

POLITICAL CLEAVAGES IN GREECE 1981-2019: THE BRAHMIN LEFT AND THE EFFECTS OF THE CRISIS

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Political cleavages in Greece 1981-2019: the Brahmin left and the effects of the crisis

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Abstract: In this paper, we apply the political cleavage methodology to Greece. In this regard, we have put together a political attitudes survey database covering the period 1981-2019. Our analysis indicates that Greece is an important exception to the trajectory of political cleavages found in other liberal Western democracies. Firstly, the Greek income cleavage turns positive (high income voters support left-wing parties) as early as the 1990s despite the explicitly socialist character of the Greek left. This is a unique phenomenon. Secondly, the Eurozone version of the 2008 crisis brought a large change in the electoral composition of the Greek left, turning the income cleavage back to negative territory. This was reflected in the replacement of the moderate PASOK by the radical SYRIZA. The latter enjoyed (at least until 2023) significant support among popular classes and low-income voters. Thirdly, Greece has had a Brahmin left (high education voters support left-wing parties) at least ever since 1981. That is, for Greece the emergence of the Brahmin left is not a recent phenomenon. In tandem, these observations imply that Greece fits very uncomfortably in the political cleavages typology. We suggest that the inclusive and redistributive role of tertiary education, along with the cultural dualism that characterises Greek political culture could explain why this is the case.

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1. Introduction

Modern Greek history has been a turbulent one. It has often fluctuated from extreme fortune to misfortune. The devastation of the Civil War (1946-1949) turned into an ‘Economic Miracle’ in the 1950s and 1960s which ended during the last years of a military dictatorship (1967-1974). Subsequently, from maintaining one of the highest growth rates in the Eurozone (2000s), Greece plunged into the deepest crisis in the 2010s. These events often put Greece at the spotlight, more than one would expect given the small size of the Mediterranean country.

To shed light on the trajectory of political cleavages in Greece throughout this tumultuous history, we reproduce the methodology established by Thomas Piketty, Clara Martinez-Toledano and Amory Gethin. We draw from Greek political attitudes surveys from 1981 to 2019 to analyse the link between voting behaviours and the main socioeconomic characteristics of voters, notably income and education level. This is an original contribution that adds Greece to the World Political Cleavages and Inequality Database (WPID). By following the standardised methodology, we construct comparable historical measures of how voting is structured by several socioeconomic characteristics of voters. This will arguably be a resource for scholars interested in modern Greek political and economic history, as well as those interested in political cleavages in the European periphery and the Mediterranean.

The analysis of political cleavages in Greece is interesting for several reasons. It brings forward the effects of a severe and persistent economic crisis on political cleavages. Arguably, this is useful to understand the trajectory of political cleavages in other European countries such as Portugal, Ireland, and Spain, who faced similar political and economic challenges during the Eurozone crisis. For the interested reader, this subject is elaborated in Tsoukalis (2023). Moreover, a historical analysis of Greek political cleavages allows for a discussion of the role of tertiary education and the legacy of the Greek Civil War on the left-right political divide.

Greece seems to be an exception compared to the rest of the Western democracies included in the WPID. We show that Greece is the only country where an explicitly socialist left enjoyed the support of high-income voters before the 2008 crisis. This pattern was then completely reversed in the 2010s with the emergence of a radical left party, SYRIZA, which replaced the centre-left PASOK. In other words, along with the crisis came a large change in the electoral composition of the dominant Greek left-wing party. The radical anti-austerity platform of SYRIZA was successful among popular classes and low-income voters. PASOK, on the other hand, was viewed as part of the status quo that was responsible for the crisis.

In addition, Greece has had a Brahmin left since the 1980s. That is, left-wing parties have collectively enjoyed the support of the highly educated from early on, without any signs of reversal despite the crisis and the reconfiguration of the party system. The only other country documented to have a historical Brahmin left is Japan (see Gethin et al. 2021, Chapter 11). Hence, Greece does not follow the pattern found in other European and North American democracies, but it also constitutes an exception of a different kind to Portugal and Ireland.

Similarly to Portugal and Ireland, the economic crisis shook the foundations of Greek political life leading to an increase in the support of left-wing parties among low-education voters. In Portugal this happened through the radicalisation of the existing left-wing party (Portuguese Socialist Party), while in Ireland and Greece the crisis led to the emergence of challenger

parties (Sinn Fein and SYRIZA, respectively). The peculiarity of Greece is that, perhaps due to the strength of the economic crisis coupled with increasing migration flows, challenger parties emerged not only from the left, but also from the far-right. Since far-right parties also attract low-education and low-income voters, they seem to offset some of the effects of the rise of SYRIZA, contributing to the curious trajectory of Greek political cleavages.

The remainder is organised as follows: Section 2 outlines the main aspects of Greek exceptionalism. Section 3 discusses the methodology followed and the data sources we have relied on. The next section (4) presents a brief electoral history of the Greek post-authoritarian period (post-1974). The main section of this paper is Section 5 which presents our analysis of Greek political cleavages. Section 6 concludes.

2. Greek Exceptionalism – Or not?

2.1 Political Cleavages and Economic Crises

Following the 2008 global financial crisis, the debt crisis that hit Greece in 2009 is among the deepest and most prolonged economic crises that a developed country has faced in peacetime. Arguably, the country is yet to come out of the crisis since its GDP is still well below the 2009 levels. Moreover, Greece received three bailout packages totalling around 400 billion euros. This sum is almost twice its current GDP and constitutes the largest aid package made to a sovereign country in nominal terms. The severity and duration of the crisis caused a rupture of the party system, leading to a widespread reconfiguration of parties and dimensions of political cleavage. Understanding how such a deep economic and political crisis affected political cleavages is particularly interesting.

In fact, Greece has a history of deep political crises following global macroeconomic events. The Great Depression in the 1930s together with the failed military campaign in Asia Minor led to the default of the Greek sovereign debt. Both the conservative and liberal parties of the time collapsed, and a semi-fascist military dictatorship was brought to power by the King. It remained in office from 1936 to the German invasion and subsequent occupation that began in April 1941. Similarly, the Great Stagflation of the 1970s was related to the collapse of the military junta in 1974, leading to the beginning of the Greek post-authoritarian era (“metapolitefsi”). In short, major economic crises shake the political landscape in Greece. The weak economy and the large numbers of farmers, self-employed, and small businessowners create the conditions for major shifts in voting behaviour.

2.2 Tertiary Education inclusiveness and the education cleavage

Education has historically been inclusive and sought-after in Greece. This creates interesting conditions for the exploration of the education cleavage. Article 16 of the 1975 Greek Constitution specifies that university education is to be exclusively provided by public institutions, free of charge.

In his seminal work, Tsoukalas (1975) supports the hypothesis that tertiary education functioned as the main mechanism of social mobility in Greece. Despite having one of the lowest levels of public education expenditure as a share of GDP at the time, Tsoukalas (1975) argues that Greek tertiary education was one of the most inclusive. More than 30% of students

came from the countryside and 10% from working class families. He adds a particularly striking OECD metric that measures the difference in opportunities between children of privileged and non-privileged families. Greece has one of the lowest differences, 1:7.7, as compared to, for instance, France where it was 1:36. In other words, this metric indicates that at the time (1950-1967), children of the self-employed in Greece had a 7.7 higher probability of studying in university than the children of agricultural workers.

It seems that the role of education in Greek society has hardly changed. Tsakloglou and Cholezas (2005) find that “education is the single most important factor that shapes the overall distribution of income and influences the probability of poverty”. Using data from 1980-1995, Pereira and Martins (2000) find that the lower quintiles of the wage distribution accrued the highest returns to education. Bazoti (2020) finds similar results based on recent data, adding that education had a positive redistributive role during the crisis as well, acting as the main defence of the young against unemployment. Choletos and Roupakias (2018) find that returns to education increased post-crisis, but that their progressive distribution has started to wither. A recent OECD education report (2019) seems to confirm the special role that education plays in Greece. Greece displays the fourth highest tertiary enrolment rate, while educational attainment is shown to significantly affect employment rates. The Greek Statistical Authority (ELSTAT 2023) reports that poverty threatens only 7.5% of university graduates, while the population average is 26%.

Hence, with universities being inclusive institutions and important mechanisms of social mobility, it will be very interesting to see how this affects the education cleavage. Even more so given the history of student political activism in universities and beyond. For instance, this can be seen in the student university occupation and uprising against the military junta in 1973 and the mobilisation against the university privatisation reforms in 1990-1991. Largescale student movements further protested the crisis response in 2008 and the introduction of campus police in 2021 (see Boukalas 2009; Kaniadakis 2021; Sotiris 2010; Evangelidis and Lazaris 2014). In short, the student movement in Greece has historically been one of the most active political movements in the country.

2.3 The shadow of the Civil War and the left-right divide

Finally, events such as the Greek Civil War and the military junta had created a very polarised left-right cleavage. Greece is one of two countries in Europe that experienced a civil war in the 20th century (1946-1949). Moreover, it had political refugees (members or former members of the Communist Party) until the early 1980s. The cleavage between the right and left was so deep that the armed confrontation that followed the German occupation was officially referred to as the “bandit war” until 1990, when it was officially renamed to “civil war”.

The anti-communist legacy of a right-wing state that resulted from the Civil War and the junta led to consistent practices of discrimination and exclusion based on political beliefs. PASOK emerged as the dominant party in 1981 and was viewed as a vindication of the socioeconomic demands of the previously excluded sectors of the population (Andreadis and Stavrakakis 2019). While polarization started to fade in the 1990s and 2000s, the Greek crisis seems to have revived aspects of the old left-right rivalry.

3. Methodology

We follow the standard methodology used for the WPID. In this section we briefly present the econometric model specification and then we turn to a presentation of the data sources we used for Greece.

3.1 Model Specification

We primarily focus on the income and education cleavages. They provide objective measures, which most electoral surveys include and allow for straightforward cross-country comparisons. Moreover, we group political parties into two broad families: the Left (social democratic, socialist, communist, green) and the Right (conservative, Christian democratic, nationalist, anti-immigration). This is primarily done to allow for comparisons to countries that have two-party systems. However, we acknowledge that these loose families are heterogeneous, especially over time. The objective here rather is to examine how such broad groupings have aggregated diverse and alternating coalitions of voters over time. To address this shortcoming though, we also present a decomposition of political cleavages for several individual parties.

For Greece we group parties such as New Democracy, Independent Greeks, Golden Dawn, National Orthodox Rally (LAOS) and the Greek Solution in the family of right-wing parties, while parties such as PASOK, SYRIZA/SYNASPISMOS, the Communist Party (KKE), the Democratic Left (DIMAR) and MeRA25 constitute the family of left-wing parties.

The empirical strategy relies on simple linear probability models of the form:

$$y_{ict} = \alpha + \beta x_{ict} + C_{ict}\gamma + \varepsilon_{ict}$$

Where y_{ict} is the binary outcome variable we are interested in (e.g. vote for left-wing parties) for individual observation i in country c and election t , x_{ict} is a dummy explanatory variable (e.g. being in the top 10% of income voters or not), and C_{ict} is a vector of controls (e.g. gender, age, marital status).

Without controls, β simply captures the difference between the share of the top 10% of income voters voting for left-wing parties and the share of the bottom 90% of income voters voting for left-wing parties. Namely:

$$\beta = E(y_{ict} = 1, \quad x_{ict} = 1) - E(y_{ict} = 0, \quad x_{ict} = 0)$$

Where E denotes the mathematical expectation.

With controls, the interpretation is very similar: ceteris paribus, belonging to the top 10% of income voters increases one's propensity to vote for left-wing parties by β percentage points. All control variables used are also binary variables, so the model is fully saturated and can be estimated using OLS with heteroskedasticity-robust standard errors.

3.2 Greek data

Collecting quality Greek electoral survey data has been a challenging task. We have managed to build a harmonised dataset based on a diverse set of sources from 1981 to 2019. The data from the 1981 to the 1996 elections are drawn from the Eurobarometer. The Eurobarometer is not an electoral survey and as such is a sub-optimal solution for lack of better data. It is a general political attitudes survey, which was not specifically conducted in the context of an election, but still asked respondents to report their previous or expected voting behaviours. Even if it does not allow one to track election-to-election changes, it is nevertheless sufficient to grasp long-run changes in party affiliations, which is the objective of the WPID and this study. As such, we match Eurobarometer surveys ranging from 1980 to 1996 to their closest election.²

For the range of elections included in 2000-2007, we rely on the European Social Survey (ESS). The latter is also not an electoral survey, which comes with the same limitations as the Eurobarometer. However, the ESS happened to have been run in Greece three times very close to the three elections that occurred between 2000 and 2007. As such, there is less arbitrary matching and we do not rely on voting intention, but on past voting, both providing better tracking of election-to-election changes. In particular, we match the 2002 wave to the 2000 elections, the 2004 wave to the 2004 elections and the 2008 wave to the 2007 elections.

For the elections that occurred in 2009-2015, we rely on the post-electoral surveys included in the Comparative Study of Electoral Systems (CSES). This provides the best quality data based on post-electoral surveys of around 1,000 sample size each. With these data, we cover the 2009, 2012 and 2015 elections of the Greek Parliament.

Lastly, for the 2019 elections we use the post-electoral survey conducted by the Hellenic National Election Voter Study (ELNES), which is run by the group of researchers responsible for CSES in Greece and largely replicates the same methodology.³

Using these diverse sources, we build a harmonised dataset covering the following variables: income, education, age, gender, religious affiliation, church attendance, race or ethnicity, rural-urban location, region of residence, employment status, marital status, union membership, sector of employment, homeownership, self-perceived social class, and (in recent years) country of birth.

² More specifically, we match the Eurobarometer surveys of 1980,81,82 to 1981; 1983,84,85,86 to 1985; 1987,88,89 to 1989; 1990,91 to 1990; 1992,93,94 to 1993; 1995,96,97,98 to 1996.

³ These are Professors Andreadis, Chadjipadelis and Teperoglou from the Aristotle University of Thessaloniki (AUTH).

4. Economic Background and Electoral History 1974-2023

For reasons of space and coherence, we have limited this section only to the periodization of the post-1974 Economic and Electoral History. The interested reader can find a more detailed discussion of the recent economic history of Greece in Appendix B of the present paper.

The economic history of Greece from 1974 to 2023 was marked by the two major economic crises of the period. Namely, the Great Stagflation (1967-1980) and the Great Recession that began in 2008.

The Great Stagflation hit Greece while the Military junta (1967-1974) was in power, contributing to its demise and leading to the establishment of the Fifth Greek Republic. The crisis halted the rapid development of the Greek industrial basis that had constituted the post-WWII ‘Greek Economic Miracle’. In response to this, between 1974 and 1983, banks and troubled industries were nationalised.

The tides changed following 1992. Banks were privatised and industries were partially privatised and mostly liquidated. In their place, a service economy based on finance, tourism, trade, and food sectors emerged. From the old industrial model only construction remained as a significant part of the country’s GDP (Stravelakis 2022). This service-based growth and development model reached its peak with the adoption of the euro in 2002 and the Athens Olympics in 2004. Nevertheless, it was not sustainable.

Following 2004, growth slowed down and trade balance deficits surged. This was reflected in excessive budget balance deficits and an ever-increasing public debt. When the 2008 crisis hit, questions were raised about the capacity of Greece to refinance its public debt, which stood at 120% of GDP at the time. The country petitioned for international assistance. Between 2010 and 2018 it received jointly from the EU and the IMF three loan facilities for a total of about 300 billion euros. Moreover, in 2012 private lenders signed a debt forgiveness for another 105 billion euros.

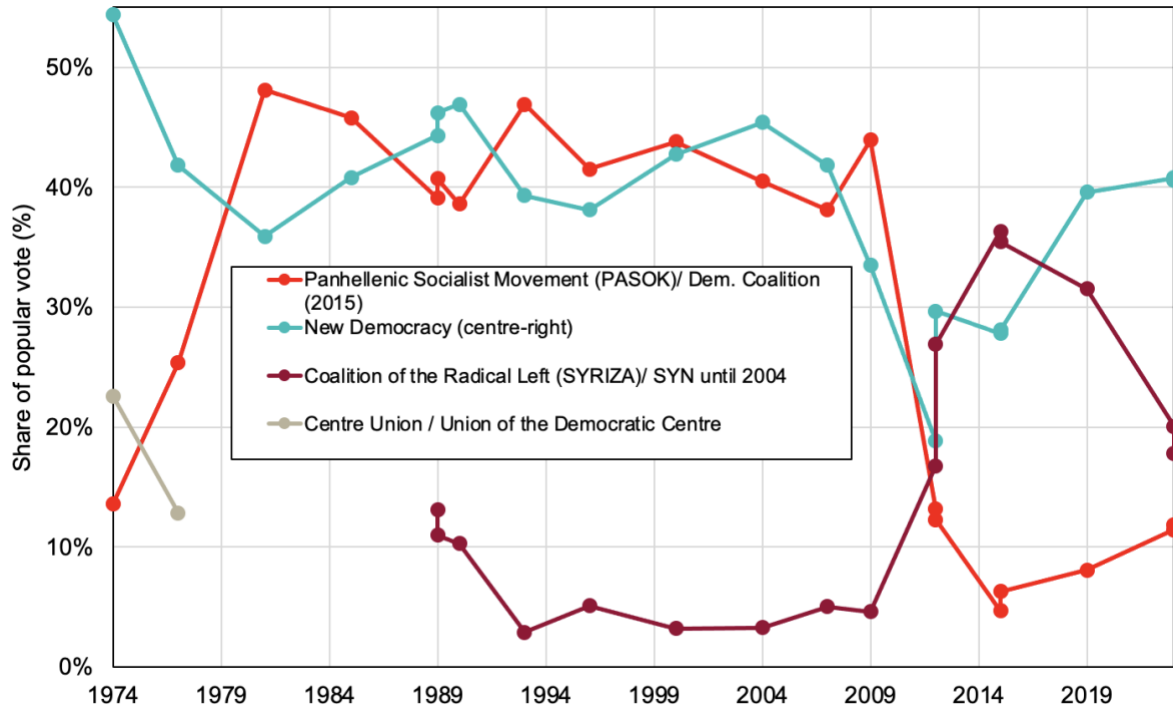
The assistance came together with fiscal austerity, wage reductions, labour market deregulation, and vast privatization of state assets. The idea was that in this way the country would gain competitiveness, balance its trade and budget deficits, and contain its debt. However, things did not come out as planned. At the end of 2022, the debt-to-GDP ratio stands at 192%, the GDP at constant prices is 192 billion euros as compared to 228 billion in 2009, and public debt is 403 billion euros as compared to 299 billion in 2010.⁴ All this came at the cost of a 40% decline in the average real wage. In a New York Times article, Paul Krugman (2012) summarized this period for Greece and the EU periphery with the phrase “Pain Without Gain”.

The two global crises and the change of the Greek growth model in the 1990s were matched with important political changes at the level of electoral politics. We propose that the history

⁴ We rely exclusively on OECD data and methodology for the calculations of public debt and the debt-to-GDP ratio to avoid confusion and inconsistencies. When it comes to the debt-to-GDP ratio the European authorities tend to exclude certain debt categories (mainly short-term debt) and deduct transitory items like the cash reserves from nominal public debt. The OECD does not do that. Rather, they use the total amount of nominal public debt without qualifications in all relevant calculations. Our view is that when it comes to time series and cross-country comparisons this is the right thing to do. Otherwise, the structure of public debt and transitory items can be misleading.

of the Greek post-authoritarian party systems can be decomposed into three periods: 1974-1981, 1981-2012, and 2012 until the time of writing (2023). Figure 1 presents the electoral outcomes of Greek parliamentary elections since 1974 for the main parties.

Figure 1 – General elections in Greece, 1974-2023

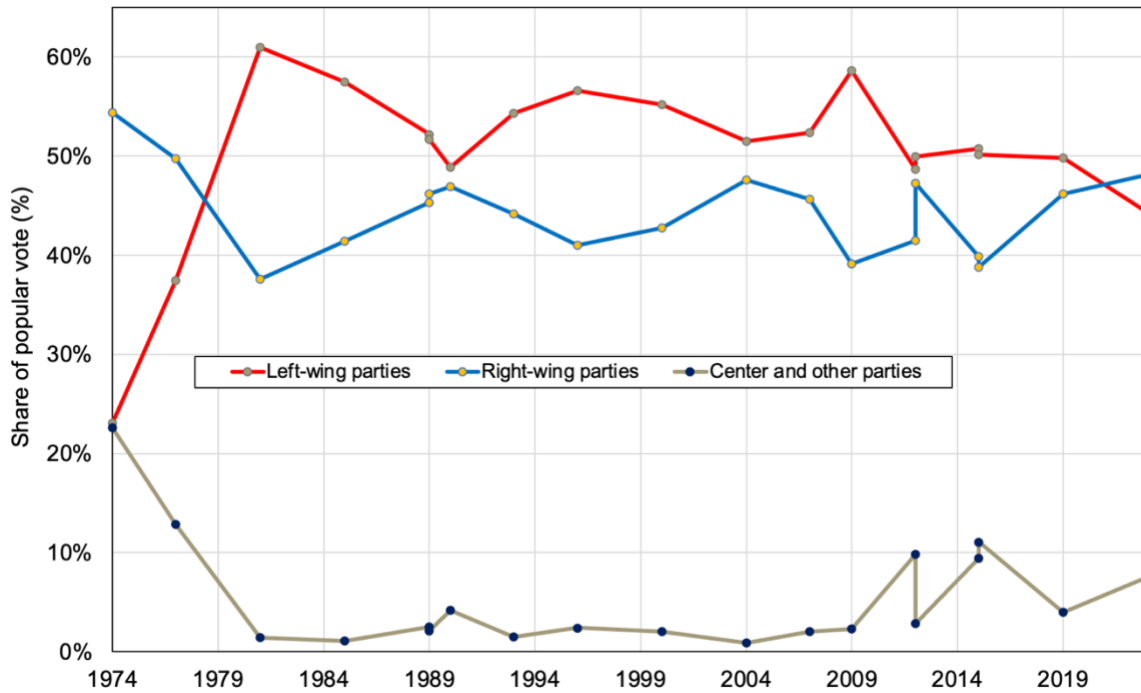


The first period begins with the fall of the military junta and ends with the establishment of the New Democracy – PASOK two-party system. This brief period was defined by two elections (1974, and 1977). Both were won by the centre-right New Democracy that dominated the political field. The newly founded left-wing party PASOK made its first appearance on the ballot in 1974, while the relatively popular centrist Centre Union and its offsprings contributed to a multi-party configuration.

The second period begins with the election of PASOK into government in 1981 leading to the establishment of a two-party system that dominated for 30 years. The socialist PASOK was elected with a massive 48% in 1981 and was the first left-wing party to govern Greece. Together with the 10.9% of the Communist Party (KKE),⁵ these elections marked a clear left-wing majority in Greek society. Since 1981 left-wing parties collectively captured the majority of votes in Greece until the elections of 2023. This is demonstrated in Figure 2.

⁵ The Communist Party was legalised in 1974 and participated in the elections of that year for the first time after 1946.

Figure 2 – General elections in Greece 1974-2023



It should be noted, however, that the content of politics following 1993 changed significantly, although the two dominant parties remained the same. The commitment of both parties to the European Integration project, which was not a given for PASOK before 1992, became the common ground for their convergence. This was strengthened by the retirement of the PASOK founder and leader Andreas Papandreu and his replacement by the moderate Costas Simitis. The modernization agenda of Costas Simitis for PASOK and the “triangulation” rhetoric and policies of Kostas Karamanlis for New Democracy (following 1997) tempered political passions that had reached a climax in the 1985 election. It was an era of relative political stability and party politics seemingly abiding by the “median voter theorem” (Downs 1957). But it was not bound to last.

The crisis of 2008 swept both the modernization agenda of PASOK and the triangulation agenda of New Democracy. This was manifested in the collapse of PASOK in the 2012 elections, leading to the end of the two-party system. The third period of electoral competition that ensued lasts until the time of writing (2023) and is characterised by a new weaker two-party system after the radical left challenger party SYRIZA effectively replaced PASOK. For a figure depicting the two-party systems, see Figure A.1 in Appendix A.

This period is primarily defined by the repeated failed attempts of governments to grapple with the debt crisis and the stringent demands of the creditors. The party system came under severe stress, leading to party fragmentation. From receiving around 3% of the vote, SYRIZA managed to stand head-to-head with New Democracy in 2012 and eventually won the elections in 2015. At the other end of the political spectrum, a number of far-right parties emerged, the most notable of which was the neo-Nazi Golden Dawn. Golden Dawn came third in the 2015 elections. In 2020, however, it was disbanded as a criminal organisation.

The severe crisis, along with the resulting political realignment led to the end of the politics of convergence. Especially until 2016 tensions were running very high and social movements were very actively protesting government policies. Polarisation peaked during the 2015

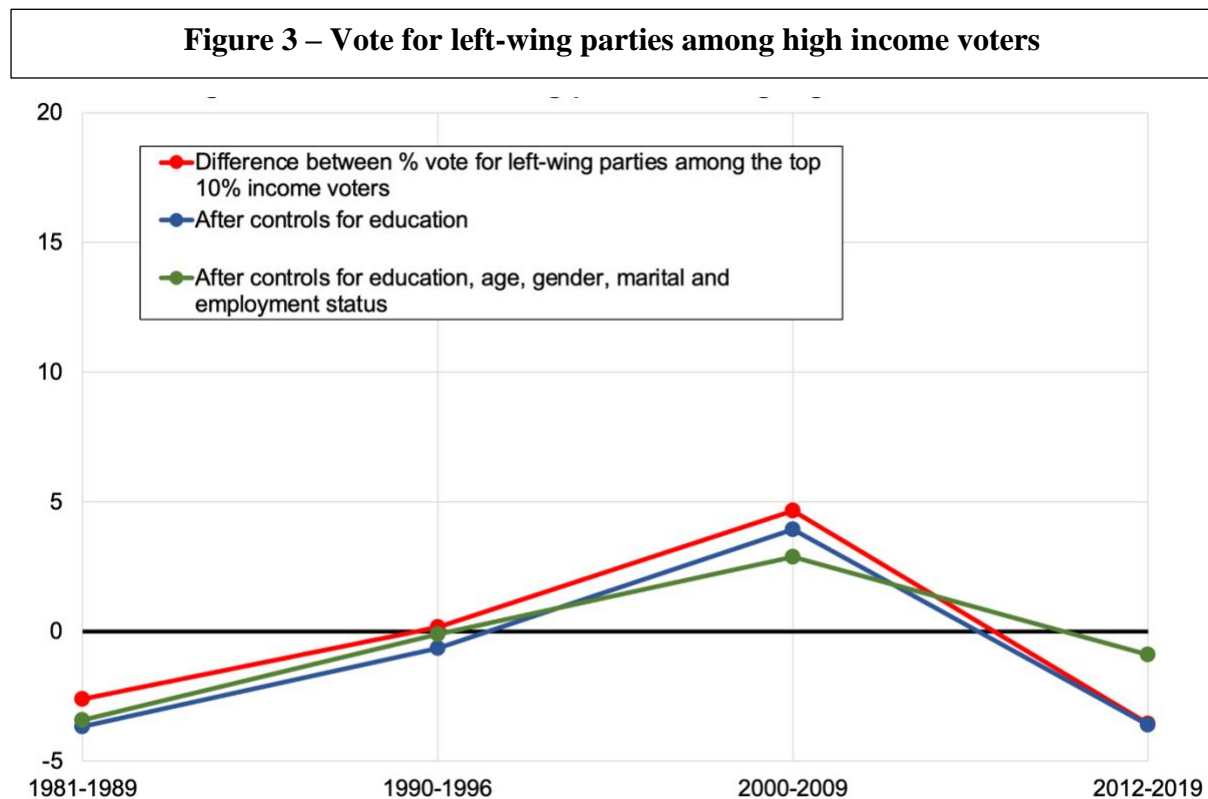
referendum over the third austerity bailout package. Although 62% of Greeks voted against it, the SYRIZA government still implemented the bailout and governed until 2019.

The recent 2023 elections overturned two patterns we have outlined. On the one hand, the one pole of the two-party system collapsed. SYRIZA lost almost half its vote share, resulting in a 22% difference to New Democracy. On the other, the 2023 double elections were the first time, since 1981, that the centre of gravity in the Greek party system shifted from the left to the right. It is too early to judge if these dynamics indicate the beginning of a fourth period of electoral competition for Greece, but it seems likely. Still, they have certainly raised serious doubts about the longevity of the New Democracy – SYRIZA two-party system.

5. Political Cleavages

In what follows, we explore the relationship between socioeconomic characteristics and left-right voting behaviour in Greece. This analysis of political cleavages will focus on the latter two periods of party competition in Greece (1981-2012, 2012-2023) due to the absence of systematic data for earlier periods. Moreover, the standard WPID graphs will only pertain the period 1981-2019 because electoral surveys are not yet available for the 2023 elections.

5.1 Income cleavage



The income cleavage is portrayed in Figure 3 above. The red line shows the difference between the percent of the vote for left-wing parties among the voters coming from the top 10% of the income distribution, to the rest of the population. The blue line controls for the education of voters, while the green line additionally controls for age, gender, marital and employment

status. What emerges from this graph is that low-income voters had a weak preference for left-wing parties in Greece in the 1980s. This appeal among low-income voters started to wither in the 1990s and 2000s. Eventually, left-wing parties collectively were supported more by voters with higher incomes. This trend appears to have reversed once again with the crisis, when left-wing parties increased their appeal in low-income groups, leading to a return of the negative income cleavage.

While the declining trend of income cleavages is seen in other countries as well, the complete reversal into positive territory is relatively unique to Greece. Among the Western democracies analysed to date, only Italy and the US appear to have witnessed a reversal of the income cleavage, but at a much later time (2010s).

What makes the case of Greece particularly interesting is that this reversal in the US and Italy is driven by the high-income appeal of parties without a socialist or social democratic history and ideology (US Democratic Party, Italian Five Star Movement). Given the explicitly socialist ideology of Greek left-wing parties, and their historical links to the labour movement, the pre-crisis reversal seen in Figure 3 is an important exception. Moreover, the average income cleavage in Western democracies has remained relatively stable until the 1990s at -15%, being halved by 2020 (Gethin et al. 2021). Hence, even before its reversal, Greece had an exceptionally weak income cleavage.

To understand better whether these dynamics are driven by particular parties within the left or right-wing umbrellas, or represent general tendencies, we have decomposed the income cleavage for a selected group of left-wing (Figure 4) and right-wing parties (Figure 5).

Figure 4 shows that despite being a socialist challenger party with a strong trade union presence at the time, PASOK emerged with a weak income cleavage. Subsequently, Simitis ushered the party into a centrist policy era that focused on the necessary reforms for Greece to be able to join the Euro Area in 2002. This often came at the expense of an emphasis on traditional working-class demands and the party's socialist ideology, perhaps alienating a part of the lower income electorate. As a result, the PASOK income cleavage jumps around 8% from the 1990s to the 2000s. This leads to a rather unique phenomenon: the main left-wing party in Greece was supported by voters in the top 10% of the income distribution. Interestingly, until the crisis, even the radical left parties had a very weak income cleavage. The positive income cleavage of PASOK in the 2000s is mirrored in the negative income cleavage of centre-right New Democracy (Figure 5). This is testament to the aforementioned pre-crisis convergence between the two parties.

The return of the income cleavage into negative territory post-crisis appears to be the result of the expressly lower-income electorate of SYRIZA, at least until 2019. PASOK maintains a positive income cleavage post-crisis, while New Democracy's jumps around 13 points into strongly positive territory.

A possible explanation is that a deep economic crisis coupled with regressive austerity policies make the class cleavage more salient. The Greek austerity policy packages were highly regressive in nature, pushing the poorest of the population to poverty and social exclusion (Fasianos and Tsoukalis 2023; Mitrakos 2014). It seems reasonable that this led to an increase of anti-austerity class voting. Arguably, this can also be demonstrated in the cases of Portugal and Ireland (Tsoukalis 2023). An interesting finding of Figure 3 is that most of this SYRIZA/crisis effect disappears with controls. By re-running the regression with different

control subgroups, one sees that this is mostly driven by employment status, marital status, and gender. In simple words, it was mostly the unemployed, single voters and women that drove the reduction in the income cleavage in the post-crisis period. Being vulnerable sections of the population, this makes sense. Especially for the unemployed, as unemployment in Greece at the time reached just below 30% overall and 60% for the young. We will return to the significance of the gender cleavage in the rise of SYRIZA later in the paper.

The reason that the aggregate left income cleavage appears weak post-crisis is that along with SYRIZA, a number of far-right parties emerged, which also had a strong appeal in low incomes, as seen in Figure 5. These parties were the neo-Nazi Golden Dawn, the Independent Greeks and, since 2019, the Greek Solution. We wish to make clear that grouping these three parties together is merely for the purposes of presentation, since they all appeal to a very similar voter base, as we will subsequently demonstrate. Golden Dawn was a unique phenomenon of an explicitly neo-Nazi, militaristic criminal organisation, which has thus been outlawed since 2020. In no way are we claiming that these three parties are directly comparable in their politics.

In short, the positive income cleavage seen in Greece after the 1990s and before the crisis is a unique phenomenon. It is driven by the shift of PASOK towards high-income voters since the 1990s, likely because of its change of leadership and policy style if not content. The counter-reversal into negative territory is a result of the low-income character of the SYRIZA support-base. The replacement of PASOK by SYRIZA as the dominant Greek left-wing party reflected a significant change in the low-income support of the left overall. Were it not for the rise of the far-right post-crisis, it appears that the income cleavage would have been more negative in the 2010s.

Figure 4 – Vote for selected left-wing parties among high income voters

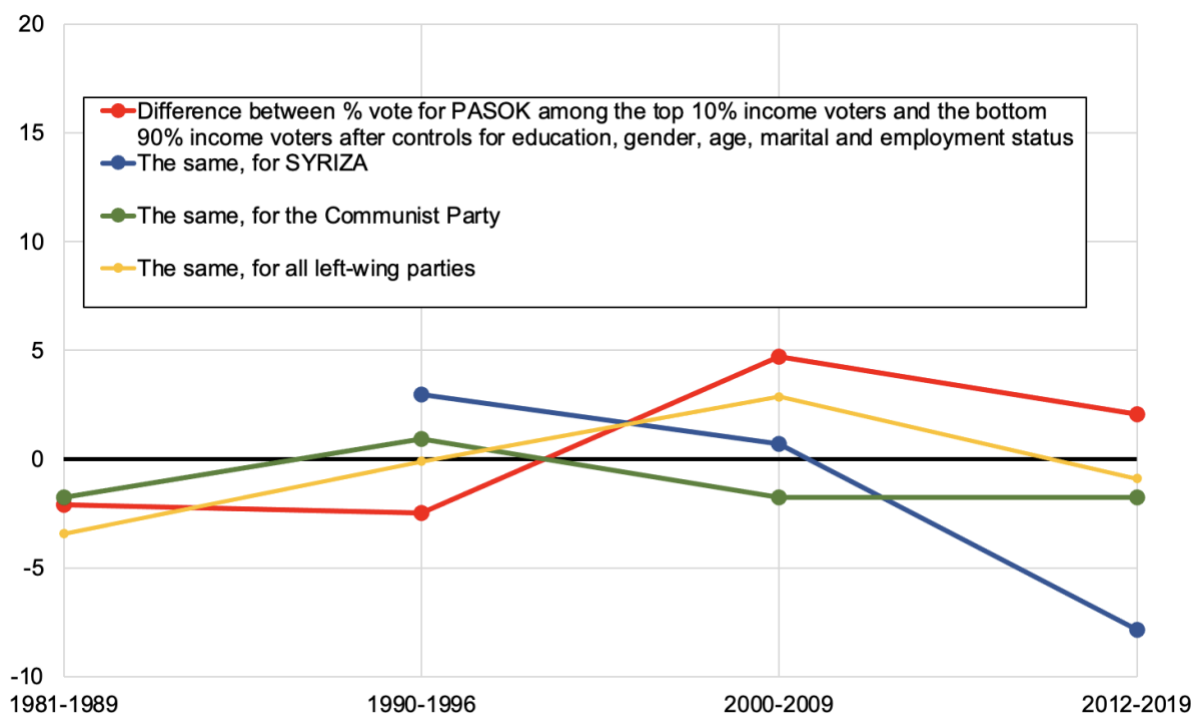
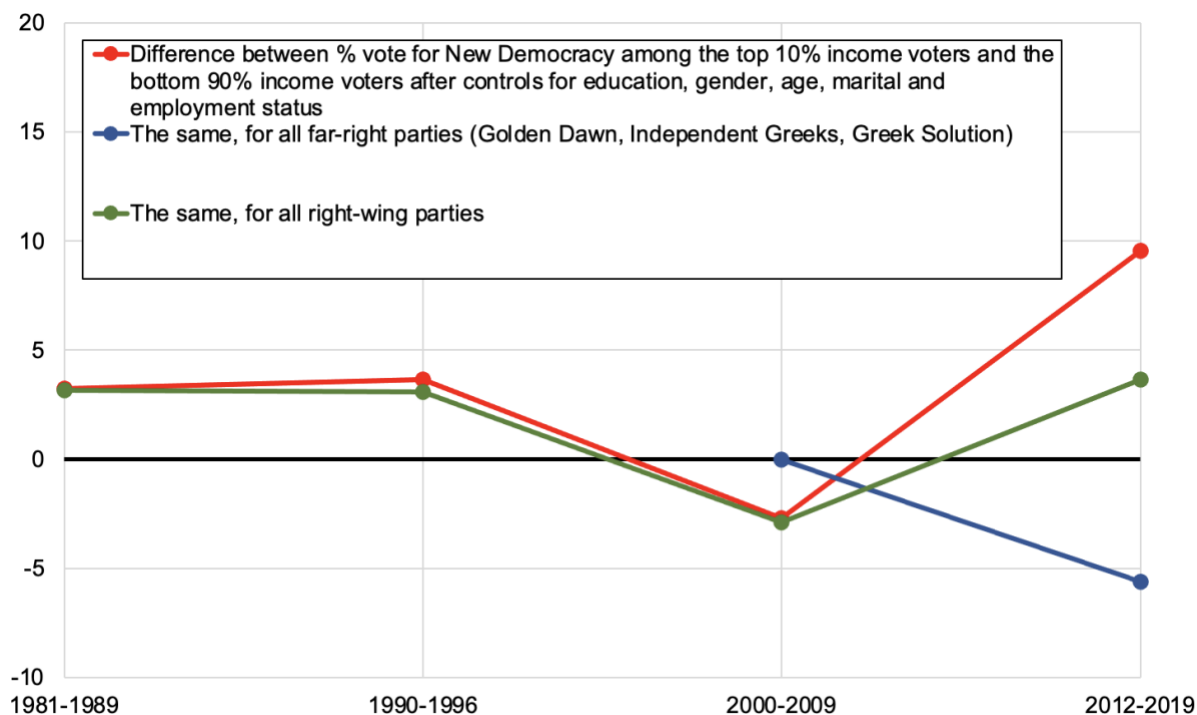


Figure 5 – Vote for selected right-wing parties among high income voters

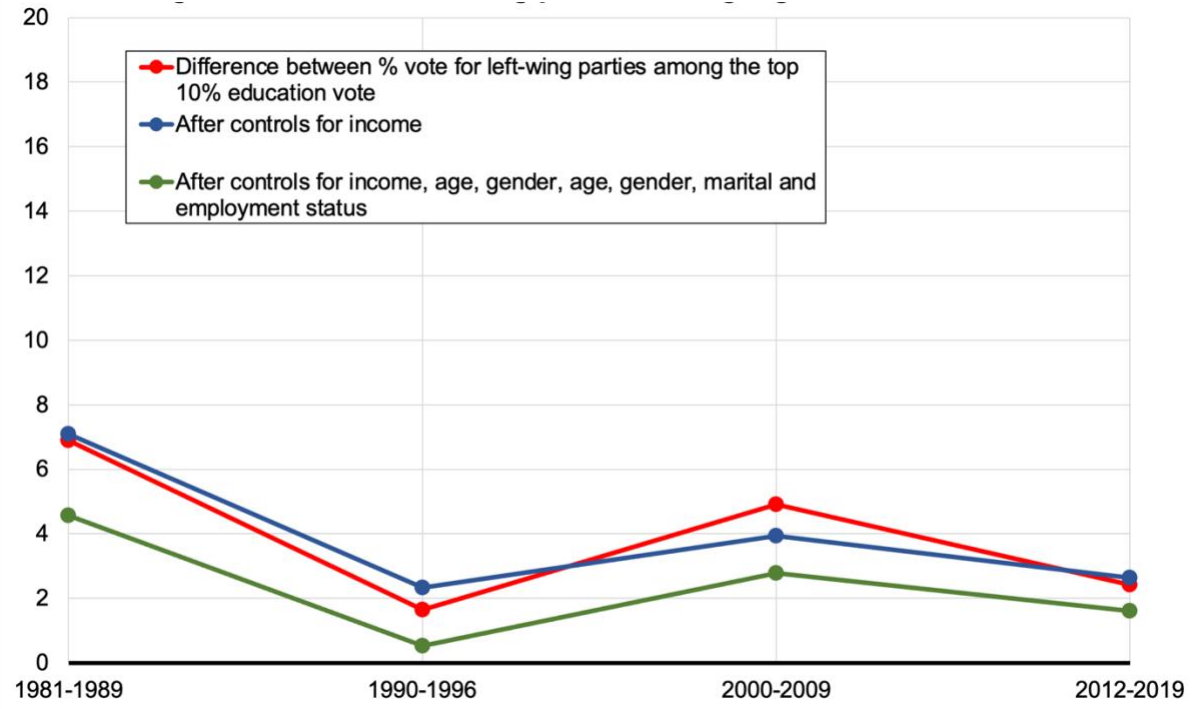


5.2 Education cleavage

We now turn to the education cleavage. Figure 6 presents a surprising result: there has been a Brahmin left in Greece at least since 1981. High-education voters tend to vote significantly more for the left than for the right throughout the period under consideration. Interestingly, in the 1980s it seems that the left had the support of both the low-income and the highly educated voters. Contrary to the income cleavage, the economic crisis and the rise of challenger parties does not appear to reverse the education cleavage. We will discuss why that seems to be the case.

Note that the average educational cleavage of Western democracies at the beginning of the WPID time-series (1960s) is found to be -15%, while in the 1980s it is around -5% (Gethin et al. 2021). Hence, indeed the clearly positive education cleavage found in Greece in the 1980s, which remains throughout, is an important exception. Even more so since the Greek education cleavage appears rather stable, if not declining, while in almost all other Western democracies it has been steadily increasing. This exception is even more striking if one compares Greece to the rest of the European periphery, particularly Ireland and Portugal, where the appeal of the left among low-education voters after the crisis has increased significantly (see Tsoukalis 2023). The only other country with a documented historical Brahmin left is Japan (see Gethin et al. 2021, Chapter 11).

Figure 6 – Vote for left-wing parties among high education voters



To understand better the drivers behind these peculiar dynamics, we present figures that decompose the education cleavage for selected left-wing (Figure 7) and right-wing parties (Figure 8).

Figure 7 is particularly illuminating. Perhaps counter-intuitively, it seems that the positive cleavage is not a result of the appeal of the main left-wing party PASOK in the highly educated, but rather because of the support that the highly educated show towards the radical left. The education cleavage of PASOK is negative in the 1980s and subsequently follows an increasing trajectory ever since the 1990s. It seems that just as the ‘income elites’ were lured by the Simitis Europeanist modernisation agenda, so were the ‘education elites’. This eventually led to the reversal of the PASOK cleavage post-crisis. Conversely, SYRIZA and its predecessor, Synaspismos, had a positive education cleavage until the crisis, which weakened as they grew more popular.

The dynamics of the education cleavage of New Democracy (Figure 8) are the mirror image of the education cleavage of left-wing parties collectively until the crisis. Subsequently, the emergence of the far-right with its appeal in the low educated creates a wedge. The strongly low-education character of the far-right contributes to preserving the education cleavage in the positive post-crisis.

Figure 7 – Vote for selected left-wing parties among high education voters

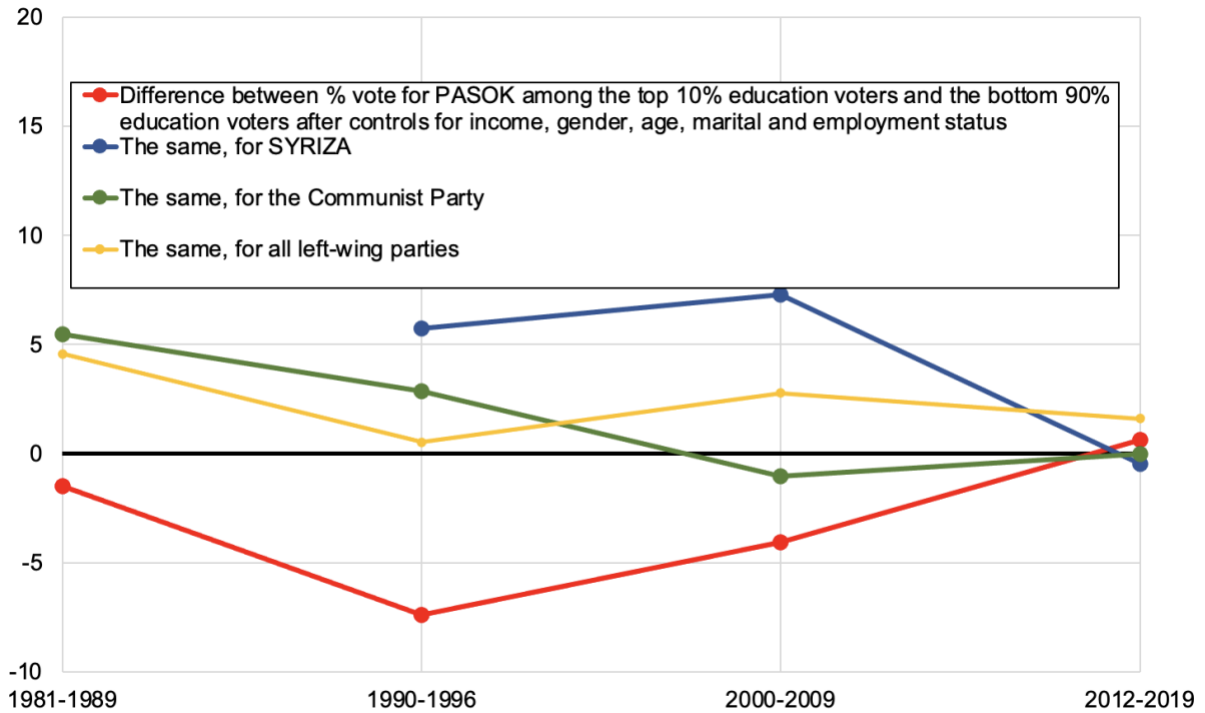
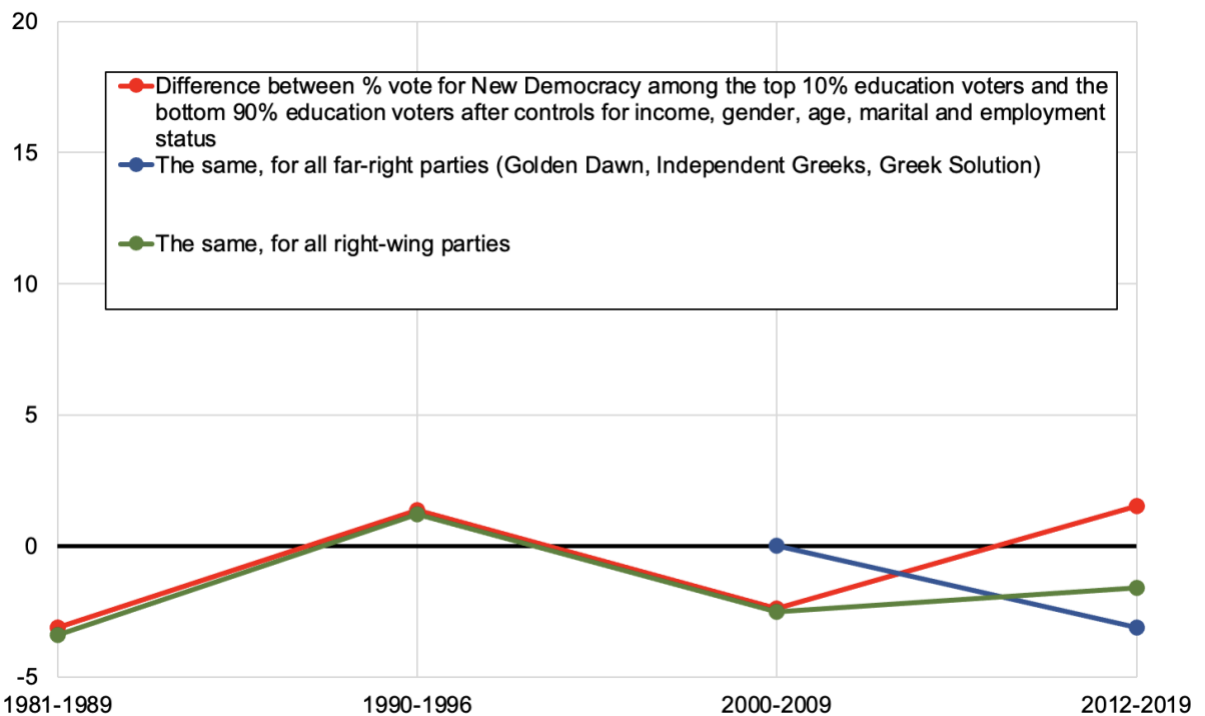


Figure 8 – Vote for selected right-wing parties among high education voters



There are two important conclusions that emerge regarding the Brahmin left phenomenon in Greece. Firstly, until the crisis, the Brahmin left seems to have been primarily concentrated among the radical left rather than PASOK. Secondly, an important reason why the education cleavage remains positive post-crisis has to do with the emergence of far-right parties. These parties enjoy strong support among the low-educated, offsetting the effects of the shift of SYRIZA towards low-education voters.

5.3 Attempting to characterise the pre-crisis Greek party system

The two previous sub-sections make it clear that Greece fits rather uncomfortably in the WPID typology of single and multi-elite party systems. While Greece displays some evidence of a multi-elite party system like most Western democracies, this is not a result of a recent reversal of the education cleavage. That is, the sequence seen in other countries where the left is gradually “captured” by the highly educated, is not the case in Greece. When the PASOK education cleavage reversed, the party collapsed. Its collapse in 2012 was prolific of the decline of European Social Democracy, giving rise to the term “PASOKification” (Cox, 2019). Therefore, it seems that Greece is an exception to the usual trajectory of Western democracies found in Gethin et al. (2021), but not of the same kind as Ireland and Portugal, where there has been a recent turn towards a single elite party system as the left increases its working-class character. In this sub-section, we will provide a few explanations about why this is the case.

5.3.1 Inclusive tertiary education

It is possible that the Greek exception is related to the role of education in Greek society, as discussed in Section 2.2. Given that the Tsoukalas 1975 study is by now outdated, it is worth investigating whether its claims have withstood time. We will evaluate four possible ways in which the particularities of Greek education could explain a positive education cleavage.

One claim in Tsoukalas (1975) is that Greek tertiary education has been exceptionally inclusive, contributing to social mobility. The highly redistributive function of Greek tertiary education has been confirmed by several recent studies, as already discussed (Tsakloglou and Cholezas 2005; Pereira and Martins 2000; Bazoti 2020). One could argue that the beneficiaries of social mobility through public tertiary education tend to vote for left-wing parties. In addition, some scholars claim that a reason why gaining a university degree was highly popular in Greece before the crisis is because it allowed one to find a job in the public sector (Tsakloglou and Cholezas 2005; Bazoti 2020). Indeed, Koustenis (2023) shows that voters employed in the public sector tend to support left-wing parties more. This could partly explain the positive education cleavage.

A second claim in Tsoukalas (1975) that could be related to the education cleavage is that there is a historical and cultural link between the Greek working class, the left and the highly educated. This is hard to prove, although the historically strong left-wing student movement in Greece could be a testament to this.

A third possibility is that Greece has been a pioneer in tertiary educational expansion. This would imply that Greece faced the complexities of maintaining an egalitarian tertiary education earlier on than most other countries. As Piketty (2020) suggests, this challenge often explains why left-wing parties are viewed as defending the winners of the competition for higher education, as opposed to the popular classes. However, this hypothesis does not appear to be confirmed by the data, presented in Appendix A (Figure A.2). If anything, Greece has historically had a lower percentage of university graduates than the average OECD country. A possible argument in favour of Tsoukalas’ claim is that Greece has historically had a large number of students abroad, which are missed by these statistics. For example, in 1973, at the time of the military junta, around 26% of the Greek student population was studying abroad (Drettakis 1978). This tendency persisted. In 2020 there were around 40,000 Greek students

abroad, a share much higher than the average European country.⁶ Unfortunately, we do not have reliable data to test whether Greek students abroad are the missing part of the puzzle.

A fourth related claim is that educational expansion is reflected in the very high enrolment in Greek universities and not the number of graduates. In other words, some people enrol but do not graduate. There is evidence that Greece has much higher participation in tertiary education than many other countries (Appendix A, Figure A.3). However, this tendency began in the 2000s and thus could not explain the education cleavage in the preceding period.

5.3.2 Cultural dualism

An alternative approach would suggest that to explain the Greek party system, one ought to comprehend Greek political culture holistically. Diamandouros (1994) understands the Greek political and cultural landscape as divided into two camps: the pro-European modernisers and the euro-sceptical traditionalists. The former camp envisions Greece as an advanced Western country in terms of secularism, rationalism, democracy, and the embrace of the free market. The latter camp is supposedly trapped in an underdog culture which is introverted, defensive and nationalistic. For Diamandouros (1994), eurosceptics fear market forces because they would damage clientelistic networks of power.

Other scholars have defended a rather similar understanding of Greek politics at the time. Mouzelis (1986) argues that belated modernization transformed clientelism from a personal system to a bureaucratic one, without putting an end to state despotism or creating the space for a vibrant civil society.

These approaches assign a secondary role to class divisions in the formation of the party system in Greece. Tsoukalas (1981) agrees with this. He sees Greek society as compartmentalized along extensive family and clientelist networks. In this scheme, the state plays the primary despotic role. It is in the centre of said networks. In a way, Diamandouros (1994) brings all the above together under his cultural dualism hypothesis.

We have alluded to this dimension of Greek political culture when we discussed the pre-crisis convergence of PASOK and New Democracy in Section 4. European integration and joining the Eurozone in particular (2001) fundamentally altered the dimensions of political conflict in Greece and provided the grounds for political convergence between the two main parties. Eurosceptical factions from both left and right got side-lined, while for many the country's modernisation became synonymous to its integration with the more advanced European mainstream. If anything, the critics of European integration in parliament were more often found in the radical left (e.g. Communist Party) than right-wing parties before the crisis.

If the cultural dualism hypothesis holds, then it is reasonable to expect that both income and education elites would be on the side of modernisers. This presentation of political cleavages is similar to Piketty's (2020) globalist vs. nativist antagonism. The clearest expression of the Europeanist moderniser agenda was PASOK under the Simitis leadership in the 1990s and early 2000s. Hence, since the modernisers have primarily been expressed by the left in Greece, at least until 2012, this could explain why both the education and income cleavages were

⁶ See the Global Flow of Tertiary-Level Students provided by the UNESCO Institute for Statistics here: <https://uis.unesco.org/en/uis-student-flow>.

positive since the 1990s. This would also be consistent with the increasing appeal of PASOK among the highly educated since the 1990s, seen in Figure 7.

This hypothesis is very much in line with the evidence found in Piketty (2020). It is demonstrated that the only policy dimension that brings together income, wealth and education elites is the question of European integration. He considers the latter as the clearest manifestation of the globalist vs nativist cleavage. In the 1992 and 2005 European referenda in France, as well as the Brexit referendum in 2016, the disadvantaged classes of any form tended to vote against European integration. Interestingly, this is exactly what transpired in the Greek 2015 referendum on the third EU-sponsored austerity bailout package. The class cleavage became very apparent, leading to a 62% “no” vote. As seen in Table 1, the “no” vote was characterised by a voter profile clearly decreasing with income. Voters making less than 15 thousand euros yearly voted 70% “no”. Conversely, the “no” vote received only 44% among those with an annual income exceeding 30 thousand euros. It would be interesting to see what happens along higher income quantiles, but we lack the data.

5.3.3 Catchall parties

A third explanation for the pre-crisis Greek party system is that at the end of the day both New Democracy and PASOK emerged as catchall “electoralist” parties, without being firmly grounded in a socioeconomic cleavage. Gunther (2005) argues that this is the case in much of the Southern Mediterranean in the late 20th century and especially in Greece. Similarly to Italy, Spain, Portugal and Ireland, Greece is a late industrialiser with a religious population. As a result, when parties emerged, the industrial cleavage was not as developed as in the rest of Western Europe, leading to a weak anchoring of parties along social classes. The religious-secular cleavage, as we will subsequently explore, is an additional factor blurring the class lines. This could explain why the fluctuations of the income cleavage remain relatively small before the crisis. This hypothesis could explain the weak pre-crisis income cleavage, to the extent that income is related to the class cleavage. However, the strongly Brahmin character of the left in the 1980s could hardly be reduced to a catchall demographic.

5.4 The post-crisis party system

While the pre-crisis party system might have had a relatively weak socio-economic anchoring, the crisis gave birth to new lines of division where social class was central. As already discussed, the Greek debt crisis led to a rupture of the party system. Several challenger parties emerged, the mainstream left party collapsed and the politics of convergence between the centre-left and the centre-right came to an end.

Kouki and Liakos (2015) argue that a new line of division emerged with the crisis, which transcended the traditional left-right, or moderniser-traditionalist divides: the pro- and anti-memorandum divide. The term “memorandum” refers to the three Memoranda of Understanding (MoUs) signed with the troika (EU, ECB, and IMF), i.e. the bailout packages with austerity conditionalities. Hence, this is a Greek variation of the pro- and anti-austerity cleavage that has emerged in several countries after the 2008 crisis (see Tsoukalis 2023).

The pro-memorandum camp consisted of the mainstream parties that had implemented austerity memoranda themselves, namely New Democracy and PASOK, alongside the small new centrist party The River. According to the dominant pro-memorandum narrative, there was no alternative but austerity. This was the price to pay for Greeks living beyond their means

and refusing to embrace modernisation (Kouki and Liakos 2015). There was a significant continuity between the modernisers before the crisis and the pro-memorandum camp. This is also evident in opinion polls in 2015 where the voters who were most supportive of memoranda and austerity were those of PASOK (Andreadis 2016).

In the anti-memorandum camp there were a number of challenger parties, from left and right. The most prominent among them was SYRIZA. Far-right parties such as the Golden Dawn and Independent Greeks also embraced an anti-austerity rhetoric. A testament to how the memorandum cleavage transcended the left-right divide is seen in the fact that many of the supporters of the neo-Nazi Golden Dawn ideologically positioned themselves on the left of the political spectrum (Andreadis 2016; Georgiadou 2013).

The memorandum divide reached its peak in the 2015 referendum. As accusations of treason became the norm, the polarisation of Greek politics brought back memories from the old left-right divide, yet in a modern articulation. Moreover, while the pro- and anti-memorandum dualism transcended the left-right divide, it was deeply nested in the class cleavage. This is related to the reversal of the income cleavage back to negative territory and the weakening of the education cleavage post-crisis.

The class character of the memorandum divide is confirmed by Tables 1 and 2. Table 1 shows that SYRIZA has a clearly decreasing voter profile by income, while New Democracy has an increasing one. Moreover, the class element behind the referendum vote becomes very evident in Table 1, as already discussed in the previous sub-section. Table 2 confirms the party decompositions already presented in the previous sections. The far-right indeed enjoyed the support of low-income and low-education voters, while the small pro-memorandum centrist party The River appealed mostly to the elites (high income and high education).

The memorandum divide was severely weakened when SYRIZA signed an austerity bailout as well. Its previous anti-memorandum stance was later described as “youth folly” in an official party document (Central Committee of SYRIZA 2019). Hence, SYRIZA too adopted the pro-memorandum position that there was no alternative to austerity.

Despite effectively overturning the referendum of July 2015 and facing three factional party splits, SYRIZA faced very limited electoral cost in the September 2015 elections. Nevertheless, there was a massive increase in abstention and non-valid votes (by 750,000, 12.1%). Since a large number of these voters have never participated in elections since, this relativises the analysis of subsequent electoral outcomes, according to Koustenis (2023).

Until 2019, SYRIZA maintained its appeal among low-income and low-education voters. However, exit poll data from the May 2023 elections (Table 3) show that SYRIZA has lost its appeal among the low educated. This is consistent with Mavris (2023) who, using electoral geography, argues that SYRIZA has lost a significant part of its working-class support. Mavris (2023) explains this based on the centrist direction that SYRIZA has taken after it signed a memorandum, which made it lose its radical character that constituted its comparative advantage.

If this is true, then SYRIZA could be at the onset of becoming a Brahmin left party, like many of its Western counterparts. Following the typology proposed in Gethin et al. (2022), this Brahmin turn could be explained by the transformation from a left-wing anti-austerity party,

emphasising the economic-redistributive dimension, to a progressive party focused on socio-cultural issues, hence appealing more to the highly educated.

Table 1: The Income cleavage in the referendum and the 2012-2019 elections (Koustenis 2023)											
	Share of Votes Received (%)										
	Referendum	Elections									
	2015	2012		2012.5		2015.5		2015		2019	
Average yearly income (euros)	"No" Vote	SYRIZA	New Democracy	SYRIZA	New Democracy	SYRIZA	New Democracy	SYRIZA	New Democracy	SYRIZA	New Democracy
>30,000	43.7%	17.9%	16.3%	24.1%	37.0%	26.7%	39.0%	29.3%	35.3%	23.2%	53.8%
24,000-30,000	52.5%	19.8%	14.7%	27.8%	30.8%	31.6%	32.0%	33.7%	29.8%	28.3%	45.4%
22,500-24,000	59.0%	21.7%	13.2%	31.1%	26.1%	35.2%	26.8%	37.2%	25.6%	32.5%	38.6%
20,000-22,500	63.6%	22.4%	11.7%	33.2%	23.0%	38.0%	23.5%	39.3%	22.8%	35.3%	34.4%
19,500-20,000	66.4%	22.8%	11.8%	34.2%	22.4%	39.4%	22.4%	40.3%	22.3%	37.0%	33.0%
<19,500	70.2%	21.4%	11.8%	33.6%	21.5%	40.5%	21.0%	40.3%	21.7%	37.1%	32.7%

Table 2: The structure of political cleavages in Greece, 2012-2019 (CSES-ELNES)

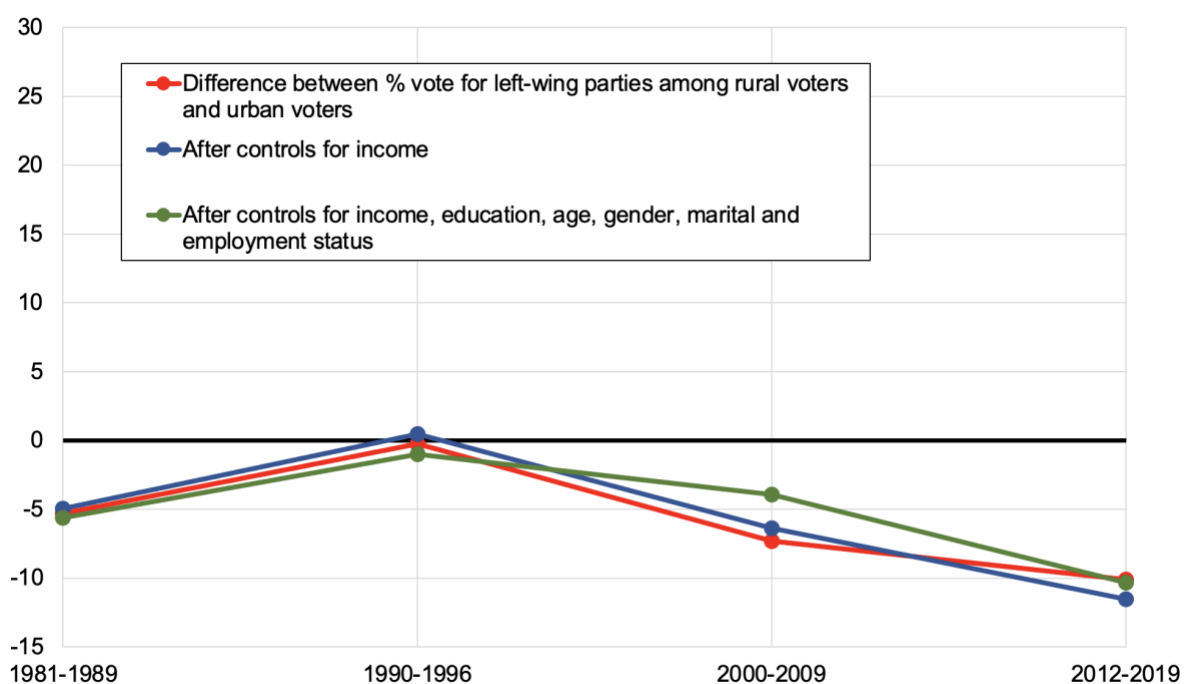
	Share of votes received (%)						
	KKE	MERA25	SYRIZA	PASOK	The River	New Democracy	Far-right parties
Education							
Primary	5%	0%	32%	4%	5%	34%	10%
Secondary	3%	1%	33%	5%	4%	32%	7%
Tertiary	5%	3%	29%	5%	8%	38%	2%
Groups of income							
Bottom 50%	5%	2%	35%	4%	4%	31%	6%
Middle 40%	4%	2%	30%	6%	7%	35%	6%
Top 10%	3%	2%	22%	7%	10%	45%	2%
Age							
20-40	5%	3%	36%	3%	6%	29%	5%
40-60	3%	1%	31%	5%	7%	36%	6%
60+	5%	1%	25%	9%	5%	42%	4%
Location							
Urban	4%	2%	33%	5%	7%	35%	4%
Rural	6%	1%	22%	8%	2%	35%	11%
Church attendance							
Never	7%	2%	43%	4%	9%	22%	3%
Less than monthly	4%	2%	31%	6%	6%	35%	6%
Monthly or more	2%	1%	20%	5%	3%	46%	8%
Gender							
Woman	5%	2%	35%	4%	7%	34%	4%
Man	4%	2%	29%	6%	6%	36%	7%
Groups of education							
Bottom 50%	5%	2%	31%	5%	5%	35%	7%
Middle 40%	4%	2%	31%	5%	7%	35%	5%
Top 10%	4%	2%	30%	6%	8%	37%	3%

Table 3: Structure of the political cleavages in Greece, 2023 May elections (exit polls)					
	Share of the votes received (%)				
	KKE	SYRIZA	PASOK	New Democracy	Greek Solution
Gender					
Men	8%	18%	11%	41%	5%
Women	7%	22%	12%	40%	4%
Education					
Primary	6%	20%	13%	50%	4%
Secondary	7%	19%	11%	40%	6%
Tertiary	8%	22%	11%	40%	3%
Age					
17/18-34	8%	22%	10%	31%	5%
35-54	7%	19%	11%	40%	5%
55+	7%	20%	13%	47%	4%
Occupation					
Agricultural employment	8%	10%	13%	48%	8%
Self-employed	6%	13%	9%	55%	4%
Public sector employment	6%	24%	13%	36%	3%
Private sector employment	10%	23%	12%	29%	6%
Unemployed	7%	20%	9%	34%	7%
Student	7%	26%	11%	31%	5%
Housewife	6%	18%	14%	46%	3%
Pensioner	6%	20%	13%	49%	3%

5.5 Rural-urban cleavage

The rural-urban cleavage has been consistently sharp in capitalist democracies (Gethin et al. 2021). Urban areas tend to concentrate economic activity and create a greater array of opportunities for their residents compared to the countryside. Nevertheless, the left has faced a difficulty in penetrating the demographic of rural voters. This difficulty is related to the fact that left-wing parties emerged from the industrial cleavage and were concentrated in urban, working-class areas after the Industrial Revolution (Lipset and Rokkan 1967). This is one reason why class divides are weak in late industrialisers (Gethin et al. 2021). The stabilisation of their party systems occurred at a time when the agricultural sector was still strong and many rural workers were unwilling to support left-wing parties. Hence, the rural-urban cleavage in these countries tends to be strongly cross-cutting, blurring class lines.

Figure 9 – Vote for left-wing parties among rural voters



This does not appear to be the case in Greece. While Greece indeed has a weak class cleavage, this does not appear to be so because of the cross-cutting nature of the rural-urban cleavage if we take Figure 9 at face value. The pre-crisis period of PASOK-New Democracy dominance in Greece displays a relatively weak rural-urban cleavage. While the well-established result, i.e. that rural voters tend to vote for the right, holds, this does not seem to be a strong tendency in Greece. In the post-crisis period though, the cleavage seems to become stronger.

For reference, the average rural-urban cleavage in Western democracies has fluctuated around -10% since the 1950s. Only Italy bears some similarities to Greece. In the 1980s and 1990s both countries displayed a similarly weak cleavage, while they both saw their rural-urban cleavage deepen in the 2010s. In Italy though this trend is related to the existence of a regionalist cleavage (North-South), which is absent in Greece.

As before, we present a decomposition of the rural-urban cleavage by parties. Figure 10 presents the rural-urban cleavage for selected left-wing parties. Interestingly, it seems that PASOK has consistently had a neutral rural-urban cleavage, despite its left-wing character. This is likely to be related to the strong subsidies that farmers received since 1981 as part of EU’s Common Agricultural Policy. Being in government at the time, PASOK managed to penetrate the countryside and set up a powerful party machine of networks and connections.⁷

SYRIZA was unable to match PASOK’s rural policies and party machine, facing greater difficulties to reach the rural voter. Moreover, the social movements that facilitated the rise of SYRIZA were primarily concentrated in urban areas (e.g. “Aganaktismenoi” – Greek Indignados). When SYRIZA rose to power, its rural-urban cleavage became strongly negative, explaining the post-crisis negative dip of the rural-urban cleavage overall (Figure 10).

Figure 10 – Vote for selected left-wing parties among rural voters

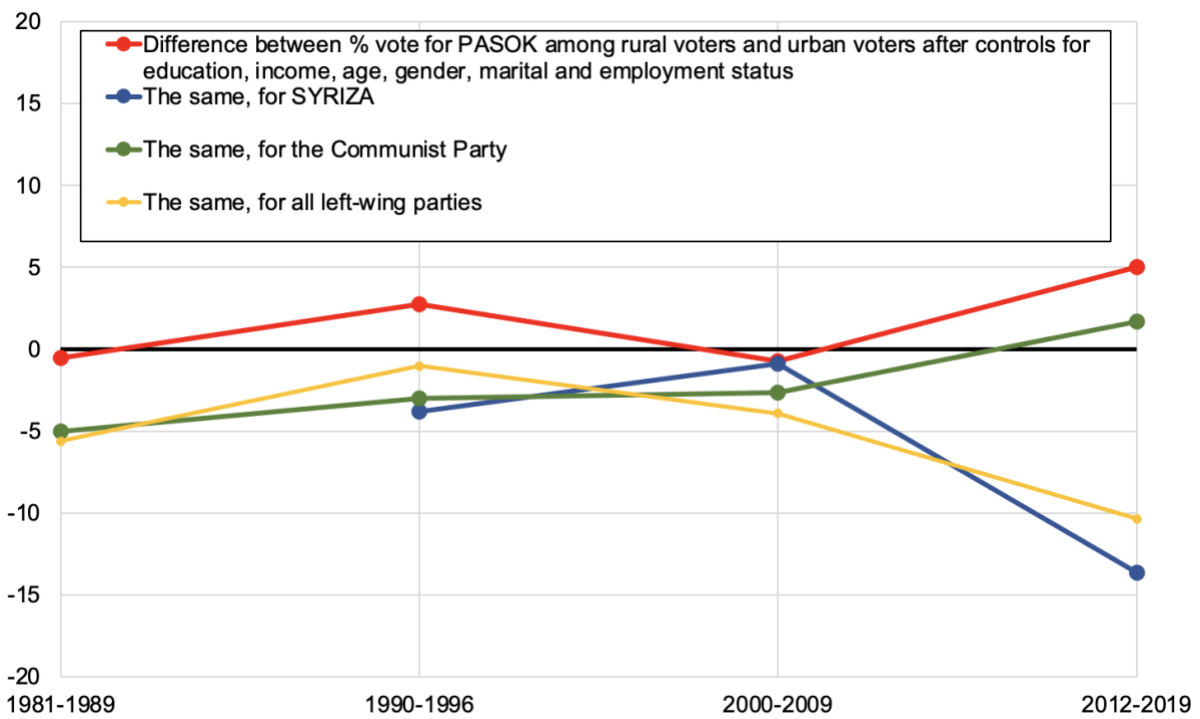
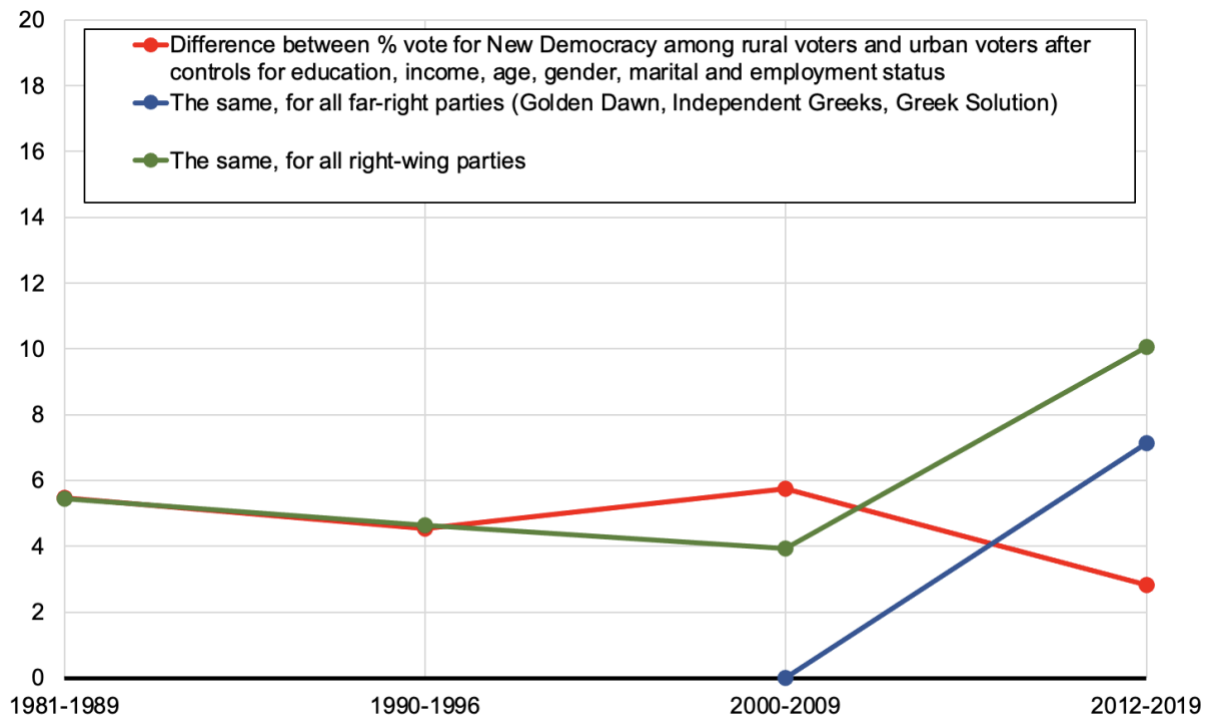


Figure 11 presents the equivalent decomposition, this time for right-wing parties. It appears that New Democracy has been more popular with rural voters than PASOK, explaining the slightly negative rural-urban cleavage for left-wing parties overall. The third period of electoral competition in Greece (2012-2019) though brought a reduction of New Democracy’s appeal to the countryside, along with a strongly positive rural-urban cleavage for far-right parties. The appeal of far-right parties in the countryside is evident from Table 2 as well but is now also confirmed with controls.

⁷ Including connections of clientelist patronage, see Afonso et al. (2015).

Figure 11 – Vote for selected right-wing parties among rural voters



Besides the importance of policies and political tactics, the historically weak rural-urban cleavage is related to the strong links that people in urban centres have maintained to the Greek countryside. Tsoukalas (1975) observes that Athens went from being a town of a few thousands in the mid-19th century, to becoming the largest city in the Balkans before the First World War. This happened, he argues, through the planned and temporary migration of men from villages to the city, primarily to study and to achieve a better socio-economic standing. Most of them subsequently joined a ‘petty bourgeoisie’. As such, Tsoukalas (1975) argues, while Greece urbanised, workers did not become proletarianized. Hence, migrants to urban centres maintained close links to the countryside, where usually members of their families still lived.

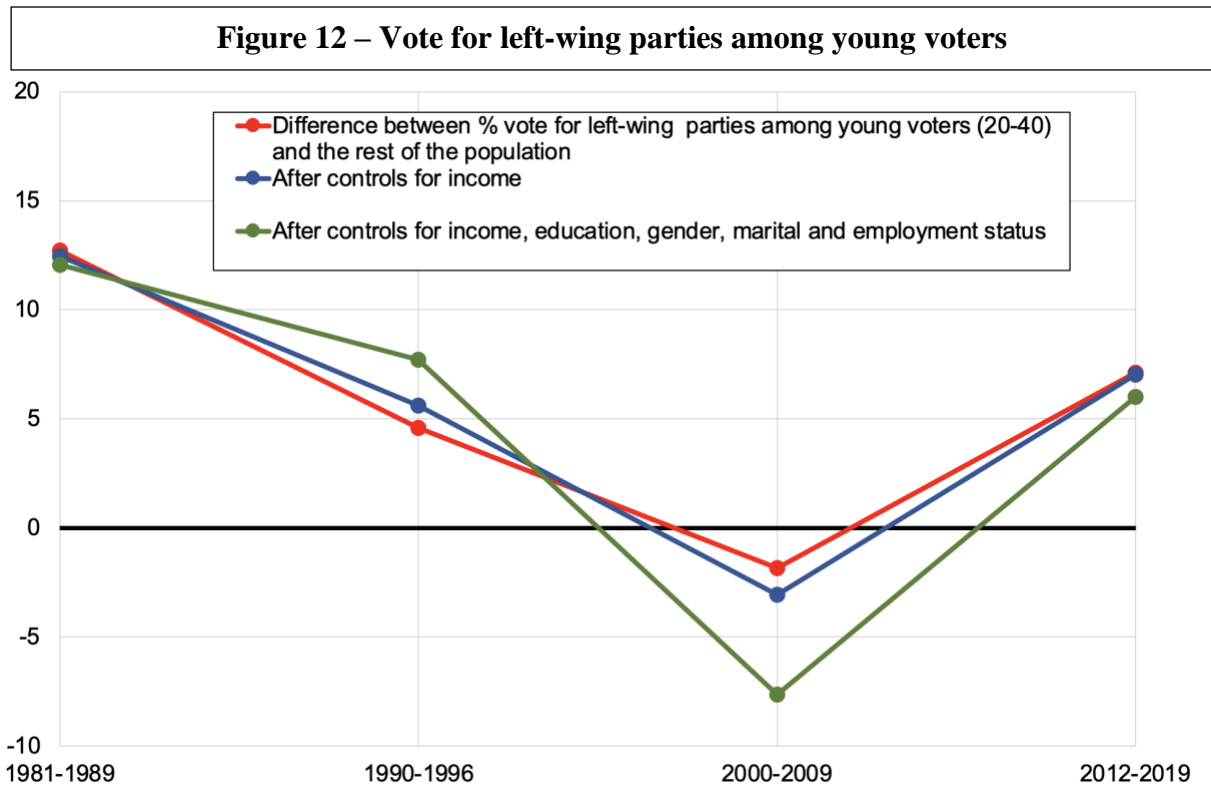
These links are reflected in the non-negligible number of voters who live in urban areas but have kept their voting rights in the countryside, usually in their village of origin. If one could accurately distinguish between the actual residents of the countryside and those who vote in the countryside but live in the city, then the rural-urban cleavage would have likely been stronger.

5.6 Age and gender cleavages

Figure 12 presents the age cleavage. We reproduce the well-established result that younger people tend to vote more for the left than older people. The pattern followed is similar to other Greek political cleavages already discussed. In the 1980s, the left in Greece appealed to the expected demographic of low-income and young voters. There is a clear declining tendency of its appeal in the young though, culminating in the 2000s when the young vote more for right-wing parties. This could be related to the aforementioned strategies of convergence to the right and the emergence of a technocratic and centrist PASOK that seems to have discouraged young voters.

The crisis and the emergence of SYRIZA broke this pattern, regaining the vote of the young. This is in line with other challenger left-wing parties that emerged post-crisis, which also had a voter profile decreasing in age (Die Linke in Germany, Podemos in Spain). Tables 2 and 3 confirm the appeal of SYRIZA among young voters and students, while PASOK is particularly successful among old voters and pensioners. These results are true even after controls, as shown in the party decomposition of the age cleavage presented in Appendix A (Figure A.4).

Compared to other countries in the WPID, Greece has a strong age cleavage. Most European countries face a more or less consistently positive, but relatively weak age cleavage.

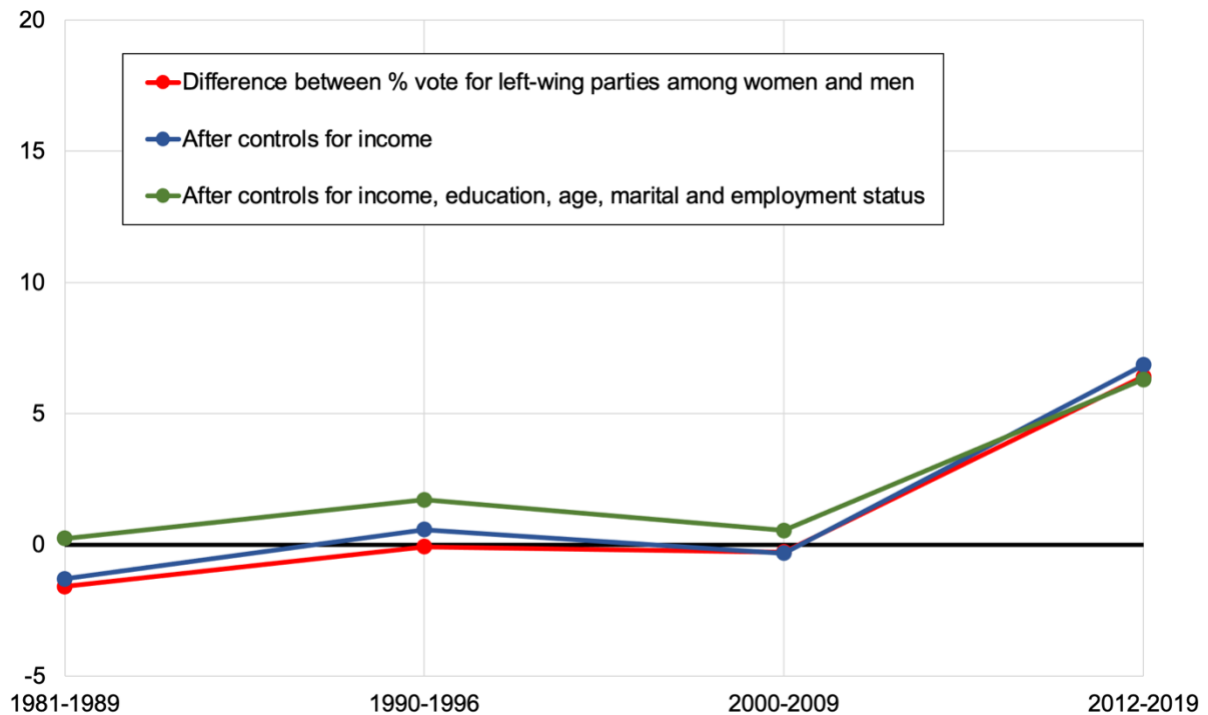


We now turn to the gender cleavage, presented in Figure 13. The two major reversals that Piketty (2020) finds in terms of political cleavages are education and gender. In most countries, similarly to the highly educated, women used to vote for the right (“traditional gender cleavage”) and they now vote for the left (“modern gender gap”). Contrary to the educational cleavage, the reversal of gender cleavage does happen in Greece.

From a weak “traditional gender cleavage”, Greece quickly moves to a strong “modern gender gap”. Since the 1980s, the tendency to vote for the left seems to be very balanced between men and women. As late as in the 2010s we see the pattern found in other countries, namely that of women turning more towards left-wing parties. This “modern gender gap” appears in Greece later than in most other Western democracies. In the latter, the gender cleavage reverses around the 1980s (Inglehart and Norris 2000). However, once the “modern gender gap” appears, it leads to Greek women having one of the strongest tendencies to vote for the left among Western democracies. Interestingly, the Greek gender cleavage is closer to that of Scandinavian countries than to the rest of Southern Europe, where a “modern gender gap” is yet to appear.

Gethin et al. (2021) find that the tendency of women to vote for right-wing parties in the mid-20th century is largely driven by religiosity or religious affiliation. Controlling for religiosity in Greece, the sudden spike in the 2010s remains. Ergo, the recent emergence of the “modern gender gap” in Greece does not appear to be linked to changes in the religiosity of women.

Figure 13 – Vote for left-wing parties among women voters



Rather, the strong “modern gender gap” seems to be related to the effects of the crisis and the rise of SYRIZA. The position of women in Greek society has been highly unequal. According to the Gender Equality Index, published every year by the European Institute for Gender Equality, Greece displayed the lowest Gender Equality score out of all 27 European Union countries in 2022. There is also evidence that women were more severely affected than men by the crisis and austerity policies, in terms of employment, health as well as mental health (Vaiou 2014; Drydakis 2015). Hence, it might not come as a surprise that when offered an anti-austerity and untainted alternative, women were inclined to support it.

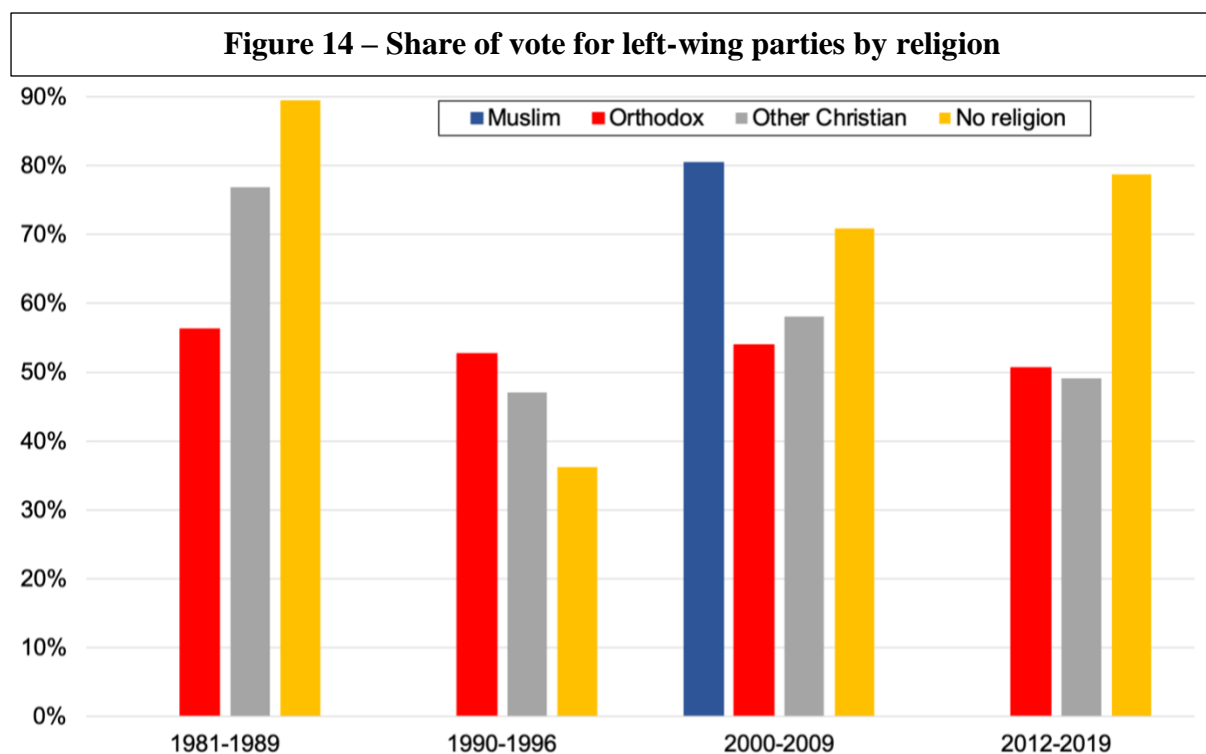
Tables 2 and 3 can help understand which parties are behind these changes. SYRIZA seems to have more of an appeal among women than most other parties, certainly more than New Democracy and PASOK. Moreover, the emergence of far-right parties has contributed to the negative gender cleavage since they are overwhelmingly supported by men. We confirm that these results hold even after controls in the party decomposition of the gender presented in Appendix A (Figures A.5 and A.6).

5.7 Religion cleavages

Another result found in Piketty (2020) and Gethin et al. (2021) is that religious minorities in Western countries have overwhelmingly been voting for left-wing parties lately. For instance, this is clearly seen in the voting of Muslims in France, Black people in the US and people of Caribbean and Indo-Pakistani descent in the UK, who all vote for left-wing parties by around 80-90% (Piketty 2020).

Greece is the only majority-Christian Orthodox country to be included in the WPID. In fact, Greece constitutionally recognises the “prevailing religion” of Orthodox Christianity, having withstood for years the implementation of secularism. Nevertheless, the direction of the cleavages seems to confirm the literature, as seen in Figure 14. Muslims and people of no religion tend to vote significantly more for left-wing parties.

However, Greece is a very religiously homogeneous country. In 2006, it is estimated that 96.9% of the population was Orthodox Christian, with only 2% declaring themselves as atheist. Nowadays, the percentage of Orthodox Christians has fallen to 81.4%, with 14.7% being non-religious.⁸ People of Muslim faith are estimated to be around 1-2% of the population.⁹ Hence, the results displayed in Figure 14 should be interpreted with caution. We only present the Muslim vote for the 2000s because for the rest of the elections there are too few observations.



⁸ As quoted by the public opinion polling company Kapa Research: <https://kaparesearch.com/en/easter-faith-and-religion-in-greece/>.

⁹ This statistic is found both in the 2019 report of the US State Department on religious freedom in Greece (<https://www.state.gov/reports/2019-report-on-international-religious-freedom/greece/>.) and in this 2017 Pew Research Center report on religious beliefs in Central and Eastern Europe (<https://www.pewresearch.org/religion/2017/05/10/religious-affiliation/>.)

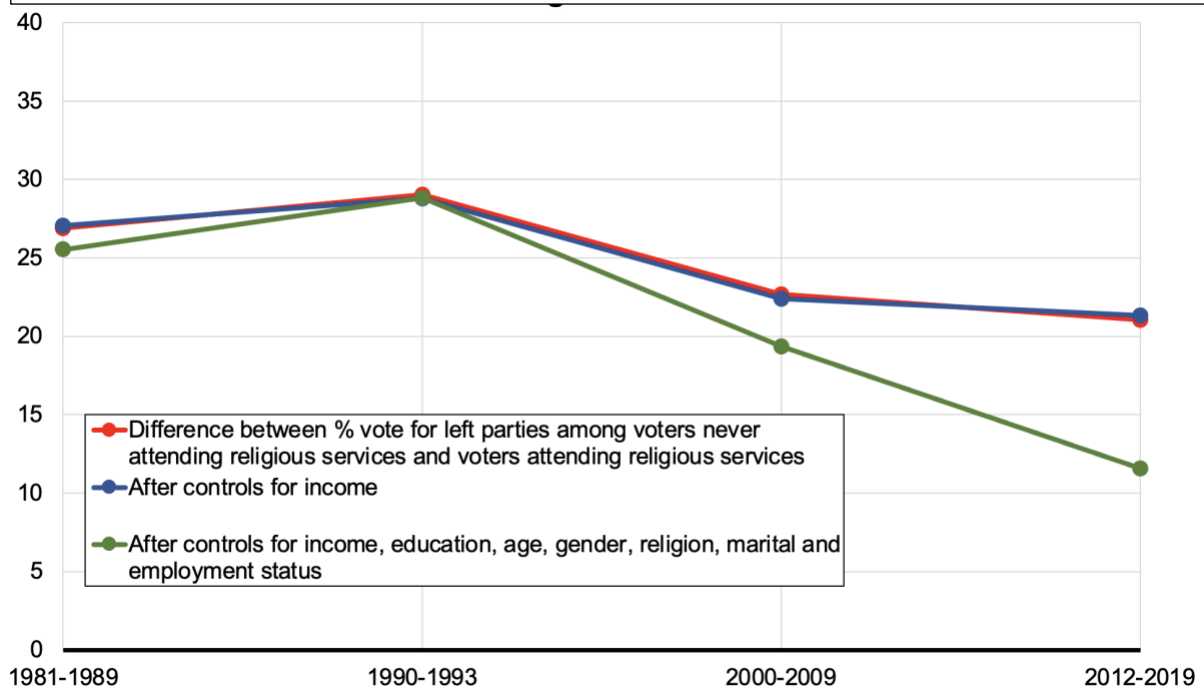
The impact of the Muslim vote was very clear in the elections of May 2023. The only region in Greece that did not give a majority to the centre-right New Democracy is that of Rodopi, in northeastern Greece. Mavris (2023) argues that this is because SYRIZA managed to maintain the support of the Muslim community in Rodopi, despite its electoral collapse. In fact, in the municipalities where the Muslim community is concentrated, SYRIZA received an absolute majority (Amaxades 62.2%, Sostis 59.6%, Fillyria 51.9%).

Turning to the religious-secular cleavage, Figure 15 reproduces a well-established result: religious voters have a strong tendency to vote for right-wing parties. In Greece, the conservative party has maintained the closest links to the church and religious voters, while left-wing parties have a history of fighting for secularisation, albeit with limited success.

While the cleavage appears relatively stable itself, after controls (green line) there appears to be a declining tendency. This is the result of the gradual secularisation of Greek society. In the 2010s, 10-15% of the respondents declared they had no religion. The latter tend to never, or rarely, attend religious services. Hence, controlling for religion makes the cleavage reduce. Overall, Greece displays a relatively similar trajectory to the rest of the Southern European periphery, of a strong but declining religious-secular cleavage due to secularisation.

Going back to Table 2, we see that SYRIZA has a strong appeal among the non-religious, while PASOK does not have a strong religious-secular cleavage. Right-wing parties are indeed more popular among the church-going. We confirm that these results hold even after controls in the party decomposition of the religious-secular presented in Appendix A (Figure A.7).

Figure 15 – Vote for left-wing parties among voters never attending religious services



There are at least two instances when the religious-secular cleavage became apparent in contemporary Greek political history. The first is in the 2000s, when the Simitis PASOK government passed a law that withdrew references to religion from Greek identity cards. The Church and Archbishop Christodoulos rallied people against this reform, enjoying widespread participation. (Andreadis and Stavrakakis 2019). The second was during the SYRIZA government in 2015-2016, when the Minister of Education and Religious Affairs tried to pass several secular reforms, including changes in the way that the Religion class was taught to pupils in primary and secondary education. The reaction of the Church was so severe that the government was forced to replace the said Minister. In short, there are times when the strength of the religious-secular cleavage has become apparent in Greek political history, bearing notable consequences.

6. Conclusion

Bringing the above evidence together, it seems that Greece is an exception regarding both its income and its education cleavage. Left-wing parties were supported by high income voters from the 1990s until the crisis, leading to a positive income cleavage. This is a unique phenomenon for a country with a socialist or social-democratic left. In the only other countries where the income cleavage became positive, this happened in the 2010s and was a result of the rise of parties that have no links to the labour movement, nor embrace a socialist ideology.

The deep economic crisis and the implementation of unpopular austerity policies subsequently led to the reversal of the income cleavage back to negative territory in the 2010s, fuelled by the rise of challenger left party SYRIZA. The radical anti-austerity platform of SYRIZA brought a large change in the composition of the electorate supporting left-wing parties in Greece. The replacement of PASOK by SYRIZA as the dominant Greek left-wing party redirected the appeal of left-wing parties towards popular classes and low-income voters. However, following the 2023 elections, the party system is in a state of flux. We briefly refer to this matter below.¹⁰

As for the education cleavage, it has remarkably remained positive and relatively stable ever since 1981. It seems that the left in Greece has always been of the Brahmin kind, enjoying the support of the highly educated sections of the population. In fact, not only has the education cleavage been positive, but it is also following a decreasing pattern, which is the exact opposite of the trend found in Western democracies. Therefore, the pre-crisis Greek party system fits very uncomfortably in the WPID typology. We have argued that the inclusivity of Greek education, as well as the Greek cultural dualism, appear to be related to these curious results. The crisis has subsequently pushed Greece towards a multi-elite configuration, which seems to be rather unstable.

Regarding the other political cleavages analysed, Greece broadly follows the patterns seen in other Western democracies. Greece has displayed a historically weak but emergent rural-urban cleavage, which could be explained by the close links Greeks in urban areas have maintained to the countryside. Young Greeks have voted more for the left, with an exception in the 2000s,

¹⁰ The election of a new leader of SYRIZA, Stefanos Kasselakis, following SYRIZA's electoral collapse in 2023 brought another round of factional party splits. The deep transformation of what remains of SYRIZA seems rather obvious at the time of writing. However, our methodology relies on the analysis of long-term trends in political cleavages. Hence, we only restrict ourselves to a brief comment regarding the changes that are currently under way.

while the gender cleavage has historically been weak but recently strengthened, displaying the established tendency of women increasingly voting for the left. The religious-secular cleavage has been particularly deep in Greece, while the effects of a belated secularisation are starting to appear.

The rupture caused by the crisis is evident in most cleavages. Party fragmentation was related to the emergence of challenger parties that expressed particular sections of the Greek voter base. In some cases, such as in income and education, challenger parties had a similar appeal. Namely, both SYRIZA and the far-right enjoyed support among low-education and low-income voters. This is likely because they both stood on the same side of the memorandum rivalry, being critical of austerity. Hence, far-right parties have attenuated the effects of the rise of SYRIZA in the income and education cleavage graphs (Figures 3 and 6). In the rest of the cleavages though, the challenger parties appealed to very different voters. Women, the young, the non-religious and those living in urban centres supported SYRIZA, while the far-right was particularly popular among religious men residing in the countryside.

We have posited that the 2023 elections indicate that the post-crisis Greek party system has been in an unstable equilibrium, especially after SYRIZA effectively abandoned its anti-memorandum character. It is too early to evaluate the characteristics of this new emergent party system, especially in relation to the political cleavages on which it is based. Still, we hope to have demonstrated that a historical and empirical discussion of political cleavages is a useful and important guide for understanding Greece's turbulent politics.

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Appendix A

Figure A.1 – The Greek two-party systems, 1981-2023

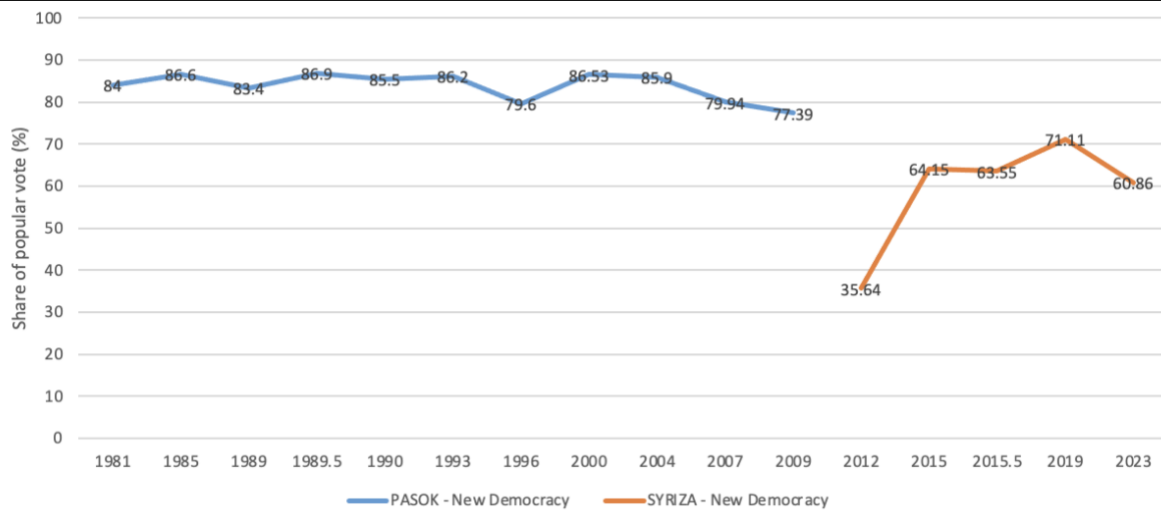


Figure A.2 – Population and tertiary education in Greece (% of 25-34 year olds), OECD

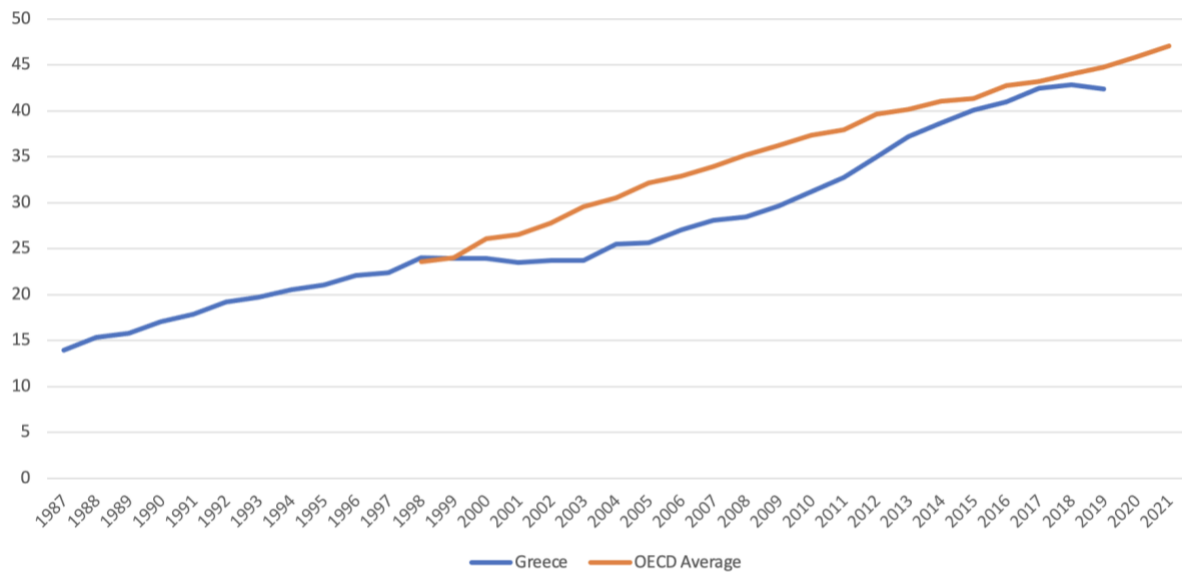


Figure A.3 – Tertiary education enrolment in Greece (% gross), World Bank

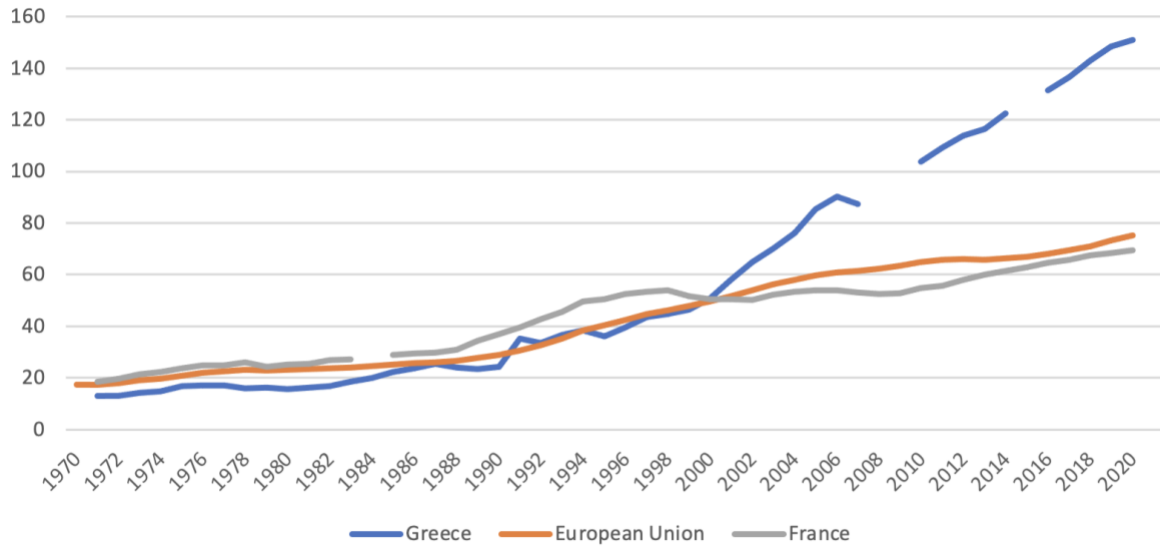


Figure A.4 – Vote for selected left-wing parties among young voters

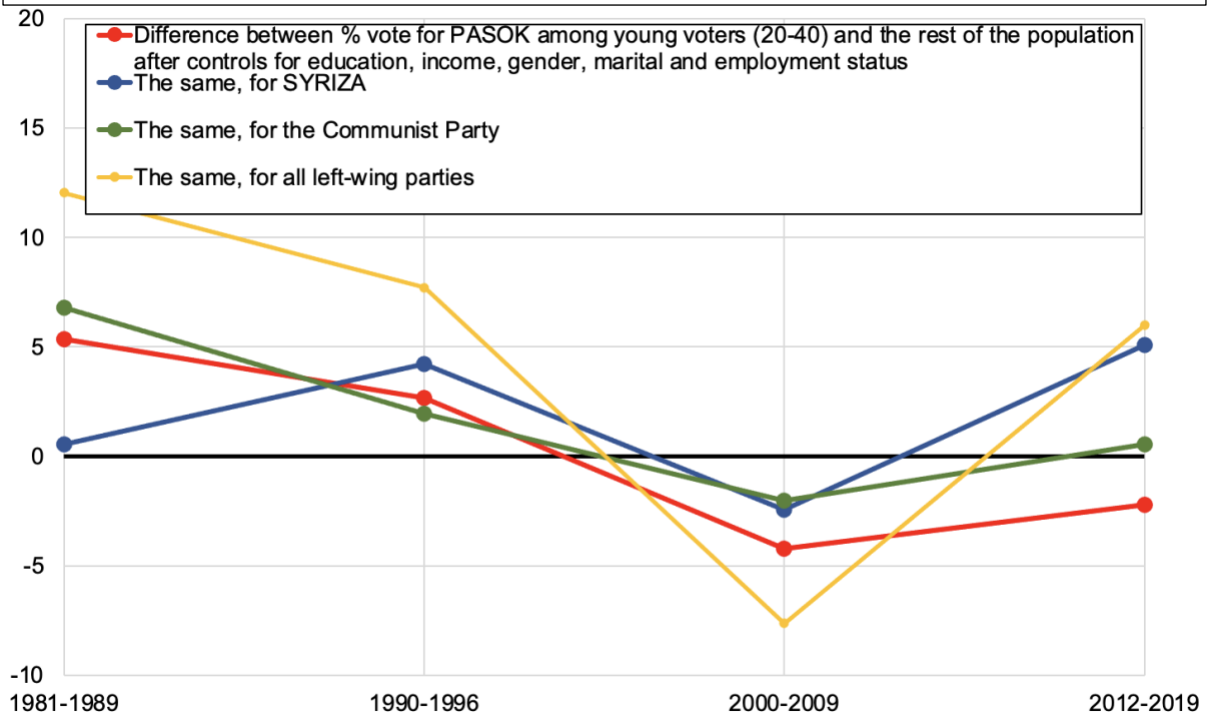


Figure A.5 – Vote for selected left-wing parties among women voters

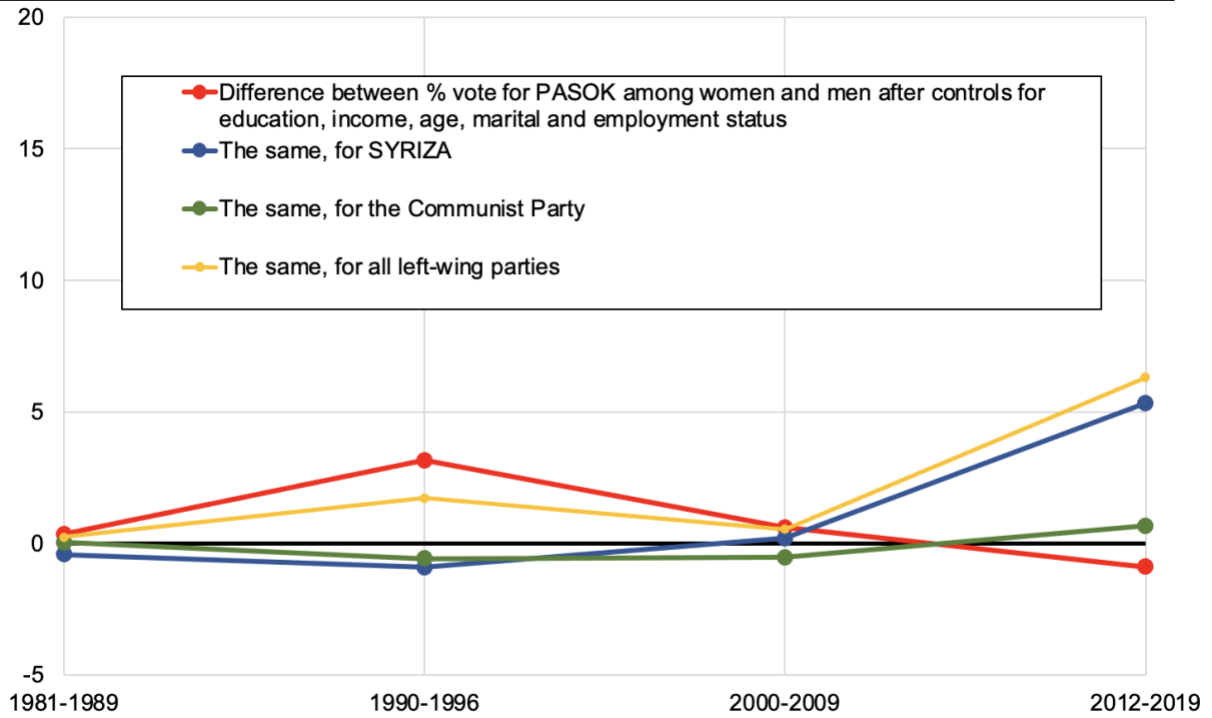


Figure A.6 – Vote for selected right-wing parties among women voters

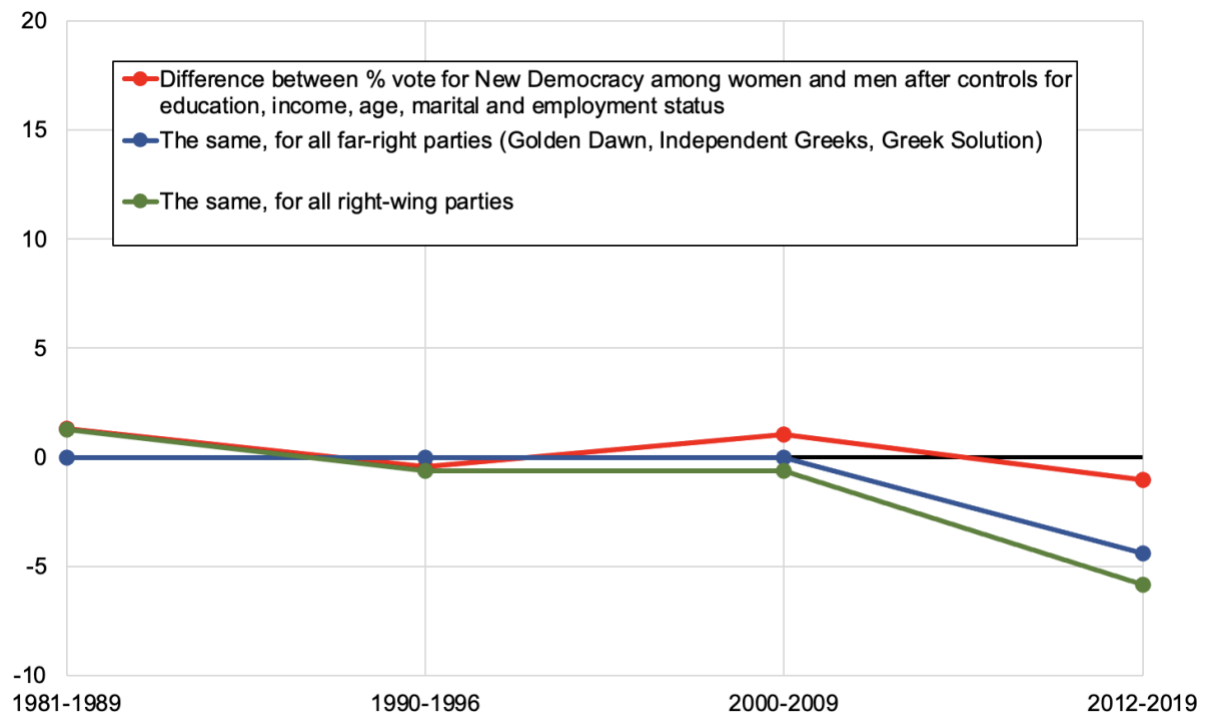
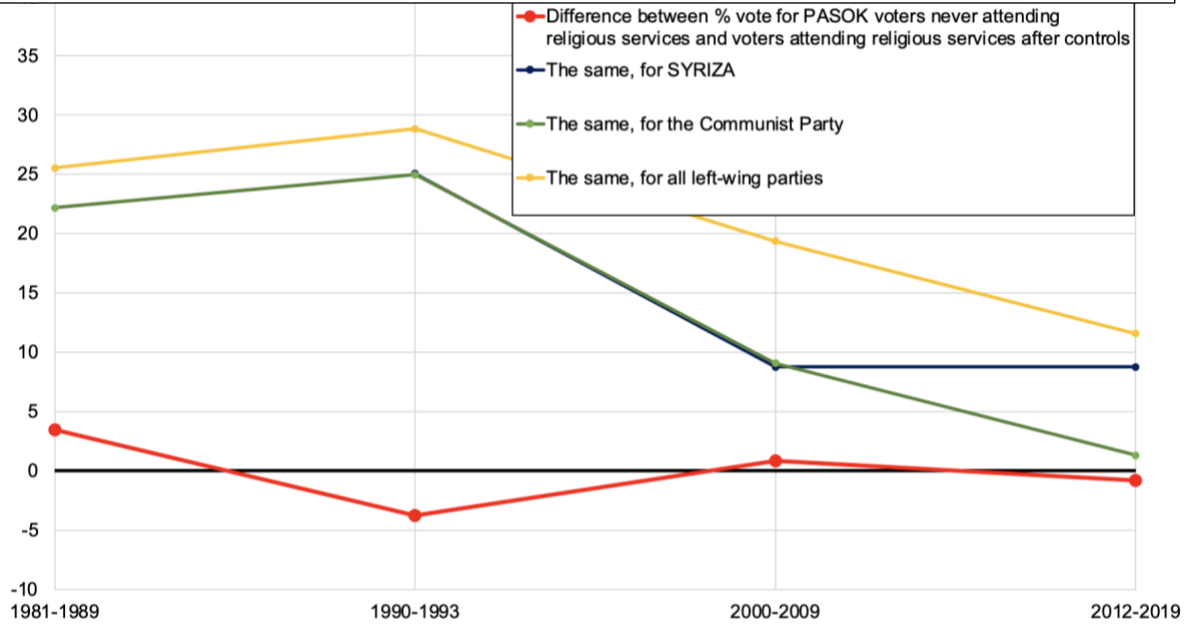


Figure A.7 – Vote for selected left-wing parties among voters never attending religious services



Appendix B

Greece – A Note on the Economic Background 1974-2023

B.1 Introduction

The modern Greek state was founded in 1830. From the beginning, Greece had a weak economy. It was based on agriculture and small proprietorship. Industrialization and rapid growth came late, during the 20 boom years that followed WWII (1950-1970) (Stravelakis 2022). Nevertheless, the growth and the fluctuations of the Greek economy are strongly correlated to those of the major capitalist economies since the 19th century (Tsoulfidis 2023 p. 161). This is important because Greece has undergone economic and political turmoil as a result of all the major capitalist crises. In all crises but one, it defaulted on its public debt. Specifically, it defaulted in 1848, 1897, and 1932 and quasi-defaulted in 2009. It skipped only the “Great Stagflation” of the 1970s, although it nearly defaulted in 1989 as a result of policies implemented to weather that crisis.

In this note, we briefly discuss the economic history of Greece from 1974 to 2023. It is supplementary to our paper on Greek political cleavages. It aims to provide the economic context for the analysis of political cleavages in Greece. In Section B.2.1 we discuss the economic developments of the period up until the 2008 crisis. Section B.2.2 is devoted to the crisis and the attempts to address it – i.e. the memoranda. Section B.2.3 discusses Greek economic life after exiting the adjustment programs, while Section B.2.4 provides a brief note on the Greek crisis. Section B.3 concludes.

B.2 Economic Background

B.2.1 1974 – 2008: Deindustrialization and the unsustainable debt path

In Greece, the effects of the Great Stagflation peaked between 1971-1974. Financial expansion accompanied by high energy prices together with the collapse of Bretton Woods in 1971 led to severe inflation, reductions in real wages, sluggish growth, and unemployment. The military regime that resulted from the coup of 1967 collapsed in 1974 and the fifth Greek republic was established. The right-wing government of New Democracy which took office in 1974 tried to weather the crisis by nationalizing banks, public utilities, and transportation.

Nevertheless, the problems persisted. The reason was that a good part of the industrial basis (textiles, shipyards, steel industry, building materials, etc.), that had developed during the past 20 years (1950-1970), was in deep trouble (Louri and Pepelasis Minoglou 2002). Most of the troubled companies were nationalized by the left-wing PASOK government in 1982 and were financed through budget deficits. The deficits also aimed to boost demand and protect real wages against persistent inflation. In the latter they were successful. However, this policy was not sustainable.

Around 1989 the debt-to-GDP ratio, which was 40% in 1974, had reached 100% and the country came to the verge of default. The situation was addressed by an all-party government (New Democracy, PASOK, Synaspismos - KKE) under the professor of economics, former head of the Central Bank, and former minister of finance Xenophon Zolotas. Default was avoided and the PASOK – New Democracy two-party system remained in place until 2012.

The all-party government was succeeded in 1991 by a short-lived New Democracy neoliberal government that aimed to restore growth through tax breaks and privatization. PASOK returned in 1993 but with a different economic agenda than before. This time they were champions of the European integration project. In this regard, they liquidated and/or privatized the remains of the troubled companies, they controlled budget deficits, and reduced inflation. Interest rates fell, the housing market and construction, in general, went up, the banking sector was privatized and deregulated, and tourism benefited from the booming international economy of the time. Overall, from 1974 to 1994 the Greek economy deindustrialized (Louri and Pepelasis Minoglou 2002; Stravelakis 2022) and a service economy based on tourism and banks emerged. Construction and tourism were the branches of the “old” economy that survived the crisis of the 1970s.

At the dawn of the new millennium, the domestic economic apparatus was confident that the loss of the industrial base was not a problem and the country had found its place in the economic environment of globalized capitalism (Garganas and Tavlas 2001). Confidence was boosted further by the adoption of the euro in 2001 which reduced interest rates even more. PASOK, which was enjoying its third consecutive term in government, financed, through sovereign debt, a vast program of public infrastructure to support the Athens Olympic games of 2004. Strong growth prevailed, but it was not sustainable.

By 2004 it was clear that the boom was over, and the economy had to adjust to the requirements of the eurozone it was systematically violating. The most important requirements were the 3% limit in the fiscal deficit and the 60% debt-to-GDP ratio. At the time, the official fiscal deficit in Greece was about 6% and the debt-to-GDP ratio was around 100% like back in 1989.

New Democracy returned to government in 2004 and declared that it would implement a “mild adjustment” of the Greek economy to the requirements. But the economy could not comply. Construction had slowed down, the current account deficit surged, and this was reflected in persistent budget deficits (Kalou and Paleologou 2012; Nikiforos et al. 2015; Rubinic and Stravelakis 2022). Regarding public debt, the government applied a questionable readjustment of the GDP. The 2006 GDP was increased by 25% supposedly to include the “black economy”. After some back and forth the revised GDP was accepted by the EU authorities and the debt-to-GDP ratio remained around 100% during the next two years although nominal public debt significantly increased.

B.2.2 The Global Financial Crisis and the Memoranda

When the global crisis of 2008 came to Europe, these ‘beating around the bush’ practices were not accepted by the EU authorities anymore. New Democracy realized that their calculations of the 2009 budget deficit would be questioned by the EU bureaucracy. They ‘escaped’ by calling an early election. PASOK won the election of November 2009 but soon realized that refinancing the Greek sovereign debt was becoming impossible. They turned to the EU and the IMF for assistance. For the EU, the Greek crisis was one of “fiscal profligacy” (Zahariadis 2012; Gourinchas et al. 2016). Under political pressure from its fellow member states, the PASOK government agreed to this reasoning. They calculated the fiscal deficit of 2009 at 15,4% of the GDP as compared to the 6% expectation of the previous government. Moreover, they declared that the crisis resulted from excessive tax evasion. It is indicative that one month after winning the election (on Dec 5th, 2009) in an official summit Greek Prime Minister George Papandreou declared that “Greece is a corrupt country” (see Barber 2009).

The IMF took a relatively moderate stance on the situation. Against a bailout sum of about 110 billion euros from the EU, the ECB, and the IMF itself, a policy of internal devaluation had to be implemented. This meant that a decline in wages would take place. It was expected that falling wages would reduce prices and restore Greece’s competitive position. After that, current accounts would balance, and together with a balanced budget the public debt would be stabilized. The anticipated reduction of the GDP would be mild because the fiscal multiplier was calculated at 0,7. This meant that the expected decline in the GDP would be around 12% (15% deficit x 0,7; see Thomsen 2019). In this regard, a pact of loan facilities, fiscal austerity measures, and wage reductions was put together as of May 2010. It went down as the 1st Memorandum (Memorandum of Understanding - MoU). The IMF predicted that the country would be out of trouble after a couple of years.

However, things went dramatically wrong. The GDP fell by 25%, private lending effectively stopped, corporations closed down, unemployment surged, and banks came to the verge of default. At the same time, public debt did not stabilize but increased from 299 billion euros in 2010 to 355 billion euros in 2012 (see Figure B.1 below). Shortly afterward, Olivier Blanchard, Chief Economist of the IMF at the time, admitted in an academic paper that the calculation of the multiplier by the IMF was wrong (Blanchard and Leigh 2013).

Nevertheless, the damage was done, and the debt overhang for the Greek economy was huge. To reduce the debt pressure the EU, IMF, and the ECB, the “Troika” that oversaw the austerity pacts, decided on a “haircut” of 105 billion euros on the outstanding Greek public debt (355 billion nominal values). The project was termed PSI (Private Sector Involvement) and came together with a second loan facility of 130 billion euros mainly destined to refinance the banking sector and support the remaining public debt. From the beginning of the negotiations, it was clear that the initial optimism about the restructuring of the Greek economy had changed. This time the objective was to reduce the 160% debt-to-GDP ratio to 120% by 2020. In other words, the Troika publicly admitted that its objective was to make the debt-to-GDP ratio equal to what it was back in 2009. But things came out even worse than that.

The 2nd memorandum was signed on March 1st, 2012, by Lucas Papademos, a professor of economics, former Vice President of the ECB, and former governor of the Bank of Greece. Similarly, to Xenophon Zolotas 23 years earlier, he was the prime minister of a special-purpose government supported by PASOK, New Democracy, and the small far-right party LAOS. This time, however, things were much different than in the 1990s. A collapse of the party system

followed the signing of the 2nd memorandum as elaborated in our paper on Greek political cleavages. Relative stability was achieved only after a second election in June 2012 and a coalition government of New Democracy, the remnants of PASOK, and the newly-formed small left-wing party Democratic Left. The coalition government undertook the difficult task of implementing the 2nd memorandum.

Despite more money being funneled into Greece, the economy remained in recession and the debt-to-GDP ratio was increasing instead of declining. At the same time the implementation of a special property tax on real estate, the infamous ENFIA, extended the discontent from lower incomes to the middle class. In short, the 2nd memorandum was a failure like the first.

Faced with rising discontent, the New Democracy – PASOK government called for an early election in January 2015 using the inability of a broad consensus over the new President of the Republic as an excuse. The radical left-wing party SYRIZA won the election and formed a government with the far-right party Independent Greeks. The new government was faced with a dilemma: it had to choose between concluding the 2nd memorandum or rejecting the memorandum and risking exiting the eurozone. It chose neither.

The tactic of the Greek government during the first half of 2015, in our opinion, resembled what is known as the “folk theorem” in Game Theory (Friedman 1971). The Greek Minister of Finance, at the time, Yanis Varoufakis, argued that the crucial factor that decided the outcome of the Greek-EU negotiation was that the Greek government preferred surrendering to Grexit (Varoufakis 2017 p. 492-495). Put differently, the Greek government based its tactic on the solid belief that the cooperative strategy had a higher payoff both for Greece and the Eurozone. On this ground, they followed a repeated negotiation (the “game”) from Eurogroup to Eurogroup. In such cases, the “Folk Theorem” advises that if the two parties (Greece and the EU) remain ‘patient’, then the best payoff for both would prevail on average (Mailath and Samuelson 2006 p. 69,70)¹¹. We do not believe that this was a predesigned strategy. Rather, it was a result of the very different opinions held by the people in government. In his book, “Adults in the Room” (2017), Varoufakis makes extensive reference to the different views that coexisted in the SYRIZA - Independent Greeks government at the time.

Nevertheless, this was a costly strategy. While the negotiation went on, Greece kept servicing the public debt through its own reserves without receiving aid facilities and without access to the bond markets. At the same time, the uncertainty caused private deposits to leave the country, reducing the liquidity of the banking system. In June 2015 things came to a climax when the ECB decided to stop the Emergency Liquidity Assistance (ELA) for the Greek banks. In short, the country was out of money, banks partially closed down and capital controls were imposed.

Lots of ink has been expended in analyzing and evaluating these first months of 2015 in Greece (see Varoufakis 2017; Tooze 2018; Galbraith 2016). However, this is beyond the scope of our present work. The bottom line was that Greece was dragged into a 3rd memorandum that was signed on July 15th 2015, by the SYRIZA – Independent Greeks government. It involved a loan facility of 86 billion euros together with additional fiscal austerity measures, wage

¹¹ Pitsoulis and Schwuchow (2017) make a similar argument suggesting that the SYRIZA- Independent Greeks government held on looking for a better deal. Our disagreement with this is that their argument points to a pre-decided solution from the Greek side that was no other than a new memorandum. The “game” in this case had to do only with getting the best payoff for this solution. To try to build an understanding of the situation on an assumption of the deep beliefs of SYRIZA leadership is rather far-fetched in our view.

reduction and labor market deregulation policies, and pension decreases (European Council Aug 19, 2015).

The memorandum also founded a new institution, the “Greek Corporation of Property and Participations” otherwise referred to as the “Super Fund”. It holds, through subsidiaries, stocks in banks, public utility companies, and property belonging to the state such as ports, buildings, etc. Its purpose is to privatize these companies and assets to reduce public debt and/or meet the fiscal requirements of the Greek economy. The “Super Fund” is independent of direct state control. Rather, it is run by a board of directors proposed by the government but approved by the ESM. The latter together with the Troika oversee its operations. In short, not only was the 3rd memorandum an ideological defeat for SYRIZA, but it also meant that the Greek state lost control over several public assets for an indefinite period that exceeds the duration of the memoranda.

The 3rd memorandum was officially concluded on August 20, 2018. The fiscal targets set by the program were generally met. In particular, a primary fiscal surplus in excess of 3,5% of the GDP (excluding interest) was achieved in all years except for the year 2015, as required. Moreover, some 35 billion euros of the 86 billion euros facility that came with the memorandum were transferred to the Greek state as a ‘safety cushion’ for the servicing of future government bond maturities.

Nevertheless, the macroeconomic indicators of the Greek economy remained dreadful. To give some numbers, unemployment was over 19%, the real GDP was at 184.7 billion euros as compared to 216 billion in 2010, and the public debt stood at 334 billion euros compared to 299 billion in 2010 (ELSTAT Annual Report Dec 2019, ODDIX Economic indicators). That is, 35 billion euros more and this is on top of the 105 billion forgiven through the PSI. As for the debt-to-GDP ratio, it was 181% compared to 132% in 2010. At the same time, average real wages had declined by 30% and the average Greek wage was and still is 65% of the European average compared to 85% in 2010 (Eurostat-Ameco Database).

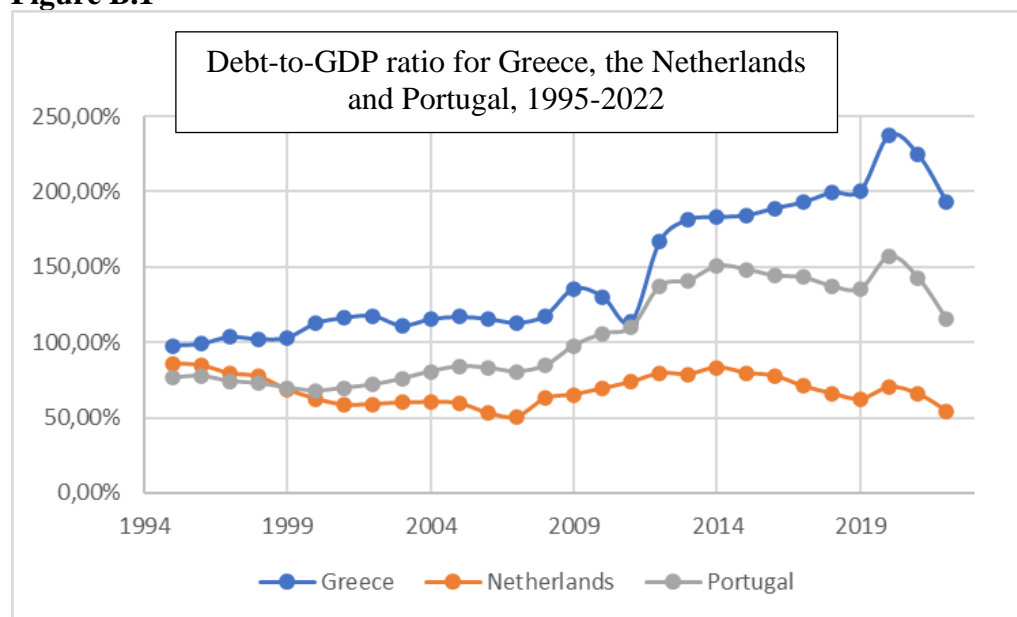
In short, all three adjustment programs made things worse rather than better for the Greek economy. Although 400 billion euros (about 300 billion in facilities plus the 105 billion of the PSI), the largest nominal amount of financial aid to a single country in history, were expended, the economy never recovered. There are deeper economic reasons for this as we will outline shortly.

For now, we need to point out that the debt sustainability criteria for Greece were modified to “conclude” the 3rd memorandum. Instead of targeting the debt-to-GDP ratio that was well out of hand, the debt would be considered sustainable if its annual servicing did not exceed 15-20% of the GDP. In short, it was a political rather than an economic decision.

In retrospect, the narrative around the crisis was a significant political battleground. Once the Greek crisis was recognized as one resulting from fiscal profligacy, the burden of responsibility fell on the side of Greek authorities. Even more so because, at the time, the emphasis was more on the moral rather than the political dimension. The threat of moral hazard was seen as sufficient to justify unproductive policies that often harmed, rather than assisted, the servicing of the Greek debt.

However, the blatant failure of the memoranda and a surging concern around the use of austerity to address debt overhang led to a change of tides in the narrative. As the Greek public debt and debt-to-GDP ratio kept diverging from the EU average (this is clear from Figure B.1¹² which compares the Greek debt-to-GDP ratio to that of Portugal and the Netherlands), an increasing number of commentators turned critical of the medicine used. Pagoulatos (2019) evaluated the memoranda as a “qualified failure”, whereas Gourinchas et al. (2016) suggested that “fiscal consolidation accounted for half the drop in the Greek GDP”. Dissenting voices emphasized that Greece was pushed to implement brutal and misguided policies. Blaming the Greek authorities instead of the implemented policies for the duration and intensity of the crisis was akin to blaming the victim for their suffering (Stiglitz 2016).

Figure B.1



Source OECD Database

The only official EU economic document on the matter is the ESM Independent Evaluation (2020) or “Almunia Report” named after its author, the veteran EU economist and politician Joaquin Almunia. Almunia was appointed an independent evaluator by the ESM chairperson. The report concludes that the memoranda: “kept Greece in the currency union ... But a number of things could have been done better. Such improvements could have sped the successful conclusion of financial assistance ... while exacting a less painful social cost. The lessons drawn here from this past decade of assistance to Greece will serve as guidance on how to make the successes of the EFSF/ESM programs more sustainable in the future, correct their mistakes, and strengthen the ESM’s capacities going forward.” (Almunia 2020 p. 141). Although the wording is very diplomatic, the critique is unilaterally targeted to the “Troika”-ESM side and not the Greek authorities.

¹² To provide a frame of reference for the trajectory of the Greek debt-to-GDP ratio we also include the measures for Portugal and the Netherlands. Portugal is similar to Greece in size, population, and GDP, whereas the Netherlands has a strong surplus economy. In this way we can compare the Greek ratio to that of a comparable fellow member of the EU periphery (Portugal) as well as an EU core economy (Netherlands).

B.2.3 The end of the memoranda, COVID and the energy crisis

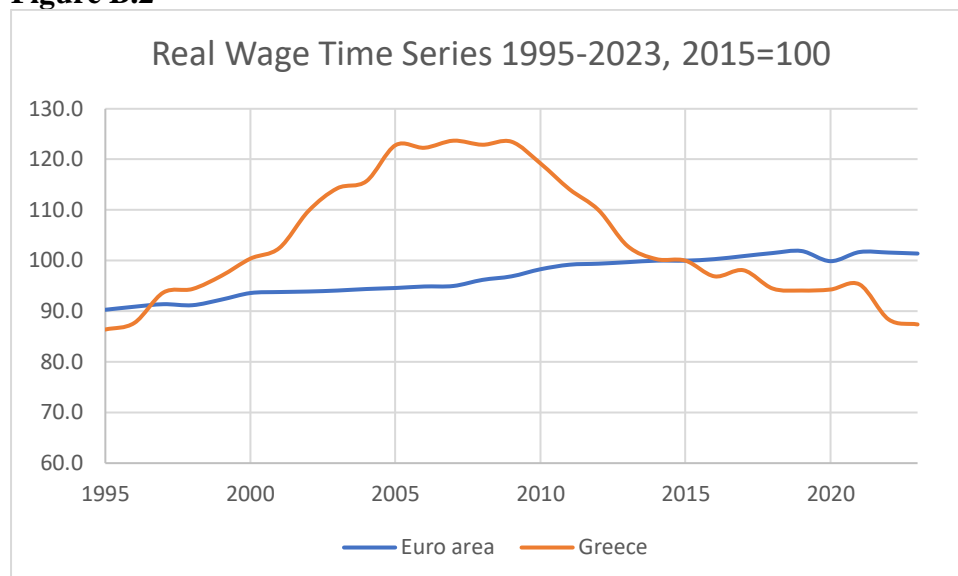
By the time the report was out New Democracy was in government and the country was well into the COVID crisis. The latter had severe negative effects on the economy because of the significance of tourism, commerce, and food service sectors in the Greek GDP. However, the crisis came together with the suspension of the fiscal surplus targets and the exceptional inclusion of Greece in the ECB PERP (Pandemic Emergency Purchase Program) bond repurchase program. It was the first time the country was included in a quantitative easing program of the ECB. The fiscal easing was extended in 2022 due to the surge in energy prices. Overall, this permitted high primary fiscal deficits, in 2020 (11,1%), and 2021 (8,7%), as well as a balanced primary budget in 2022 (source Ameco – Table S13 - General Government). The loosening of the stranglehold around the Greek economy boosted economic activity. The GDP reached 192 billion euros in constant prices at the end of 2022 as compared to 184 billion in 2019. Nevertheless, Greece remains the only EU country where the GDP is well below the pre-crisis levels (The GDP was 228 billion in 2009).

However, the gain of 8 billion in the GDP between 2019 and 2022 was accompanied by a further decline of 10% in the average wage bringing the cumulative reduction from 2009 to 40% (see Figure B.2). At the same time, the sovereign debt increased by roughly 65 billion (from 335 billion in 2018 to 403 billion in March 2023). Given that the nominal GDP stands at 208 billion euros, this means that the debt-to-GDP ratio is about 192% (Figure B.1)¹³. This came together with an increase in interest rates. The ten-year bond yield surged from 1,4% in Dec 2019 to about 4% in Aug 2023. A similar tendency appears in EU government bonds due to increasing prices. Moreover, high energy prices and inflation persist in the German economy, which has officially entered a recession in the first quarter of 2023 accompanied by 7,5% inflation. In short, the German economy is experiencing stagflation. This expedited the discussion of a new “Growth and Stability Pact” for all countries in the EU.

One could argue that inflation though can be seen as good news for a heavily indebted country. As prices increase, nominal GDP follows suit, reducing the debt-to-GDP ratio. Moreover, the fact that a good part of Greek debt is owed to the ESM at fixed rates means that the overall debt servicing costs will not increase that much. However, the official position of the Greek Public Debt Management Agency is different. They have expressly stated that any interest rate over 3,5 % in bond refinancing undermines debt sustainability. For the record, the ten-year bond yield is well above this level. Moreover, higher state bond rates are followed by higher private lending rates that undermine growth. The autumn European Commission report (2023) indicates a slowdown in expected growth for the Eurozone and to a lesser extent Greece.

¹³ It should be noted that the figure shows the time path of the average real wage. It is not a comparison of Greek - EU average wages. It presents only that the average Greek wages declined by a cumulative 40% between 2009 and 2023 while the average European wage increased by 10% during the same time.

Figure B.2



To make a long story short, fiscal rules are back. For Greece, this means a primary surplus of 2,5% per year, a limit of 2,6% of the increase of yearly budget expenses, and a gradual reduction of the debt-to-GDP ratio to 100% (European Commission 2023). To the extent that the recent boom was largely fueled by the loosening of fiscal austerity, this has raised concerns about the sustainability of the growth path of the Greek economy.¹⁴

Concerns do not come only from time series data, but also from the projections submitted to the EU authorities by the Greek government itself. In its 2023 spring report, the “Hellenic Fiscal Council” points out that the “Stability Program 2024-2026” of the Greek government predicts a persistent “balance of goods and services deficit” of about 10% of the GDP throughout these years (Hellenic Fiscal Council 2023 p. 44,45). In other words, the Greek government admits that the Greek trade deficit is structural and not the result of fiscal policy since they project a balanced primary budget for the same period.

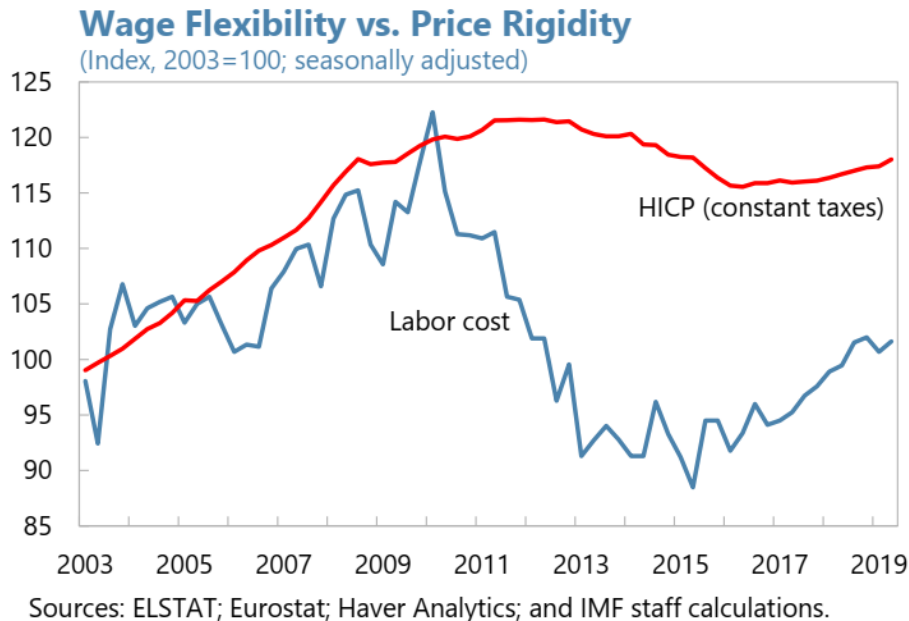
B.2.4 A Note on the Greek Crisis

The explanation of the severity and persistence of the 2008 crisis on the Greek economy is a crucial question that goes beyond the scope of this note. Here, we will outline our opinion and provide some references for the sake of completeness. The key to understanding the dynamics of the Greek economy is the divergence between prices and unit labor costs. Poul Thomsen, the former IMF director, designer, and supervisor of the Greek memoranda has termed this finding “Wage Flexibility vs. Price Rigidity” (Thomsen 2019 p.6).

Figure B.3 below is found in Thomsen (2019). It compares the time series of the Harmonized Consumer Price Index (HCPI) removing the tax effect (constant taxes) to the labor cost. Although the labor cost has declined by over 20%, prices have dropped by less than 5%. This implies that Greece cannot restore its competitive position even with brutal wage cuts because prices remain higher than the EU average although unit labor costs are around or even below the European average.

¹⁴ Established Greek economists such as George Provopoulos (former governor of the Bank of Greece) and Tasos Gianitsis (Professor of Economics and former Minister) expressed their concerns in a recent Think Tank conference in Athens (Circle of Ideas - Conference 3,4 October 2022 Athens).

Figure B.3



At the level of theory, various analytical approaches have argued that besides real regulating costs international competitiveness depends also on the ratio of tradable to non-tradable commodities and services (Shaikh 2016 p. 29). To understand the argument let us take Greece as an example. The country had borrowed a lot and had to increase taxes to contain its public debt. In this case, mainstream macroeconomic theory expects the decline in domestic consumption, due to increased taxes, to be counterbalanced by an increase in net exports (Sachs and Larrain 1993 p. 658). This could be true if all or at least most of the commodities and services produced in the country were tradable. But if a big part of the economy produces/offers non-tradable commodities/services, things can become difficult. For example, a constructor building houses will not build more houses to “sell abroad” if domestic demand declines. They will downsize their output and try to contain any decline in existing house prices to mediate their losses.

This is exactly what happened in Greece during the years of the memoranda. Output declined; wages fell but prices (the relative PPI) remained higher than the European average. The Greek service-based economy that prevailed, following 1990, has a rather high ratio of non-tradable to tradable commodities. Greek capitalists have avoided international competition by turning to activities like construction, logistics, and energy. The worst is that the tendency towards non-tradable commodities and services has intensified from 2008 onwards. It seems that the country is trapped in a vicious cycle where fiscal austerity brings stagnation, whereas tax breaks and household subsidies boost consumption and growth. Nevertheless, growth comes together with trade balance deficits, budget deficits, and higher public debt. Recent literature (Piton 2021; Stravelakis 2022; Tsoulfidis 2023) has elaborated both analytically and empirically on these issues raising important policy questions.

B.3 Conclusion

Greece has undergone significant economic transformations since 1974. The economic effects of the Great Stagflation dealt an important blow to the Greek growth and development model. Together with the subsequent decisions to join the EU in 1981 and the Eurozone in 2001, Greece was fundamentally transformed into a service and consumption-led economy. The 2008 crisis though proved that the Greek debt overhang had turned Greece into the weakest cog of the Eurozone machine. The experiment of harsh internal devaluation to address the crisis did not play out as anticipated by the European authorities. Rather, the Greek GDP and debt-to-GDP ratio stand at worse levels than before the Greek economy was “saved”. This sequence of events brings to mind the double meaning of the pertinent ancient Greek word φάρμακον: the remedy that saves you, but also the poison that kills you (Derrida 1972).

This context of economic turbulence has born an imprint on political cleavages, as we have tried to demonstrate in our paper. The unstable economic environment in the 1970s is associated with a fragile multi-party configuration in the Greek parliament. Subsequently, as the Civil War scars had started to heal, European integration provided the basis for convergence between the two dominant parties in the 1990s: PASOK and New Democracy. This sense of political stability came to an end with the crisis and with the implementation of memoranda. Every party that implemented the harsh demands of creditors paid the price dearly at the ballot. As a result, 2012 saw the collapse of the old two-party system with the replacement of PASOK by the radical left SYRIZA, along with the emergence of several smaller challenger parties.

Similarly, the conclusion of the third memorandum by SYRIZA and the party’s centrist turn are arguably related to its electoral collapse in 2023. It seems that the memorandum rivalry was a constitutive characteristic of SYRIZA’s appeal to the working and popular classes (Mavris 2023). Once it was abandoned, SYRIZA started to move closer to a Brahmin Left configuration.

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