity-based networks and institutionalised mechanisms almost always occurs after households have exhausted their own resources (for example, savings) and adjusted their consumer habits as much as possible without managing to balance their finances. Moreover, a chronological path may be identified among households that combine the three types of strategies, beginning with self-mobilisation, moving on to solidarity-based mobilisation and ending with institutional mobilisation. This progression may occur within a shorter or longer period of time but is almost always symptomatic of complex, serious and persistent financial problems.

The progressive path through the three coping strategies cannot, however, be taken as a universal fact. In order for them to function, each one must be available. Moreover, each has its own limits in terms of coping enablement. For example, the lack of an insolvency procedure suitable for individuals and households in Spain or the insufficient judicial resources able to respond promptly to the avalanche of bankruptcies registered in Greece considerably limits the institutional response in those countries86. Likewise, the lack or draining of solidarity-based networks due to the persistence of the crisis, may draw more families into poverty. This is a risk which above all threatens the familialistic societies of Southern Europe, where it is nowadays very common to find several long-term unemployed individuals within the same family circle87. Although kinship networks continue to be effective, the fact is that there are now more in need and less to offer (especially when parental retirement pensions are shrinking). In addition, sacrificing consumption is also limited by issues of physical survival and emotional and social resistance of families, particularly those with children88. Looking

87 See Lopes & Frade, 2012.
88 In this context the results of the European Commission report (2014) on the coping strategies of the unemployed are particularly relevant in terms of the levels of self-deprivation revealed by the unemployed in the seven countries in the study (France, Germany, Portugal, Spain, Ireland, Greece and
for a (new or second) job or working extra hours to compensate for low salaries or lower unemployment benefits\textsuperscript{89} may also be difficult or virtually impossible in countries which top the European unemployment ratings, such as Greece, Spain and Portugal.

Having presented and discussed the coping strategies framework for interpreting the way through which households adjust to the financial constraints, it is now time to test its validity. Using a set of empirical data gathered in the context of an ongoing research project\textsuperscript{90}, supplemented with indicators taken from other sources, we aim to show the extent to which self-mobilisation, solidarity-based and, in some extent, institutional mobilisation have been functioning, or failing to function, for Portuguese households to cope with the painful effects of austerity in the country.

III. Empirical work on the coping strategies of couples with children

1. Research question

The main research question behind this paper involves understanding how Portuguese families with children have mobilised to cope with the crisis.

The familialist tradition and the so-called Welfare Society prevailing in Portuguese society enables us to suppose that self-mobilisation and intergenerational solidarity might well be crucial to explain household adjustments to harsh budget restrictions. Consequently, the adjustment has been possible without noticeably compromising overall social stability.

2. Methodology

Two different analytical tools were used to obtain answers to the research questions: a national survey, covering 1001 households composed of working age (30 to 50 years

\textsuperscript{89} The same study highlighted the importance of the informal economy and illegal employment, describing the naturalness with which informal work is viewed in Southern European countries by those who have no alternative if they want to survive. This stands in marked contrast to France and Germany, the two richest countries in the sample. See European Commission, 2014.

\textsuperscript{90} See “FINFAM – Finances, Gender and Power: how are Portuguese families managing their finances in the context of the crisis?”. URL: http://www.ces.uc.pt/projectos/?prj=7416&id_lingua=2.
old) heterosexual couples with at least one dependent child, and a set of 12 in-depth interviews conducted with couples with the same profile. The survey questionnaire was administered, either electronically or in printed format, between March and August 2014. The face-to-face interviews took place in November and December 2014.

The choice of the target population was based on the expectation that couples with children have been particularly hit by the harmful effects of austerity measures. Moreover, such families have been acquiring a reinforced centrality because of the strong downturn on fertility which led Portugal to currently exhibiting the second lowest fertility rate in the world.

For the purposes of this study we considered 14 of the 54 questions, involving closed or semi-closed answers, which comprised the general questionnaire for the ongoing research project. We analysed questions relating to the socio-demographic characteristics of the couple and the family, questions directed towards identifying changes that took place in the lives of families as a result of the economic crisis (changes in professional status and income, spending habits, indebtedness and savings), and questions about the role of informal solidarity-based social networks (giving vs. receiving).

In this context, the main purposes of the 12 in-depth interviews were to: a) obtain a deeper understanding of the more qualitative aspects of the households’ adjustment strategies to the crisis; b) explore how the specific characteristics of families, and the respective social and relational contexts, impact the strategies undertaken; c) identify overlapping or sequencing in the strategies adopted. Thus the interviews deepened some of the problematics addressed in the questionnaire.

Socio-demographic characteristics
The socio-demographic variables selected were the age of the spouses, their professional status and level of education, and net monthly income of the household (4 questions).

91 The main focus of the FINFAM project is an analysis of gender-based patterns in financial decision-making by couples, meaning that both the survey and the interviews were restricted to heterosexual couples.
92 In 2011 this type of household represented 35.2% of the 4,048,559 households in the country, with the total population standing 10,562,178. See Statistics Portugal, Census 2011. URL: www.ine.pt.
94 For a more detailed description of this analytical tool, see Coelho, Lina et al., (2014), Finances, Gender and Power: How are Portuguese Households Managing their Finances in the Context of Economic Crisis? Preliminary Results, Coimbra: CES. http://www.ces.uc.pt/myces/UserFiles/livros/1097_Relatorio_1_FINFAM_Versao_1_Abril2014.pdf
Changes in professional status and household income

In order to assess the effects of the crisis, the participants were asked to state whether there have been changes to the professional status and income of the household (remained the same, increased or decreased, by a large or small amount), for the past 3 years (2 questions).

Changes in expenditure patterns and budget adjustments

Participants were asked to indicate, from a short list of items, changes occurred in household expenditure during the past 3 years (housing comfort, food, clothing, utilities, transport, healthcare, education, culture and leisure activities, insurance) (2 questions).

Changes in savings and indebtedness

Respondents were asked whether the household was paying instalments on loans and, if so, what kinds of loans (housing, car, consumer items, credit card, other). They were also asked whether, in the past 3 years, the family had delayed paying any instalments or increased indebtedness to meet daily needs. In this case, they were also asked about the type of institution to whom they owe (bank, other financial institution, family, friends, employer, other) (3 questions).

Support from informal social networks

Respondents were asked to state whether, in the past 3 years, the family had received or given goods or money regularly to people outside the household (parents, siblings, children, friends, others). If this was the case, they were asked whether the levels of exchange remained the same, increased or decreased (by a large or small amount) (2 questions).

3. Presentation and discussion of results

The average age of the respondents was 40.4 for women and 42.2 for men. Most respondents were salaried workers (74.5%) and worked full time (83% and 76%, respectively, for men and women). Both partners were employed in 72.2% of the cases. However, at least one of the partners was unemployed in 18.7% of the couples (female unemployment: 9.2%; male unemployment: 7.8%; both unemployed: 1.7%)\textsuperscript{95}. Regarding education, 20.6% were educated to ISCED level 1\textsuperscript{96} or below, 21.7% to level 2, 28% to level 3 and the remaining 29.8% at higher levels. There was homogamy in

\textsuperscript{95} There were also a few persons with other professional status (students, housekeepers and pensioners).

\textsuperscript{96} ISCED: International Standard Classification of Education. See http://www.uis.unesco.org/Education/Pages/international-standard-classification-of-education.aspx
couples’ education in approximately half of the sample, whereas women had a higher level of education in 33.7% of the couples.

More than 56% of the households had a monthly income of 1400€ or less, and 12.1% received less than 700 euros. Only 10.8% had an income higher than 2500 euros. 16.4% of the households lived below the poverty line. Most respondents (71.5%) declared to have suffered a drop in income during the last three years (38.1% a sharp drop; 33.4% a very sharp drop). Only 20.3% reported to have kept income unchanged.

Three in four households had loans (73.5%), 86.7% of which were for housing.

**Coping by self-mobilization**

As a result of the crisis, the majority of the surveyed households were forced to reduce their budgets (68.1%). Hence, a general cut in family spending was observed, as well as a redefinition of consumption habits. The results show a clear pattern of choices, with households attempting to hold on to expenses deemed essential (food, accommodation and related expenses, children’s education and healthcare) (Table 1). Accordingly, households opted to sacrifice items regarded as dispensable, such as holidays, leisure activities, restaurants and other items such as clothing, furniture and household appliances.

<table>
<thead>
<tr>
<th>Categories</th>
<th>Households who cut spending 2010-2014 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restaurants</td>
<td>84.3</td>
</tr>
<tr>
<td>Holidays and travel</td>
<td>79.5</td>
</tr>
<tr>
<td>Other leisure activities</td>
<td>77.4</td>
</tr>
<tr>
<td>Household appliances and furniture</td>
<td>66.0</td>
</tr>
<tr>
<td>Clothing</td>
<td>65.4</td>
</tr>
<tr>
<td>Support for dependent persons</td>
<td>44.4</td>
</tr>
<tr>
<td>Domestic services</td>
<td>54.4</td>
</tr>
<tr>
<td>Transport and fuel</td>
<td>37.4</td>
</tr>
<tr>
<td>Telephone, internet</td>
<td>37.1</td>
</tr>
<tr>
<td>Insurance</td>
<td>29.0</td>
</tr>
<tr>
<td>Food</td>
<td>23.3</td>
</tr>
<tr>
<td>Electricity, gas and water</td>
<td>19.7</td>
</tr>
<tr>
<td>Children’s education</td>
<td>12.3</td>
</tr>
<tr>
<td>Healthcare</td>
<td>13.5</td>
</tr>
</tbody>
</table>

Source: FINFAM, own calculations.

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It should be noted that expenses on housing (rent or loan instalments) and other loans are not included here since they involve fixed, contractual amounts. This problematic will be analysed later in the context of the discussion of the mobilisation of solidarity-based and institutional help regarding the management of family debts.
The interviews confirmed the aforementioned priorities in households' spending. In addition, they revealed some more qualitative aspects of the choices made, such as changes in the shopping places, in search for cheaper or discount products.

“I had my life, our life, organised around two good salaries. At the moment, I get an average salary and my husband gets a salary that might be considered good, average or low. So, now we have to deal with certain changes... We have to give some things up. We’ll have to do without things we don’t need. For example, expensive clothes, expensive shoes... But not things for the children, no! We’ll try to keep giving them the best we can. But we’ll have to do without... No more going to the hairdresser... I used to get lunch out every day. Now, I bring my own food... I just buy a coffee”.

“I used to do all the monthly shopping in the same place, regardless of whether it was cheaper or more expensive... Not anymore. Now I look around and try to find the cheapest place... something I never used to do. I look out for coupons and promotions...anything to keep costs down”.

_Woman, aged 40, IT technician, 2 children, urban area_

“Look, I didn’t exceed…I got shirts for just 3 or 4 euros. I got leggings for 5 euros and a pair of jeans for 7 euros... I bought 2 pairs of snickers, but no boots”.

_Woman, aged 43, dressmaker, 2 children, rural area_

“There are some days we just eat soup. Soup, soup, soup... With no meat… (...). [The children] sometimes don’t want to (...) but what can we do? They eat it up in the end, don’t they? Or potatoes, because we’ve got a small plot, that’s how we get through. We’ve got potatoes, onions, cabbages... It’s how we get through. (...) And sometimes there’s an egg when the hens lay them, well... Sometimes we eat, sometimes we don’t. We only eat potatoes and cabbage, that’s it. That’s the way it is.”

_Woman, aged 42, housewife, 3 children, rural area_

One of the changes to everyday life highlighted in the answers relates to the workers’ lunchtime habits. In Portugal, due to the intense participation of women in the labour market, lunch has ceased to be a family affair and has become a time for socialising around the table with work mates. This has led to the emergence of a large number of small restaurants specialising in cheap, traditional meals (soup, fish or meat dish and dessert). Wage cuts, together with an increase in VAT on catering services (from 13% to 23%), have profoundly changed this habit. Many workers have replaced meals in restaurants by a lunch box (40.5% of respondents stated to have adopted this practice). In order to accommodate this change, some employers have begun to offer small spaces in the workplace equipped with a microwave for that purpose.

Sacrifices in spending habits can also be interpreted from a gender perspective. Some of the categories subjected to the deepest cuts correspond to tasks traditionally carried out by women within the family, in accordance with traditional gender roles. Those include care for the elderly and disabled, domestic tasks and preparation of meals (the reduction in restaurant spending implies the need to feed the lunch box).
“[the cleaning lady] was one of the things we had to cut. It’s one of the things I regret the most... It was a great help.... those were tasks I wouldn't do and so I had more time to be with the children. I lost that, and I feel sad about it... I just lay them in bed and then I think... hell, I didn't even had time today to sit down for a little bit and play with them. Only at weekends, only at weekends...”.

Woman, aged 40, IT technician, 2 children, urban area

“We always bring our own lunch to eat at work. (…). Lots of people do”.

Man, aged 42, engineer, 2 children, urban area

Despite reducing spending and reorganising budgets, around half of the respondents (50.7%) stated they had had to resort to savings to deal with current expenses and bills. However, this is the kind of resource that cannot last for ever, as shown by the 62.4% of households that declared not to have been able to maintain the proportion of their savings for the past 3 years.

“In relation to savings, things have stagnated.”

Man, aged 44, bank employee, 1 child, urban area

Furthermore, some other self-mobilisation measures traditionally taken to deal with the crisis have now proved unavailable. That is the case of some measures relating to the labour market. In fact, only 8.8% of the respondents stated that they had taken on extra work time. Moreover, although 22.4% stated they had increased working hours, this does not necessarily mean a choice, since in 2013 the government raised the normal working hours for public employees from 35 to 40 per week, whilst maintaining wage cuts in force since 2011. Thus, such an increase in working hours does not represent a coping measure for dealing with family budget restrictions.

For some interviewees emigration is faced as an eventual strategy to cope with the hardship, either for themselves or for their children’s future.

“That is why we have to emigrate. My daughter went out to Switzerland last year. Some of my brothers are there. And we’ll probably do the same because of the way things are here... There’s no work, we look for it but the answer is always a no. We really have to emigrate”.

Woman, aged 42, housewife, 3 children, rural area

“So, [my daughter] has to get a degree and then think about emigrating, like everyone else. That’s the way life is, that’s the kind of country we’re living in. We educate our youngsters and other countries get the benefit of that. That’s the way things are now”.

Man, aged 46, prison warder, 1 child, urban area
In a context of budget restructuring, Portuguese households give priority to fulfilling loan repayment obligations, as clearly revealed in a cross-country analysis recently published by the European Union. In our sample, 73.3% of the respondents stated they were paying off loans, but only 13.2% declared to have been in arrears with any instalment.

“Well, usually it is like this... On the 23rd, the instalments come up for the house, the car, such kinds of things. I pay those first bills straight away, out of my salary. Then, his salary comes in on the 30th, which helps to manage the budget. We haven’t been able to save anything recently... nothing. (...) Indeed, my salary is used for our [fixed] expenses. The rest… his wage, is for us to live on during the whole month…”

Woman, aged 40, IT technician, 2 children, urban area

“My [main] concern is not to owe anything to anyone. (…). Being able to pay the bills and have something left over is a very good thing, I’d say, honestly”.

Man, aged 36, café owner, 1 child, rural area

Coping by solidarity-based mobilisation

The crisis has confirmed the key role played by solidarity, based on informal networks, in helping households' adjustment to the financial hardship.

According to the empirical data obtained, 28.1% of the households have received money or goods on a regular basis. For almost three quarters of the households, help was provided by the parents of one of the partners, with some households receiving help from both sets of parents. Siblings were the second most common source of assistance (13.9%), followed by friends (11.4%). In our sample, the highest percentage of households receiving that kind of economic help fell within the group with both partners unemployed (42.1%), followed by households with only one of the partners working full time (approximately one third). Moreover, the aid received was inversely proportional to the household income (38.5% for couples with a monthly income of less than 700 euros, as opposed to 10% for couples whose income ranged from 3500 to 5000 euros).

“My father gives me an allowance. Which is not cheap. Because I, up to a short while ago, I had some savings. So I have to organise things well... I wouldn’t be able

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99 Although this figure is more than double the national average (37.7% in 2010, according to the Bank of Portugal) this is due to the fact that our sample corresponds to the profile of a family which, in comparative terms, makes greater use of credit (adults of working age, with children). See Costa, Sónia & Farinha, Luísa (2012b), O endividamento das famílias: uma análise microeconómica com base nos resultados do inquérito à Situação Financeira das Famílias, in Banco de Portugal, Relatório de Estabilidade Financeira, Maio de 2012, 137-164. URL: http://www.bportugal.pt/pt-PT/EstabilidadeFinanceira/Publicacoes/RelatoriodeEstabilidadeFinanceira/REFAnteriores/Documents/ref_m aio12_p.pdf
to survive... it's not have a living, it's managing to survive, indeed... with just what I was earning”.

Woman, aged 43, acupuncturist, 1 child, urban area

“When my deceased mother was still with us things were much better... because there was another wage coming in [the retirement pension].”

Woman, aged 42, housewife, 3 children, rural area

The interviews revealed that intergenerational aid is not always monetary; it often is in-kind aid. Most usually it includes looking after grandchildren, providing meals or giving products from family plots.

“My mother or my father... My father is now retired and very often they even go together. To pick up my daughter, or take her, depending on my shift. They are a great help that way. And, currently, as my husband is working nearby, when I can’t cook lunch he is going to have lunch at my mother’s because she also lives nearby... And that really is a big help”.

Woman, aged 43, care assistant to the elderly, 1 child, urban zone

“His mother brings us home-grown stuff when she can. (...)She brings lemons, garlic...”

Woman, aged 36, hospital cleaning worker, 4 children, urban zone

“My mother pays for a cleaning lady to come to us three hours a week...”

Woman, aged 34, scientific research manager, 2 children, urban zone

Another significant feature of solidarity-based strategies is the role of kinship networks in providing funds. That was the case for 30.5% of the households in the survey who had to get deeper into debt in order to meet consumer needs or other obligations, including loan instalments. In 57.3% of such cases, family members provided funds, thus exceeding banking institutions (49.6%). That means “solidarity funding” has been bridging the restrictions on credit availability undertaken by the financial institutions under the fiscal adjustment policy in the context of the 2011 Economic and Financial Assistance Programme.

Coping by institutional mobilisation

In Southern European societies levels of trust in official institutions are traditionally low. However, the crisis has deepened the lack of confidence in state and financial institutions, as confirmed both by the aforementioned European Commission Report and our own interviews.

“Because people no longer trust the banks... We don’t trust anyone anymore, basically. There’s very little trust in those people. Moreover, I don’t know what it

100 See STANDARD EUROBAROMETER, 80, November, 2013. URL: http://ec.europa.eu/public_opinion/archives/eb_arch_en.htm
will be like with this crisis. I simply don’t believe anything they say… They can be from the left, the far left, the far right - it’s all the same to me… I don’t really trust them [the politicians]. So we always have to wait and see what happens”.

*Man, aged 46, prison warder, 1 child, urban area*

In an overall context of increasing distrust on state bodies and financial institutions, the dynamics of institutional coping strategies proved ambivalent. The cuts to various forms of public assistance we have described have limited even more Welfare State provisioning\(^{101}\). The same goes to bank loans, as a means of compensating for falling incomes and social benefits. Still, some strategies of institutional mobilisation, such as the use of the bankruptcy procedures, have become significant following the crisis. The renegotiation of the contractual terms of loans with financial institutions, which is a classic coping strategy, does not feature highly in our data. Only one interviewee said he had arranged an extended repayment period for a bank loan, in order to reduce monthly instalments.

> “We chose to change the loan and spread it out longer to bring down the instalments”.

*Woman, aged 43, seamstress, 2 children, rural zone*

According to our survey, 18.1% of the households had to delay credit repayments in the last three years. Rotating repayments of various loans and other debts is a practice some households adopt to face difficulties and avoid full default. However, many still end up completely losing control of their finances, since arrears tend to accumulate.

> “Now, above all, as my husband is off work, sick, it’s very difficult. Very… I’ve got some bills I haven’t managed to pay. (…). I always pay the latest one, always the latest... So the latest is always in stock (…). I do this way because otherwise... it is very hard, very difficult”…

*Woman, aged 42, housekeeper, 3 children, rural zone*

Our data shows that around 20% of the households dealt with difficulties by applying for new loans from the credit market. Extant studies have shown that resorting to credit to pay off previous debts is mainly accomplished by more frequent use of credit cards, overdrafts facilities and taking out small personal loans. Such type of credits usually involves higher interest rates\(^{102}\). Therefore the risk of family bankruptcy increases.

\(^{101}\) In the second half of 2011 the government adopted a Social Emergency Programme, through which certain forms of social assistance were created for the neediest families, including social tariffs for water, electricity and transport, subsidised canteens and rent, a 10% increase in unemployment benefit for couples with children when both partners were unemployed, etc. See [http://www.portugal.gov.pt/media/747090/programa%20emergencia%20social.pdf](http://www.portugal.gov.pt/media/747090/programa%20emergencia%20social.pdf).

\(^{102}\) See Frade, 2008; 2006.
As initially noted, data on bankruptcy trends in Portugal is very symptomatic of households’ economic decline. After an almost absence of bankruptcy cases prior to the start of the crisis (in 2007, there were only 529 declarations of bankruptcy of natural persons), there was a burst and, in 2013 alone, 11,409 people were declared bankrupt. Although the 2004 Insolvency Code is not particularly generous to individuals – almost every asset (including dwellings) may be seized and access to debt discharge is extremely difficult – the lack of effective legal alternatives\textsuperscript{103}, the shrinking social policies and the growing pressure on formal and informal solidarity networks\textsuperscript{104} have left many households with no solution than filing for bankruptcy.

**Conclusion**

Portuguese families’ well-being has been hardly hit by the harsh effects of the crisis, as we documented in this paper. Still, households managed to hold most of their contractual obligations. The relatively moderate figures for credit and utility bill arrears, and even for bankruptcy of natural persons, can be mostly explained through extant informal and inconspicuous adjustment procedures. These procedures emerge out of a strong social solidarity network, which is embedded in the overall social regulation model of the country.

The empirical research reveals a predisposition of people towards resignation and even fatalistic acceptance of impoverishment and downsizing of future life perspectives. The ability to sacrifice consumption appears to be high, attaining even basic needs. Sacrifices are made, above all, in the name of two binding responsibilities inherent to the prevailing social representation of the family: the well-being of children and the protection of the family home.

\textsuperscript{103} In 2012 a package of legislative measures was adopted which, amongst other things, aimed to establish procedures for the extrajudicial renegotiation of debts contracted with credit institutions. It included the system known as PERSI. For further information on this and other legal systems aimed at families in financial difficulty, see Frade & Almeida, 2014.

\textsuperscript{104} Various charitable institutions, such as Caritas, the Food Bank and other NGOs, responding to social emergencies have been involved in intensive work to provide material support for families. Several heads of these organisations have reported increasing requests for aid, particularly from middle class individuals and families. The Food Bank, for example, supported approximately 230 thousand people in 2007, whereas in 2013 the figure had risen to 350 thousand. See URL: http://www.bancoalimentar.pt/article/24.
By its key role in overcoming or alleviating the impacts of the crisis, *gift* has retaken a central, actual function in strengthening social ties, following Godbout and Caillé\textsuperscript{105}. In a context of shrinking Welfare State and growing distrust of institutions, the Portuguese welfare society has been forced to regain a leading role, as welfare provider and social regulation mechanism.