

## **Portugal not in deep recession despite austerity: PM**

LISBON, Nov. 28 (Xinhua) -- Portugal's Prime Minister Pedro Passos Coelho on Wednesday showed his support to the austerity package, saying it is necessary to help the country avoid slipping to a deep recession.

"We're not in a deep recession, neither in a spiral of depression," the center-right prime minister said in an interview with the British newspaper Financial Times earlier on Wednesday.

When asked if Portugal is in danger of descending into a Greek-style slump, Passos Coelho responded, "Theoretically, it is possible. But I believe we are adopting the necessary measures to avoid such a scenario."

The austerity package contains steep rises in income tax and cuts in unemployment benefit, aimed at lowering the budget deficit from its current 5 percent to 4.5 percent of economic output to meet the terms of a 78 billion euro (about 101 billion U.S. dollars) bailout from the European Union and the International Monetary Fund (IMF).

The prime minister followed up the statements in a interview Wednesday night with local news channel TVI by saying, "The government cannot perpetuate these levels of taxation...It is necessary to correct the deficit, without stifling the economy."

Passos Coelho also reaffirmed that Portugal will not renegotiate the Memorandum of Understanding agreement with its European partners and the IMF because they do not want to "borrow more money."

"More money would mean a second adjustment program. But a country that does not comply with what is agreed will not ultimately renegotiate better conditions," the prime minister said.

Regarding the deep cuts that the government intends to measure out to finance the welfare state, the prime minister assured that, "They are needed because Portugal will be at even greater risk if the debt does not become sustainable."

"Social benefits have increased sharply over the past nine years, and have simply become unsustainable," he said, "If we want to preserve social cohesion and social policies we need to reduce the deficit and debt, reform the state administration and reduce some benefits."

Passos Coelho said that Portuguese society has not lost patience with austerity, citing a poll released on Wednesday indicating that 63.5 percent of respondents believe that Portugal should fulfill its obligation with international creditors.

"Nobody likes to be in recession, but people are seeing what is happening in other countries. They do not want a political crisis and do not want the adjustment program to fail," Passos Coelho said.

Passos Coelho assured that cuts will not impact on 90 percent of pensioners and those whose monthly income below 600 euros will not be affected.

"I am not adopting any more austerity measures than are needed to reach our targets." he added.