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# Southern Europe: Socialists in Government

An Intelligence Assessment

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October 1984

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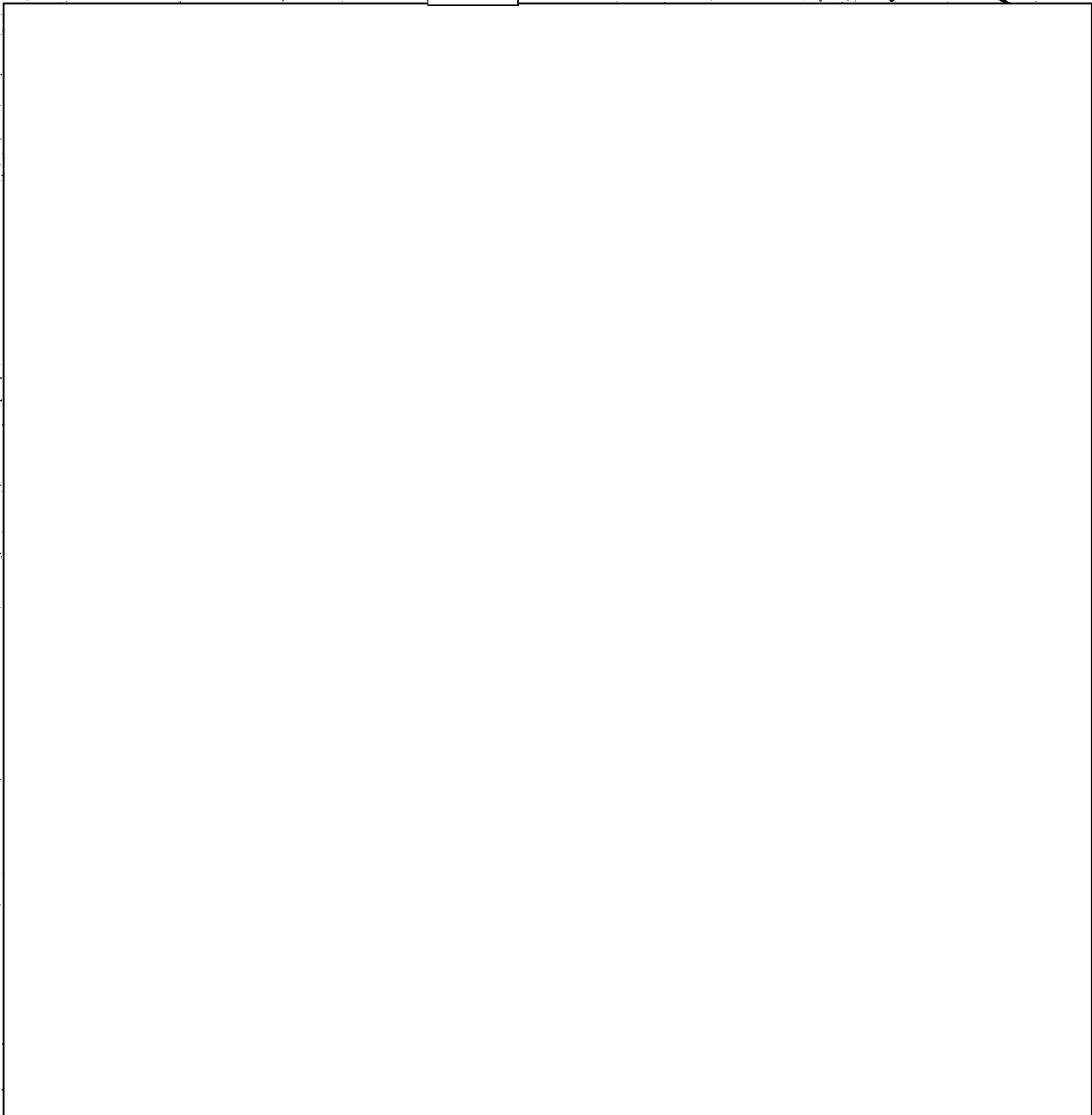
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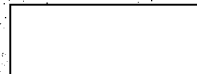


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### Southern Europe: Socialists in Government

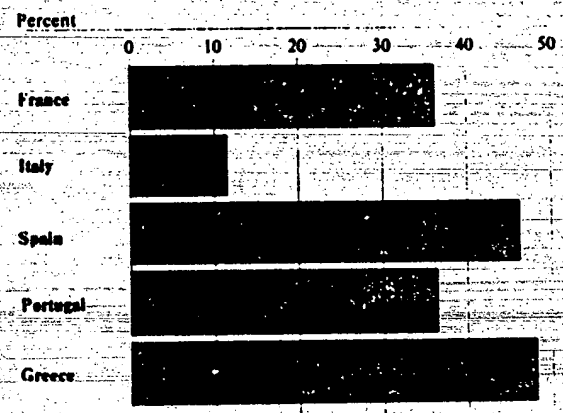
#### Introduction

A series of socialist election victories in the early 1980s has transformed the political map of Western Europe. While center-right parties rule in most of northern Europe—where Socialists traditionally have been strong—in much of southern Europe socialist parties have come to power for the first time in decades:

- In May 1981, the French Socialist Party won its first national election since the Fifth Republic was founded in 1958.
- The Panhellenic Socialist Movement (PASOK) replaced a conservative government in Athens in October 1981 to become Greece's first socialist administration.
- In December 1982, the Spanish Socialist Workers' Party formed a government for the first time since the 1930s.
- In August 1983, Italy's first postwar Socialist Party prime minister formed a coalition government with the Christian Democrats and three small lay parties.
- In addition, the Portuguese Socialist Party, which was in office from 1976 to 1978, formed a government with the more conservative Social Democrats in June 1983.

The performance of these governments has reversed the poles of European socialism. Until the late 1970s, academic studies contrasted the pragmatism of northern European socialist and social democratic parties with the orthodoxy of the southern Socialists. At present, however, the French, Italian, Portuguese, and Spanish parties are stressing moderation at home and abroad, while their British, Swedish, and West German counterparts are proposing more radical approaches in defense, foreign affairs, and some economic areas. This contrast is due in part to the fact that most northern parties are out of power while those in the south now must cope with the responsibilities—and constraints—of governing. But it also arises from basic changes in the internal balance of power in these parties that have made leftist factions predominant in the north and placed moderates at the helm in the south.

Socialist Parties: Percent of Vote in Last National Elections



For the most part, the policies of southern European socialist governments differ modestly from those of their more conservative predecessors, especially in the economic realm. Only the French Socialists implemented a radical economic program—much of which they subsequently abandoned. Only the Greeks have taken a dogmatic approach—at least rhetorically—to foreign affairs.

This paper analyzes the promise and performance of the governing socialist parties in southern Europe. It examines their ideology and social base, their social, economic, and foreign policies, and their current standing in public opinion. Finally, the paper assesses the implications of socialist rule for the parties' future and for US interests.

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### Socialist Ideology

In general, the social and economic programs of the four Latin parties have evolved similarly to those of their northern European counterparts. In the early postwar period, northern European socialism was primarily a militant working-class movement stressing nationalization and central economic planning. By the early 1960s, however, socialist parties such as the West German SPD began to emphasize socialization of consumption rather than production. Income redistribution and Keynesian economic management, they concluded, could mitigate the "evils" of private ownership. To achieve power, they also became mass-based catchall parties, appealing especially to the new middle class of white-collar employees. The French and Italian parties underwent a similar evolution in the 1960s and 1970s, while the Portuguese and Spanish Socialists followed suit in the late 1970s.

- In foreign policy, Socialists have long stressed peace, international solidarity, and the dangers of the arms race. At the same time, most of the parties contain strong nationalistic, anti-Communist, and anti-Soviet elements. As a result, the parties are often sharply divided over policies toward the Soviet Union and cooperation with domestic Communists.

### Social Base

The gradual broadening of most parties' social base has reinforced their more pragmatic and moderate approach. It also will make it difficult for them to change course and adopt more radical policies. Traditionally, the French and Italian parties were alliances of unionized workers and Marxist intellectuals opposed to "bourgeois capitalism." Like their northern European counterparts, French and Italian Socialists generally were weak among the middle and upper classes, women, and Roman Catholics. Their class appeal diminished in the 1950s and 1960s, however, as prosperity weakened class divisions and center-right parties gained among the workers. In response, they increasingly deemphasized Marxism, stressed common interests of manual workers and white-collar employees, and successfully appealed to Christians and women. The Spanish and Portuguese parties, which had been small groupings of largely middle-class emigres during the authoritarian regimes, similarly broadened their popular appeal in the late 1970s while retaining working-class support. The Greek

Southern European parties continue to face some longstanding internal tensions on both domestic and foreign policy despite their ideological evolution—and in some cases because of it:

- Socialist economic policies have increased the size and power of the state. Strong currents within the parties, however, favor various forms of economic decentralization and self-management. In addition, greater state control of the economy at least potentially threatens the individual rights long championed by Socialists.

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party began as a collection of primarily young, middle-class leftists but has increasingly attracted farmers and industrial workers by stressing nationalism and social change. [redacted]

Recent opinion surveys confirm the Socialists' broad electoral appeal in all five countries. Socioeconomic differences between socialist and center-right electorates are often only moderate. To be sure, manual workers are much more likely to have voted for the Socialists than for the center-right in the last French, Portuguese, and Spanish national elections, according to the polls. White-collar employees also tended to support the Socialists in Portugal, however, and were about evenly divided among the Socialists and the center-right in France and Spain. The smaller Italian party received only a minority of votes among all occupational groups, but its strength is virtually even among workers, white-collar employees, and high-status professionals, according to a recent survey. [redacted]

The Socialists also have broad support across other demographic categories, according to the polls. Socialist strength is fairly even across age groups except in Italy, where the Socialists do less well among those under 30. In France, Italy, Spain, and Portugal, the Socialists polled about equally among men and women. In general, socialist and center-right voters in these countries are about equally likely to be in the lowest third of the population in terms of income. But, while a higher proportion of center-right voters have high incomes, Socialists are more likely to be in the middle third. [redacted]

#### Socialist Promise: The Call for Change

The Socialists' major campaign theme was the need for political, social, and economic change. The Spanish party's slogan, for example, was *por el cambio* (for change), while the Greek party's was simply *allagi* (change). After decades of conservative or rightwing rule, the Socialists offered different faces with a distinctive style and—they claimed—new ideas. Only the Portuguese Socialists suffered the disadvantage of having governed recently—from 1976 to 1978—with only a lackluster performance on the economy. [redacted]

#### Socialist Parties: An Expanding Social Base

Since the 1960s, most of the socialist parties have become much more representative of their countries' populations as a whole. In particular, the growing "new middle class" of civil servants and employees in emerging industries has provided increasing electoral support:

- In France, for example, opinion polls show that 45 percent of the country's middle-class employees and civil servants voted socialist in the 1981 National Assembly election, as compared with below 30 percent in 1978 and 1973 and 15 percent in 1968. The middle-class share of the socialist vote increased only slightly, however, because the party also greatly bettered its performance among workers—largely at the Communists' expense.
- In Spanish national elections between 1977 and 1982, the Socialists markedly increased their following in traditionally conservative rural provinces and among centrist white-collar employees.
- The Italian Socialists receive well over half of their support from the middle class, according to recent opinion polls. A study published in 1982 showed that the Socialists had significantly increased their strength among white-collar employees since the mid-1970s while losing working-class support.
- Since the 1974 revolution, the Portuguese Socialists have striven to be a mass-based party. According to various studies, the party's core supporters tend to be in the urban middle class, but the Socialists are also strong among peasants and industrial workers.
- PASOK demonstrated a strong appeal across classes and regions in the 1981 national election. According to opinion surveys, 48 percent of voters in both urban and rural districts voted for PASOK, and it polled virtually as well among upper-middle-class voters as among unskilled workers. [redacted]



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To many voters, "change" meant improvement of the economy. The worldwide recession was the conservatives' major handicap, according to various polls and press reports. The Socialists highlighted their promise to strengthen the economy, particularly to fight unemployment.

[Redacted]

The Italian Socialists advocated holding public spending constant in real terms and promoting technological innovation in the private sector. The Portuguese stressed that austerity and economic sacrifice would be necessary.

[Redacted]

In addition, the Socialists promised an assortment of social and political reforms.

[Redacted]

The Italian Socialists proposed several institutional innovations to strengthen the presidency and increase Cabinet stability. All five parties endorsed various reforms regarding labor relations, the penal system, women's rights, and education. The proposed reforms reflected traditional leftist concerns for equality and social justice, but few were distinctively socialistic. Indeed, some proposals, such as political decentralization in Greece and France, inherently conflicted with traditional socialist objectives of reducing regional disparities and increasing central government control of the economy.

[Redacted]

On foreign policy, the parties' positions reflected national as much as ideological concerns. In general, parties in France, Italy, Spain, and Portugal strongly criticized Soviet military and external policy, but also urged greater West European independence from the United States. The Spanish party condemned Madrid's entry into NATO and demanded a national referendum on the question. The Greek party was stridently critical of the United States in the pre-election period, particularly of Washington's military

aid to Turkey, and called for the closing of US bases on Greek soil. By the time the election was held, however, Greek Socialists had already moderated their demand for complete withdrawal from NATO and the EC.

The parties' emphasis on ideology varied widely. The French Socialists—along with their Communist allies—pledged to "break with capitalism" and spoke of a "new vision" for the French political and economic system. The Greek Socialists used a blend of Marxist and nationalistic rhetoric. In Spain, by contrast, the Socialists had explicitly renounced Marxism in 1979; in the 1982 campaign, they called for realism and moderation. The dominant factions in the Italian and Portuguese parties likewise distanced themselves from Marxism and urged pragmatic policies, particularly for the economy.

#### Socialist Performance: Emphasis on Continuity

In office, the Socialists have instituted little fundamental change. In our opinion, the recession that helped bring them to power ironically also prevented the attainment of their more radical objectives. In particular, the need to limit ballooning budget deficits has ruled out major new spending programs, and the recent modest economic upturn has only slightly lessened this constraint. In foreign policy, France, Portugal, and Italy have generally pursued a strongly pro-NATO course. The Spanish Government has dropped its opposition to membership in the Alliance, although it has frozen Spain's military integration in NATO at least temporarily. Even the Greek party's stridently anti-US rhetoric and troublesome antics mask a moderation of its positions toward NATO and the United States.

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**Table 1**  
**Southern Europe: The Socialist Record**

	Promises	Performance
[Redacted Content]		

**Italy**

<b>Economy</b>	Deficit reductions through spending limits and crackdowns on tax evasion	Abandoned 1983 deficit target; 1984 deficit will almost certainly expand in absolute terms and as percentage of GDP.
	Creation of public-sector jobs	Few public service jobs created.
	No specific commitment regarding wages	Reductions in automatic wage indexation system.
<b>Social and political reforms</b>	Direct election of the president; 5-percent barrier for parties' representation in Parliament; various measures to strengthen the prime minister's position	Craxi has formed an 'inner Cabinet' to increase the government's decisionmaking flexibility; reforms of parliamentary procedures to reduce small parties' ability to block legislation.
	Limitations on public service strikes, especially in transportation	No action yet.
<b>Defense and foreign affairs</b>	Supported NATO's dual-track INF decision	Deployed INF beginning November 1983.
	Criticized US policies in Central America	Little criticism of US actions.

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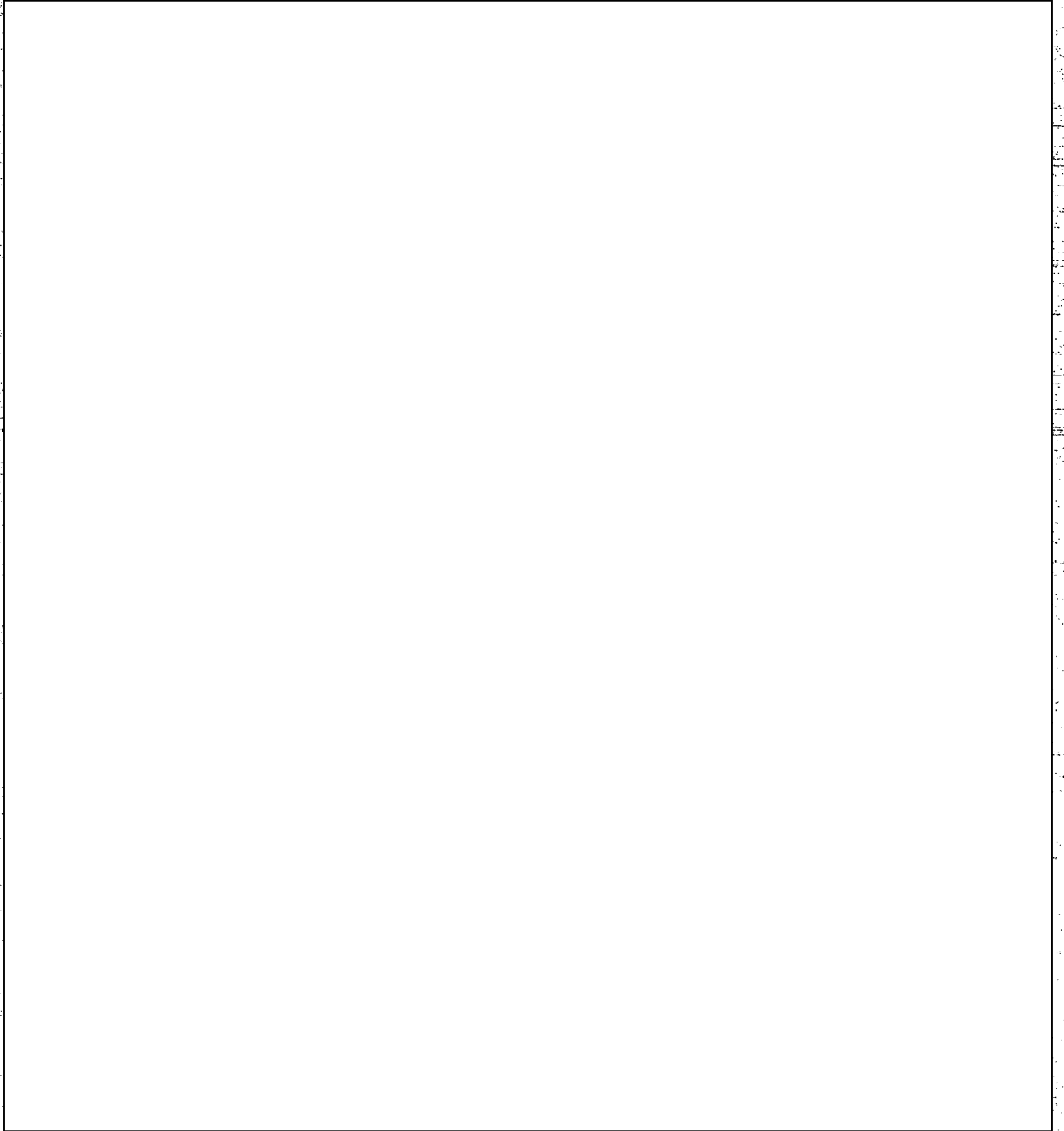
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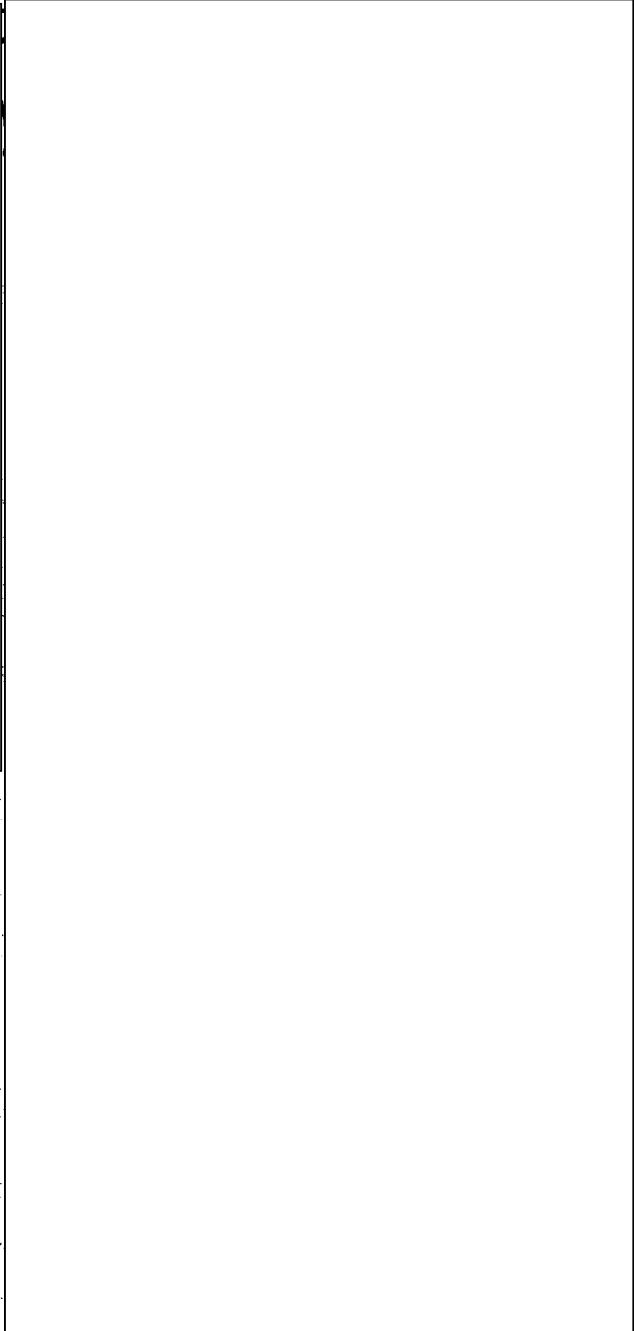
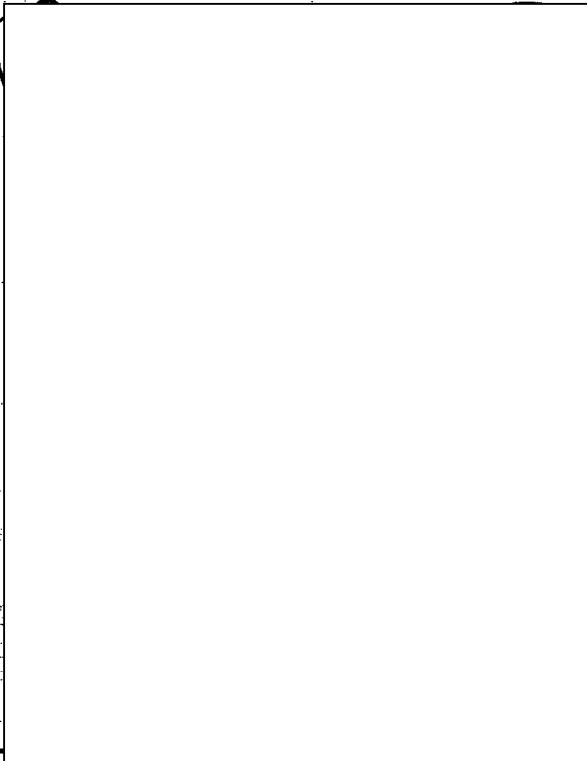
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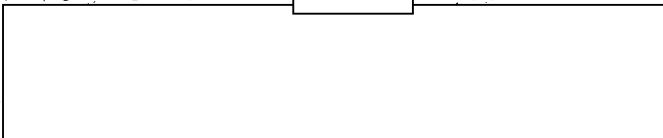


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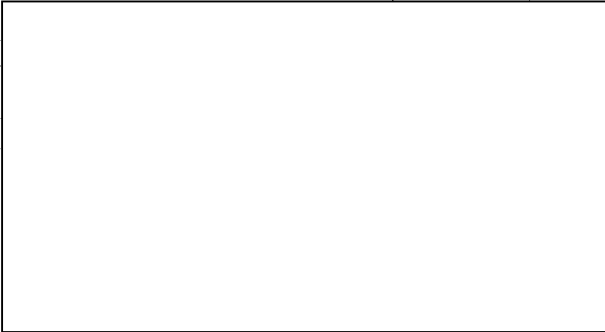


The *Socialist-led Italian Government* has also introduced several austerity measures, but the budget deficit is still increasing. Economic policy requires agreement among the five coalition parties, and Prime Minister Bettino Craxi's Socialists have reluctantly accepted the need for austerity. The government has reduced a variety of social benefits, implemented a partial freeze on wage indexation, and scaled back plans to create public-sector jobs. The government now is proposing gradual increases in the retirement age and a crackdown on tax evasion by small businesses and professionals. Compromises among the coalition partners and with the Communists, however, have watered down many of the budget-cutting measures. Inflation has declined and moderate export-led economic growth has resumed since Craxi took office, although unemployment has risen slightly. According to the US Embassy in Rome, this modest economic upturn has caused Craxi and most of the coalition partners to feel less pressure to reduce the still-growing budget deficit.

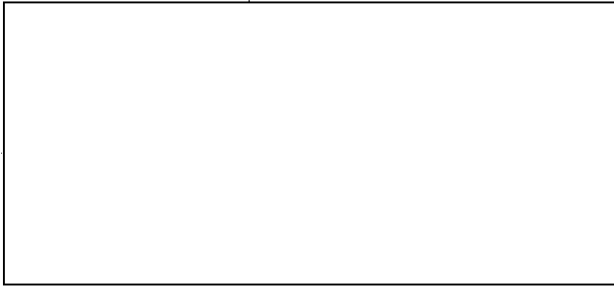


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- Craxi has introduced several institutional innovations in an attempt to make the Italian political system more effective. For instance, he has established a "Cabinet Council" of major ministers to make key decisions and has streamlined parliamentary procedures to prevent obstruction by small minorities. The Socialists' minority position in the Cabinet, however, has limited their ability to implement major social reforms.

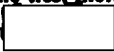


**Foreign Policy**

We believe that foreign policy in the five southern European socialist countries reflects both ideological tensions and international constraints. All five parties stress their traditional commitment to disarmament and peace, but most also see the need for Western countermeasures to the Soviet military buildup. Further, except in Greece, strong anti-Communist strains coexist with pacifist tendencies in Western socialism, according to many academic studies: Socialists see Soviet-style Communism as a perversion of Marxism, and many stress traditional Russian expansionism. Moreover, Socialists have experienced Soviet machinations against them in their often bitter rivalries with national Communist parties. Hence, socialist governments are torn even more than others between a desire for detente and distrust of Soviet foreign policy. In many cases, they have sought other areas in which to demonstrate traditional socialist internationalism.



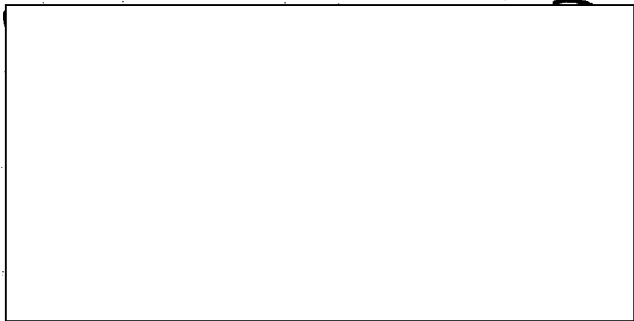
One result, we believe, is a tendency to play down East-West rivalry in the Third World—especially when few West European interests are involved. The socialist governments have condemned the Soviet presence in Afghanistan, but they criticize perceived US overreactions to the Soviet role in areas distant from Western Europe such as Central America and southern Africa. French Foreign Minister Cheysson, for instance, has repeatedly attacked US aid to Nicaraguan contras and rejected the linkage of Cuban withdrawal from Angola to Namibian independence. Paris has cooperated with the United States, however, in areas where it has greater historical and economic ties, including Lebanon and, until recently, Chad.



In East-West relations, France, Italy, and Portugal have generally taken a strongly pro-Alliance stance. Mitterrand, for example, has been tougher than his predecessor in limiting high-technology exports to the Eastern Bloc, while Craxi and Soares also accept COCOM restrictions. All three leaders have supported key Western initiatives on security:

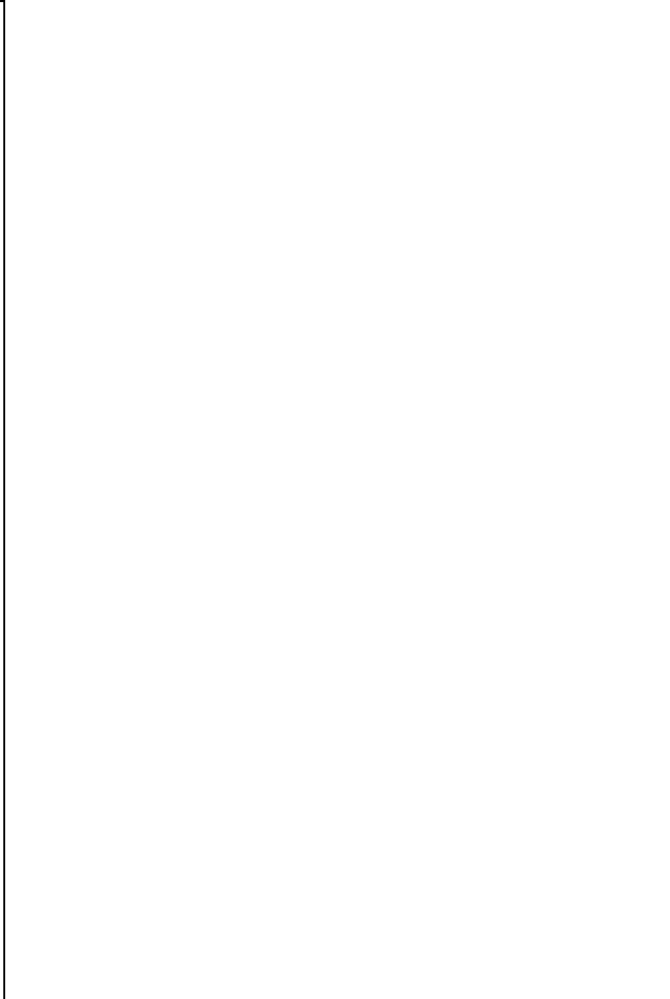
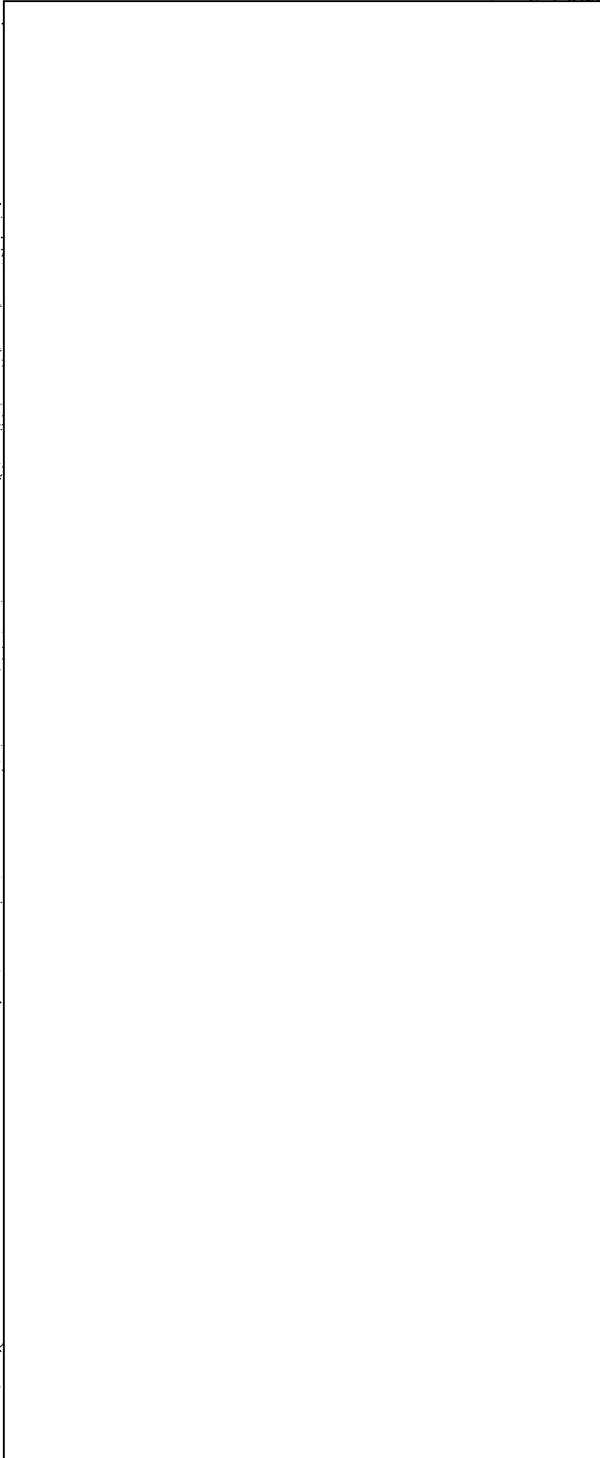


- Craxi upheld Italy's commitment to deploy INF beginning in November 1983, and he has strongly endorsed French efforts to revive the WEU.



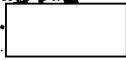
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**Public Views of Socialist Performance**

Pluralities of people in all the countries except France appear to believe that socialist governments do not differ greatly from their center-right predecessors in either foreign or economic policy. Disillusionment with socialist performance is widespread, particularly among swing voters who supported the socialist parties in their countries' last national elections.



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**Little Change**

According to a variety of public opinion surveys in Italy, Portugal, and Spain, pluralities see only slight differences between socialist and nonsocialist domestic policies.

[Redacted]

Not surprisingly, economic policy appears to be the biggest cause of disaffection. In France, Italy, Spain, and Portugal, pluralities of those who voted Socialist say economic policy is the aspect of government performance of which they most disapprove

[Redacted]

Even fewer respondents see change in socialist foreign policies. In recent Italian, Portuguese, and Spanish polls, pluralities say socialist foreign policies are only slightly different from those of preceding nonsocialist governments, and only small minorities see more substantial differences.

[Redacted]

Various polls make clear that respondents disillusioned with socialism tend to be uncommitted centrist voters rather than dogmatic Socialists upset with their governments' moderation. They tend to criticize government for failing to change national policies, rather than for changing them in wrong directions. In France, Italy, Spain, and Portugal, disillusioned respondents are much more likely than others to say governments differ little or not at all from their predecessors in domestic policy.

[Redacted]

**Disillusionment With Socialism**

The policies of socialist governments have alienated many socialist supporters, according to the polls.

[Redacted]

In Italy, by contrast, Prime Minister Craxi's Socialists may have picked up some support, according to a recent survey

[Redacted]

**Prospects**

**Near-Term Policies**

For the next year or two, the Socialist-led governments face the challenge of appearing simultaneously innovative, competent, and principled. Most owe their



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election to their call for change, and their generally cautious domestic and foreign policies have alienated many erstwhile backers. At the same time, radical approaches—particularly in economic policy—would almost certainly alienate much of the middle class, whose electoral support is crucial. We believe this dilemma reflects the broad but fragile basis of support for the Socialists in the last elections. According to our analysis of opinion surveys, middle-class swing voters opted for the Socialists in hopes of improving the economy and from an often ill-defined desire for change, not in order to support orthodox socialism.

[redacted]

The Socialists have few options for resolving their dilemma. Both economic constraints and public opinion tend to rule out traditional Socialist approaches such as massive nationalizations. Socialist-led governments will be tempted to switch to expansionary economic policies as elections draw near, but even this could backfire by rekindling inflation and creating the impression of economic bungling.

On balance, [we believe] most of the five governments are unlikely to change their basic policies over the next year or two. The Portuguese have promised to ease up on austerity next year, and the French, Spanish, and Italian Governments may also somewhat loosen fiscal and monetary policies before the next elections. At the same time, however, the four governments have staked their reputations on structural reforms designed to stimulate private investment and hold down public spending. Moreover, these governments' economic policies are beginning to show results: current account deficits and inflation are declining, and, except in Portugal, economic growth has picked up. The governments still have some time for their policies to succeed because parliamentary elections are not required, until 1986 in France and Spain, 1987 in Portugal, and 1988 in Italy. Despite a deteriorating economy, the Greek Socialists are unlikely to embrace austerity programs similar to those of the Latin socialists, in part because a national election is due by 1985 and may take place this year.

[redacted]

To enhance their electoral prospects, the Socialist-led governments still must try to highlight their commitment to change. Leftists in the parties might succeed in forcing strongly expansionary economic policies

despite the political and economic risks. We consider it more likely, however, that most of the governments will modify their economic programs only slightly while stressing cheaper and more popular innovations in social policy: greater social equality; women's rights; and reforms in education, the penal system, and the civil service. In addition, the French and Greek Governments will probably continue to stress their commitment to reducing the national state's power over regional and local administrations.

[redacted]

**Longer Term Perspectives**

Even beyond the next elections, the diversity of the socialist electorate will tend to rule out radical class-based economic policies. The Socialists' support comes increasingly from the middle class, which often favors some social reforms but opposes radical income redistribution. In many cases, middle-class support allows socialist governments to reject the demands of working-class constituents. The Socialist-led governments in France, Italy, Spain, and Portugal, for example, have rejected labor union criticism of their austerity measures and industrial restructuring. The Greek Government has severely limited the right to strike in public enterprises despite union opposition.

[redacted]

If policies do generally remain moderate, as we expect, the parties could undermine their core sources of support. The Socialists' pragmatic economic management, if successful, would almost certainly enhance their appeal to swing voters, but at the cost of blurring their distinctive image among their hardcore supporters. The Socialists' following would temporarily be larger, but also more prone to defect to more conservative parties as soon as economic conditions worsen. Communist and other leftwing parties, in the meantime, would probably attract many socialist voters upset at their parties' abandonment of traditional objectives.

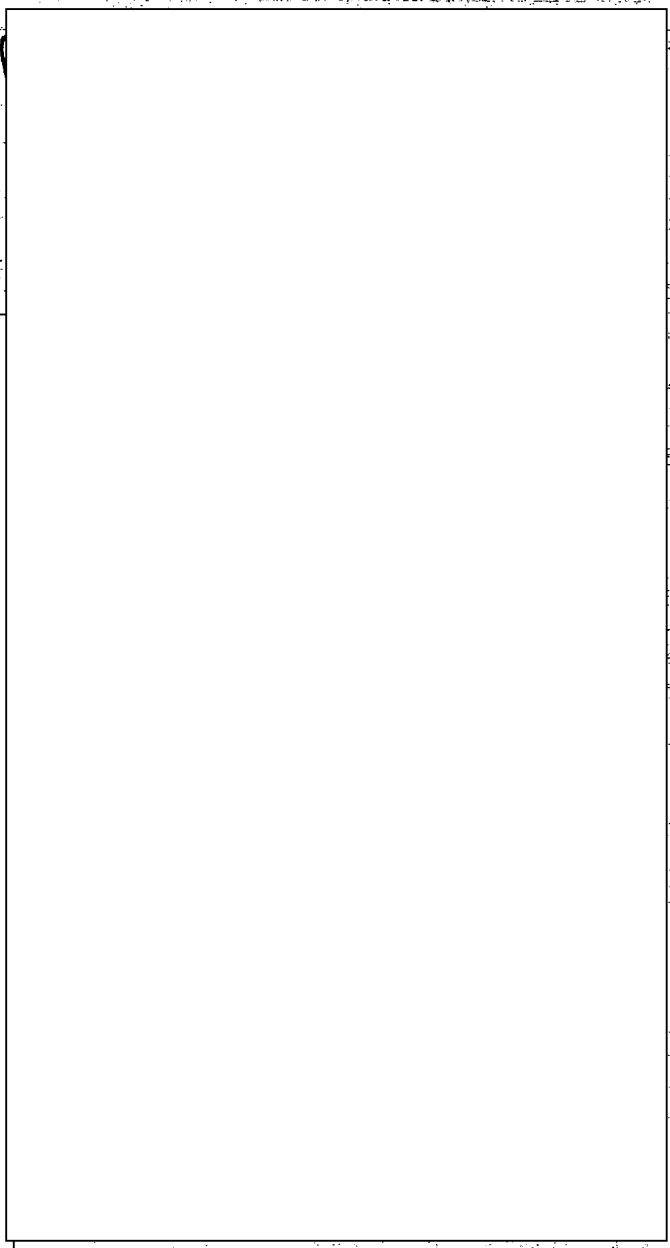
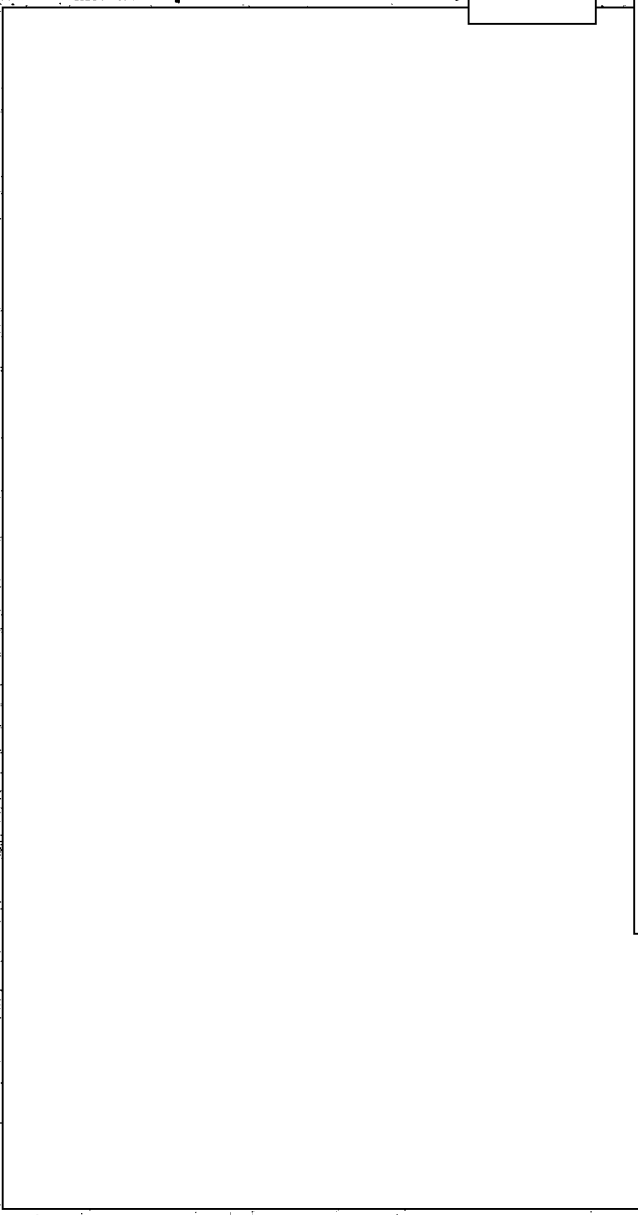
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To counter this electoral erosion, the Socialist-led governments will be tempted to abandon austerity efforts and adopt new spending programs. The socialist Prime Ministers have embraced austerity reluctantly, and they or their successors will face pressure

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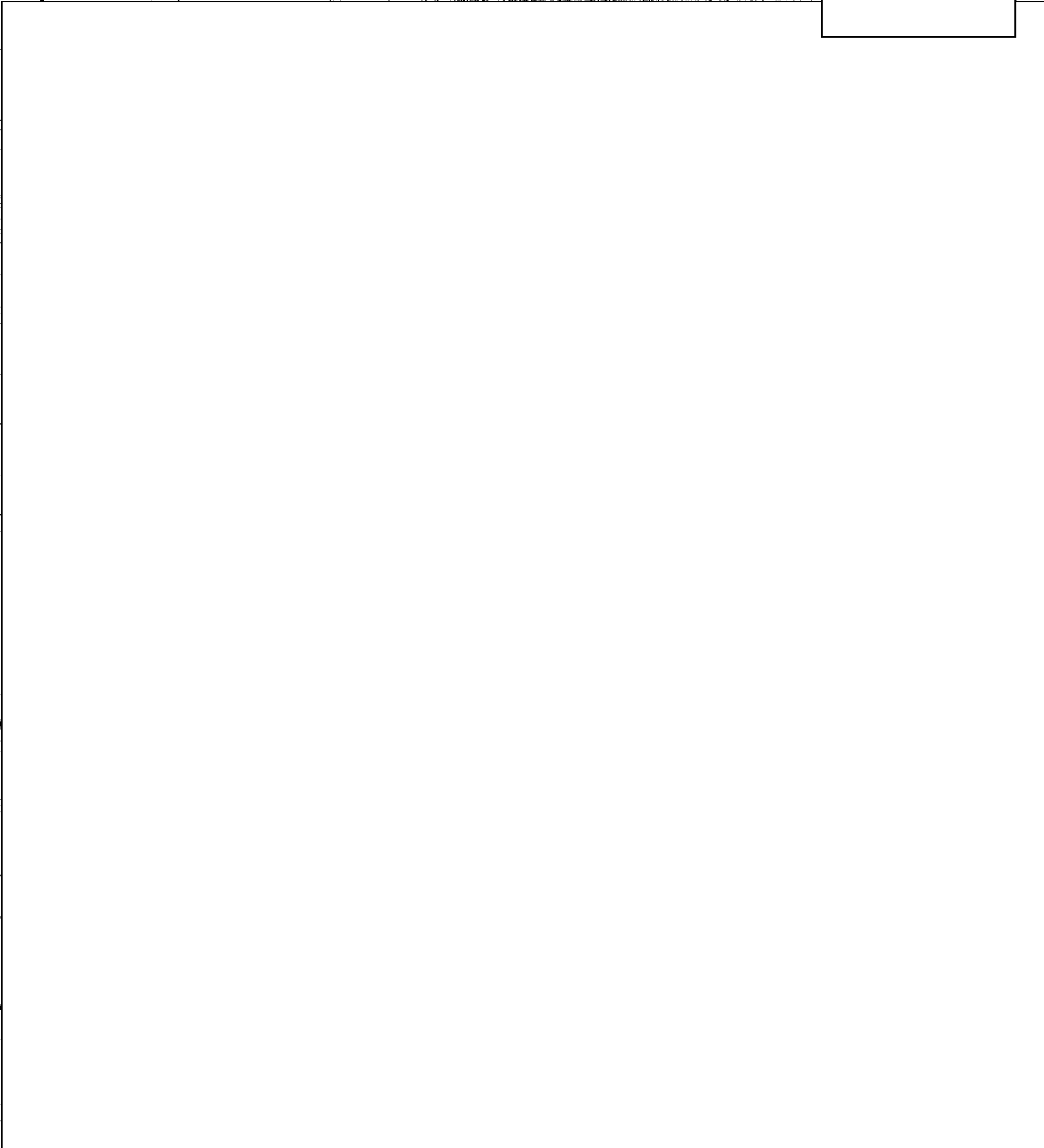
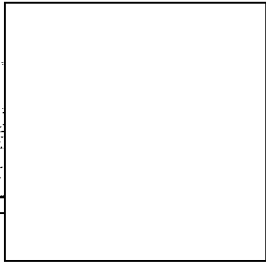
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for expansionary policies and greater social spending designed to appeal to the middle class. In particular, if modest economic growth continues in the late 1980s—which we consider probable—socialist governments may allow government spending to rise again as a proportion of GNP. At the same time, high unemployment—which probably will continue despite economic growth—may induce new social programs and attempts to stimulate the economy



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