

WHAT IS LEFT? SOCIAL DEMOCRATIC  
POLICIES IN SOUTHERN EUROPE

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This paper will discuss the programs and policies that the Southern European socialist parties implemented when they came to power in the 1980s. It will consider the Spanish PSOE, the Greek PASOK, the Portuguese PS, the Italian PSI, and the French PS. For the first three of these parties, democracy was a recent experience, the result of the transitions from authoritarianism from the mid-1970s onwards; in the other two cases, democracy had been reestablished at the end of the Second World War. Three of these parties, the PSOE, the PS and the PASOK, came to power with absolute majorities in Parliament and after a long exclusion from power. On the contrary, the Portuguese and the Italian parties were partners of coalitions, with the exception of the brief period of socialist single party government in Portugal from the 1976 elections until the end of 1977. The PSI, moreover, was a minor partner of these governments, although Craxi was the Prime Minister from 1983 to 1987. The comparative analysis of policies will therefore have a geometrie variable: because coalitions make it difficult to take the governmental record as indication of distinct socialist policies, the paper will discuss with greater detail the Spanish, French and Greek cases.

The first hypothesis of the paper will be that ideology mattered for policies: that is, it will be argued that social democracy consisted of a typical pattern of policies, that were distinguishable from that of non-socialist governments. I will try to identify the similarities and the differences that existed between the policies of these parties, and to compare them with the policies of conservative governments. I will examine with particular detail economic and social policies, and their results in terms of efficiency and redistribution, assuming that political variations in governments were related to different and typical combinations (or trade-offs) between economic and social policies. A second hypothesis will be that variations in the political and economic contexts were reflected in the agendas of governments. I will try to show that, because of a recent authoritarian regime and/or a long exclusion from power, the Southern European socialists had to address questions which were not present in the programs of the Northern European parties, and which had to do with reforms in the structure of the state, civil rights, the military or Europe. I will also argue that gradually, as these problems were tackled, social democratic agendas became more similar and that the experience of government also led to some convergence of policies. This interpretation will however be qualified with the

additional hypothesis that, although the economic and political contexts in which social democrats came to power influenced programs and policies, these were also the result of choices made by parties and leaders. The impact of choice should be evident in policy variations within broadly similar contexts, which should lead to different results -in terms, for example, of economic efficiency, social redistribution, or political support. It will also be argued that the differences in choices depended on the size of the mandate, and on the intellectual visions and cognitive maps of the social democratic leadership. Finally, this discussion of the Southern European experience may shed some light on the broader issue of the “political profile” of social democracy in the 1980s, addressing the question of what being “left” meant in this decade of serious social democratic predicaments.

### **1. The New Uncertainties of Social Democracy**

The 1980s brought considerable changes to social democratic politics. It is true that, over the decade, the average share of the vote of the sixteen major social democratic parties in Europe remained as a whole very stable<sup>1</sup>: 31.7% of the vote, the same percentage as in the “golden age” of social democracy (1945-1973). Yet this aggregate percentage conceals a substantial modification in the territorial distribution of the social democratic support. On the one hand, the decade was marked by the electoral defeats of the British Labour Party and the German SPD, by the loss of power of the Danish SD, by the political difficulties of the Swedish SAP and the Norwegian DNA. On the other hand, the socialist vote went up in Southern Europe. Over the decade, the PS obtained on average 34.7% of the vote, the PSI 16.4%, the PSOE 45.4%, the PASOK 43.4%, and the PSP 27.2%. The average socialist vote in Southern Europe was thus 33.4%, nearly two points higher than the Western European average. In the mid-1980s, the five countries were governed by a socialist Prime Minister. It has thus been argued that “there were high hopes that in the 1980s, the Southern European social democrats would show the way for their frustrated northern counterparts.”<sup>2</sup>

The economic scenario was for social democracy substantially different from that of the previous three decades. Stagnation, higher inflation, unemployment, public deficits, and new

concerns about the natural environment, had a considerable impact on the pattern of social democratic politics. Since the Second World War, these had been based on a formula of growth-cum-redistribution and non-zero sum policies. The identity of social democracy had consisted of a combination of parliamentary government, Keynesian policies in mixed economies, extensive welfare programs, progressive taxes, and the cooperation of a strong trade unionism<sup>3</sup>. Equality and social citizenship were no longer seen as related to nationalizations: this conception was expressed by Gaitskellism in Britain, the Bad Godesber Congress of the SPD in 1959, or the “functional socialism” of the Swedish SAP. “Mobility politics”<sup>4</sup> tried to promote greater equality of opportunity by the way of educational reforms; “consumption politics” attempted to achieve greater equality of condition through the provision of public pensions, unemployment benefits and universal health protection. Both were defended on the grounds of social fairness, and were supposed to modify the distributional effects of market forces. Both were also defended in terms of their economic efficiency: Keynesianism and the “public goods” theory made economic and social goals compatible: this was a basic component of social democratic politics over the thirty years that followed the Second World War.

The effects of these policies on economic growth and on the distribution of resources and opportunities have been studied by a vast literature. Korpi, Lange and Garrett have argued that the economic performance of social democracy was comparatively good on inflation, employment and growth.<sup>5</sup> After a comparative study of 25 industrial economies over the two decades of the 1960s and 1970s, Przeworski concluded that

“countries which combine strong unions with social democratic governments did better than those OECD countries that relied more heavily on markets in terms of several indicators of economic performance, such as inflation, unemployment, investment and growth.”<sup>6</sup>

Their record was worse on productivity and wages, but better on assured incomes and “social wages” -i.e. public transfers in kind and money, and services provided by the state. If we examine the social outcomes, Hicks, Van Arnhem and Schotsman have indicated that income inequality decreased as a result of social democratic policies; Hicks and Swank show that taxes and transfers reduced the Gini coefficient by 36% in Sweden and by 23% in Norway, in contrast with 9% in France and 4% in West Germany under conservative governments.<sup>7</sup>

Also, public expenditure in health, education and general welfare seems to have increased under social democracy, according to Stephens, Hicks, Swank and Ambuhl.<sup>8</sup> In a critical review of social democratic policies, Moene and Wallerstein point out that

“the elimination of severe poverty and the granting of health care, housing and a modest but decent income as a right of all citizens stands out as the most important accomplishment (...) The social democrats were perhaps the first to assert that the most important economic resource of a country is the health and training of its work force.”<sup>9</sup>

And, although he sees the result as far from socialism, Przeworski has defended that “the general gist of evidence indicates that social democratic tenure in office does make a difference for efficiency and equality.”<sup>10</sup> Thus, social democratic politics had distinctive traits, even if nationalizations were no longer in the agendas, Marxism was not their guiding ideology, and the social composition of their electoral support had become more heterogeneous.

From the mid-1970s onwards, following the two oil crises, the changes in the international financial markets, and the new requirements concerning competitiveness, profits, investment and employment, the traditional social democratic policies of demand-management, increasing public expenditure, and redistribution faced growing difficulties.<sup>11</sup> The decade was a period of social democratic uncertainties: Dahrendorf even declared, rather dramatically, that the “social democratic century” was over.<sup>12</sup> A new economic orthodoxy was formed: markets were to be reinforced, the public sector was to be reformed, direct state intervention was to be reduced, and a greater international integration of the domestic economies was to be promoted. The new post-keynesian views were much less compatible with egalitarian social policies. Monetarism considered that public expenditure was a major cause of economic difficulties; that a direct relation existed between public budgets, the amount of money in circulation and inflation; that public deficits had the effect of “crowding out” private firms in relation to credits; that state fiscal or financial intervention and controls of prices and wages could not stabilise the economies. Hence, balanced budgets and a reduced state intervention were seen as necessary for economic efficiency. Egalitarian social democratic policies were thus questioned: they could no longer rely on ever-increasing expenditures on welfare, full employment, solidaristic and centralised collective bargaining, high levels of taxation, or public controls over capital investment.

Yet, although the revision of economic policies was profound and a basic consensus on the conditions for competitiveness gradually emerged, differences persisted according to the ideology of the governments. If we examine the European Community as a whole in the period between 1970 and 1980, public expenditure increased as a percentage of GNP in every country without exception, although its rate varied. On the contrary, in the period between 1980 and 1990, public expenditure decreased as a percentage of GNP in seven out of the twelve countries of the EC: it only increased in Denmark, France, Italy, Spain and Greece.<sup>13</sup> Social democratic governments still used public expenditure more than conservative ones. There was no clear association however between levels or rates of increase of public expenditure and GNP growth over the 1980s. Comparatively high rates of economic growth existed in countries with high levels of public expenditure (France, Italy, Luxembourg), and also in countries where expenditure had increased rapidly over the last two decades (France, Italy, Spain, Portugal, Belgium, Denmark, the Netherlands). Thus, the greater use of public expenditure did not necessarily carry negative consequences for economic efficiency.

It was thus possible to find in Europe different combinations of growth, public expenditure and social policies. There were economies with growth and considerable levels of expenditure; economies lacking in both; and governments that did not cut global public expenditure but reduced the share of social expenditure. These different combinations seem to suggest that, up to some limits, politics may have mattered for policy choice and that state intervention and economic efficiency may not have been mutually exclusive. The limits were largely those of the new consensus on macroeconomic management: the distinctive ideological traits of governments were found more clearly in the small grain of economic policies, in the direction of social policies, and in non-economic issues. I will discuss later the extent to which the Southern European experience sheds light on the “new” pattern of social democratic policies in the 1980s.

## **2. The Southern European Syndrome**

The comparative analysis of social democratic policies in Southern Europe must necessarily pay attention to their specific context. As they came to power, the Southern European socialist parties faced a particular syndrome of economic, social, cultural and political constraints, different from that faced by the rest of West European social democrats: this syndrome influenced their choices and strategies. If we examine the economies, despite considerable differences, some problems were common. In 1981, the per capita GNP (adjusted to purchasing power parities) was only 54% of the EC average in Portugal and 58% in Greece; it was 73% in Spain; and it reached 104% and 113% in Italy and France. Trade and industries were more protected, labour markets were more rigid and labour legislations were more paternalist in the three new democracies than in Italy or France. Yet, despite these differences, the new socialist governments in Southern Europe faced a declining competitiveness of their economies in an international context that was changing very rapidly. At the beginning of the 1980s, the annual rates of GNP growth were at least three times lower than ten years earlier; unemployment had doubled in France and Greece and multiplied by four times in Spain over the same period.<sup>14</sup> In France, the governments of Giscard and Barre had delayed any economic adjustment, acting as if the crisis was of a cyclical nature. Real incomes and public expenditure had been allowed to expand rapidly: the former grew at an annual average rate of 3.0%, the latter went up by nine percentage points, from 39.7% to 48.6% of GNP. Much the same had happened in Greece: public expenditure had increased very much since the mid-1970s, fuelled by the transition to democracy and financed to a large extent by budgetary deficits and public loans; real wages grew at an annual rate of 3.7% under Karamanlis, doubling the European average rate. In Spain, the transition to democracy had taken place in a context of economic crisis that had followed two decades of expansion. The dictatorship, in its last phase, had been unable to adjust the economy to the new international conditions; in the first years of democracy, politics had taken precedence over the economy.

Thus, in the five Southern European countries, economic “modernization” became a key word in their domestic politics over the 1980s. In Greece, Portugal and Spain, moreover, this “modernization” also referred to the goal of “catching up” with Western Europe. The economic

constraints on governments were more powerful in these three countries: not only their economies were weaker, but the effect of economic inefficiency on political legitimacy was a more delicate problem. Spain provided a good example of this connection. On the one hand, economic pessimism grew in the first years of democracy: between 1975 and 1980, those who thought that the economy was in good condition fell from 50% to 3%. On the other hand, political scepticism also went up: those who considered the system as both legitimate and efficient fell from 65% in 1978 to 40% in 1980 and, despite an overwhelming support to democracy, only one out of every three Spaniards thought that it would solve the problems of the country. In the case of Portugal, four years after the “revolution of the carnations,” a majority believed that democracy had been positive for wages but bad for the economy and for production.<sup>15</sup>

The Southern European socialist parties also faced specific cultural constraints which affected their range of strategical choices. “Political cynicism” and social demands were very extended by comparative standards. In 1985, political parties in Italy, Spain, Greece and Portugal got the lowest sympathy scores of all institutions. Over the decade, Italian, Portuguese and Spanish societies showed a vast mistrust and disinterest towards politics:<sup>16</sup> feelings of indifference and hostility towards politics were expressed by 73% of Italians, 68% of Spaniards, 66% of Portuguese. Attachment to parties was also low, and political participation was comparatively limited.<sup>17</sup> The passing of time did not seem to affect these cultural traits: they persisted for decades in Italy and they did not change much in Spain over the decade of the 1980s.

Relative expectations had multiplied when the new Southern European democracies were established. In the case of Portugal, the type of transition reinforced the feeling that everything had become possible; even in a case of “pragmatic” transition such as Spain’s, expectations rose. The hope was that democracy would bring not just political, but also social goods. The 1981 European Values study revealed a very extended social reformism in Southern Europe: 70% held the view that society had to be transformed by reform, against 59% of Northern Europeans.<sup>18</sup> In a 1 to 5 scale of attribution of governmental responsibility for social equality,<sup>19</sup> Southern European societies also ranked highest. Spain in particular came on top:



in 1984, the percentage of people that favoured an egalitarian distribution of incomes was nearly three times higher than in the U.S. From the beginning of the transition demands on the state were very strong: over two thirds considered that the state was responsible for the welfare of each and every citizen -against one fourth in the U.S. and one half in France.<sup>20</sup>

These extended social demands contrasted with comparatively underdeveloped welfare systems in the new democracies. Dictatorships had also had social consequences: social expenditure amounted to 9.9% of GNP in Spain in 1975, against 26.1% in Italy and 28.5% in France; the proportion of the social security budget financed by the state was only one sixth of the European average; public expenditure on education was only one third; the distribution of income was more inegalitarian than in Italy or France.<sup>21</sup> Thus the challenge of “modernization,” both economic and social, was for the socialist governments of the new democracies much more demanding than in France or Italy.

The political constraints faced by the socialists differed. In Portugal, Greece and Spain democracy had only recently been installed. The type of transition had also varied: in the latter two, a clear break with the past had not existed, the new rules of the game were based on implicit or explicit agreements which limited the scope of ruptura, some groups had retained a considerable capacity for political destabilization. Karl and Schmitter have argued that these types of transition to democracy may be successful in the short-term, but may pose problems later if governments are “unable to carry out substantive reforms that address the lot of their poorest citizens. If so, the ‘successful’ democratic transitions of the 1980s could prove to be the ‘frozen’ democracies of the 1990s.”<sup>22</sup> That is, democracy may have been re-established at the cost of social democracy. These constraints on reforms, however, may evolve over time if the balance between the different political forces changes and if consolidation is successful. In Greece, Karamanlis was able to open very much the space of democratic politics from a very early stage of the transition. In Spain, political constraints were more important for some time, due to antidemocratic conspiracies, terrorism, and considerable political uncertainties.

An additional political constraint on socialist strategies and policies may be found in the strength of the opposition. If we examine the conservative forces, however, no clear Southern

European pattern existed. In Italy and Greece they were considerably unified; on the contrary, they were much more fragmented in France and in Spain, in the latter due in part to the presence of nationalist and regionalist parties. The strength and cohesion of the conservative opposition was important not only for electoral competition, but for the resistance to socialist policies in and outside Parliament. Yet the electoral strength of the conservative forces was not always equivalent to the strength of the resistance to governmental policies: in France and in Spain, although politically fragmented, conservative resistance was often very strong in society, led by different social organizations, important media and occasionally by the Catholic Church (for example, over educational reforms and new legislation on abortion).

The opposition situated on the left (particularly the Communist parties) was also of varying importance. It was particularly strong in Italy: when Craxi came to preside the government in August 1983, the communist vote was 2.6 times larger than the socialist. In France, Greece and Portugal, the socialists came to power as the stronger parties on the left, but they faced Communist parties with electoral support of considerable size. Spain was the case of greater communist weakness and of larger socialist support: in 1982, the electoral difference was in the order of 1 to 10. However, the PCE had a very powerful influence on the Comisiones Obreras, one of the two trade unions that dominated the working class movement. Table 1 shows the distribution of the electorates in the five countries when the socialists came to the government in the 1980s.

TABLE 1  
Socialist, communist and conservative vote in Southern Europe.

	France (1981)	Greece (1981)	Italy (1983)	Portugal (1983)	Spain (1982)
Socialist vote	37.8	48.1	11.4	36.1	48.4
Communist vote	16.1	12.3	29.9	18.1	4.1
Conservative vote	20.9: RPR 19.2: UDF 2.7: Other	35.9: ND 3.2: Other	32.9: DC 10.2: Other	27.2: PSD 12.6: CDS	26.2: CD/PP 16.6: Other

However different, the position of the Southern European Communist parties tended to be more influential than in Northern Europe, where their presence is significant only in Denmark and Finland. It was often thought that this influence might force the socialists to

radicalise their political rhetoric and their program. It was in part due to this view that Linz stated in the late 1970s that “there are undeniable differences of outlook between southern and northern socialists.”<sup>23</sup> The strategy of the PS in France over a long period of time seemed to confirm this view: a strategy of esprit unitaire which included electoral agreements, common programs (in February 1968 and June 1972) and the appointment of four communist ministers in Mitterrand’s government from June 1981 to July 1984. In Spain and Portugal, the competition in the first stages of the transition with Communist parties that had been comparatively strong under the two dictatorships also stimulated an early rhetorical radicalism of the socialists. In these two countries, however, the PSOE and the PS followed an “autonomous” (i.e. non-unitarian) strategy and, as elections quickly established their predominant position, strategies of outbidding radicalism were abandoned. In Greece, the PASOK became rapidly one of the two poles of the increasingly antagonistic politics from 1974 onwards, using a strongly radical, nationalist and populist rhetoric. The links of the KKE with Civil War memories and with the Soviet Union contributed to its comparative weakness.

These were the general “constraining conditions”<sup>24</sup> within which programs and policies must be assessed. This specific syndrome of economic problems, social demands, cultural desencanto and political challenges affected political choices. This context presented considerable differences from that of Northern European social democracy. As a result, the political agenda of the Southern European socialists had to be somewhat atypical.

### **3. “Intellectual Visions” and Party Programs**

The particular strategies and policies of the Southern European socialist parties did not respond only to constraints. They were also the product of choices, which reflected particular “cognitive maps.” Subjective factors, normative filters, moral visions, values and convictions acted as intermediations between objective circumstances and decisions.<sup>25</sup> They moulded the political perceptions that leaders had of the challenges they faced and of the range of options available to them.

European integration and Northern European social democracy constituted the main intellectual references that influenced the political choices of PSOE leaders. The European commitment stemmed from a long tradition of Spanish reformism and regeneracionismo that had associated Europe to modernity and national isolation to backwardness, summarised in Ortega y Gasset's statement that "Spain is the problem, Europe is the solution."<sup>26</sup> The influence of European social democracy had been crucial in the ideological reorientation of the PSOE from 1979 onwards. Felipe González in particular had been deeply influenced by Palme and Brandt, by the ideological debate within the SPD that had followed the 1959 Congress at Bad Godesberg, and by Labour Party "moderates" (such as Crosland). The European and social democratic influences were reinforced by the socialising impact of past political failures in Spain and elsewhere. The Second Republic in Spain, the Popular Front in France, Allende in Chile, the first years of democratic government in Portugal, the experience of the British Labour Party in the 1970s indicated to the PSOE leaders the limits of what was "possible." Pragmatism, the concern to avoid costly experiments, the priority attached to democratic consolidation and to catching up with Europe were the result of such perceptions.

The social democratic identity had been adopted before the PSOE came to the government: with democracy, the party had adapted its ideology and strategy to the new constitutional framework. This adjustment produced serious internal upheavals, but the party took firmly the course of social democracy. The 1982 electoral program was both "reformist" and ambitious: to fight terrorism, to keep the army in the barracks, to join the European Community, to decentralize the state, to achieve a stable rate of growth, and to introduce substantial social reforms were its central commitments. No references existed of a "qualitative break" with capitalism, of an "irreversible step" towards socialism. Political voluntarism and populism were rejected in the name of realism: González insisted that he would not make promises that he could not deliver. Yet the program included two points which later brought serious problems to the socialists', to create 800,000 jobs and to call a referendum on Spain's membership in NATO.

The Portuguese PS won the first two elections of the new democracy: it had thus less "breathing space" than the PSOE to adjust its ideology and program. On its foundation in April

1973, still under the dictatorship and with the strong competition of the PCP, the party had adopted “non-dogmatic Marxism” while rejecting totalitarian “bureaucratic socialism.” At the beginning of the transition to democracy, it still defended the nationalization of private firms and banks and the occupation of large estates in the South. However, the underlying influence of social democracy was also very strong from the beginning: the party had been founded under the tutelage of the SPD, and Soares had very close links with Western European leaders. In government, the PS turned to defend a mixed market economy and parliamentary democracy against the Communist party and the extreme left. After his second electoral victory in April 1976, Soares presented in Parliament a moderate program of government, started negotiations for membership in the European Community in 1977, negotiated a loan from the IMF on the same year, and abandoned costly economic experimentations. Out of government since 1978, the party adopted a new program the following year, “Ten Years to Change Portugal,” based in the standard social democratic formula of a mixed economy cum redistribution. Back in power from 1983 to 1985, as part of the Bloco Central coalition, the PS carried out pragmatic policies, introduced a program of economic austerity and concluded the negotiations with the European Community.<sup>27</sup>

The enarque origins of Fabius and Rocard,<sup>28</sup> the lay republican ideology of the French Left, a nationalist and étatiste tradition, together with a long absence from government, contributed to mould the “cognitive maps” of PS leaders. They believed that the state should play an active role in economic growth and redistribution, that nationalizations would reinforce the capacities of a “rational” state. The party had promised deep socioeconomic changes ever since the Programme Commun of 1972. The Metz Congresses of 1979 and 1983 had committed the party to a break with capitalism, to a transformation of society beyond socialdemocratic reforms. Social democracy was strongly criticized as “pactist” and moderate. The electoral program of 1981 wanted to reform vast areas of civil legislation; to decentralize the administration; to nationalize an important number of industries and banks; to redistribute work and extend welfare; to introduce additional rights for workers; to stimulate the economy through demand-led policies, planning and a reorganization of the public sector.<sup>29</sup>

As for the PASOK, the influence of nationalism and populism was very strong. It was suspicious of Europe and very critical of social democracy. Past failures of democracy were seen as largely due to Western interferences; Greek society was interpreted in manicheist terms as divided between a non-privileged majority and a small oligarchic minority linked to foreign interests and to domestic monopolies. The “intellectual vision” of the PASOK responded to a “logic of simplification of the political space,”<sup>30</sup> which contributed very much to political polarization in Greece. Yet at the same time its leadership included a technocratic group that defended more rational and pragmatic policies. The two tendencies coexisted under the charismatic authority of Papandreou, who himself reflected these two contradictory “souls” of the PASOK. Nationalism, populism and charismatic leadership were combined with “political voluntarism” -that is, with the view that the society and the economy were malleable to political will.

From the “Declaration of the 3rd. of September” to the 1981 electoral program, the party stated that its goal was to overcome capitalism, and defended a “third road” to socialism different from communism and social democracy. However, no nationalizations were proposed: the public sector already had an important hold on the Greek economy. After democracy had been reestablished in 1974, Karamanlis had considerably increased the size of the productive public sector, which covered large parts of the oil industry, transport, telecommunications, banks, and seaports. The socialists considered that further nationalizations would “not guarantee the democratic control by the people.” The PASOK supported on the contrary the “socialization” of industries: i.e., workers’ participation in management. It also wanted to decentralize the state and to extend welfare. In addition, the socialist program was committed to a non-aligned foreign policy, to a withdrawal from NATO, and to a renegotiation of the terms of entrance into the European Community.

The political views of the PSI were dominated by what Craxi called the imperative of primum vivere: to increase its influence against its two big competitors on the left and on the right. Since the end of the 1960s, the socialists were getting less than 10% of the vote. After the 1976 change of leadership, in which the old generation of the centro-sinistra was replaced, the party had as its major objectives to win a wider political space, to ensure greater political

stability to the governments, and to provide a more decisive style of governing. Political considerations became more important than policy alternatives: the latter were often instrumental to the first, in what appeared to be an example of Downsian strategy.<sup>31</sup> The ideological argument was that this strategy was congruent with the transformations that had been taking place in Italian society: the modernization of its economy, the changes in its class structure, the secularization of its culture, would erode the Catholic and Communist subcultures and generate a growing “modern” sector in search of political representation.<sup>32</sup> Martelli, the socialist deputy leader, defined the social interests that the party ought to defend as a broad and heterogeneous coalition of “merits” and “needs.”<sup>33</sup> The latter were those of the underprivileged groups; the former, those of the increasing number of people with skills, knowledge and information. Becoming the party of “modernity,” the PSI should see its support grow.

The PSI thus had its own formula of “modernization.” It had to do with politics and the economy; much less with social policies. It defended institutional changes: in proportional representation and in the roles of Parliament, the Executive and the President of the Republic. It emphasized civil and participatory rights, private morality, individual capabilities and the “creative energies of the individual.” It proposed reforms of a state viewed as inefficient and archaic, transformations of the public sector, a reduction of the public deficit, greater democracy within trade unions. Welfare and redistribution were goals of lesser importance; social policies were specifically targeted to those in need. The party appealed to those attracted by ideas of progress, secularity, individualism, efficiency and governability, and which rejected vested interests and obstacles to policy making. It did so by a skilful use of the media, by the strongly “presidentialist” politics of Craxi, and by stressing “decisionism” (i.e. the capacity to take quick and effective decisions).

Besides constraints, the diverse strategies and policies reflected the interpretations and “intellectual visions” of the political actors. As a consequence, parties differed in their choice for caution or experimentation, pragmatism or voluntarism. Some leaders wanted from the beginning to avoid experiments that could be costly in political or economic terms. This choice was more likely if they had previously been involved in economic decisions, if they were

critical of past experiments, if they were concerned about the requirements of European integration, and if they were strongly influenced by social democracy. Others chose experimentation and voluntarism: they wanted to advance towards a different kind of economic system and thought that an opportunity existed for a sustained demand-led growth, for vast social redistribution, for greater national economic independence. Thus, no consensus existed among Southern European socialists at the beginning of the 1980s on whether a sharp break with capitalism was possible and on whether a global alternative “model of society” was available.

The conditions in which the Southern European socialist parties came to government in the 1980s were also different. The Portuguese PS and the PSI were part of coalitions. Soares headed the Bloco Central alliance in a context of serious crisis, due to many of the reforms of the provisional governments, to the inaction of the AD coalition in power from 1978 to 1983, and to the political instability of the first decade of democracy. Economic reforms were the top priority of his government. In Italy, Craxi became the first socialist Prime Minister in 1983, heading a five party coalition in a period of considerable political changes. The PCI had lost votes (4.5 percentage points since 1976), while support to the DC had fallen to 33%, in what had traditionally been a very stable electorate. The view that governments over a long time had been inefficient and unable to take decisions was very extended in society. Governmental stability and decisionismo were the priorities for Craxi.

The French PS, the PASOK and the PSOE formed single party governments in the 1980s. Their parliamentary majorities and their presence in government after a long political exclusion fuelled ambitions of what Keeler has called “extraordinary policy making:”<sup>34</sup> that is, the view that an unusually large number of reforms were necessary and possible in circumstances that were seen as particularly favourable. Keeler argues that these occasions occur when the combined effect of a political crisis and a strong mandate opens a “macro-window” for change. The mandate size seems to be the main variable: it would both generate a feeling of “authorization” of the new government by society (which would reduce resistances) and grant “empowerment” (i.e. parliamentary support to implement reforms). The



French PS, the PASOK and the PSOE perceived their access to government very much in these terms: as an exceptional occasion for change.

#### **4. The Specific Issues of Political Agendas**

The recent installation of democracy posed specific issues on the agendas of the socialist governments of Greece, Portugal and Spain. They responded to the logic of democratic consolidation rather than to the logic of social democratic reforms. This was probably the major difference in the “confining conditions” of social democratic politics in Southern Europe. These issues had to do with the adjustment of the armed forces to the new democratic regimes; to the redefinition of some key aspects of foreign policy; to reforms in the structure of the state; and to new regulations of civil rights.

The armed forces were a different kind of problem in each of the three new democracies. In Portugal, the role of the MFA in the new democracy raised serious conflict both in civil-military relations and within the armed forces. Although the army was gradually controlled by moderate officers and radical groups were defeated in the elections of 1975 and 1976, the MFA continued to exert huge political influence. The 1976 Constitution attributed to the Conselho da Revolução an important capacity of constitutional surveillance and legislative veto, which reflected an earlier pact between the MFA and the parties, and which was only opposed by the CDS. It was at a later stage, following the conflict between Soares and Ramalho Eanes in 1978, that the PS opposed this bipolar executive format and defended a constitutional reform. The party argued that, as democracy was now consolidated, no military presence in the political sphere was warranted. The constitutional reform was eventually passed in 1982 under the AD conservative coalition (of the PSD and the CDS), with socialist support. The Council of the Revolution was then suppressed, and the army was displaced from the centre of the political stage eight years after democracy had been reestablished.

In Greece, most of the task of subordinating the military to the new regime had been accomplished by Karamanlis. Following the fiasco over Cyprus in July 1974, the army

surrendered power to civilians and withdrew from front-line politics. In the negotiations that took place from the 22<sup>nd</sup> to the 24<sup>th</sup> of July 1974 between five military officers and eight civilian politicians, the military had wanted to keep the ministries of Defense, Public Order and Interior, and to retain control over important institutional areas. Yet they were too discredited and weak to impose their demands on civilians, particularly on Kanellopoulos and Mavros, who represented the two parties that had been backed by nearly 90% of the vote in the last parliamentary election. The elections of November 1974 and the failure of the military conspiracy in February 1975 reinforced the political autonomy of Karamanlis as Prime Minister. The military and the security forces were put under the control of civilian authority, and officers involved in the 1967 coup and in the following repression were brought to trial. When the PASOK won the 1981 elections, the armed forces no longer posed a threat to democratic stability.

The situation in Spain was very different. From the very beginning of the transition to democracy, military sectors had claimed that the armed forces should depend directly from the King and not from the civilian government. These demands for military corporate autonomy became stronger when the UCD governments were weaker, that is from 1980 to 1982. In this context of military restlessness, several conspiracies were organized. The failure of the coup of February 1981 and the results of the elections of 1982 were a turning point in civil-military relations: no political alternative to democracy appeared to be possible; *involución* was inhibited by the huge mandate of the PSOE. The socialist government undertook a series of reforms that have been described as “a mixture of suasion and forcefulness.”<sup>35</sup>. The politics of suasion were based in the “professionalization” of the armed forces: a national defense industry was promoted, military R+D augmented, the top military leadership was rejuvenated, the size of the army was trimmed down, the military regions were reorganized. At the same time, strict discipline was imposed, the authority of the government over the armed forces was clarified by new legislation, the jurisdiction of military courts was limited, a law on conscientious objection was passed, and democratic officers that had organized a secret organization under Franco (the UMD) had their sanctions lifted.

The position of the socialists over the European Community and NATO also varied. While the Portuguese socialists did not question membership of NATO and were pro-European, the PASOK was strongly nationalist. Its slogan that “Greece belongs to the Greeks” expressed a particular interpretation of Western influence in Greek politics; it was also instrumental for PASOK’s strategy of capturing the banner of “patriotism” from the Right, strengthening its legitimacy. Yet the policies of PASOK once in government were much more pragmatic than its rhetorical discourse. Only over Lybia, the PLO, and the deployment of Cruise and Pershing II missiles was its foreign policy “singular” by Western European standards. No referendum was called over NATO nor were US bases dismantled, as the PASOK had promised to do; instead, a new military agreement was negotiated with the US government in 1983. Membership in the European Community, which Karamanlis had achieved in 1981, was not questioned either: instead, Papandreou renegotiated the terms of entrance and obtained additional funds from the Mediterranean programs. The foreign policy of the PASOK was eventually more influenced by electoral and pragmatic considerations than by programmatic commitments.

The Spanish socialists were divided on these issues: they were strongly European, but at the same time had little sympathy towards NATO. Yet when the 1982 elections were called, Spain was already a member of NATO but not of the European Community.<sup>36</sup> The PSOE’s electoral program was rather cautious: it stated that the socialists would “freeze” the integration in the joint military command of NATO, and that they would call a referendum on membership. Once in government they did both things; yet their position over NATO had changed. Once entry into the EC was in sight, after an agonising internal debate that lasted two years and in which the influence of González over the party was crucial, the socialists concluded that a withdrawal from NATO could be traumatic. As from the Fall of 1984, the position of the government was that Spain should remain in the Alliance, that it should not join the integrated military command, that no nuclear weapons should be stored in the country, and that the number of US troops stationed in Spain should be reduced. Public opinion was however very hostile to NATO: in 1985 only 20% of Spaniards accepted membership.<sup>37</sup> Thus the government came under very strong pressure, both domestic and international, in order not to

hold the referendum or to replace it by a general election. Yet the referendum had become a universal exigency and the government decided to keep its electoral commitment. The referendum was held in March 1986: after a dramatic and uncertain campaign, 53% voted in favour of the position of the government and 40% against it. A few years later, three out of every four Spaniards considered that calling the referendum had been a good decision; as table 2 shows (see page 23), a majority also thought that NATO membership was positive for the country.<sup>38</sup>.

After long negotiations that were concluded in June 1985, Spain and Portugal joined the European Community in January 1986. Contrary to Greece, membership had overwhelming support in the two countries; only the Portuguese Communist party opposed it. Entry into the EC had a huge symbolic importance: it was generally associated with the restoration of democracy and with “modernization.” Fears about the traditional uncertainty of Iberian politics diminished: past political upheavals were seen as related to a long period of national isolation. A shared future was also perceived as a safer one. EC membership also had revulsive consequences for the Spanish and Portuguese economies: their annual rates of GNP growth were higher than the European average over the rest of the decade, although the balances of trade turned into a serious problem and progress towards economic union posed extraordinary challenges. Within the EC, the socialists backed European unity not just for the economies but also for social policies, defense arrangements and foreign politics. Southern European societies sympathised with this position:<sup>39</sup> in 1990, over eight out of every ten Italians, Spaniards, Portuguese, Greeks and Frenchmen declared that they agreed to Western European unity. The European myth of the reformist and regeneracionista traditions had been apparently confirmed by experience: democracy had made membership in the EC possible, and European integration stabilized democracy.

Thus, in the course of a decade, some long-standing problems which had been part of the “political singularity” of Southern Europe were greatly modified. The conjunctures in which choices were made had varied: yet the criterion of “normalization” by Western European standards was increasingly shared, and influenced choices in both domestic politics and supranational commitments. This political process was not always smooth, coherent,

comprehensive or concluded. Yet even if important differences remained, particularly in the case of Greece, the three countries had gradually, sometimes painfully, converged. Socialist experiments in isolation and “third worldism” were generally discarded in favour of European integration and social democracy. The Southern European Left experienced thus a dramatic change from the early 1970s and through the 1980s.

Southern European socialists followed different directions when they tried to introduce reforms in the structure of the state. Thus, the PSI defended an institutional reform of the Republic along “semi-presidentialist” lines, in order to reinforce the stability of the executive, its capacity to take decisions and its efficiency. It failed, however, because of the opposition of the two major parties, the DC and the PCI. In Portugal, the PS supported an opposite reform, from “semi-presidentialism” to “parliamentarianism,” and backed the 1976 change of the Constitution. In France, Greece and Spain, the socialists promoted reforms which decentralized the state. The Mauroy government gave greater autonomy to local authorities and to the regions; it also transferred competences from the prefects to elected officials. Mitterrand presented this reform as la grande affaire du Septennat: yet the reform was eventually more limited than this rhetorical presentation: it mostly affected the political and administrative elites and the grounds of their legitimacy.<sup>40</sup> No significant reforms were introduced in the central administration. On the contrary, it has been argued that, under the socialists, the traditional influence of the administrative elite under the 5<sup>th</sup> Republic augmented.<sup>41</sup> Théret<sup>42</sup> describes it as a colonisation of the Government and the ministerial cabinets by the administrative elite, particularly by that trained in the Ecole Nationale de l'Administration (ENA). In Furet's words, “The power of high civil servants has probably never been so high. They govern the country by the intermediation of the entourages and the ministerial cabinets (...) The political world and the world of the high administration interpenetrate each other to a point that Guizot, who made it an instrument of government, would never have dared to dream.”<sup>43</sup>

In Greece, the PASOK's strategy of decentralization was based on two laws of 1983 and 1986 which gave more powers to local councils, transferred competences of the provincial nomarchs to the regions, and attributed to the regional councils important capacities over regional development. The PASOK also tried to reform a large and inefficient civil

administration. This reform was widely criticized: bureaucracy augmented; the appointment of a large number of partisan “special counsellors” and experts did not make the administration more professional; the networks of patronage increased. It has thus been argued that “the ‘state of PASOK’ had replaced the ‘state of the Right’” and that an “unprecedented degree of control over the state bureaucracy” had been introduced.<sup>44</sup> Administrative efficiency, responsiveness and neutrality did not seem to improve in Greece over the 1980s.

In Spain, initial ideas of global change of the civil service were later replaced by piecemeal reforms. These attempted to redefine administrative tasks and their requirements in terms of qualifications and experience, and to increase efficiency with productivity incentives. These reforms weakened the traditional influence of the Cuerpos de la Administración, but they could not produce a fully satisfying alternative. At the turn of the decade, the socialists had to accept that the reform of the civil service was still pending, but they lacked a convincing program. Public opinion, however, was rather favourable to the government: as table 2 shows, there was a difference of ten points between positive and negative views to policies in this area.<sup>45</sup>

The territorial reorganization of the state was more radical in Spain than either in France or Greece. The intention was not just to increase the efficiency and responsiveness of the administration by decentralization, but to assimilate nationalist demands for self-government in a new political structure. However, the Estado de las Autonomías was not a distinguishing feature of the socialist program, as was decentralization in France or Greece, but part of the “Constitutional consensus” of 1978. Over the 1980s, Spain became a de facto federal state, with 17 “autonomous communities” that had a system of self-government based on statutes of autonomy, regional parliaments and executives, although differences still existed between the “historic communities” and the “regions” in the range of devolution of powers. The pattern of public expenditure also became similar to that of federal states: from 1981 to 1991 the autonomous governments increased their share of total public expenditure from 2.9% to 23.5%. The final transfers of health and education to the totality of the regions would increase this share to over 30% in the 1990s.

Major progress was made in accommodating Basque and Catalan nationalism into the new structure of the state. As table 2 shows, the evaluation of the socialist record on political decentralization was as a whole favourable to the government: positive views doubled negative ones.<sup>46</sup> Yet potential centrifugal trends still existed in Spanish politics 15 years after democracy was established. The final distribution of power between the central and the “autonomous” governments remained somewhat unclear: Basque and Catalan nationalists demanded additional powers and differentiation from other regions, while the latter claimed for the same degree of self-government that Catalonia and the Basque Country enjoyed. In fact, while decentralization had initially been the attempted solution to the old nationalist problem in the Basque Country and Catalonia, it was later stimulated by local political elites in regions with no nationalist traditions, whose population was initially unconcerned with decentralization but were not ready to accept anything less than Catalans or Basques. This contradiction between “differentiation” and “egalitarianism” between communities posed one of the most important question marks over future Spanish politics. The importance of nationalism and regionalism was expressed in Parliament by the nine nationalist or regionalist parties that captured over 10% of the national vote and quite a substantial share of the electorate in their regions. The strength of regionalism and the vast powers and resources transferred to the “autonomous” governments over the decade had also a deep impact in the structure of power within the national parties: the regional federations increased their influence in party politics and in policy making.

Reforms in the regulation of civil rights were a central piece of socialist policies in France, Greece and Spain. As a whole, these reforms attempted to change a traditional, conservative regulation by a more liberal one. Thus, the Badinter laws in France abolished the death penalty, suppressed special courts, expanded the protection of individual rights, limited the powers of the juges d’instruction and improved the penitentiary system. Greek legal reforms introduced civil marriage and divorce by consent, changed the Penal Code, passed a new family law, and improved the position of women in civil law, in labour relations and in social security. In Spain, new laws depenalised abortion under certain conditions, protected habeas corpus and legal assistance, and regulated conscientious objection. The PSOE government also tried to overhaul a largely inefficient and conservative judiciary, with additional resources<sup>47</sup> and a new

autonomy. This new autonomy, however, was often used for corporatist demands against the government and as an instrument for resisting legal changes. Dissatisfaction with the system of justice was widespread: data in table 2 indicate that only 23% of the population thought that it had improved over the first seven years of socialist government, whereas 28% believed it had worsened<sup>48</sup>. Law and order were a major focus of criticism against the government<sup>49</sup>: street crime had indeed increased, as a product of large unemployment, drug consumption, insufficient welfare protection, and a reform of the penal code which had reduced preventive sanctions. The government had to toughen its law and order policies after five years in office.

TABLE 2  
Views on governmental policies in Spain.

	Positive views	Negative views	Indifferent	Do not know / do not answer
Law and order	20	49	21	10
System of justice	23	28	24	25
Decentralization	32	16	23	29
Civil Administration	27	19	24	30
NATO referendum	35	23	--	42
US military presence	61	14	--	25
European Community	70	8	22	--
Foreign policy	51	23	--	26
Freedom in general	69	9	18	4
Democracy in general	49	10	26	15

When socialist parties came to power in several of the Southern European countries, they had to address these long-standing issues of the armed forces, Europe, NATO, state reforms and civil rights protection. These issues had to do with the political syndrome that was peculiar of Southern Europe, due to retarded modernization, long dictatorships and/or prolonged exclusion of the Left from power, as well as to the relative isolation and marginality of three of the five countries. Therefore, the socialist programs and policies were rather atypical from the point of view of Northern European social democracy. Some of these "atypical policies", however, corresponded to what voters thought that the Left stood for: they were also a major cause of socialist electoral support. If we look at Spain at the beginning of the decade, the consolidation of democracy, legalization of divorce, abortion and contraception were among the political goals that society perceived as typical of the Left. Later in the decade,



some of these political issues remained a major factor of the socialist vote.<sup>50</sup> The other policies which were part of the social definition of what the Left was about had to do with socioeconomic reforms, with growth and redistribution. That is, they overlapped to a much larger extent with the typical issues of social democracy.

## **5. The Convergence of Economic Policies**

The initial economic decisions of the socialists in power differed due to reasons unrelated to the comparative situation of their economies. The “intellectual visions” of the party leaders had a considerable autonomy from the economic context. It is possible to examine the French PS over its first two years in government and the PASOK as cases of state interventionism with a traditional socialist orientation (the PS) or with populist tendencies (the PASOK). On the contrary, the PSOE, the Portuguese PS, to some extent the PSI, were examples of the new social democratic economic policies of the 1980s. The change of course of the French PS under Fabius and Rocard put it in this second group as from 1984.

If we examine the French case first, the Mauroy government quickly implemented its program of nationalizations, which extended to 36 banks, two financial societies and 11 industrial groups, buying 100% of the shares at an estimated cost of 2.6% of GNP. As a consequence, the public sector came to absorb 24% of total employment and to control 60% of the annual investment in industry and energy. Important redistributive measures were also taken: the socialists hoped that, besides promoting social fairness, this additional demand from the lower income groups would stimulate the economy. Increases in the minimum income (SMIG) and the lower pensions costed two points of GNP. The government also sought to increase employment with active labour market policies and with a redistribution of available jobs. Between 1981 and 1983, the PS government thus followed a strategy of “Keynesianism in a single country” with a strong economic redistribution.<sup>51</sup> This expansionist and redistributive dirigisme had a considerable social impact; its economic results were however poor. International trade and European monetary integration imposed overwhelming constraints

on this strategy of demand-led expansion. Imports multiplied; the trade balance deteriorated; the franc was weakened; the budget deficit went up.

This was the turning-point of 1983. An alternative choice at this stage would have been economic autarchy: a dilemma similar to that faced by the Labour government in Britain in 1976. The French government would have been forced to abandon the European Monetary System and to raise trade barriers, probably at the cost of EC membership and retaliations by other countries. The risks of this “alternative economic strategy” were seen as too high, the transitional costs as too important, and the final outcome as too uncertain. The government decided to follow a different, more orthodox course: it froze wages and prices, trimmed public expenditure, reduced taxes on societies and employers’ contributions to social security, and devalued the franc. The policies of industrial interventionism, strong public investment, and expansion of lower incomes were modified. Private investment was now not so much stimulated by an increased aggregate demand, but by a satisfactory rate of profits: labour costs were limited, the labour market was made more flexible, and company taxes were lowered. As a result of the new economic policies, inflation fell from 11.5% in 1982 to 5.8% in 1985; the budget deficit was brought to half the EC average; the balance of trade improved sharply; investments went up. The economy expanded again as from 1985; inflation was below the EC average and GNP growth was above 3%. From the initial radical criticism of social democracy, the PS turned to a strong economic realism.<sup>52</sup>

Under Fabius and Rocard, the socialist governments stuck to these economic policies of rigueur and competitiveness, while trying to make them compatible with social policies of solidarité. If we compare the socialist record after 1984 with that of the Chirac government from 1986 to 1988, the PS maintained a progressive income tax, introduced the Contribution Sociale Généralisée (CSG), and made company tax reductions dependent on profit reinvestment. On the contrary, the conservative government, which maintained the level of tax pressure, made it less progressive: it reduced the top marginal rate, suppressed the tax on large fortunes, and increased the social contributions of wage earners.<sup>53</sup> It has been argued that “neo-liberalism has become a common political language for political actors in the Right and in the Left, which is expressed in a convergence of economic policies.”<sup>54</sup> Yet, if economic

efficiency posed in the 1980s new requirements to governments which caused a convergence of policies, differences still remained. To design and implement a “policy package” of economic competitiveness and social fairness was the typical social democratic predicament over the decade.

In Greece, economic policies under the PASOK government had many resemblances with those of the Mauroy period in France. When Papandreou won the elections of 1981, profits had deteriorated very much, the economy was stagnant (it grew by only 0.1% in 1981) and inflation had reached 20%. The new government decided to carry out a program of Keynesian expansion: it tried to stimulate production with sharp increases of the lower wages and pensions, and with incentives to investment. Demand increased, but production did not follow. Imports and the trade deficit went up very quickly, while the economy remained stagnant (the annual rate of GNP growth was 0.4% for 1982 and 1983). Inflation was not brought down (its rate stood at 18.1% in 1985), contrary to the European Community, where it was halved over the same period of time (and stood at 5.1 % in 1985). The economy thus lost competitiveness and unemployment doubled (from 4.3% in 1981 to 9.0% in 1983). The increases in public expenditure were financed by foreign debt and budget deficits. The fiscal system was hardly reformed: tax revenues were nine points below the average GNP share in the European Community. Tax evasion remained high, particularly among small owners, shopkeepers and professionals: for example, the average declared income of lawyers and doctors was lower than that of wage earners, while landowners represented 27% of the population but contributed only 0.1% of revenues from direct taxes.<sup>55</sup>

Papandreou did not change his policies until after the new general elections of 1985. He chose to avoid the electoral costs of a political U-turn and of an economic adjustment. When the PASOK won again with 46% of the vote, the government then changed course: it devalued the currency, ended wage indexation, reduced labour costs, promoted exports, and tried to attract foreign investment. The purpose was to reestablish market confidence, to reduce inflation and the budget deficit, and to increase the competitiveness of the Greek economy. Social resistances were considerable and strikes multiplied: hours lost to strikes went up from 3.5 million in 1981 to 16.3 million in 1987; conflict was mostly organised in the public sector

and in firms controlled by the state.<sup>56</sup> But the economy improved: inflation fell to 13.9% in 1988, and the PSBR went down by two points. However, economic reforms were more limited and short-lived than those of the Fabius and Rocard governments in France. After winning some breathing-space, Papandreou decided in 1987 to return to economic populism and voluntarism: he abandoned austerity and expanded the economy again. As a result, by 1989 the economy had deteriorated again. Inflation went up, public expenditure reached a very high level, the public deficit was the highest in the European Community, the deficit of the public pensions scheme rose from 2.5% of GNP in 1980 to 9.3% in 1990. The differential in per capita income at purchasing power parities between Greece and the other EC countries widened: instead of catching up, the economy lost ground.<sup>57</sup> Fifteen years after democracy had been reestablished, many reforms that were necessary for economic competitiveness were still pending in Greece.

The economic policies of Spanish socialists followed a different pattern. As was argued in section 3, to catch up with Western Europe and to consolidate the new democracy were their overwhelming concerns; they were also much more sympathetic with social democracy. Policies were thus conceived from the very beginning in terms of a very strong economic “realism” and pragmatism. González declared in many occasions that, although he considered economic performance as instrumental, it was also a precondition for “social efficiency.”<sup>58</sup> He was not tempted by doctrinaire experiments into the unknown nor by “voluntarist” economic strategies. There was no “keynesian expansion in a single country,” later followed by policies of austerity. The government started with a program of economic adjustment that lasted three years, from 1982 to 1985, and which combined policies of supply-side and demand-management. Adjustment and structural reforms included a devaluation of the currency, a strict money supply, limits on wages, a gradual reduction of the budget deficit, a reconversion of industrial sectors, a liberalisation of trade, a deregulation of the financial market, and the suppression of many labour market rigidities.

As a result of austerity and adjustment, inflation and the budget deficit were brought down to less than half their 1982 rate. There was a sharp recovery of investment: the volume of gross fixed capital formation doubled between 1985 and 1990; foreign investment multiplied

by five times; the share of foreign investment that corresponded to EC countries doubled in the same period of time.<sup>59</sup> The rate of GNP growth was from 1985 to 1990 4.5% on average, higher than in the EC as a whole (3.1%). The changes in the Spanish economy over the 1980s were considerable: it has been argued that the “political transition” of the 1970s was followed by an “economic transition” in the 1980s,<sup>60</sup> as the economy became much more competitive and open.<sup>61</sup>

The major problem was a very large unemployment rate: from 16.2% in 1982 it went up to 21.9% in 1985. This was not just due to economic policies, but to the impact of larger cohorts of young people, more women in the labour market and migrant workers returning from European countries.<sup>62</sup> The “underground economy” and the families mitigated to some extent the impact of unemployment,<sup>63</sup> but the burden of the economic crisis and of adjustment fell mainly upon young people, the long-term unemployed, and, to a lesser extent, women. On the contrary, employed workers suffered much less: the income per earner grew in real terms. Labour market dualism thus increased. The government considered that it had very little margin to redistribute available employment with reductions of the working hours or the age of retirement, that only a strong expansion of domestic production could significantly reduce unemployment.<sup>64</sup> When the economy expanded again as from the end of 1985, jobs were created at a considerable pace: 1,485,800 between 1985 and 1990. Unemployment fell by 5.4 points over these five years, although Spain remained the country with the highest unemployment rate in Europe. Stable growth remained thus the central goal of socialist economic policies, in order both to catch up with Europe and to reduce unemployment. In the 1990s, however, as it faced European economic union, the economy still had inflationary problems, the trade deficit was very high, the technological gap huge. The costs of competition were much higher for the industrial structure than for the service sector. Foreign capital won a much larger presence in the economy.<sup>65</sup> After a decade of reforms and a period of substantial growth, economic challenges remained at the top of the socialist agenda.

After a decade of crisis, Spanish society was considerably sceptical about the performance of the economy. As table 6 shows (see page 46), at the end of the 1980s, notwithstanding several years of expansion, 35% thought that the economy was in worse

conditions than five years earlier; only 31 % believed it had improved. There was a considerable reticence towards governmental policies in this area: it was still widely believed that the economy was malleable to politics, that it was up to the government to improve the situation. The implementation of economic policies benefitted from the global support enjoyed by the government: as Nelson noted in her comparative study of economic reforms under 19 governments, “the key political factor affecting many of the reforms... was not positive support for specific measures, but diffuse support for the government and, above all, the political leader coupled with the disabling of most opposition groups.”<sup>66</sup> Twice more people preferred the PSOE to the conservative PP on economic policies, and ten times more to the communist IU.<sup>67</sup>

In Portugal and in Italy, competitiveness and growth were also the main goals of the economic strategies of the PS and the PSI. After the initial radicalism of the socialists in the transition to democracy, the minoritarian PS government of 1976 presented a pragmatic program of modernization to Parliament and later tried to adjust the economy with the help of the IMF. Yet reforms were hardly possible with weak parliamentary support: the PS was eventually forced to form a coalition with the CDS, but this formula lasted until the summer of 1978 only. The volatility of Portuguese politics in the first decade of democracy made it difficult to implement coherent economic policies. These had to wait until 1983, when the PS-PSD coalition, headed by Soares, had sufficient parliamentary support to initiate a program of adjustment that reduced inflation and the budget deficit. The political benefits were reaped by the PSD: it won the 1985 elections and later obtained two consecutive majorities in 1987 and 1991, implementing a program of austerity and liberalization that achieved a considerable rate of economic growth. In Italy, the Craxi government from 1983 to 1987 also tried to stimulate the competitiveness of the economy and struggled against the public deficit and inflation: it won the 1985 referendum on wage de-indexation, limited public expenditure, raised the age of retirement, and privatized public firms.<sup>68</sup> Inflation was brought down from 15.0% in 1983 to 4.8% in 1987, the PSBR was sharply reduced, the deficits in trade and the balance of payments were redressed, while the annual rate of GNP growth was higher than the EC average after three years of economic stagnation.

TABLE 3  
Comparative Economic Performance of Socialist Governments.

	1	2	3 (EC avg)	4 (EC avg)	5 (EC avg)	6 (EC avg)	7 (EC avg)
<b>(i) France</b>							
Non socialist 1974-81	2.3	2.4	11.1 (12.0)	3.2 (2.3)	0.9 (0.0)	0.1 (0.1)	9.7 (3.3)
1986-88	2.1	-2.0	3.8 (4.7)	0.1 (1.0)	-1.4 (-0.6)	0.4 (1.2)	-0.9 (-1.3)
Socialist 1981-86	1.7	-2.1	8.6 (7.5)	0.6 (0.8)	-1.5 (-1.0)	-0.3 (-0.1)	2.9 (0.2)
1988-90	3.3	-0.1	3.4 (5.4)	1.6 (1.2)	0.3 (-0.1)	1.2 (1.6)	0.9 (0.2)
<b>(ii) Greece</b>							
Non socialist 1974-81	2.7	4.5	15.7 (12.0)	5.0 (2.3)	2.1 (0.0)	1.5 (0.1)	---
Socialist 1981-89	1.8	-3.8	18.0 (6.4)	1.3 (0.9)	-0.1 (-0.8)	0.5 (0.5)	10.4 (-1.5)
<b>(iii) Italy</b>							
Non socialist 1974-83	2.2	1.6	17.2 (11.8)	2.0 (2.1)	0.4 (-0.2)	0.7 (-0.2)	15.7 (8.9)
1987-90	3.5	0.8	5.7 (4.3)	2.3 (1.3)	-0.2 (-0.7)	1.0 (1.4)	0.4 (-2.2)
Socialist 1983-87 (Socialist PM)	3.0	2.0	7.9 (5.1)	1.2 (0.8)	-1.2 (-1.0)	0.6 (0.7)	2.1 (-0.8)
<b>(iv) Portugal</b>							
Non socialist 1978-83	2.9	2.8	20.9 (13.3)	1.9 (1.5)	-1.6 (-0.3)	-0.1 (-0.2)	---
1985-90	4.4	3.3	13.9 (5.1)	2.0 (1.1)	-0.8 (-0.6)	0.1 (1.3)	-1.3 (-1.7)
Socialist 1976-78	6.2	1.5	16.2 (12.9)	0.4 (2.1)	-3.1 (-0.6)	-0.3 (0.1)	---
1983-85 (coalition)	0.7	-2.4	22.3 (7.1)	-1.4 (0.6)	-2.2 (-0.8)	-0.5 (-0.3)	-2.6 (0.4)
<b>(v) Spain</b>							
Non socialist 1976-82	1.3	-7.7	16.8 (11.4)	2.8 (1.8)	-0.8 (-0.4)	-1.8 (-0.0)	11.8 (5.0)
Socialist 1982-90	3.6	3.6	8.6 (5.8)	0.2 (1.0)	-1.5 (-0.6)	1.4 (0.8)	3.9 (-1.3)
<b>(vi) TOTAL</b>							
Non socialist	2.6	3.3	13.7 (9.7)	2.5 (1.7)	0.3 (-0.3)	0.03 (0.4)	5.3 (1.3)
Socialist	2.9	-6.7	12.8 (7.5)	0.5 (1.1)	-2.2 (-0.6)	0.3 (0.4)	2.5 (-0.3)

1: Annual rate of GNP growth in real terms.

2: Variations in differentials between national GNPs per capita (at purchasing power parities) and the EC average (positive numbers: the differential is reduced).

3: Average rate of inflation.

4: Annual variations in real wages per earner (average for the period).

5: Annual variations in real unitary labour costs (average for the period).

6: Annual rate of variation of employment.

7: Evolution of public expenditure as a % of GNP.

Table 3 provides information on the economic performance of the Southern European socialist governments, compared to the non-socialist ones and to the European Community as a whole. Fifteen periods of government in the five countries are thus examined, of which seven were socialist.<sup>69</sup> This comparison must be taken with care: in Portugal, Soares headed a coalition between the PS and the PSD; in Italy, Craxi presided a government in which only six ministers belonged to the PSI (the Ministries of the Budget and of Finances were in the hands of the DC and the PR). Besides, the causality between governments and economic results is often uncertain. The inertia of past decisions from former governments takes time to disappear and the consequences of policies require time to emerge. It could also be argued that domestic and international economic cycles have a decisive influence on performance which cannot be attributed to governmental policies. It is true that the period from 1974 to 1985 was generally much worse than the following one from 1985 to 1990 in terms of growth, employment and inflation, but variations in performance within each period can result from differences in policies. It is also possible to examine in the table not just the records of socialist and conservative governments, but those of the European Community as a whole in the same period of time, and thus control the effect of the economic cycle.

Table 3 shows the growing discipline in the management of the economies. If we look at inflation, it generally improved over time in the fifteen governmental periods and the five countries. There were only three exceptions: Greece under PASOK (1981-89), Portugal under the coalitions of the AD (1978-83) and the Bloco Central (1983-85). If we examine public expenditure in France, Italy and Spain (the three countries which provided information for every period), its rate of expansion was higher until the early 1980s than over the rest of the decade. If we compare the two periods of 1974-81 and 1982-1990 in the European Community as a whole, public expenditure decreased in the second period, inflation was brought down, and real unitary labour costs were reduced. Economic discipline eventually generated higher rates of growth: these doubled between the first and the second period. As a result, the rate of creation of new jobs also went up. Adjustment and structural reforms introduced fiscal discipline, reduced the public budget deficits, liberalized trade, promoted exports, and deregulated the economies. This was the new economic orthodoxy whose influence grew in the



1980s. Governments, however, implemented “policy packages” which still presented differences and achieved varying results.

If we compare national governments, the socialists appear to have had a better record on growth, inflation and employment. The socialists were also more effective in reducing real unitary labour costs, in moderating real wages and in controlling public expenditure. Yet if we compare the governments with the average performance of the European Community, the pattern changes somewhat. The socialists had as a whole a worse inflation differential than the non-socialist governments. Real wages grew comparatively less under the socialists, while labour costs were cut more sharply than in the EC. Public expenditure increased more under the non-socialist governments, although it always grew at a higher rate than in the European Community. Although GNP growth was faster under the socialists, its level did not catch up with the EC; instead, the economies lost 6.7 points as a proportion of the average European GNP. The socialists had a better record on employment: their rate of job creation was considerably higher.

In general, the socialists increasingly sought to improve the competitiveness of the economies, as the evolution of unitary labour costs and wages indicates. They seem to have attached more importance to wage moderation than the non-socialist governments, and to have offered more jobs as a trade-off. In this point, socialist policies appear to have diverged from monetarism. However, these aggregate statistical comparisons must be qualified: due to the limited number of cases, a specific national performance may have a deep impact on the aggregate results of the socialist or the non-socialist camps. This is very much what happens with the records of the Rocard and González governments in job creation; this is also what results from the performance of the PASOK and the UCD governments in several economic indicators. Moreover, a deep economic crisis may limit the visibility of efficient policies over a period of time: this is clearly the case of the Soares and the first Cavaco Silva governments in Portugal.

Important variations existed in the economic performances of the socialist governments. From a comparative perspective, the first period of PS government in France did poorly on

growth, inflation, labour costs and jobs. This was also the case of the PASOK: it achieved little growth, lost ground vis-à-vis the EC, inflation was high, while real wages and public expenditure were allowed to grow at very high rates. The opposite experience was provided by the governments of González and Rocard. Under the latter, the French economy grew at a considerable rate, inflation was low and real wages went up (eventually with negative consequences on job creation). Under González, growth was high, the economic differential with the EC was shrunk, inflation was reduced and the rate of job creation was considerable; on the other hand, real wages grew much less, but did not lose purchasing power.<sup>70</sup> The efficiency of these two governments in terms of economic performance can be compared to that of the other socialist and non-socialist governments. Their differences with the “voluntarist” experiments of Papandreou and Mauroy can be appreciated not just over inflation, but over growth and job creation as well. Similar divergences existed among the non-socialist governments: thus, Cavaco Silva did particularly well in Portugal, contrary to the UCD government in Spain. Although the “objective constraints” were important, leadership seems to have mattered for economic performance. The Southern European experience confirms Nelson’s view that cross-national variations in economic results over the 1980s were to a large extent due to leadership, to “skillful political strategy and tactics combined with leaders’ courage and vision.”<sup>71</sup> Differences in economic policies in Southern Europe between and within each ideological camp were largely due to “subjective factors.”

The 1980s were a decade of deep revision of social democratic economic policies. This was not just limited to Southern Europe: Hawke in Australia, Lange in New Zealand, Vranitzky in Austria, Carlsson in Sweden, provided additional examples of how policies had to adapt to the new requirements of economic competitiveness. In fact, the Southern European socialists did not evolve away from social democracy, but in the same direction: over the decade, the economic strategies of these different parties tended to converge. The new constraints also affected every government, not just social democracy. Thus, conservatives had to readjust their policies, and also had to learn from failures: this was the case of the UDF-RPR in France, of Nea Demokratia in Greece, of the UCD in Spain. The constraints also existed for every economy, not just capitalism: the collapse of communism provides devastating evidence.

The Southern European social democrats learned, sometimes through negative experiences, that in an international context of interdependence, every government and every economy faced strict requirements related to investments, costs of production and competitiveness. They had to accept that governments had to work on ways to create more, rather than be concerned with dividing up what had not yet been created. Their “intellectual vision” and their policies had to adjust to these constraints and to impose rigour and austerity in hard times. They did so with varying consistency and success: sometimes ideological inertias, populist views or short-term electoral interests interfered. The new social democratic policies in the 1980s were partly due to political strategy, that is, to the consideration that redistributive populist majorities were difficult to form in the economic conditions that had emerged, that they were always volatile, and that they tended to end badly. But they mostly resulted from the intellectual conviction that socialist values could no longer be defended with policies of redistributive Keynesianism, that economic efficiency was necessary for social fairness. The negative experiences of the 1970s in Great Britain and Portugal, and of the 1980s in France and Greece, contributed to this gradual adaptation of ideas and programs, as did contrariwise the more positive experiences of Germany, Sweden or Austria. In the five Southern European countries, the closer socialist parties were to mainstream social democracy, the more efficiently they dealt with the problems of their economies. The questions to which I shall now turn are the extent to which social policies were affected by the economic constraints, and whether political differences still mattered on issues of social fairness.

## **6. The Pattern of Social policies**

The socialist governments in Southern Europe were expected by their supporters to consolidate democracy and to improve the performance of the economy, but also to satisfy social demands. These demands, which were much more extended than in the rest of Western Europe, had been a major cause of the electoral victories of the PS, the PASOK and the PSOE. The new socialist governments found themselves in a contradictory situation. On the one hand, their ambitions of “extraordinary policy making,” of taking advantage of what they saw as an

exceptional opportunity for change, extended to social policies and reforms. On the other hand, economic difficulties imposed serious limits on their capacities. Thus, when the socialists chose to introduce vast and quick social reforms at the outset of their mandate, they were often forced to modify them at a later stage. This contradiction between demands and possibilities, between ideology and reality, became a major political problem for these governments.

Social democrats in Southern Europe, as elsewhere, were therefore forced over the 1980s to reach an equilibrium between economic efficiency and social fairness. This predicament was a major difference with most of the social democratic experiences of government in the thirty years that followed the Second World War. “Policy packages” increasingly consisted of a particular mix of state and market: they tried to attribute a greater role to the former in social policies and to the latter in the economy. González often emphasized this particular view of the roles of the state and the market:

“We do not resign ourselves to the social dualism, the injustice or the blindness of the market, which we want to change with the finalist social policies that define what democratic socialism is about. We do not accept the model of a mere free market economy. We shall use the market as an instrument that may provide the resources necessary to carry out, in a balanced way, policies with social and redistributive aims... We socialists have the duty to decide, in every particular occasion, which is the best combination of economic efficiency and social fairness.”<sup>72</sup>

A very similar view, which captured the new social democratic “political profile” in the 1980s, was expressed by Mario Soares:<sup>73</sup>

“As a democratic socialist, I am in favour of the market economy and of freedom in every form, but I also defend the regulatory role of the state to redress inequalities among citizens and among regions. In the equilibrium between this regulatory function of the state and the initiative of civil society lies our way to solve inequality and ensure social justice. This is what I call democratic socialism, what in other countries has been named social democracy or labourism.”

The “policy packages” of social democracy consisted thus of particular trade-offs between economic and social policies, between wages and jobs, between taxes and welfare, between the provision of social transfers and that of collective goods. As a whole, socialists in Southern Europe increased social expenditure, introduced legal reforms in different social policy areas, and raised tax revenues in order both to finance these expanded policies and to

reduce the budget deficits. Table 4 shows the evolution of social expenditure and fiscal revenues over the 1980s<sup>74</sup>. Social expenditure grew in four of the five countries at a higher rate than in the European Community as a whole. The exception was Portugal, largely as a result of the policies of adjustment followed particularly after 1985 under the PSD government. If we examine with greater attention the three cases of single party socialist government, and consider only those years of the 1980s in which they were in power (1981-1989 for the PASOK, 1982-90 for the PSOE, 1981-86 and 1988-90 for the PS), social expenditure increased under the three governments, while it diminished as a share of GNP in the European Community (-1.2% between 1982 and 1990). These trends reduced the differences in the proportion of resources allocated to social policies in Southern Europe and the European Community, but they did not eliminate them. Only in France and Italy social expenditure stood above the European average; in the other three countries, it remained well below this average.

TABLE 4  
Comparative Redistributive Policies in Southern Europe.

	Social Expenditure (as % of GNP)		Current Revenues from Taxes (as % of GNP)	
	1980	1990	1980	1990
France	25.9	28.4	46.1	48.3
Greece	13.3	20.2	30.2	33.8
Italy	22.8	26.4	33.1	41.3
Portugal	14.6	13.4	30.9	35.2
Spain	15.6	18.0	30.2	38.4
EC	24.9	25.6	40.9	42.9

Taxes were also raised by the socialists. If we examine strictly those years of socialist rule, under the PS government in France, current public revenues from taxes went up by 2.1 points of GNP between 1981 and 1990; the PASOK government raised them by 5.3 points from 1981 to 1989; the PSOE government by 6.6 points between 1982 and 1990; the Craxi government by 1.7 points from 1983 to 1987. In these four cases, tax increases were always higher than in the European Community as a whole. Only in Portugal did taxes remain frozen under the PS-PSD coalition of 1983-85. Direct taxes were also raised: from 8.6% of GNP to 9.4% by the PS; from 6.7% to 10.3% by the PSOE<sup>75</sup>. Additional public revenues enabled the

PSOE government to finance the increased social expenditure and, at the same time, to reduce the budget deficit. The redistributive impact of taxation in Spain was expressed in the fact that 52% of the total revenues from income tax was paid by the richest 10% of incomes, and 20% of these revenues by the top 1% of incomes.<sup>76</sup> In France, the richest 1% paid 27% of income tax revenues, the richest 10% paid 64% in 1986.<sup>77</sup> The balance between taxes and public expenditure was rather neutral in the case of the PS government: both went up at similar rates. As for Greece, public expenditure rose much faster than revenues from taxes: the result was a large increase of the public deficit and the debt.<sup>78</sup> Despite the general increases of fiscal revenues, tax fraud was often a serious problem. In Italy, for example, it was estimated to reach 45% of Value Added Tax, and to have been concentrated in shop-owners and independent professionals: the reform of the fiscal administration remained an important economic issue. In Greece, the evasion of direct taxes seems to have been particularly important among the liberal professions, independent land-owners and tradesmen. In Spain, two million income tax payers emerged between 1982 and 1987; in 1991, additional measures uncovered \$ 12.5 billion of taxable income.

Social reforms were considerable in the first stage of the PS government in France. Minimum wages and pensions went up, at a cost of 2% of GNP. The age of retirement was lowered, the working week was shortened, and paid holidays were extended to a fifth week. The Auroux laws tried to reinforce the rights of workers and trade unions within the firms. Educational reforms, however, mostly failed: a new law on universities was passed after considerable opposition in Senate, but it was hardly implemented at all by universities; a law that modified the relationship between public and private education was withdrawn in 1984 after meeting massive resistance from the Catholic church and the powerful organizations of private schools. The new rigueur of economic policies had a serious impact on social policies: unemployment benefits were reorganized in 1984 and restrictions were introduced in health expenditure. Social reforms became more piecemeal and pragmatic; social expenditure grew more moderately. Perhaps the most important social initiative in the last stage of the socialist government was the introduction of a guaranteed minimum income (CSG) and the reinforcement of active labour market policies, particularly directed to young people.<sup>79</sup> Rather than follow an

incrementalist trend in the provision of universal benefits, social policies in this last stage were more geared to specific target groups with special needs.<sup>80</sup>

In Greece, the PASOK government tried to carry out considerable reforms in the domains of health, education and pensions. Thus, law 1397/83 established a national health system which intended to provide universal protection. This law strictly followed the policy model of the World Health Organization; it decentralized services, introduced participatory mechanisms, extended primary care, limited the private practice of doctors employed in the public system. Public expenditure in health increased sharply, reaching 5.0% of GNP in 1984. However, the reform had serious weaknesses: the multiple insurance schemes were not integrated in a unified system of social security; the incompatibility between the public system and private practice led many doctors to abandon the national health system. As for educational reforms, they affected further and higher education: new universities were created, departments were reinforced in the organization of universities, more participation was introduced in the management of the latter, and the number of students was increased (doubling between 1981 and 1986). However, the reform suffered from lack of additional resources, a limited number of qualified teachers, poor research facilities, and an often chaotic administration. The most important reform in social policies under Papandreou had to do with public pensions: the number of beneficiaries went up at an annual rate of 5.4% over the 1980s and the budget rose dramatically -in fact, much faster than resources, so that the social security deficit, which had increased from 1% of GNP in 1970 to 2.5% in 1980, reached 9.3% in 1990.

Under the PSOE government, public expenditure on pensions, unemployment benefits, health and education increased as a whole by 57.6% in real terms from 1982 to 1989; it had augmented by 39.7% from 1975 to 1982. Table 5 (see next page) compares the social policies of the socialists with those of the previous governments.<sup>81</sup> Education was the area where budgetary increases in real terms were greater: 66.4% in the non-socialist period of 1975-82, 94.0% in 1982-89, under the PSOE. Pensions came second: their budget went up by 29.3% in real terms in 1975-82 and by 55.5% in 1982-89. As for public health, the budget increased by 8.3% in real terms in the first period; by 30.6% in the second period. From the very beginning of the transition to democracy social policies expanded to a very large number of

new beneficiaries: if we consider jointly the provision of public pensions, of public health and of postcompulsory education, it extended to 5.8 million new beneficiaries in the first period and to 8.2 in the second. The PSOE government also passed new legislation that changed the framework of welfare provision, introducing universal entitlement and compensatory criteria. Thus, besides contributive and voluntary pension schemes, a law on non-contributive pensions was introduced in 1990: these basic pensions were unrelated to previous personal contributions and were financed by the public budget<sup>32</sup>. A national health system was established by a 1986 law: it was mostly financed by the public budget, which in 1989 covered 70.8% of public health expenditure, while social security contributions financed 27.3%. New education laws reorganized the educational system as a whole expanding compulsory education to two more years, increasing enrolment in postcompulsory education, multiplying grants, reforming the relationship between public and private schools, and giving a new autonomy to universities.

TABLE 5  
Evolution of Social Policies in Spain (\*).

	1975-82	1982-89
1. Evolution of expenditure in health, education, pensions and unemployment (increase in real terms over the period)	39.7	57.6
2. Evolution of public expenditure in pensions (increase in real terms in %)	29.3	55.5
3. Increase in number of beneficiaries of public pensions (in millions)	1.4	1.2
4. Evolution of public expenditure in education (increase in real terms in %)	66.4	94.0
5. Increase in rates of enrolment in secondary education (**)	16.6	30.5
6. Evolution of public expenditure in health (increase in real terms in %)	8.3	30.6
7. Increase in number of beneficiaries of health protection (in millions)	3.7	6.3
(*) The calculation of budgetary increases in real terms has divided the central and regional budgets of 1982 and 1989 by 3.003 and by 4.892 to take into account the value of the peseta in 1975.		
(**) The increases refer to the rates of enrolment for the academic years 1975-76, 1982-83 and 1989-90. They include both the <u>Bachillerato</u> and the <u>Formación Profesional</u> , and are calculated for the age group 14-17.		

The differences between the socialist and the conservative governments were considerable, not just in the quantitative expansion of social policies but in the criteria of provision. Thus, the socialists generally emphasized more compensatory programs. The PS government in its initial stage raised the lower pensions and the SMIG; it later introduced the guaranteed minimum income (CSG); it raised funds to public education more than subsidies to private schools. The PASOK government also increased in particular the lower pensions and



incomes. In Spain, the budget for non-contributive pensions grew two and a half times more than the overall pensions budget; minimum pensions were made equivalent to the SMIG.<sup>83</sup> The education budget grew 25 percentage points above subsidies to private schools; priority was given to grants and scholarships in postcompulsory education, which increased three and a half times faster than the overall education budget. The socialist governments also gave more importance to the quantitative expansion of social policies than to qualitative improvements of their performance.<sup>84</sup> They increased the number of beneficiaries though standards of provision were often poor due to scarce budgets, limited numbers of qualified professionals in many areas, problems of administrative efficiency, and a strong corporatism among public sector employees which in the five countries had a serious impact on the performance of the welfare system.

In Greece and Spain, socialist reforms also attempted to expand channels of social participation in the welfare system. Thus, the PASOK government introduced participation in the management of the health service and the universities. In Spain, this participatory philosophy had been part of the contribution of the PSOE to the 1978 Constitution; it later oriented legal reforms in the management of schools, universities and the health system. The socialists argued that these new mechanisms of participation would strengthen associative movements in civil society, that they would also make welfare services more responsive to demands of citizens. However, the results, both in Greece and in Spain, were limited: either participation remained low or it became too political. Thus, the Greek parties often tried to control the associations and the channels of participation: rather than strengthening civil society, the result has been described as a “colonization of the entire society by the party machines.” As participation was replaced by partisan politics, pluralism was damaged:

“the strategy of the parties has been oriented towards the control of associational life... A powerful political class penetrates and manipulates social organizations, and monopolises all forms of intermediation between the society and the state, in order to take control not only of the state but of civil society as well.”<sup>85</sup>

In Spain, the most important participatory reform was in the management of schools. Democratically elected school councils, similar to those of the Italian Malfatti law, were given ample powers. Yet five years later, only 21% of parents voted in the elections to these

councils, against 62% of students and 89% of teachers.<sup>86</sup> Although the PSOE considered these participatory reforms as an important part of its program and as necessary for a democratic political culture, they encountered serious initial difficulties in a passive society where, in addition, corporatist interests were strong.

A major difference between the social democratic governments in the 1980s, in Southern Europe and elsewhere, and the earlier social democratic experiences had to do with the absence of a neocorporatist pattern of policy-making, and with a much more difficult relationship with unions. Paradoxically, the Southern European socialist governments introduced reforms in labour relations which tried to reinforce trade unions. In Greece, law 1264/82 regulated trade union internal organization and rights; in France, the Auroux laws of 1984 protected trade unions and workers' rights within firms; in Spain, laws on trade union rights, which as in France favoured larger unions, were passed in 1985 and 1987. Spanish trade unions drew important resources from the public budget; they were also compensated for expropriations under Francoism, and most of the properties of the former Francoist state-controlled unions were transferred to them. The governments of Fabius and Rocard in France, and of González in Spain, tried to reach a trade-off with unions involving, on the one hand, these organizational benefits together with expanded social policies, and on the other hand, the suppression of many labour market rigidities together with wage moderation. The aim of this trade-off was to improve the competitiveness of the economies and to stimulate the creation of new jobs, while promoting union strength and social welfare. The unions were not ready to accept this formula: they thought that such a compromise would tie their hands and that the cost of economic discipline was too high. The relationship between the socialists and the unions deteriorated in France after the 1984 change of economic policies, the formation of a new government and the exit of communist ministers. In Spain, as democracy was consolidated and the economy recovered from 1985 onwards, the UGT considered that trade union co-operation with the government was no longer necessary.

The three governments faced considerable labour conflict. In Greece, the number of hours lost to strikes nearly doubled in the first year of government: they went up from 3.5 million to 6.5 million. Eventually, the government restricted strikes in public firms with law

1365/1983. Conflict went up again in the period of economic austerity of 1985-87: 12.3 million hours were lost to strikes in 1987, and the socialist-controlled PASKE split. Labour conflict also marked the socialist experience in France: while 1.5 million days were lost to strikes in 1981, the number rose to 2.3 million in 1982. Conflict increased with the policies of rigueur under Fabius, and again from the fall of 1988 under Rocard, when nurses, postal workers, subway workers, prison guards, tax collectors, Peugeot workers and public employees declared successive strikes. Concertation failed once and again; trade unions accused the government of “jacobinism,” of trying to impose unilaterally policies of austerity, of “Enlightened despotism.” In Spain, days lost to strikes went up from 2.8 million in 1982, to 4.4 in 1983, and to 6.3 in 1984; a general strike was successfully called in December 1988. While neocorporatist pacts were possible under the UCD government and in a period of economic crisis, they proved much more difficult under a socialist government and in a period of economic growth.<sup>87</sup> The only global agreement that the PSOE could reach was the Acuerdo Económico y Social, that existed for 1985 and 1986. Conflict with unions and the absence of socioeconomic concertation posed special problems for the Spanish socialists due to fratricidal connotations: the UGT, founded by the PSOE in 1888, had always been the other half of the socialist movement; both organizations had shared a common history and a dual militancy. The PSOE had also benefitted from trade union vote in general elections. Although union affiliation was low,<sup>88</sup> the loss of trade union confidence in the government had a serious political impact; it also weakened the reformist thrust of the PSOE. In general, public opinion tended to be sympathetic with the unions: three out of every four Spaniards believed that socioeconomic pacts were necessary or convenient, and a majority of people thought that the responsibility for their failure fell mostly on the shoulders of the government.<sup>89</sup>

Thus, no left neocorporatism existed in the socioeconomic strategies of Southern European socialism. Economic discipline as a requisite for competitiveness was not readily accepted by unions, particularly when rapid growth resumed and profits took off. Trade unions demanded a more intense redistribution of profits; did not think that wage and public expenditure increases would lead to higher inflation; and put more emphasis on wages and unemployment benefits than on the provision of collective goods such as health or education.

The strategy of Southern European unions largely responded to Olson's argument that when the market power of trade unions is enough to raise wages but not enough to internalize the consequences, pacts become difficult, the distribution of income between wages and profits is affected, and inequalities among wage earners are furthered.<sup>90</sup> French and Spanish unions were also stronger in the public sector, conflict was directed more against the state than against private employers, and trade union claims had to do more with the public budget than with profits. There was also a problem of power, typical of social democratic experiences of government -as Humpty Dumpty said to Alice, "the question is which is to be master."

The difficulties over global socioeconomic pacts became increasingly general in OECD countries over the 1980s. In governmental policies, decisionismo and "mandatism" gained ground against neocorporatism, often seen as slow and inefficient in economic terms. In trade union strategies, the view that the costs of neocorporatism were higher than its benefits became increasingly influential. Thus, the traditional cooperation between social democracy and unions was questioned. Southern European socialists tried to reach agreements over industrial reconversion, over redistribution of wages and profits, and over social policies, but they also insisted that the government had the final say. This balance between the theory of the mandate and the theory of the democratic consent was not easy to achieve. Unions were weak, they did not always defend general interests, and their demands were often more corporatist than egalitarian. Yet they had a considerable symbolic influence: labour conflict isolated the governments, facilitated criticisms of social policies, and contributed to electoral losses. The crisis of the traditional partnership between social democracy and unions posed some new questions to governmental strategies: namely, whether deep reforms were viable (that is, able to overcome resistances) without trade union support and, alternatively, whether they could be efficient (that is, reach their intended goals) if they were negotiated.

Conflict with the unions had to do mostly with wages, industrial reconversion, and reforms in labour contracts. The Communist parties took sides with the unions on these issues, and also opposed the socialist governments on foreign policy: the PCP and the KKE were against membership of the European Community, the PCE against NATO in the 1986 referendum. As for conservative

opposition, it was mostly directed against reforms in taxation, education and civil rights. Yet resistances to governmental policies tended to originate outside parliamentary politics: the parties of the opposition often reacted when conflicts had already come to the surface. The Communist or the conservative parties tried to provide political expression to claims or protests raised by the unions, the press, the Church, or corporative groups. Yet, rather than policies, it was politics which did more political damage to the socialists: the growing isolation of the governments from key social groups, the hostility of important media, the loss of attraction of their organization, scandals about corruption, internal bitter disputes.

The strength of the mandate was the major influence on the capacity of governments to implement policies. The socialists often defended these policies in terms of the “general interest,” appealed to the nation as a whole rather than to a class, and very seldom mobilized their supporters. Electoral results and opinion surveys were more important than agents of intermediation in the strategies of the governments. The political scenario of socialist policies was thus considerably unstructured: no clear correspondence existed between social groups and parties other than in the distribution of the vote. Yet differences existed between the socialist governments: the PASOK was very attentive to short term electoral considerations and to the specific demands of its constituencies; the PSOE relied very much on its electoral support when it undertook reforms that raised substantial opposition and defended them in terms of the general interest and of their internal coherence. The PS in Portugal under Soares and the PSI in Italy under Craxi came closer to the pattern of the PSOE.

The passing of time usually had a huge impact on governmental strategies: the initial confidence diminished, the feeling of “authorization” gradually withered. As a consequence, policy reforms tended to be more timid; the strategies tried to minimize resistances and were generally more sensitive to demands from the constituencies. If we look at the French PS, the conflict over the Savary law was a turning point, not just for its policies but for its strategy as well. If we examine the case of the PSOE, in its initial period of government it relied very much on parliamentary “empowerment” and social “authorization” in implementing its program of economic adjustment, its educational laws, its reform of abortion, or in the referendum about NATO. The major exception was industrial reconversion, whose rigour was attenuated due to

pressures from the UGT and to concerns about social costs. After the second electoral victory in 1986, the strategy of the socialists gradually changed: when policy initiatives encountered serious resistance, the government was less ready to carry on. Thus, between 1989 and 1992, it withdrew a Youth Employment Scheme and a revision of the property tax, and reached a compromise over the restructuring of the Asturian mines. The passing of time weakened the strength of the initial mandate; it reinforced the influence of demands from the constituencies, and of electoral partisan interests. Thus, the autonomy of the governments diminished.

TABLE 6  
Views on Equality and Social Policies in Spain at the end of the 1980s (in %).

	Has/have improved	Has /have deteriorated	Difference	Is /are improving	Is/are deteriorating	Difference
1. Pensions	46	24	+22	10	45	-35
2. Education	52	17	+35	32	13	+19
3. Health	41	24	+17	15	43	-28
4. The economy	31	35	-4	--	--	--
5. Social inequalities	42	20	+22	--	--	--
6. The effect of class on equality of opportunity	49	18	+31	--	--	--

In general, socialist constituencies and parties were much more sympathetic towards social policies than towards the management of the economies. If we take the PSOE voters as an example, there was a difference of 19 percentage points in their support to policies in the areas of education and the economy. Within the party and within its electorate, it was the "mix" of social and economic policies which made the latter acceptable; González often insisted on the "instrumentality" of economic reforms for social policies. If we examine the PS voters in France, those who defined the Mitterrand government in terms of social justice doubled those who defined it in terms of economic efficiency<sup>91</sup>. In society as a whole, the social policies of the Southern European socialists raised contradictory reactions of criticism and support. As I have argued in part 2, "relative expectations" about social reforms went up when the PS, the PASOK and the PSOE came to power; many of these expectations were later frustrated, despite the increases in the resources and beneficiaries of social policies. But at the same time, in apparent contradiction, social policies were a major cause of the electoral support to the socialist parties. If we come back to the Spanish case, demands for social equality remained

very extended in society over the 1980s; yet a majority also considered that inequalities had decreased over the period of socialist government. Dissatisfaction with social policies was compatible with the view that these policies had improved over the period. Table 6 shows these different opinions about policies and equality<sup>92</sup>.

If we turn to France, the most frequent critique against the socialist government was that it had not sufficiently reduced inequalities: 42% chose this as their most important accusation<sup>93</sup>. Yet at the same time, when people were asked to choose the issues that best characterised the socialist record in government, "more social justice" came on top. Table 7 shows the incidence of these views<sup>94</sup>.

TABLE 7

Views on the socialist record in government in France at the end of the 1980s

Issues which defined best the socialist record (in %).		
	All voters	Socialist voters
More social justice	49	65
More freedom	27	39
More economic efficiency	22	32
More state	20	16
More taxes	16	9
More security	15	15
More employment	14	17

Towards the end of the decade, the distribution of preferences on social policies was still very similar to that which had existed in Spanish society at the beginning of the 1980s. In France also, this was the area where the PS retained its more important electoral advantage. Table 8 shows that the PSOE was selected as the party more likely to reduce social inequalities: four times more often than the conservative PP, three times more often than the communist IU. Very much the same happened in France: twice more people chose the PS as the best option to reduce inequalities<sup>95</sup>. Political differences still mattered to voters regarding social policies.

TABLE 8  
Party considered as best option for particular policies in France and Spain (in %).

	France		Spain			
	RPR/UDF	PS	PP	CDS	IU	PSOE
1. Law and order	30	17	23	6	3	25
2. Economic performance	31	36	14	7	3	30
3. Position of country in the world	32	31	11	7	3	34
4. Reduction of social inequalities	20	41	8	7	9	32
5. Protection of freedoms	26	39	9	7	6	33

The absence of a strategical partnership between the governments and the unions was a major difference between the Southern European and the traditional social democratic pattern of socioeconomic policies. This absence was, in part, a manifestation of a general change in the 1980s: neocorporatism receded everywhere. In part, it was also related to differences in the trade union movement: it was weaker, less centralized and encompassing, but more political in Southern Europe. Yet this difference had to do with strategies rather than policies. In general terms, the social policies of the Southern European socialists did not significantly differ from the general pattern of social democracy in the 1980s. Everywhere, the more stringent demands of economic competitiveness had to be taken into account in the design of social policies, which nevertheless expanded the role of the state in redistribution by the way of taxes, social transfers and collective goods. González insisted very much on this social democratic philosophy over social policies<sup>96</sup>:

"Democracy and a market economy are not the same... This society lives in a free economy, but the state must detract part of the wealth that is created to implement social justice and fight for equality... Education must not be subjected to the market; health is not a problem of supply, demand and profits. In the 1980s we have made universal three services, those of health, education and pensions, and probably this decade will be remembered for that".

The pattern of social policies carried out by the Southern European socialists contradicted the earlier criticisms that some of them had raised against social democracy. The results of these policies varied: in different occasions they suffered from changes of course of economic policies, overestimations of the mandate enjoyed by the governments, underestimations of the opposition to reforms. In general, they were affected by the economic constraints on policies, expressed in the trends of budgets in Western Europe as a whole over



the 1980s. Yet, differences still existed in social policies according to which party was in power. If, besides the conservative governments in the five Southern European countries, we examine as a contrast the emblematic policies of the Thatcher government in the United Kingdom, between 1979 and 1985 they reduced taxes for the richest 10% by 1/8th; they increased the income of this top decile by 18%, but that of the lower decile by 6% only; they introduced cuts in means-tested benefits for the poor, child benefits, health expenditure, and personal social services; they shifted resources from public pensions to earnings-related supplements.<sup>97</sup> This pattern of policies was surely different to that of social democracy, both in Western Europe in general and in Southern Europe more particularly. This difference was also still perceived to exist by large sectors of society.

## **7. Conclusion**

In the decade of the 1980s, Southern European socialism moved from opposition to power. It did so in different circumstances, and this varying context influenced different “policy packages.” The new democracies faced a specific syndrome of problems, that referred to the armed forces, the organization of the states and foreign policy dilemmas. These new democracies also had less developed economies which were experiencing a deeper crisis. If we examine the five countries, socialist policies can be compared on the issues of decentralization, the regulation of civil rights, the management of the economies and social reforms. The most remarkable initial differences occurred in economic policies: due to distinct “intellectual visions,” influences and political choices, the policies of the first PS government in France and the PASOK in Greece diverged from those of the PS in Portugal and the PSOE in Spain. Yet these initial differences gradually diminished due to economic constraints. The capacity of the parties to accept these constraints and to achieve a balanced “mix” of economic efficiency and social welfare depended on the qualities of their leadership, on the influence of social democracy, and on their European commitment. The party more reluctant to adapt its economic policies was the PASOK: the result was a comparatively poor economic performance. Thus, over the 1980s “intellectual visions” and policies became increasingly similar.

The performance in government also varied. The initial economic program of the PS in France, implemented in a period of European stagnation, obtained negative results, which led to a U-turn of economic policies. Besides, the socialists overestimated their mandate when they tried to introduce reforms that raised important resistances. The electoral system and the institutions of the Fifth Republic reinforced their “empowerment;” their “authorization” by society was however more limited. Inadequate strategies, as in the cases of the Savary law and the confrontation with the Hersant group, further eroded their initial support. The weaker mandate and the constraints of the economy contributed to the changes in the strategy and the policies of the PS. Under Fabius and Rocard, the government turned into an example of social democratic pragmatism in the 1980s. Its later crisis, which started in 1991, was more political than programmatic: it was due to shady economic operations, internal disputes, the uncertainties raised by the events in Eastern and Central Europe, racist reactions against immigration. A diffuse malaise grew in French society, while a worn and divided leadership was hardly capable of reaction.

The evolution of the PASOK had only limited similarities with the French case. The Papandreou government gradually dropped “third worldism” and experiments of a “third road” to socialism.<sup>98</sup> Its policies were however inconsistent and often veiled under a radical rhetoric. It has thus been argued that “PASOK, in its attempt to avoid the social democratic model and to follow a third road to socialism, was lost in a pathless populist land.”<sup>99</sup> Its economic policies failed on inflation, the public deficit and the trade balance; its social policies were divorced from available resources. Yet the PASOK was unable to carry out the thorough revision of policies that the PS had done. The subsequent costs in political support were however limited, due to the strong initial mandate of the PASOK, to the polarisation of Greek politics, to resilient symbolic ties and to networks of clientelism. Although the party eventually lost power in 1989, it retained as much as 40% of the vote; its electoral defeat, moreover, was not so much due to inefficient policy results as to scandals of economic corruption and political clientelism.

The initial mandate of the PSOE was also strong, both in terms of “empowerment” and “authorization.” It was able to win the three general elections of the decade; its support,

however, declined from 48% in 1982 to 40% in 1989, and disapproval of the government doubled.<sup>100</sup> The policy record of the PSOE government was more consistent than that of the PS or the PASOK: no similar U-turns existed in economic policies and the evolution of social policies was more gradual and cumulative. The economic performance was comparatively successful; integration in Europe was completed; the military problem disappeared; considerable social reforms were also introduced. However, the position over NATO and the conflict with unions eroded the support to the socialists. The most serious weakness of the PSOE had to do with politics rather than policies: it often seemed that only a silent electorate supported an isolated party, amid accusations of sectarianism, several economic scandals, and internal strifes between factions.

To what extent were the policies of Southern European socialism “socialist” or social democratic? It all depends, of course, on what is meant by “socialism.” This definitional problem is not irrelevant: if the concept is blurred, analyses in terms of the “socialist betrayal” on the part of the leadership or in terms of the “logic” of the capitalist economy (or state) will be unconvincing. If the threshold for “qualitative change” is never specified, and if alternative reforms are left unclear, nationalizations or redistributive policies may always be presented as “insufficient.” If socialism is about nationalizations, then only the PS government in its first couple of years could be called socialist. However, social democracy, with the exception of the British Labour Party, has generally been very wary of nationalizations over the last 50 years: rather than necessary in order to implement egalitarian goals, it has considered them as leading often to bureaucratization and inefficiency. Equality and non-discrimination in the exercise of citizenship rights, rather than the public ownership of the means of production, have been the central concern of social democratic programmes. And since the mid-1970s, new requirements of economic competitiveness and growth brought additional constraints to social policies. These constraints were not just due to the logic of capitalism: every economy faced problems of accumulation, investment, cost-effectiveness and competitiveness.

Politically relevant differences must therefore be sought in the distinct typical combinations of competitiveness and redistribution, economic efficiency and social fairness, that distinguished social democratic from conservative policies. These political differences had

to do with the distribution of the social costs and benefits of policies, rather than with macroeconomic management; with the "human face" of adjustment, rather than with the necessity of adjustment. Socialist governments decentralized the state, liberalized the regulation of civil rights, introduced new channels for participation, had varying results with economic growth and inflation, were more active in the creation of jobs, and reinforced egalitarian policies by the way of taxation, social expenditure and reforms in welfare. Social democratic convergence did not lead to the political indifference of policies.

### Notes

- \* This study is part of a larger research project carried out within the Juan March Institute. It has also benefitted from project AME-91-0257 of the PLANICYT.
- 1 See W. Merkel, "After the Golden Age: Is Social Democracy Doomed to Decline?", in J. M. Maravall *et al.*, Socialist Parties in Europe, Barcelona: ICPS, 1992 (pp. 187-222).
- 2 D. Shate, Dilemmas of Social Democracy. The Spanish Socialist Workers' Party in the 1980s, Westport (Conn.): Greenwood Press, 1989 (p. 7).
- 3 These standard social democratic policies were presented with particular clarity by C.A.R. Crosland, The Future of Socialism, London: Jonathan Cape, 1956, and by the SDP in the program adopted at its Bad Godesberg Congress in 1959.
- 4 J. D. Stephens, The Transition from Capitalism to Socialism, London: Macmillan, 1979 (pp. 54, 134, 137, 146).
- 5 W. Korpi, "Riformare lo Stato Sociale con Eguaglianza", Democrazia e Diritto, 3, May-June 1986 (pp. 77-114); P. Lange and G. Garrett, "The Politics of Growth: Strategic Interaction and Economic Performance in the Advanced Industrial Democracies, 1974-1980", Journal of Politics, 47, 1985 (pp. 792-827), and by the same authors, "Does 'Who Governs' Matter? Economic Performance Among the Advanced Industrial Democracies, 1974-1984", unpublished manuscript.
- 6 J.-H. Lee and A. Przeworski, Cui Bono? Corporatism and Welfare, unpublished manuscript, University of Chicago, 1990 (pp. 13-22). Also, A. Przeworski, Economic Barriers to Income Inequality Under Capitalism: A Review of Some Recent Models, unpublished manuscript, University of Chicago, 1989 (p. 9).
- 7 A. Hicks, "Social Democratic Corporatism and Economic Growth", Journal of Politics, 50, 1988 (pp. 677-704); A. Hicks and D. Swank, "Governmental Redistribution in Rich Capitalist Democracies", Policy Studies Journal, 13, 1984 (pp. 265-286); C. Van Arnhem and G. Schotsmann, "Do Parties Affect the Distribution of Income? The case of Advanced Capitalist Democracies", in F. G. Castles (ed.), The Impact of Parties, London: Sage, 1982.
- 8 J. D. Stephens, *op. cit.*; A. Hicks, D. H. Swank and M. Ambuhl, "Welfare Expansion Revisited: Policy Routines and their Mediation by Party, Class and Crisis, 1957-1982", European Journal of Political Research, 17, 1989 (pp. 401-430).

- 9 K. O. Moene and M. Wallerstein, What's Wrong With Social Democracy, unpublished manuscript, University of California (Berkeley), 1991.
- 10 A. Przeworski, Capitalism and Social Democracy, Cambridge: Cambridge University Press, 1985 (p. 241).
- 11 The debate on the new problems of social democracy over the 1980s has produced a vast literature. See, for example, A. Przeworski, Capitalism and Social Democracy, *op. cit.*; A. Przeworski and J. Sprague, Paper Stones. A History of Electoral Socialism, Chicago: University of Chicago Press, 1986; C. Offe, Contradictions of the Welfare State, London: Hutchinson, 1984; R. Dahrendorf, Life Chances. Approaches to Social and Political Theory, London: Weidenfeld and Nicolson, 1980 (especially chapter 5); G. Esping-Andersen, Politics Against Markets, Princeton: Princeton University Press, 1985; W. Korpi, The Democratic Class Structure, London: Routledge and Kegan Paul, 1983.
- 12 R. Dahrendorf, Life Chances, *op. cit.* (pp. 106-107).
- 13 Commission des Communautés Européennes, Economie Européenne, Brussels: November 1989 (p. 273, table 55).
- 14 The rate of GNP growth in 1975 was 4.2% in France, 6.4% in Greece, 3.3% in Spain; in 1981 the respective rates were 1.2%, 0.1% and 1.2%. In 1974 unemployment was 2.9% of the active population in France, 2.1% in Greece, 3.1% in Spain; in 1981 it had reached 7.6% in France, 4.0% in Greece, and in 1982 it amounted to 16.3% in Spain. Commission des Communautés Européennes, *op. cit.* (table 10, p. 250, and table 3, p. 246).
- 15 The data for Spain are from surveys of the Centro de Investigaciones Sociológicas in September 1979 and in July-September 1980. The data for Portugal are from T. Bruneau and M. Bacalhau, Os Portugueses e a Política Quatro Anos Depois do 25 de Abril, Lisboa: 1978.
- 16 J. R. Montero and M. Torcal, "La Cultura Política de los Españoles: Pautas de Continuidad y Cambio", Sistema, 99, November 1990 (pp. 39-74). From 1978 to 1989, propositions that politicians act only in defense of their personal or partisan interests, that nothing could be done against an unfair or harmful decision (whether at the national or local levels) were backed by a slightly increasing share of the population.
- 17 On party attachment see H. Schmitt, "On Party Attachment in Western Europe and the Utility of Eurobarometer Data", West European Politics, 12, 2, 1989. Since 1976, the proportion of West Europeans attached to a party fell by some ten points, and stood close to 60%; in Greece it was somewhat higher (close to 65%); in Portugal lower (around 45%); and it was lowest in Spain (slightly over 30%). Party affiliation was also low. In Spain it did not surpass 3% of the adult population, five times lower than the West European average.
- 18 See J. J. Linz, "Legitimacy of Democracy and the Socioeconomic System", in M. Doggan (ed.), Comparing Pluralist Democracies, Boulder: Westview Press, 1988 (pp. 75-76, 79-80, 98, 109). The highest percentages were found in Spain (75%), Sweden (72%), Italy (70%) and France (68%), out of thirteen West European countries.
- 19 From P. McDonough, S. H. Barnes and A. López Pina, "Economic Policy and Public Opinion in Spain", American Journal of Political Science, 30, 2, 1986 (p. 453, fn. 4), and S. H. Barnes, M. Kaase et al., Political Action, Beverly Hills: Sage, 1979 (pp. 409-433, 568-573).

- 20 Data from studies by Demoscopia S.A. in October 1988 (see El País, 16 October 1988) and the Centro de Investigaciones Sociológicas in May 1988.
- 21 On social expenditure, see the report of the EC Commission, Projections a Moyen Terme des Depenses de Protection Sociale et de leur Financement, V/1519/85 (p. 17). With the exception of France, social expenditure was in Southern Europe below the EC average. In the European Community, the highest levels of social expenditure were found in the Netherlands, Denmark and Belgium. If we look at income distribution in Spain, in 1970 the top decile of incomes obtained 40.7% of total income. See Banco de Bilbao, Informe Económico 1984, Madrid, 1985 (pp. 47 and 122); also J. Alcaide, "La Distribución de la Renta en España", in J. J. Linz et al., España: Un Presente para un Futuro, Madrid: Instituto de Estudios Económicos, 1984 (pp. 127-150).
- 22 T. L. Karl and P. C. Schmitter, Modes of Transition and Types of Democracy in Latin America, Southern and Eastern Europe, unpublished manuscript, Stanford University, 1990 (pp. 54-55).
- 23 J. J. Linz, "Europe's Southern Frontier: Evolving Trends Toward What?", Daedalus, Winter 1979 (p. 194).
- 24 O. Kirchheimer, "Confining Conditions and Revolutionary Breakthroughs", American Political Science Review, 59, 1965. The "confining conditions" refer to the social and economic factors that act as a conditional perimeter of political choices and as a restrictive frame of political action. These "confining conditions" are never static and the perimeter may expand over time.
- 25 See as a defense of this perspective P. A. Hall, Governing the Economy. The Politics of State Intervention in Britain and France, Cambridge: Polity Press, 1986.
- 26 J. Ortega y Gasset, Obras Completas, Madrid: Revista de Occidente, 1963 (volume 1, p. 521).
- 27 T. Bruneau, Politics and Nationhood. Post-Revolutionary Portugal, New York: Praeger, 1984; T. Bruneau and A. Macleod, Politics in Contemporary Portugal. Parties and the Consolidation of Democracy, Boulder (Co.): Rienner, 1986.
- 28 See for example, P. Birnbaum (ed.), Les Elites Socialistes Au Pouvoir. 1981-1985, Paris: Presses Universitaires de France, 1985 (pp. 308-311).
- 29 Yid. on the program of the PS, B. Criddle and D. S. Bell, The French Socialist Party, Oxford: Oxford University Press, 1988; P. G. Cerny, "Socialism, Power and Party Politics", in P. G. Cerny and M. A. Schain (eds.), Socialism, the State and Public Policy in France, London: F. Pinter, 1985 (pp. 13-41); M. Béand, Le Mirage de la Croissance. La Politique Economique de la Gauche, Paris: Syros, 1983.
- 30 C. Lyrintzis, "The Power of Populism: the Greek Case", European Journal of Political Research, 15, 6, 1987 (pp. 667-686).
- 31 A. Downs, An Economic Theory of Democracy, New York: Harper & Row, 1971. According to Downs' model, parties do not win elections to formulate policies: they formulate policies in order to win elections and ideologies are an instrument to win power.
- 32 See G. Pasquino, "Modernity and Reforms: the PSI between Political Entrepreneurs and Gamblers", West European Politics, 1, 9, 1986 (pp. 120-141).

- 33 C. Martelli, Governare il Cambiamento, Roma: Rotostilgraf, 1983. This reference to "merits" and "needs" was first made by Martelli in the Conferenza Programmatica del PSI, held in Rimini in 1982.
- 34 See John T. S. Keeler, Opening the Window for Reform: Mandates, Crises and Extraordinary Policymaking, paper presented at the 1990 Annual Meeting of the American Political Science Association, San Francisco, 30 August - 2 September 1990. Keeler studies the cases of Roosevelt, Blum, Attlee, Johnson, Allende, Thatcher, Reagan and Mitterrand.
- 35 D. Share, Dilemmas of Social Democracy, The Spanish Socialist Workers Party in the 1980s, *op. cit.* (p. 85).
- 36 The UCD government under Leopoldo Calvo Sotelo completed the negotiations with NATO, won the support of Parliament against socialist opposition and signed the Atlantic Treaty in May 1982. Progress in negotiations with the European Community was on the contrary very slow: membership was highly uncertain in the Fall of 1982.
- 37 Survey of the Centro de Investigaciones Sociológicas in July 1985. 46% supported withdrawal from NATO, while 34% did not know or did not answer.
- 38 The difference between this positive view and a critical one was of 12 points -roughly the difference that existed in the referendum. Centro de Investigaciones Sociológicas, survey of 22-23 June 1988.
- 39 Support to EC membership remained very stable in Spain between 1986 and 1990: two thirds of Spaniards thought that it had been a good thing for the country. This incidence and stability of positive views was very similar to the French pattern. In Italy, these positive views were more frequent (over three out of every four Italians expressed them), but equally stable. In Portugal and Greece, positive views increased sharply: in the same period, they went up from 60% to 78% in Greece, from 60% to 74% in Portugal. Eurobarómetro, La Opinión Pública en la Comunidad Europea, 1974-1990, March 1991 (pp. 73-76, 78, 81).
- 40 See M. Kesselman, "The End of Jacobinism? The Socialist Regime and Decentralization", Contemporary French Civilization, 8, 1983-84; D. Ashford, "Decentralizing France", in J. S. Ambler (ed.), The French Socialist Experiment, Philadelphia: Institute for the Study of Human Issues, 1985; I. Mény, "The Socialist Decentralization", in G. Ross, S. Hoffman and S. Malzacher (eds.), The Mitterrand Experiment, Continuity and Change in Modern France, Oxford: Blackwell, 1987.
- 41 B. Barret-Kriegel, "Les Elites Dirigeantes Françaises en Question", Le Débat, 53, January-February 1989 (pp. 49-86); M. Dagneau and D. Mehl, L'Elite Rose, Qui Gouverne?, Paris: Ramsay, 1982, and "L'Elite Rose Confirmée", Pouvoirs, 50, 1989 (pp. 141-150).
- 42 B. Théret, "Neo-Liberalisme, Inégalités Sociales et Politiques Fiscales de Droite et de Gauche dans la France des Années 1980", Revue Française de Science Politique, 41, 3, 1991.
- 43 F. Furet, "Démocratie Française: Une Dérive Oligarchique", Le Débat, 52, November-December 1988 (p. 13).
- 44 M. Spourdalakis, "PASOK in the 1990s. Structure, Ideology, Political Strategy", in J. M. Maravall et al., Socialist Parties in Europe, *op. cit.* (p. 171); and Y. Papadopoulos, "Parties, the State and Society in Greece: Continuity Within Change", West European Politics, 2, 12, 1989 (p. 65).

- 45 Centro de Investigaciones Sociológicas, survey of 9-13 June 1988.
- 46 Centro de Investigaciones Sociológicas, survey of 9-13 June 1988.
- 47 From 1982 to 1989 the justice budget multiplied by two and a half times, increasing from 60 to 144 billion pesetas.
- 48 Centro de Investigaciones Sociológicas, survey of 9-13 June 1988.
- 49 Centro de Investigaciones Sociológicas, survey of 9-13 June 1988.
- 50 J. M. Maravall, The Transition to Democracy in Spain, London: Croom Helm, 1982 (pp. 106-115). Also, J. Díez Medrano, B. García-Mon and J. Díez Nicolás, "El Significado de Ser de Izquierdas en la España Actual", Revista Española de Investigaciones Sociológicas, 45, 1989, (pp. 9-41). Membership of NATO was, on the contrary, part of the definition of Right at the beginning of the decade.
- 51 P. A. Hall provides an excellent analysis of economic policies in G. Ross, S. Hoffman and S. Malzacher (eds.), The Mitterrand Experiment. Continuity and Change in Modern France, op. cit. (chapter 3). See by the same author, "El Impacto de la Dinámica Política y Social sobre la Evolución de la Política Económica en Gran Bretaña y Francia", in A. Espina (ed.), Concertación Social. Neocorporatismo y Democracia, Madrid: Ministerio de Trabajo y Seguridad Social, 1991 (pp. 119-160). Also, H. Machin and V. Wright (eds.), Economic Policy and Policy-Making under the Mitterrand Presidency, 1981-84, London: Frances Pinter, 1985; W. Safran, "The Socialist Alternative in France. Mitterrand's Economic Policies", in N. I. Viog and S. E. Schier (eds.), Political Economy in Western Democracies, New York: Holmes and Meier, 1985 (pp. 200-228).
- 52 See the analysis in the same terms of A. Fonteneau and P. A. Muet, La Gauche Face a la Crise, Paris: Fondation Nationale des Sciences Politiques, 1985. On this last period, vid. P. A. Hall, "The State and the Market", in P. A. Hall, J. Hayward and H. Machin (eds.), Developments in French Politics, London: Macmillan, 1990.
- 53 M. Delattre, "L'Evolution de la Structure et du Poids de la Fiscalité de 1983 a 1987", Revue Française des Finances Publiques, 22, 1988 (pp. 17-34); A. Cortiere, "Augmenter l'Impot sur le Revenu: Des Mesures de Portée Inégale", Economie et Statistique, 158, 1983 (pp. 21-35).
- 54 B. Théret, "Neo-Liberalisme, Inégalités Sociales et Politiques Fiscales de Droite et de Gauche dans la France des Années 1980", op. cit. (p. 343).
- 55 S. N. Kalyvas, Parties, State, Society: Greek Politics Today, unpublished manuscript, University of Chicago, March 1991.
- 56 M. Spourdalakis, "The Greek Experience", in R. Miliband et al. (eds.), Social Democracy and After. The Socialist Register, 1985-1986, London: Merlin Press, 1986 (p. 252); S. N. Kalyvas, op. cit. (p. 26).
- 57 B. Larre and R. Torres, "Is Convergence a Spontaneous Process? The Experience of Spain, Portugal and Greece", OECD Economic Studies, 16, Spring 1991 (p. 191).
- 58 See for example González's statements in P. Calvo Herando, Todos Me Dicen Felipe, Barcelona: Plaza y Janés, 1987 (pp. 132 and 213).
- 59 B. Larre and R. Torres, "Is Convergence a Spontaneous Process? The Experience of Spain, Portugal and Greece", op. cit. (pp.186-192).



- 60 G. De la Dehesa, "Los Límites de la Política Económica Española", Leviatán, 32, 1988 (pp. 27-37).
- 61 At the end of the decade, however, the economy was still less open than the West European economies as a whole. Thus, the sum of imports and exports was only 35% of GNP, compared with an average of 55% for the EC.
- 62 The number of young people (20 to 24 years old) increased from 1,897,000 in 1985 to 2,224,700 in 1989; the number of women in the labour market went up from 4,100,500 to 5,098,400 in the same period of time; the balance between the migrant workers who left the country and those who returned was of 270,000 between 1976-81. See Ministerio de Trabajo y Seguridad Social, El Empleo en España. Un Cuatrienio de Expansión (1985-1989), Madrid, 1989 (p. 21).
- 63 "Irregular contracts" were estimated to cover 21.9% of "real" employment. As for the protection provided by families, 73% of the unemployed lived in a family with an employed wage earner. Ministerio de Economía y Hacienda, Encuesta Sobre Condiciones de Vida y Trabajo, Madrid, 1985 (pp. 24-34 and 89-95). Also, A. Espina, Empleo, Democracia y Relaciones Industriales en España, Madrid: Ministerio de Trabajo y Seguridad Social, 1990 (pp. 188-234).
- 64 Working hours had already been seriously reduced since 1977 (-1.7% per year): additional cuts required a redistribution of aggregate income between the employed and the unemployed. The budget for pensions had gone up 5.2 points of GNP between 1975 and 1989.
- 65 By 1991, foreign capital had entered into some 22,000 firms which represented roughly 20% of the total number, but concentrated 50% of production and 43% of employment. Of these firms, some 10,000 had 50% or more of their capital in foreign hands. Concern about the need to combine a more open economy and a stronger national industry increased. O. Fanjul, ¿Es Necesaria la Existencia de Empresas Industriales Españolas?, unpublished manuscript, Madrid, 1991. See the debate over the position of the Spanish industry in the European economy in El País. Negocios, 16 June 1991 (p. 3-6).
- 66 J. Nelson (ed.), Economic Crisis and Policy Choice. The Politics of Adjustment in the Third World, Princeton: Princeton University Press, 1990 (p. 34).
- 67 Centro de Investigaciones Sociológicas, surveys of 12-16 February 1988 and of 20-25 April 1988.
- 68 S. M. Discala, Renewing Italian Socialism: Nenni to Craxi, Oxford: Oxford University Press, 1988.
- 69 Calculations from Commission des Communautés Européennes, Economie Européenne, 46, December 1990 (from data in Table 2, 9, 10, 23, 29, 33 and 35).
- 70 Contrary to the argument of J. Martínez-Alier and J. Roca, "Spain After Franco. From Corporatist Ideology to Corporatist Reality", International Journal of Political Economy, 17, 1, 1987 (pp. 56-87).
- 71 See J. Nelson (ed.), Economic Crisis and Policy Choice. The Politics of Adjustment in the Third World, op. cit., (p. 13).
- 72 F. González, "El PSOE, Un Proyecto Renovado En Una Nueva Sociedad", in Manifiesto del Programa 2.000, Madrid: Editorial Sistema, 1991 (p. 125).

- 73 M. Soares, interview in El Sol, 2 September 1991 (pp. 20-21).
- 74 From Comisión de las Comunidades Europeas, "Proyecciones a Medio Plazo de los Gastos en Concepto de Protección Social y su Financiación", Revista de Economía y Sociología del Trabajo, 3, 1989 (pp. 149-150).
- 75 Commission des Communautés Européennes, Economie Européenne, *op. cit.* (from table 54). Also, Ministerio de Economía y Hacienda, Actuación Económica y Financiera de las Administraciones Públicas, Madrid, 1988 (pp. 47-48).
- 76 J. Borrell, Balance General de la Política Presupuestaria durante el Período 1982-88, Universidad Internacional Menéndez Pelayo, 1 August 1988.
- 77 M. Delattre, "L'Evolution de la Structure et du Poids de la Fiscalité de 1983 a 1987", *op. cit.* (pp. 17-34).
- 78 Under the PSOE government, public expenditure went up in Spain by 3.9 points of GNP between 1982 and 1990: there were still 2.7 points of GNP to reduce the budget deficit. Public expenditure went up by 2.9 points under the first PS government in France (1981-86) and by 0.9 points under the second (1988-90): this increase was slightly higher than that of tax revenues. Public expenditure went up by 10.4 points under PASOK (1981-89), that is, 5.1 points of GNP beyond the increase of tax revenues.
- 79 Public expenditure on labour market programs reached 3.1% of GNP in 1988 (of which 26.4% was on active policies). This percentage was higher than the average in the European Community (2.8%), but lower than in Denmark, Ireland, Belgium, Holland and Spain. OECD, Perspectivas del Empleo, Paris: 1989 (p. 222).
- 80 When they were asked to evaluate the impact of the policies of Mauroy, Fabius and Rocard on social inequality, people preferred the latter. 44% of views about the record of Rocard on inequality were positive, against 31% for Fabius and 30% for Mauroy. SOFRES, L'Etat de l'Opinion 1991, Paris: Seuil, 1991 (p. 114).
- 81 Calculations of public expenditure in Spain must take into account the strong decentralization of resources that took place in the 1980s, whereby the share of public expenditure managed by the regional governments went up from 2.9% in 1981 to 23.5% in 1991. This decentralization was particularly important in social expenditure: the regional governments managed the totality of the financing of the guaranteed minimum incomes, 56.7% of the education budget and 55.7% of health expenditures.
- 82 A 1985 law had already reorganized the system of pensions: it made more strict demands for contributive pensions but opened these to new social sectors. In the following three years, the total number of pensioners went up by 442,096 and the budget increased by 53.2%. The 1990 law on non-contributive pensions extended the basic protection to low income groups that had not contributed to Social Security.
- 83 In 1982, minimum pensions were only 75.7% of the SMiG (the minimum guaranteed wage).
- 84 Thus, J. Borrell, as Secretary of State for the Budget, stated that "the search for equality perhaps mustn't have as its priority to increase the average quality limiting the number of beneficiaries, but to augment the number of the latter even at the cost of a reduction in the average quality". J. Borrell, "Igualdad, Libertad y Hacienda Pública", Leviatán, 32, 1988 (p. 59).
- 85 Y. Papadopoulos, "Parties, the State and Society in Greece: Continuity Within Change", *op. cit.* (p. 67); S.N. Kalyvas, Parties, State, Society: Greek Politics Today, *op. cit.* (p. 25).

- 86 Comisión Ejecutiva Federal, Informe Terceras Elecciones a Consejos Escolares, Madrid: PSOE, February 1991.
- 87 Data on strikes are from the Boletín de Estadísticas Laborales and Dirección General de Trabajo, Madrid: Ministerio de Trabajo y Seguridad Social, 1989; G. Ross, in G. Ross, S. Hoffman and S. Malzacher (eds.), The Mitterrand Experiment, *op. cit.* (Table 11.3); M. Spourdalakis, "The Greek Experience", in R. Miliband *et al.* (eds.), Social Democracy and After. The Socialist Register 1985-86, *op. cit.* (p. 252); and S. N. Kalyvas, Parties, State, Society: Greek Politics Today, *op. cit.* (p. 26).
- 88 Trade union affiliation extended to only 11% of the active population. Only France had a comparable proportion within the European Community (between 12 and 16%). Affiliation was much higher in Greece and Portugal (between 30 and 35%) and in Italy (over 40%). This last percentage was similar to those of the United Kingdom and the German Federal Republic. In Belgium and Denmark the percentages stood above 75%. These data are from a report of the European Community on trade union organization in the 12 member countries. See El País, 5 September 1989.
- 89 Surveys of the Centro de Investigaciones Sociológicas, 28 October-2 November 1987 and 13-15 November 1988. 59% thought that the government should make a greater effort to reach a pact, while only 17% attributed this responsibility to unions and employers. 54% believed that the government ought to change its policies in order to facilitate good relations with the UGT.
- 90 M. Olson, The Rise and Decline of Nations, New Haven: Yale University Press, 1982.
- 91 For Spain, data from the Centro de Investigaciones Sociológicas, survey of 12-16 February 1988. For France, see the data of the SOFRES survey of 5-9 March 1987, in SOFRES, L'Etat de l'Opinion. Clés pour 1988, Paris: Seuil, 1988 (p. 162).
- 92 Centro de Investigaciones Sociológicas, surveys of 12-16 February and 13-16 June 1988; Demoscopia S.A., survey of March-April 1989 (see El País, 23 April 1989).
- 93 SOFRES, L'Etat de l'Opinion 1991, Paris: Seuil, 1991 (p. 270).
- 94 From SOFRES, L'Etat de l'Opinion. Clés pour 1988, Paris: Seuil, 1988.
- 95 SOFRES, L'Etat de l'Opinion 1990, Paris: Seuil, 1990 (p. 12). Centro de Investigaciones Sociológicas, survey of 20-25 April 1988.
- 96 F. González, "Reflexiones sobre el Proyecto Socialista", Leviatán, 41, 1990 (p. 12).
- 97 P. Taylor-Gooby, "Current Developments in the Sociology of Welfare", British Journal of Sociology, 40, 4, 1989 (pp. 637-656).
- 98 Vid. Y. Papadopoulos, "De l'Opposition au Gouvernement. L'Evolution Ideologique du PASOK", Revue Francaise de Science Politique, 40, 1, 1990 (pp. 98-124).
- 99 C. Lyrantzis, "PASOK in Power: the Loss of the 'Third Road to Socialism'", in T. Gallagher and A. M. Williams (eds.), Southern European Socialism. Parties, Elections and the Challenge of Government, Manchester: Manchester University Press, 1989 (p. 52).
- 100 Centro de Investigaciones Sociológicas, 9-13 June 1988. Between 1983 and 1988, those who expressed their approval fell from 63% to 48%, while disapproval rose from 19% to 35%.