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# The Greek Debt Crisis and Southern Europe

## Majoritarian Pitfalls?

*Iosif Kovras and Neophytos Loizides*

As a result of the sovereign debt crisis, Southern European societies are facing unparalleled socioeconomic problems. Despite a bailout by the IMF and the EU, Greece has been on the brink of default since 2009, as has Portugal, while the Spanish economy, suffering from rocketing unemployment, is struggling to cope with its own sovereign debt. In addition, the debt crisis has brought to the surface a number of social and political problems rooted in the legacy of their respective democratic transitions. In this respect, Greece is the worse off of the three: it is facing electoral volatility, the contraction of its centrist parties, and, more worryingly, the electoral rise of the far right. Across the globe, the country's situation pits those sympathetic to the plight of vulnerable citizens facing unbearable sacrifices against those who are highly critical of an irresponsible government that has failed to implement the reforms stipulated in costly rescue packages. Because Greece has become a synonym for fragility and mismanagement in the Eurozone crisis, we privilege it over Spain and Portugal, reserving the latter two (as well as other countries in the Eurozone) for comparative purposes.

For the most part, the media presentation of the sovereign debt crisis offers a uniform framing of the problems encountered by the three Mediterranean countries and ignores the role of political systems. Yet as early as the late 1980s, Arend Lijphart and colleagues highlighted significant differences between Southern European democracies.<sup>1</sup> Although Greece, Spain, and Portugal share important cultural, social, economic, and historical characteristics, “when their democratic regimes are compared with the world's other democracies in terms of the contrasting majoritarian and consensus models, they turn out not to form a distinctive and cohesive cluster.” Spain and Portugal combine majoritarian-consensual features; Greece is “the most eccentric,” a close “approximation of the majoritarian model.”<sup>2</sup>

What exactly do we mean by this distinction? According to Lijphart, the most conceptually vigorous way of categorizing political systems is to divide them into

majoritarian and consensus democracies.<sup>3</sup> What is at stake is whether regimes assign decisions to a simple majority or plurality (majoritarian) or to “as many people as possible” (consensus).<sup>4</sup> Both consensus and majoritarian democracies aim to foster moderation either by privileging single-governing parties encompassing a wide spectrum of interests and voters (majoritarian) or by encouraging multiple parties who moderate their positions to become attractive post-election coalition partners (consensus).

For advocates of consensus democracies, “it is safer to elect a legislature of representatives and let these representatives bargain to find the most preferred policy.”<sup>5</sup> Multi-party executives encourage responsibility by forming a broader coalition of political parties contributing to long-term stability, coherence, and continuity in decision-making. Consensus democracies generally emphasize broader representation for minority groups and vulnerable segments of the population.<sup>6</sup> Majoritarian political systems aim instead to prevent party fragmentation by favoring larger political parties. However, in their attempt to manufacture artificial majorities, they often leave important social and political groups excluded or underrepresented.<sup>7</sup>

For the most part, majoritarian democracies favor responsiveness over representation and emphasize mandates, efficiency, and alternation. Single-party governments are arguably easier to coordinate and more likely to resolve serious disagreements. More importantly, they are seen as solely accountable for their successes and failures. A critical condition in the majoritarian model is clarity of responsibility, a clarity that, according to Powell, is relevant in electoral terms.<sup>8</sup> By way of contrast, coalition governments cannot survive serious disagreements, and even when they fall apart, they generally return the same people to government.<sup>9</sup> For the most part, proponents of majoritarianism do not question that proportional representation provides a fairer and more inclusive environment, but they point out that sacrificing some proportionality is worthwhile as it contributes to more effective governance.

Until 2008, Greece appeared as a stellar example of the merits of majoritarianism. The country had achieved a remarkable level of economic and political stability. Moreover, the Greek example demonstrated that majoritarianism could adapt to meet the needs of societies facing distinct cultural and historical challenges. The divided Greek society (following the Greek Civil War, 1946–49, and the Colonels’ Junta, 1967–74) balanced stability and representation by enabling parties with more than 3 percent of the electorate to be included in parliament. At the same time, the electoral system restricted access to power, as none of these parties were necessary in the formation of governing coalitions (with the exception of the 1989–90 period). In essence, either the center-right or the center-left could potentially win a comfortable majority in parliament with a plurality of about 40 percent of the national vote. Arguably, Greece combined the advantages of multi-party democracy with those of single-party governments; the extreme right received only occasional representation while the extreme left was partly “co-opted” in parliament.<sup>10</sup>

Political systems also have an impact on long-term economic outcomes. Consensual political institutions have generally been associated with lower income inequalities.<sup>11</sup> Yet, even proponents of consensus democracy recognize the economic

benefits of majoritarian systems. As Lijphart admits, there is a correlation between sustainable economic growth and majoritarian institutions.<sup>12</sup> Rogowski and Kayser demonstrate that majoritarian democracies favor lower prices and, therefore, benefit consumers while generating lower levels of taxation and less government spending; this suggests better fiscal prospects for Greece, the country with the strongest version of majoritarianism in Southern Europe.<sup>13</sup> In addition, the country was the first to join the EEC and did not face decolonization issues and refugee flows as did Portugal or secessionist violence as did Spain.

Given the consensus in the literature, one might expect that in times of crisis, majoritarianism would reinforce governmental stability, firm decision-making, and effective implementation of structural reforms. Instead, Greece eventually faced the biggest economic, political, and social problems in the Eurozone crisis. At the beginning of the crisis, Greece had the highest sovereign debt and was facing imminent default. Later, when all countries were in trouble, Greece was the least protected by its political institutions; worse yet, it converted the debt crisis into a political one, marked by political polarization, electoral volatility, relative instability, and a widespread crisis of representation.

As Greece is the most “eccentric” form of majoritarianism in southern Europe according to Lijphart et al., it makes sense to deploy the Greek experience as a case study of the virtues and vices of the majoritarian democracies in times of uncertainty.<sup>14</sup> This article uses the Greek case to explain the causes of elite polarization in critical junctures and to identify the impact of majoritarianism both in the prevention and management of severe financial crises. It argues that Greek political institutions not only prevented necessary institutional reforms before the crisis but also eliminated incentives for centrist political parties to adopt necessary consensual policies once the crisis hit. More specifically, majoritarian institutions in the post-1970s period triggered a vicious cycle of electoral outbidding that derailed public expenditure, weakening state institutions that might have averted the disaster. Then, in the decade preceding the Eurozone crisis, the cost of running the Greek state grew rapidly with, for instance, the doubling of the average expenditure for public sector compensation.<sup>15</sup> More importantly, in mid-crisis, majoritarian norms eliminated consensus building and rewarded centrifugal forces, thus restricting continuity and credibility in decision-making.

Furthermore, the Greek case is crucial with respect to the global uncertainties it could trigger. As a prominent historian has argued, the country has frequently been a precursor of major events of international significance.<sup>16</sup> Greece is widely seen as the forerunner of both the debt crisis and its spillover into grassroots street protests worldwide.<sup>17</sup> In short, Greece offers a critical case to evaluate the merits and defects of political systems in times of uncertainty. In what follows, we contribute to the debate on majoritarian vs. consensus democracies<sup>18</sup> and, by extension, to the literature on democratization,<sup>19</sup> political learning,<sup>20</sup> and institutional reform in the Eurozone crisis,<sup>21</sup> revisiting the success story of the Southern European states and offering insights into effective policies of institutional reform.<sup>22</sup>

**Anticipating the Crisis: “Eccentric” Majoritarianism**

To many informed observers, the Greek sovereign debt crisis differs from that in other Southern European countries (as well as Ireland).<sup>23</sup> Stein shows that the Greek crisis is one of the state and its budgetary policy, while Spain has a crisis of banks and Portugal is somewhere in-between.<sup>24</sup> In addition, Greece has ended up with the worst financial problem. Therefore, given the role of the state in the worst-case outcome/Greek version of the crisis, it seems logical to examine the relationship between the form of government and vulnerability.

**Table 1** Executive Performance: Administration, Economy, and Accountability

| Country  | Government Effectiveness (1996–2009) | Functioning Government (2006–2010) | Budget Balance (1996–2009) | Control of Corruption (1996–2009) |
|----------|--------------------------------------|------------------------------------|----------------------------|-----------------------------------|
| Greece   | 0.79                                 | 7.14                               | -5.9                       | 0.84                              |
| Ireland  | 1.62                                 | 8.57                               | 0.6                        | 1.60                              |
| Spain    | 1.40                                 | 7.98                               | 0.5                        | 1.16                              |
| Portugal | 1.11                                 | 7.97                               | -3.3                       | 1.20                              |

Source: Arend Lijphart, *Patterns of Government Forms and Performance in Thirty-six Countries*, 2<sup>nd</sup> edition (New Haven: Yale University Press, 2012).

**Table 2** Indicative Variables of Majoritarianism

|          | Minimal Winning One-Party Cabinet (1981–2010) | Number of Parliamentary Parties (1981–2010) | Cabinet Durability (in months, 1970s–2009) |
|----------|---|---|--|
| Greece   | 97.7%   | 2.32  | 34.6                                       |
| Ireland  | 31%   | 2.95  | 34.1                                       |
| Spain    | 55.4%   | 2.85  | 40.1                                       |
| Portugal | 71.6%   | 2.61  | 34.4                                       |

Source: Arend Lijphart, *Patterns of Government Forms and Performance in Thirty-six Countries*, 2<sup>nd</sup> edition (New Haven: Yale University Press, 2012).

There are several indicators of Greek “exceptionalism.” Table 1 shows that Greece ranks lower in indicators evaluating government effectiveness and the management of the economy. Majoritarian politics led to an unsustainable clientelist system associated with one of the highest budget deficits in the EU. In the thirteen years preceding the

debt crisis, Spain maintained a balanced budget, while Greece produced deficits almost double those of Portugal. If we follow the literature, this is an inexplicable paradox. Table 1, based on the updated data of Lijphart, clearly portrays Greece as the “closest approximation” of majoritarianism in the region,<sup>25</sup> marked by single-party majority governments and fewer parties in the parliament. In addition, cabinet durability/stability—based on strict party discipline—has been a tenet of Greek economic growth since the consolidation of democracy (see Table 2). As noted above, even supporters of consensus democracies consider this a virtue of majoritarianism.<sup>26</sup> For one thing, moderate voters choose between two parties that differ only slightly in socioeconomic policy. For another, swift succession in government more accurately reflects the electorate’s preferences, punishes a failure to perform, and increases the likelihood of firm policy implementation.<sup>27</sup> Yet, as Greek experience illustrates, a majoritarian system’s economic growth may be unsustainable, and therefore the general consensus in the literature could be put in question.

To see how this might happen, we must look at the nature of electoral competition in the country. Greece has employed a set of electoral devices more specifically described as “reinforced PR” (proportional representation) by granting a premium of either forty or fifty seats, out of three hundred, to the first party, in addition to other majoritarian mechanisms. As majoritarianism, in its extreme form, rather than representation is strengthened, Lijphart et al. have labeled “reinforced PR” as an oxymoron.<sup>28</sup> On this same issue, critics of Lijphart have also argued that “among the PR systems, the worst is pure PR (Italy, Israel), and the least bad is PR with majoritarian devices (Germany, Greece).”<sup>29</sup> In essence, the major innovation of the Greek electoral system was that it aimed to combine multiparty parliaments along with single party executives.<sup>30</sup>

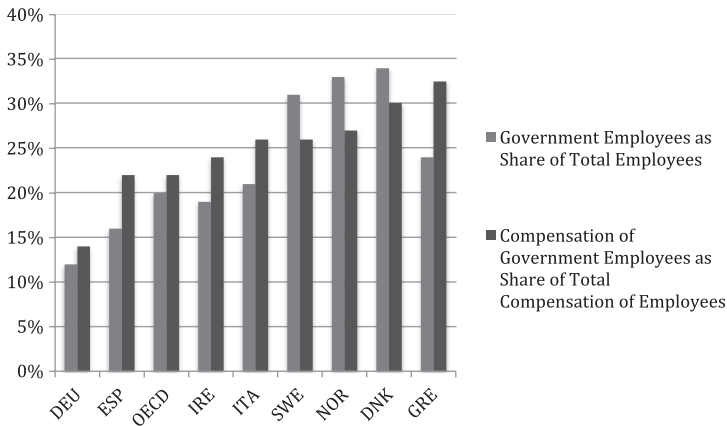
In theory, the Greek political system could have combined the two. However, in reality, it set a lethal institutional trap: to ensure the formation of a majority government, mainstream political parties had to rely on institutionalized electoral outbidding across a wide spectrum of issues.<sup>31</sup> Even insignificant differences in the popular vote between the two main parties could translate into parliamentary majorities. In turn, this perpetuated a populist discourse and clientelistic networks that attracted swing voters while maintaining the loyalty of partisan voters.<sup>32</sup>

The “logic of populism” in Greece created a vicious cycle of constant competition between the two major parties. As shown in Table 1, this caused government deficits and created an enormous sovereign debt crisis that differs considerably from the crises in other Southern European countries. Equally, the use of public resources as an instrument of electoral competition created a “state crisis,” inhibiting the implementation of reforms in a time of crisis.

The institutionalization of electoral outbidding, coupled with the dominance of the logic of populism and clientelistic networks, made the state/public sector an instrument of party politics.<sup>33</sup> In Greece, the number of those employed in government as a percent of the active workforce (7.9 percent) is lower than any other OECD member (except Japan).<sup>34</sup> Yet this image radically changes if we take the whole public sector

into account: according to OECD, Greece is “the OECD member with the highest share of its active workforce employed in public corporations” (12.8 percent in 2008, for a total of 692,000).<sup>35</sup> It is estimated that since the 1980s, the public sector has doubled due to the instrumental use of public resources in electoral outbidding. Besides targeting median voters nationwide, political parties have “invented” new critical constituencies in the public sector and created partisan armies within the civil service.<sup>36</sup> Civil servants are assigned different legal statuses, ranging from tenured (the most privileged) to non-tenured persons hired under private law; the latter must continually seek the support of MPs to gain a permanent position or renew their existing contract.<sup>37</sup>

**Figure 1** The Size and the Cost of the Public Sector in 2007



Source: “Greece at a Glance: Policies for a Sustainable Recovery, Better Policies Series,” OECD, March 2010, available at <http://www.oecd.org/about/publishing/betterpoliciesseries.htm>.

Figure 1 illustrates the percentage of government employees as a share of total employees in the period preceding the crisis. The juxtaposition of Greece to Spain is revealing. At a glance, we see both the larger public sector and the disproportionately higher cost of sustaining it in Greece. The average expenditure for compensation in the public sector increased by 100 percent in the decade preceding the Eurozone crisis,<sup>38</sup> and the cost of general government employee compensation represented 13 percent of the GDP in 2009, at the beginning of the crisis. What is the obvious conclusion? A majoritarian electoral logic and the pursuit of material rewards by various constituencies led to a costly, ineffective, and expanded public sector—Greece’s Achilles heel when the crisis erupted.

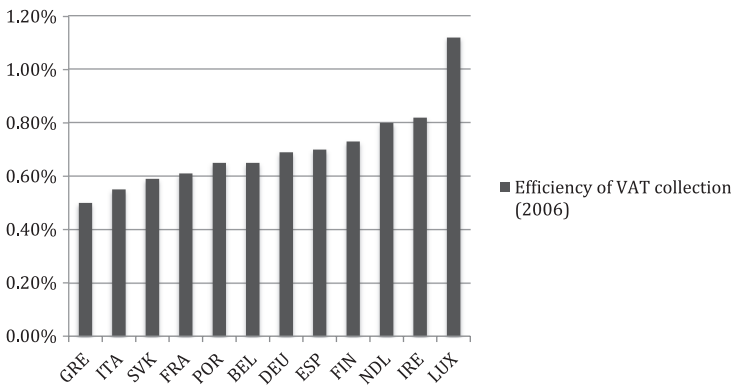
Interestingly, popular discourses on the Greek debt crisis deemphasize the role of political institutions and choose to focus on the corrupt nature of the Greek state (and its people). Tax evasion has been branded a “national sport” for Greeks by the

media and policy advisors; IMF head Christine Lagarde has even described a portion of the Greek population as “people who are trying to escape tax all the time.”<sup>39</sup> However, the “perpetually corrupted state/people” thesis does not offer a sufficient alternative explanation. Rather, the evidence suggests that tax evasion was not the outcome of inefficient state mechanisms but a deliberate political strategy deployed by governing parties aiming to get re-elected in Greece’s distorted majoritarian system. Leading government officials themselves admit that governments purposely relaxed tax audits in the months preceding elections—particularly in regions where critical constituents were based—leading to a free fall in the collection of taxes.<sup>40</sup>

It is interesting that powerful MPs, even ministers, seeking re-election in an open-list system had to lure local constituents. Even modernizers, such as former Prime Minister Constantine Simitis, who pioneered and realized Greece’s Economic and Monetary Union (EMU) accession, could not escape this logic. Nikos Christodoulakis, former Minister of Finance in the Simitis administration, co-authored a paper on the undeclared war between parties to form majority governments. Skouras and Christodoulakis estimate that the cumulative cost of this relaxed implementation of state laws represents about 8 percent of the GDP.<sup>41</sup>

It is hardly surprising that the available evidence shows Greece to be less efficient in its value-added tax (VAT) collection (see Figure 2). VAT is broadly considered an administratively easy tax to collect, even under conditions that seem prohibitive such as ineffective state institutions. For this reason, VAT has spread “like wildfire” in the past decades and has been described as an important innovation in the field of taxation.<sup>42</sup> Its failure in Greece should not be attributed to ineffective state institutions or “disloyal” citizens but to party competition within majoritarian rules, which inevitably perpetuated the country’s resource vulnerability.<sup>43</sup>

**Figure 2** Efficiency of VAT Collection in 2006



Source: “Greece at a Glance: Policies for a Sustainable Recovery, Better Policies Series,” OECD, March 2010, available at <http://www.oecd.org/about/publishing/betterpoliciesseries.htm>.



Gradually, the logic of majoritarianism expressed in outbidding became a hegemonic feature of Greek party politics. It was so pervasive that when the 2009 election was announced as an opportunity to address the coming debt crisis,<sup>44</sup> parties could not disengage from it. Just days before the election, when Papandreou, the leader at the time of Panhellenic Socialist Movement (PASOK), the main opposition party, was asked about his economic plans, he said: “The money is there; it is only that Mr. Karamanlis (the incumbent PM) prefers to give it to the few and powerful.”<sup>45</sup> In Greece, the blame game and the costly game of outbidding became an election-winning formula for PASOK and New Democracy (ND) at the expense of other issues.

In short, the majoritarian logic spread into economics and institutions, leading to the expansion of an extremely heavy state, party-sponsored syndicalism, a politicized bureaucracy,<sup>46</sup> an ineffective judicial system, and the gradual devaluation of higher education. The prevalence of majoritarianism gradually weakened state institutions. As a result, they were unable to manage the crisis. Worse yet, state institutions became part of the problem.

### **Majoritarianism and the Eurozone Crisis**

Although there is a plethora of research on the virtues and vices of majoritarian and consensus models of democracy, little attention has been paid to how these democracies perform in times of uncertainty or crisis. An exception is Roberts who highlights the importance of studying “critical junctures,” such as economic crises, because they shed light on “how crises or exogenous shocks can unsettle existing institutions and force actors to make contested decisions.”<sup>47</sup> Consensus democracies could incorporate a broader range of views effectuating the implementation of unpopular policies, but strong and decisive majoritarian systems could arguably navigate an ailing economy away from a crisis. The type of democracy determines how institutions intervene to resolve social conflicts.<sup>48</sup> In times of crisis, a significant variable that often goes unnoticed is the institutional structure of democracy.

Despite having the closest approximation of the majoritarian model of democracy, Greece faced the most challenging problems in managing the crisis and implementing reforms. The literature would have predicted otherwise, as Greece’s majoritarian system should have secured cabinet stability and firm decision making. Greece had few “veto players” facilitating reform,<sup>49</sup> and the argument of stability seems to have guided policy-makers. In an interview with Mr. Prokopis Pavlopoulos, the former Greek minister who designed the latest amendment of the electoral law (to become even more majoritarian by granting the winning party a fifty-seat premium), we were told that a major incentive for this change was to lower the threshold of forming a (majority) government and facilitate government durability in the face of a crisis.<sup>50</sup> He added: “A strong government is far more effective than coalition governments.”<sup>51</sup>

Yet the widely shared belief among Greek political elites that majoritarianism will reinforce stability has backfired. As Table 3 illustrates, Greece has been the country

**Table 3** Indicators of Polarization and Stability in the 2010–2012 Period

| Country  | Net Electoral Volatility | Number of Defections | Number of Cabinet Changes (since 2010) |
|----------|--------------------------|----------------------|--|
| Greece   | 42.4%                    | 75                   | 3                                      |
| Ireland  | 28.2%                    | 8                    | 1                                      |
| Spain    | 15.3%                    | 0                    | 1                                      |
| Portugal | 12%                      | 0                    | 1                                      |

Sources: Spanish Ministry of Interior, Portuguese Ministry of Interior, Official election results booklet of the Irish government, Greek Ministry of Interior, and Lexis-Nexis.

in the EU to have suffered the most from extreme instability and political polarization. In the first three years of the crisis, Greece went through three cabinets (a majority, a caretaker coalition, and a multiparty coalition cabinet), while Spain and Portugal remained relatively stable.

The Papandreou period in particular yields important insights into the pitfalls of majoritarianism in times of crisis. As mentioned above, Papandreou did not escape the logic of electoral outbidding despite his generally moderate attitude and extensive engagement in global politics (serving as President of Socialist International). However, his plummeting public support during the crisis demonstrated that a government with an artificial majority is a liability, not an asset. In addition, voters in Greece saw both parties as responsible for the crisis, a view that runs counter to the majoritarian thesis of “clarity of responsibility.” Finally, both main parties, particularly PASOK, collapsed, leaving a dangerous vacuum to be exploited by anti-systemic forces.

Following Papandreou, a new coalition government was formed under former Vice-President of the European Central Bank, Loucas Papademos. However, its mandate was restricted to two very specific objectives: first, implementing the rescue package of the EU Summit in October 2011, most significantly the Private Sector Involvement (PSI) bond swap; second, leading the country to elections in the first half of 2012. After two costly rounds of elections in the summer of 2012, the collapse of support for both ND and PASOK, and the threat of imminent default, a stable coalition government was formed.

Critics might argue that Greek political elites are fettered by conditionality attached to bailout plans; therefore, the political consequences merely reflect the failure of a plan imposed by international creditors which was doomed to fail anyway.<sup>52</sup> A related argument states that so long as the global economy is in recession, it is futile to expect a Greek recovery; recession will continue to poison the Greek political system and society. In the previous section we showed that endogenous institutional factors explain the vulnerability of Greece in the global crisis, but Greece is not the only country of the Eurozone under external conditionality. As noted earlier, we will use Portugal and Spain

for comparative purposes. Portugal—the most “consensual” alternative to Greece—has the lowest level of electoral volatility of the three debt-ridden countries in Southern Europe (Table 3).

How domestic leadership responds to a crisis could be more important than the management of the financial problem *per se*. We share Kalyvas’ “consciously provincial” approach<sup>53</sup> and argue that if the current crisis continues, none of the Southern European leaders would be able to take effective action. However, if the world economy recovers from a severe yet manageable crisis, a particular country’s choice of reforms and institutions will determine its future prosperity and socioeconomic stability. Although global dimensions are important, we focus on internal institutional aspects. To evaluate the validity of the majoritarian argument, namely that majoritarianism reinforces stability through bipartisanship, we juxtapose electoral volatility and levels of MP defection in the three countries. We find that in times of crisis, majoritarian institutions accentuate polarization by weakening bipartisanship (the foundation of majoritarian model), triggering instability, and promoting “zero sum” voting. All inhibit stability and continuity in decision-making.

### **Electoral Volatility: Political Cost and Polarization**

Greece has high levels of net electoral volatility (42.4 percent), standing in stark contrast to Spain (15.2 percent) and Portugal (12 percent) (Table 3). Why did the economic crisis ignite a political crisis of that scale only in Greece? Similar political effects are visible in other debt-ridden societies, but they are not so severe. The study of electoral volatility is important because it sketches political polarization. By discovering who is punished and who is rewarded (i.e. incumbents, opposition, or extremes) in times of crisis, we can measure how public discontent shapes winners and losers in different models of democracy.

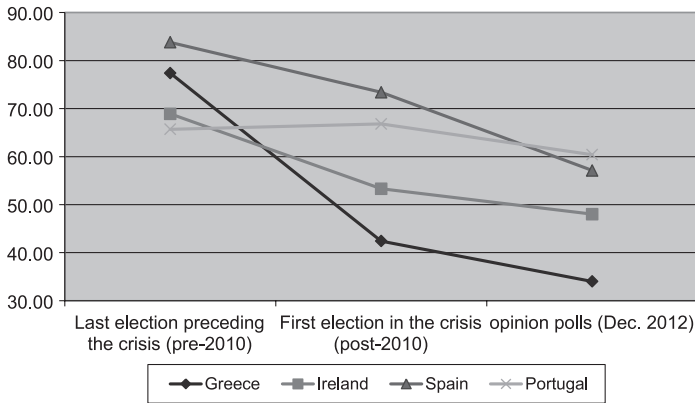
Since 2010, the Greek public has steadily expressed a preference for coalition governments—either between the two major parties or across the board—instead of majoritarian solutions.<sup>54</sup> This public preference was reflected in the results of the May 2012 general elections, which dictated some form of coalition government. However, bids to form a broader coalition government were once again hindered by majoritarian considerations. The two parties with the larger share of votes (ND and the Coalition of the Radical Left (SYRIZA)) preferred to hold another round of elections—seeking to secure the fifty seat premium to get leverage in the formation of government—rather than cooperate. The election of June 2012 was a landmark. For the first time in the post-1974 period, seven parties entered Parliament; a party of the extreme right, Golden Dawn, secured eighteen seats, while the socialist PASOK, in power for most of the time since democratic consolidation, went into electoral free fall.

This contrasts with the Portuguese experience where political elites, facing equally pressing calls for reform, reached an early consensus, enabling comfortable majorities to pass congressional budgets on severe austerity measures. The institutional role of

President—a key arbiter/conflict resolution mechanism in consensus models—was pivotal in overcoming political conflicts and reaching a consensus. Similarly, in Spain the socialist party (PSOE) and the conservative opposition (PP) jointly endorsed a constitutional amendment for a “German-style” deficit gap.<sup>55</sup> Although Greece has tried both majority and coalition cabinets, political elites have failed to reach timely agreements on policy, despite the danger of pending default and the growing public demand for a consensual approach.

A majoritarian institutional design also takes a heavy toll on centrist/moderate forces. As Figure 3 shows, the primary casualties in times of crisis are the parties of the center. These parties are generally perceived to be more moderate and, hence, more likely to reach consensus and/or form coalition governments. Bipartisanship, a source of stability in Greece for decades, crumbled within the first three years of the crisis. Figure 3 compares Greece to the other South European debt-ridden societies and Ireland. It is not a coincidence that Spain, the other majoritarian democracy in the region, has the second highest decline in the support for bipartisanship. Meanwhile, Portugal, which has a coalition government within a consensus model, has not experienced high levels of electoral volatility or seen a dramatic decline in support for mainstream parties.

**Figure 3** Bipartisanship in Crisis



Sources of opinion polls: Portugal “Eurosondagem,” available at <http://www.eurosondagem.pt/>, last accessed Sept. 1, 2013; Spain “SigmaDos,” available at <http://www.sigmados.com/>, last accessed Sept. 1, 2013; Greece “Public Issue,” available at <http://www.publicissue.gr/en/>, last accessed Sept. 1, 2013; Ireland “Red C,” available at <http://www.publicissue.gr/en/>, last accessed Sept. 1, 2013.

Even when coalition governments are formed in a majoritarian society, they must work within a framework that undermines their durability and legitimacy. Since sharing power is not the norm in majoritarian democracies, the cost of

participating in a coalition government can be excessive, especially at the polls. However, the blame game and irresponsible opposition (in this case, refusal to cooperate in the face of impending economic failure and taking advantage of the electoral costs paid by those who do cooperate) constitute structural features of the Greek political system that precede the crisis. Admittedly, “blame avoidance” is a central ingredient of contemporary politics across modern democracies.<sup>56</sup> However, while Hoods points to several strategies for blame game, his reference to “choosing the least blame policy procedure or method of operating”<sup>57</sup> is particularly relevant for Greece. A senior electoral strategist in Greece has called this the “ripe fruit” strategy.<sup>58</sup> It is worth noting that this strategy was successfully pursued even in the advent of the crisis. When a coalition government was finally formed in Greece in 2012, the second largest party, the leftist SYRIZA, resisted participating in government, refusing to pay the cost of cooperation and seeking to take advantage of those who would do so. In Portugal the cost of power-sharing is considerably lower despite similar challenges, but, of course, Portugal is not a majoritarian democracy.

### **Defections and Instability**

MP defections indicate the extent of polarization, quality of representation, and stability of a democracy.<sup>59</sup> As noted above, one of the most remarkable achievements of the Greek democracy in the post-1974 period was government stability, marked by strict party discipline and long cabinet durability, verifying the primary hypothesis of the majoritarian model. In contemporary Greek political culture, acts of defection have been stigmatized because even rare defections have been associated with ideological polarization and instability, such as occurred during the period preceding the 1967 coup.<sup>60</sup>

Interestingly, Prime Minister Antonis Samaras was himself a defector. In 1993 his decision to defect and establish a splinter party (*Politiki Anoixi*) triggered the collapse of the conservative government. In addition, the biggest wave of defections in contemporary Greek history came during his premiership in autumn 2012. The Greek parliament became the focus of attention for international media during voting on pivotal laws associated with the implementation of the bailout plan, including the budget and other austerity measures; most European capitals held their breath as, in every major vote, a considerable number of MPs crossed the floor.

As Table 3 illustrates, in the period 2010–12, seventy-five Greek MPs crossed the floor, a sharp contrast to other debt-ridden countries in Southern Europe. The Portuguese constitution prohibits defections (Art. 160), illustrative of the institutional checks and balances in proportional/consensus models. Meanwhile, Spain’s strict party discipline places restrictions on defectors;<sup>61</sup> in addition, both major parties reached a subtle consensus not to accept defectors from other parties.<sup>62</sup> Greece is

also different from Spain and Portugal because massive “benchmark coups” were staged by dozens of MPs in the ruling socialist party, forcing former PM Papandreou to step down and create a unity government; these are not shown in the table. Simply stated, the unprecedented number of defections in Greece indicates the ability of institutions to supersede political culture and bring about phenomena which cultural explanations would not have predicted, such as mass defections. As Kam argues, the open voting is a symbolic and political act directed primarily against other loyal MPs,<sup>63</sup> a previously unthinkable action.

In Greece, all MPs defected from parties in government, none from the opposition in the period under examination. There are two overlapping institutional explanations for defections. First, in seeking re-election, MPs may aim to attract or retain the support of the median voters in their constituency, causing them to deviate from their party’s strategy.<sup>64</sup> In times of crisis and ideological polarization, this deviation might be significant. As MPs are guided by their desire to be re-elected, they will defect if the cost of following the party line exceeds the gains of staying in the party. This raises a more fundamental issue as Greek MPs were asked to reform a clientelistic system cultivated for several decades, which kept them in power. Hence, as Pagoulatos shows, once the program of “forced adjustment reforms” was adopted, political elites had to find alternative ways to “buy” votes and sustain clientelistic networks even if that meant deviation from party line, a clear illustration of the nexus between majoritarianism and clientelism.<sup>65</sup>

Second, this is related to another Greek innovation: combining majoritarianism with an open-list system in multi-seat districts. In contrast to Spain, which has adopted closed lists, until June 2012, Greek voters picked a candidate from an open list of candidates. This can be linked to the legacy of transition, more specifically, the desire to make a clean break with the past and strengthen democratic representation by allowing citizens to pick their representatives. Over time, however, Greek MPs have developed a critical mass of supporters who vote for their local politicians, not for party programs. When the crisis erupted, the increasing cost of supporting unpopular government policies caused many MPs to defect, as they worried about re-election.

Parties socialized in a majoritarian system are not accustomed to sharing power. Therefore, they have difficulty accommodating the demands of their MPs. In coalitions, more MPs struggle over fewer resources, creating tension among disappointed MPs. Even when parties are able to accommodate the demands of their local MPs, this can inhibit the government’s overarching objectives, in this case, the implementation of a bailout package. In fact, to ensure loyalty before critical votes (i.e. budget), some parties have accepted amendments to accommodate MPs. For example, in 2012, some Greek MPs inserted last-minute provisions and amendments into bills in an effort to satisfy the demands of their local constituents.<sup>66</sup> The majority of such amendments deviate from the austere orientation of the bills which were implemented as a result of the bailout plan. The majoritarian logic of outbidding dominated even as Greece teetered on the brink of default.

## **Crisis of Legitimacy**

One of the central theses of majoritarianism is that the primary objective is to form durable cabinets even if this is achieved at the expense of legitimacy. The majority should have a clear and unrestrained term to govern, while the elections serve as the period of accountability during which voters can reward or punish the incumbents.<sup>67</sup> But as we show below, legitimacy is of paramount importance in times of crisis. The main advantage of majoritarian systems—an unrestrained term to govern—becomes a liability as government resilience plummets during crises.

The 2012 Greek elections highlight the pitfalls of majoritarianism in times of uncertainty. Paradoxically, the primary objective for a considerable number of voters was not to cast their ballot for the party that best represented their views, as one might expect in times of crisis, but to prevent the threat of giving the plurality of votes to the party perceived to be more dangerous for the future of the country. As noted, the electoral law assigns a premium of fifty seats to the party with the plurality of the votes. Therefore, the electoral strategy of the mainstream parties was to invest in a zero-sum logic, which accentuated polarization and lessened the prospects of consensus.

For example, in the first election, in May 2012, the leader of the conservative ND party stated that if his party failed to form a majority government, he would seek a second round of elections—despite the enormous economic cost—rather than cooperate, thereby forcing voters seeking to minimize instability to vote for the party with the best chance of winning. This zero-sum voting rationale, dictated by the majoritarian design, influenced the voting behavior of the citizens and distorted representation. A senior member of leftist SYRIZA admits that although it may sound absurd, “in the second election [June 2012], it was easier for SYRIZA to jump from 17 percent [May 2012] to 27 percent. ... SYRIZA did absolutely nothing.” In conclusion, parties did not have to do anything to reap the fruit of institutional distortion.<sup>68</sup>

Opinion polls conducted in the immediate aftermath of the election found that 10 percent of those who cast their ballot for the conservative ND party did so to prevent the other major party, the leftist SYRIZA, from securing the plurality of the votes; only 8 percent agreed with ND’s program,<sup>69</sup> and only 10 percent of those voting for SYRIZA did so because they believed in its program.<sup>70</sup>

Clearly, majoritarian norms, especially in times of crisis, distort representation. This is important: as Anderson and Guillory show, securing “losers’ consent” affects the legitimacy and viability of democratic institutions.<sup>71</sup> In their seminal study, they highlight that losers in majoritarian democracies are less satisfied than losers in consensus democracies, and this is related to the nature of the country’s representation.<sup>72</sup> When, shortly before the May 2012 election, PM Antonis Samaras said he would opt for a second election rather than share power with another party, he was essentially “blackmailing” the voting public.<sup>73</sup> In the end, however, after two rounds of elections, no party had secured a majority. The conservative ND finally formed a coalition government with the center-left PASOK and Democratic Left (DIMAR).

## **Alternative Options for Greece**

A potential critique of our argument is that Greek majoritarianism has been unconventional and, therefore, much of the blame needs to be placed on the details of the state's institutional design rather than on the broader dichotomy between majoritarian and consensus democracies. Greece admittedly deviates from other majoritarian cases. The country's political system has certainly been more majoritarian than the Spanish case (and possibly even the Anglo-Saxon model) as it has generally required a lower plurality threshold in gaining the majority of seats in Parliament. As mentioned earlier, the Greek electoral system aimed to maintain single-party governments within a multiparty system comprising multi-seat districts. By way of contrast, "typical" Anglo-Saxon majoritarian democracies combine single districts with first-past-the-post (FPTP) electoral devices. But, even if we accept the critique that Greek majoritarianism is substantially different from the Anglo-Saxon model, this critique still reinforces the view that majoritarian systems are problematic when it comes to adapting to new political environments. Not all majoritarian models are created equal, but, for the most part, we could conclude that majoritarianism is not easily adaptable to the needs of societies elsewhere, particularly those lacking a culture of fiscal responsibility or suffering from entrenched clientelistic networks.<sup>74</sup>

Yet, as mentioned before, reform of the current political system might not be easily implementable due to opposition from current stakeholders. This applies to most proposed changes in electoral law and across the political spectrum. As a prominent member of the opposition party SYRIZA argues, "Over the past twenty-five years the political system made political elites with excessive political and economic power ... this is a system that nobody would abandon easily."<sup>75</sup> Equally, according to the Greek constitution (Article 54), changes in the electoral law require a broader consensus and a majority of two thirds of the parliament.<sup>76</sup> If proposed electoral changes receive only a simple majority vote, they could be applicable in future elections but not in those immediately following the change. This innovation of the Greek electoral system aimed to discourage frequent changes in the electoral system, but it backfired during the crisis, making the transition to proportional representation more difficult. More importantly, as mentioned in many interviews, such constitutionally-entrenched constraints were driven by the belief that majoritarian systems are superior in serving the interests of the country.

Despite these constraints, institutional reform might still be possible if the aim is not to eliminate stakeholders from the political system but to transform them into moderate and coalitionable political partners. The priorities of the two previously dominant parties, which lost considerable electoral influence within this majoritarian design, have changed as neither will be able to form single-party governments in the foreseeable future. The effects of the attempted crackdown on the neo-Nazi Golden Dawn (GD) party in the fall of 2013 are still unclear in the polls as the percentage of undecided voters in Greece has increased even further.<sup>77</sup> If an extreme party wins the bonus of fifty seats, such an outcome will be catastrophic for Greece. Luckily,



a traditional demand of the left has been the PR, and SYRIZA has rhetorically committed itself to a more inclusive proportional system. PASOK and DIMAR as the potential kingmakers will also benefit from a transition to proportional representation. If the current majoritarian bonus remains, PASOK will prefer that an amendment is made that the fifty-seat bonus is distributed across coalition partners and not just the first party—an arrangement that will require changes in the Greek electoral law in line with the Italian one. Moreover, if coalitions are encouraged in advance of elections, the smaller moderate parties will be seen as future coalition partners and cease to be a constant target of electoral outbidding while coalitions will receive an early democratic mandate.

Thus it might be feasible for Greek political elites to re-negotiate a political system that balances proportional and moderate majoritarian elements. Moreover, an alternative for Greece is to follow the Irish model as suggested by proponents of single-transferable vote/proportional representation (PR-STV). Ranking the candidates in multiple-seat districts will restore public confidence and provide voters and parties with a much fairer and representative political system.<sup>78</sup> At the same, a directly elected president (in runoff elections) could play the role of an arbitrator (formally or informally as in Portugal) when proportional representation fails to enable the formation of a governing coalition.

## **Conclusion**

In times of economic crisis, societies tend to look to the past in their attempts to understand how political institutions have failed to prevent the meltdown. Thus, crises act as catalysts for the revision of fundamental policies pursued in the past and spark changes in the tactics of political elites. Elites do not learn uniformly, however, and broader consent is often necessary to introduce necessary change. Both majoritarian and consensus models of democracy insist that they build a more stable (albeit different types of) societal consent. The literature argues that in majoritarian models, voters bolster consensus and reinforce stability by choosing between two centrist parties with minimal differences. Alternatively, consent can be secured by bringing as many partners into the coalition government as possible, creating a consensus model of democracy.

As we have shown, majoritarian institutions shaped Greece's path before and after the crisis, explaining its vulnerability in the Eurozone debt crisis. Majoritarian institutions not only failed to prevent the economic crisis but also transformed it into a crisis of representation marked by polarization, instability, and low trust in state institutions.

As the Greek case illustrates, the prevalence of majoritarian norms in society and politics prohibits the prospect of effective management or institutional reform. At critical historical junctures, even majority governments find it difficult to enforce the party discipline deemed necessary for continuity in executive decision-making.

As Lijphart argues, while quick decision-making is certainly required, continuity and devotion to a policy are more significant.<sup>79</sup> Yet, majoritarian systems are marked by recurrent shifts in policy, followed by revision or annulment of past policies, leading to reduced effectiveness and dwindling international credibility. In Greece, majoritarian institutions inhibit the effectiveness of coalition governments: as majoritarianism does not reward sharing power (or resources), politicians have a greater incentive to defect, creating instability among the government partners. Admittedly, consensus democracies might face similar challenges during financial crises, but the latter might at least provide more social cohesion and inclusivity when addressing these challenges. For Greece, sacrificing this inclusivity and proportionality was not worthwhile as majoritarianism did not contribute to effective governance.

More importantly, of Spain, Portugal, and Greece, the latter country has invested most heavily in majoritarian norms but faces the grimmest prospects in Southern Europe. The Greek tragedy highlights the paradox of majoritarianism in times of crisis: the more urgent the calls are for fundamental institutional reform, the more polarized and fragmented party systems and society become, diminishing the credibility of political elites and making every suggested reform more costly and less likely to be accepted by the public. This sets in motion a cycle of distrust, whereby the credibility of every reform undertaken by the majority government is undermined by the vocal opposition of political parties and the society at large; in turn, this undermines the efficiency of the original reform, making necessary a new wave of unpopular reforms that are less and less effective. In short, majoritarian solutions do not secure societal consent and lack the credibility necessary to reverse expectations and bolster fiscal responsibility, growth, and development.

## NOTES

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