

**Task:** Write a descriptive essay on financial crisis in Portugal and its causes.

**Topic:** Portugal Crisis

**Type:** Descriptive Essay

**Length:** 1 page

**Formatting:** MLA

**Requirements:**

Give a review of external and internal causes of financial crisis that affected Portugal.

### Portugal Financial Crisis

The Portugal financial crisis took place between 2010 and 2013. It was part of the larger 2007-08 global financial crisis that mainly affected Ireland and southern European countries. The Portugal financial crisis was caused by among others, rising bond yields. These were in turn caused by anxiety over possible liquidity in the Eurozone as no Central Bank was willing to print new money. Anxiety had also gripped the global financial markets. This was after it had emerged that two leading Portuguese banks BPP and BPN, had over the years been accumulating losses owing to embezzlement, bad investment decisions, and accounting fraud (Pereira and Wemans 4). There was also fear and anxiety on the economic growth of the country in the future while banks were getting increasingly suspicious on the plight of holding Eurozone debt. Another cause of the crisis is the austerity measures that the Portuguese government adopted when they were faced with a debt crisis. For example, the government cut its budget balance by 7.9% of the country's GDP between 2009 and 2011 (Pereira and Wemans 5).

The reduced spending by the government in turn resulted in lower disposable income and loss of jobs. We have both losers and winners of the Portugal financial crisis. First, tourists visiting Portugal on holiday benefit from a better exchange rate, as does European manufacturers who benefit from a weakened Euro. However, state financing institutions lose because they have been faced with a huge burden in the form of a bailout loan.

The Portugal financial crisis affected other countries as well. Members of the European Union (EU) especially Germany played a key role in executing the bailout plan for Portugal. Trading partners were also hurt by the declining value of the Euro. To deal with the financial crisis, the Portuguese socialist administration had to negotiate for a bailout program with the EU to the tune of 78 billion Euros in 2011 (European Commission 8).

**Comment [AwfulEssa1]:** Awkward stuff right here.

**Comment [AwfulEssa2]:** Your punctuation usage is just plain strange.

**Comment [AwfulEssa3]:** Wrong preposition, buddy.

**Comment [AwfulEssa4]:** You like using this phrase a bit too much.

**Comment [AwfulEssa5]:** You like to leave out articles?

**Comment [AwfulEssa6]:** Lose what? A basketball game?

Works Cited

European Commission. The Economic Adjustment Program for Portugal Fourth Review. Web. July 2012. Web. 05 Nov. 2014.

<[http://ec.europa.eu/economy\\_finance/publications/occasional\\_paper/2012/pdf/ocp111\\_n.pdf](http://ec.europa.eu/economy_finance/publications/occasional_paper/2012/pdf/ocp111_n.pdf)>

Pereira, Paulo and Laura, Wemans. *Portugal and the Global Financial Crisis-short-sighted politics, deteriorating public finances and the bailout imperative*. Web. July 2012. Web. 05 Nov. 2014. <<http://pascal.iseg.utl.pt/~depeco/wp/wp262012.pdf>>

**Overall Impression**

Much of the content of this essay was awkward in its punctuation, phrasing, and repetitive word usage. This writer could really use an editor, or at least he or she could edit his or her own work better.