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**Leadership: The other deficit of post-1974 Greece**

**George C. Bitros**

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## Leadership: The other deficit of post-1974 Greece<sup>1</sup>



George C. Bitros<sup>2</sup>  
Emeritus Professor of Political Economy  
Athens University of Economics and Business  
[bitros@aueb.gr](mailto:bitros@aueb.gr)

### Abstract

In the absence of a universal index to evaluate the quality of leadership in Greece's governance since 1974, this paper proposes the use of three sub-indices. The first sub-index focuses on prudence, self-insurance, and the ability to learn from past experiences. The second sub-index centers on preserving the foundations of democracy. Finally, the third sub-index considers records of citizen participation and voting in national elections. To capture the evolution of these sub-indices, the paper utilizes measures of economic growth, the status of the defense industry, the protections afforded to freedoms and private property, and election turnout. The evidence indicates that Greece's political system failed to produce leaders with the long term vision, convictions, and decisiveness necessary to enhance the country's standing within the European Union (EU). Since 1974, perhaps the only leader who has come close to meeting these criteria is Konstantinos G. Karamanlis. He demonstrated remarkable foresight by securing Greece's admission to the European Economic Community (EEC) in 1981, and he took decisive actions to plunge Greece into challenging situations, as he famously stated, forcing the country to learn how to navigate them. However, while Karamanlis exhibited both vision and decisiveness, his views on the country's social and economic organization were ultimately misguided. Therefore, as we look to the future, the responsibility for restoring the ailing political system now rests with the citizens of Greece.

**Keywords:** Anemic long term economic growth, weakening of defense industry, abstinence from national elections, institutional erosion of citizen sovereignty, clientelism

**JEL Codes:** D72, H11, H83, O15, P16, M54, Z18

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<sup>1</sup> This paper focuses on leadership in governance and politics. Historically, very few political leaders have achieved the status of statesman. Therefore, I chose not to use the term 'statesmanship' because it involves more demanding yet less quantifiable criteria, such as integrity, moral courage, the ability to unify people with diverse interests and ideologies, and prioritizing service to the country over self-interest.

<sup>2</sup> Kyriakos Revelas and Anastassios Malliaris read earlier drafts of this paper and offered me comments and advice which enabled me to improve its content and presentation significantly. Therefore, I like to thank them for their collegiate goodwill and at the same time absolve them for any errors of fact or interpretation that still remain.

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## 1. Introduction

Around 483 BCE, the city-state of Athens discovered a rich vein of silver in Lavrion, located in southern Attica between Thorikos and Cape Sounion. This newfound wealth prompted the Athenians to confront a critical question: How should the silver be distributed? Many participants in the discussions held in the *Ecclesia of Demos*<sup>3</sup> favored distributing the silver among the citizens as a one-time windfall. While this approach would provide immediate individual enrichment and improve daily lives, it would not allow for long-term strategic investments. Among those advocating for a different approach was Themistocles, a brilliant statesman and general. He argued passionately for using the silver to build a powerful fleet of triremes (warships) for three primary reasons. First, Athens continued to face a threat from Persia, making naval strength crucial for any future conflict. Second, a strong navy would enable Athens to secure sea lanes for trade and increase its influence in the Aegean region. Third, naval dominance would give Athens significant leverage over its rival city-states, such as Aegina. Themistocles' proposal ultimately prevailed, and as [Bitros \(2022, 94\)](#) notes, the 200 triremes built by the Athenians played a vital role in the pivotal victory of the allied Greek forces at the Battle of Salamis in 480 BCE.

By studying this famous battle, researchers have gained valuable insights into the qualities of statesmanship and leadership. For example, [Stenberg \(2005\)](#) emphasizes the importance of *prudence*. After the Persians were defeated at Marathon in 490 BCE, ordinary Athenians likely resumed to their daily lives, forgetting the damage they had done to Persia's prestige, the greatest empire known at the time. However, for Themistocles, the possibility of a Persian return was significant. For this reason, even before the Lavrion mines were discovered, which enabled the construction of the 200 triremes, he advised Athens to undertake a bold public works program to strengthen its defenses.<sup>4</sup> His stance clearly communicated that in the lives of nations, the future is unpredictable. Thus, *prudence* must always be accompanied by decisiveness from leaders and the preparedness of the people to embrace *self-insurance* through various forms of long-term in-

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<sup>3</sup> Ecclesia of Demos or Assembly was the top decision-making body with all legislative and select ultimate-degree judicial and auditing powers. Members of the Assembly were all male Athenian citizens over 30 years of age, the quorum for the meetings was 6,000 in a male population that ranged from 30,000-60,000 depending on the period, and the number of meetings was at least once a month.

<sup>4</sup> As soon as he was elected Archon in 493 BCE, Themistocles began fortifying the port of Piraeus around 493 BCE. His strategic vision was to transform Piraeus into a secure naval base, replacing the older port at Phaleron. The initial fortifications were part of a broader plan to make Athens a dominant maritime power. The construction of the more extensive Long Walls, which connected Athens to Piraeus and Phaleron, began later around 465 BCE and was completed by 446 BCE, under the leadership of Cimon and Pericles.

vestment. Lastly, Themistocles encouraged the Athenian leaders to *learn from both past successes and failures*, as it is only by reflecting on these experiences that they could better mitigate the uncertainties that the future held for their homeland.

Many centuries later, following the restoration of democracy in 1974, Greece faced similar territorial threats from its eastern neighbor, which flared up on several occasions. The first instance occurred in 1974, when Turkey invaded Cyprus and still occupies a little over one-third of the island in the north. This aggression ignited the strategic rivalry that had been brewing between Greece and Turkey in the Eastern Aegean since 1955 and brought the two allies in the North Atlantic Treaty Organization (NATO) perilously close to war. Two more significant instances arose in the 1990s. In 1995, Turkey threatened Greece with a *casus belli* if it chose to extend its territorial waters to 12 miles. In 1996, capitalizing on the events surrounding the Imia islets, Turkey began promoting the 'grey zones' doctrine, which challenged Greek sovereignty over various Aegean islets. The last major incident occurred in 2006, when Turkey introduced the Blue Homeland doctrine (*Mavi Vatan*), posing a direct threat to Greece's Eastern Aegean islands. As a consequence of these and numerous other indications regarding Turkey's intentions to expand westward, Greece has been compelled to maintain a level of armed forces that consumes an extraordinary percentage of its GDP annually, especially when compared to most Western-style democracies.

As the threats from Turkey multiplied and intensified, the pressure on Greece to reallocate its limited resources to maintain the balance of military forces in the Aegean also increased. In the absence of discovering a new rich vein of precious metals, rare earths, or some other unexpected source of freely allocable wealth, any Greek leader should prioritize promoting policies for sustainable economic growth, with a focus on domestic industrial development, especially in the defense sector. In other words, from both national and rational perspectives, all other social priorities should have been considered secondary. This raises several important questions:

- How do post-1974 state leaders measure up when evaluated, say, against the principles of prudence, self-insurance, and learning from past national experiences?
- If they have consistently underperformed, why have Greek citizens accepted this deteriorating situation concerning national safety?
- How can citizens drive change in the political system to create conditions for the emergence of truly effective leadership?

The objective of this essay is to explore the answers to these questions by examining relevant available data.

The Next section examines the evolution of GDP growth and industrial development as indicators for evaluating leadership performance. In light of the perceived threat from Turkey, which stems from its aspirations to restore the Ottoman Empire, I will pay special attention to how defense industry has evolved during this period. The main findings indicate that, generally, since 1974 Greece's leadership has underperformed. Building on this assessment, Section 3 aims to clarify the possible reasons why citizens have accepted this shortfall, despite the evident pressure they have exerted on the political system for change, which has yet to yield results. Section 4 investigates the potential processes through which citizens might successfully encourage the political system to implement improvements in leadership. Finally, Section 5 concludes with a summary of the findings and the overall conclusions drawn from this analysis.

## **2. Rating of Leadership on prudence, self-insurance, and learning from past experiences**

In 1981, Greece became a full member of the European Economic Community (EEC), which was the precursor to the European Union (EU). A few years earlier, the European Commission (EC) had determined that Greece was unprepared for membership. Their main argument was that Greece's economy could not withstand the shocks from exposure to more competitive European markets. However, the underlying issues ran deeper than that. The 1975 Constitution called for central planning and included provisions that laid the grounds for significant expansion of the state sector in the following years. As a result, these constitutional arrangements in conjunction with the prevailing structural distortions made it very challenging for EC technocrats to envision how productivity improvements could be achieved. At the same time, (a) Andreas G. Papandreu, the leader of the opposition party Panhellenic Socialist Movement (PASOK), was very critical of both the EEC and NATO viewing them as indifferent to Turkey's invasion of Cyprus; (b) PASOK openly expressed its ambitions to align Greece with countries that embraced 'Socialism of the Third Way;' and (c) as the likelihood of PASOK winning the upcoming national election increased, the geopolitical risks for Greece became more urgent. Consequently, for the governing party of New Democracy (ND) the decision to join the EEC on strategic security grounds, regardless of the costs involved became inescapable. This endeavor was successfully accomplished

and is rightly attributed to Konstantinos G. Karamanlis, the leader of ND.

After winning the elections in 1981, Papandreou pressed the EEC to postpone the opening of the Greek economy as much as possible and to secure financial aid beyond established channels. As a result, significant aid began to flow in, particularly under the new Mediterranean programs. Borrowing interest rates dropped extensively, possibly due to a mistaken perception in international financial markets that the EU would bail out any member state facing financial difficulties; and Greek enterprises gained a substantial advantage, allowing them to overcome the limitations of small domestic markets and expand their operations at a European level.

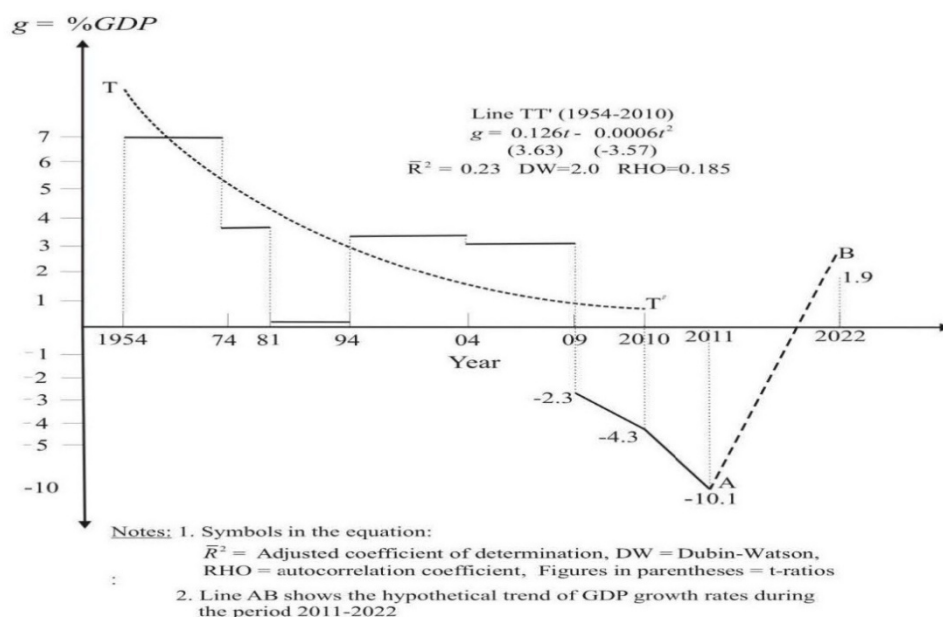
These observations suggest that various metrics, such as the results of aid, public borrowing, and the expansion of Greek firms, can be used to evaluate the performance of state leaders. However, many of these metrics may have limited usefulness, as they often serve as means to achieve specific ends. For example, financial aid and unexpectedly low-interest rates can facilitate the attainment of a particular goal: stimulating economic growth. Therefore, it is wiser and more effective to focus not on the means but on the actual extent to which a central, all-encompassing outcome has been achieved, if it was achieved at all. For this reason, given that a strong economy is the fountain of all power for the state, this essay will adopt the trend of economic growth as a fundamental metric for assessing leadership.

Lastly, since the development of a robust defense industry must have been a top national priority throughout this period, this essay will pay special attention to this critical matter.

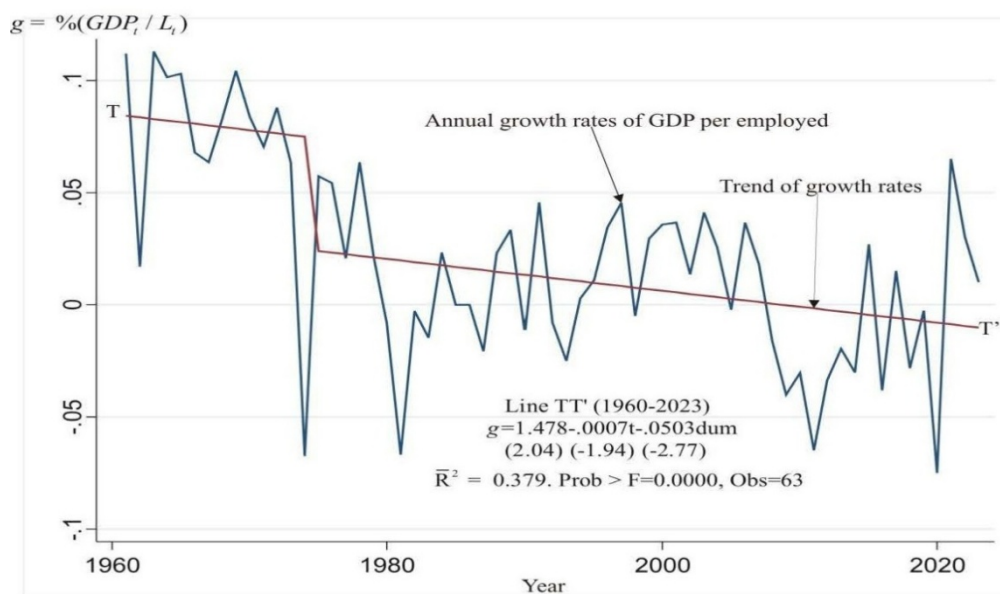
## **2.1 The trends of economic growth and productivity**

[Bitros \(2025c\)](#) notes that after 1974, governments became increasingly focused on ideological and social issues. This shift resulted in the adoption of institutional and economic policies that significantly diminished the urgency needed to achieve high and sustainable economic growth. To corroborate this assessment, let's take a moment to examine the context of Figures 1.1 and 1.2. Upon reflection, the following observations come to light:

1. From 1954 to 1974, the average annual growth rate was an impressive 7%. However, after this period, there was a significant decline, with the growth rate falling to less than 1%.
2. This dramatic slowdown in economic growth may have resulted from various factors, including a devastating natural disaster, a prolonged pandemic, or significant structural events that negatively impacted investment and productivity. In the absence of such disasters and pandemics, [Bitros \(2025c, 4\)](#) examined three potential factors that could have contributed to this



**Figure 1.1:** Structure of GDP growth rates in postwar Greece



Source: World Bank Group

**Figure 1.2:** Structure of growth rates of GDP per employed worker, 1960-2023

downturn: the two oil shocks of the 1970s, Greece's entry into the EEC in 1981, and the establishment of the Economic and Monetary Union (EMU) in 2001, along with the possibility of political instability. However, none of these factors were found to have significantly contributed to the decline. This suggests that Greece's severe economic stagnation can large-

ly be attributed to the institutional and economic policies adopted in the 1970s, as well as the subsequent decisions made by successive Greek governments.

3. From Figure 1.1, it is evident that the annual average growth rates were approximately 3.6% from 1975 to 1981, around 0.3% from 1982 to 1993, about 3.2% from 1994 to 2009, and significantly negative from 2009 to the present. That is, the level of the growth rates declined by several points and became considerably volatile, influenced by the policies that were enacted by successive governments. Hence, given that returning to higher and more stable growth rates is a top national priority, it is of utmost urgency to identify and address the reasons behind this undesirable trend since 1975.
4. An intermediate reason is illustrated in Figure 1.2. The vertical axis shows the growth rate of Gross Domestic Product (GDP) per employed worker, which effectively measures labor productivity. When we examine the year 1975 more closely, we can see that the trend line drops significantly, and thereafter labor productivity continues to decline gradually in the following years. This observation prompts a crucial question: Why did labor productivity experience such a sharp decline in 1975, and why have successive governments remained passive in response to this highly concerning trend?

In [Bitros \(2025b, 2025c\)](#), I clarify the factors that contributed to the problem. The 1975 Constitution incorporated a strong redistribution mechanism, which favored both labor and the state.<sup>5</sup> Under this institutional framework, policies implemented significantly lowered the certainty-equivalent return on capital. This ultimately led to a decline in both domestic and foreign direct investment. As any economist would anticipate, this shift resulted in a marked decrease in growth rates. Furthermore, as these expectations gradually materialized in the following decades, a sustained decline in labor productivity became increasingly unavoidable.

If markets were truly free and capable of operating independently, we could reasonably anticipate the repercussions that would follow. As productivity declined and economic growth slowed, we would likely observe a drop in per capita income. This decline, coupled with rising unemployment among both workers and productive capacity, would prompt businesses and employees to adopt more collaborative practices. Such cooperation could ultimately reverse the downward

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<sup>5</sup> The GDP per employed worker is in fact a good productivity of labor index. Therefore, the coincidence that this index declined *pari passu* with GDP aligns very well with the presumption that redistribution policies may be the culprit for the sharp decline of economic growth in the post 1974 period.

trend in productivity. However, after the implementation of the 1975 Constitution, governments acquired the authority to centrally regulate markets. This intervention propelled the economy into a vicious cycle characterized by what is known as the 'twin deficits' - a deficit in the public budget and a deficit in the balance of payments. Financing these deficits through aid from the EU and significant public borrowing, especially from foreign lenders, delayed but ultimately led to the bankruptcy of 2009. This in turn was followed by three harsh memoranda of austerity for the Greek people, the burden of which continues to linger on to the present.

## **2.2 The status of the defense industry**

The events of the summer of 1974, when Turkey invaded Cyprus and occupied a little over one third of the island's territory in the north, should have taught Greek leaders an invaluable lesson. This lesson emphasizes that without robust military deterrence, Greece's sovereignty over the islands in the Eastern Aegean - and potentially over the entire Aegean Sea - could ultimately be challenged by Turkey's expansionist ambitions. These events highlighted the urgent need to prioritize the development of a strong defense industry.

Beyond security concerns, substantial literature indicates that a robust defense sector significantly contributes to a country's independence. It fosters technological advancements, creates well-paying jobs, and facilitates international trade. However, such a sector cannot thrive without the necessary synergies that arise from a strong industrial base. For this reason, the following brief presentation begins by examining the trends that have emerged across the entire industrial landscape, and then focuses specifically on the defense industry subsector.

Table 1 illustrates the changes in employment and gross value added from 1961 to 2021 across four sectors: agriculture, industry, construction, and services. As noted in footnote 4 at the bottom of the table, manufacturing is included within the industry sector. Between 1961 and 1981, industry experienced significant growth in both employment and gross value added. During this period, Greece transformed into an industrial nation, achieving industrial employment levels of 20.1% and gross value added of 25.2%. However, this remarkable success was followed by a number of challenges. One major challenge was the two oil shocks of the 1970s, which posed significant economic obstacles. Many industrial enterprises struggled to adapt to rising energy costs, leading to various economic difficulties. The nationalizations implemented during the 1970s by the government of ND, alongside the emergence of the 'Socialism of the Third Way,' advocated by Andreas G. Papandreou, further worsened the business climate. These fundamental institutional

shifts occurred at a time when Greece needed to attract as much domestic and foreign investment

**Table 1:** Distribution of employment and gross value added in four basic sectors over the 1961-2021 decades<sup>1</sup>

	1961		1981		2001		2021 <sup>2</sup>	
	% Empl. <sup>3</sup>	% GVA <sup>3</sup>	% Empl.	% GVA	% Empl.	% GVA	% Empl.	% GVA
Agriculture	53.4	21.3	27.4	14.6	15.7	5.7	10.4	4.0
Industry <sup>4</sup>	14.3	13.3	20.1	25.2	13.2	22.0	9.3	15.1
Construction	4.5	11.1	9.2	7.0	7.2	7.6	3.7	1.9
Services	27.8	54.3	43.3	53.2	63.9	64.7	76.6	79.0
Notes:								
1. National Statistical Service of Greece, Censuses of respective years.								
2. Eurostat, Gross value added and income by main industry (NACE Rev.2 ) Employment by main industry (NACE Rev.2) - national accounts								
3. Empl. = Employment, GVA = Gross Value Added.								
4. Industry includes manufacturing.								

as possible. Lastly, another negative factor was Greece's entry into the European Union, which led to the anticipated gradual elimination of tariff and non-tariff barriers in the export-import markets among member states.

Thus, starting in the second half of the 1970s, Greece experienced a significant wave of de-industrialization. Table 1 illustrates this situation clearly. By 2021, the industrial sector's contribution to employment and GDP had diminished to 9.3% and 15.1%, respectively. This decline followed familiar patterns, as foreign firms began leave, indicating a negative shift in Greece's business climate. Inflows of Foreign Direct Investment (FDI) dried up, and domestic enterprises postponed plans to expand production facilities or upgrade their equipment. Consequently, the country's industrial capital stock became aged and technologically outdated.

The effects of these retrenchments are evident in the declining trend of labor productivity, as shown in Figure 1.2. With the significant weakening of the industrial sector, even if the defense subsector had been thriving in the 1970s and 1980s, it would have undoubtedly faced severe challenges. However, the relevant literature suggests that it was far from being at its peak during those years. To summarize this narrative, consider the following quotations from [Plakoudas \(2003, 95\)](#):

The foundations for the Greek defence industry lay in the 1970s – a period of heightened tensions ... after Turkey's invasion of Cyprus in 1974 and the subsequent crises with Turkey (1976 and 1987) underlined the imperative of an indigenous defence industry.

The state-owned companies (EAB, ENAE, EΛBO, ΠΥPKAA, EAΣ4) aspired to ... self-sufficiency in weaponry, not so much exports, was the stated objective.

However, the evolution of these state-owned corporations would disprove this ambitious objective. As early as the 1980s, ... these state-owned defence corporations degenerated into instruments for partisan and clientelistic agendas.

Needless to say, the stated objective of self-sufficiency was never realised— partly due to the poor performance of these industries and partly due to the so-called “armaments diplomacy.”

The shipyard industry faced a similar fate during this period. Greece's domestic shipyards, such as Skaramangas, Elefsina, and Syros, remained operational but saw a dramatic decline due to mismanagement, competition, lack of domestic and foreign investment, technological backwardness, and geopolitical shifts. As a result, with the exception of some signs of recovery in recent years, the shipyards have been unable to adequately support the Greek navy and the economy.

### 3. Rating leadership on preserving the fundamentals of democracy

The transition in Greece from military dictatorship to democracy on July 24, 1974, brought significant changes to the state. A major one was the abolition of the previous regime, a crowned democracy, which was confirmed by a referendum, held on December 8, 1974. Another crucial development occurred six months later, with the establishment of a presidential parliamentary democracy and the approval of a new constitution on June 8, 1975.

A cursory comparison of this constitution with its predecessors reveals that several new articles have been added. Notably, those addressing 'social' and 'property' rights stand in stark contrast to the principles of Western-style democracy. The objective of these additions appears to have been the transformation of Greek democracy from a representative system into one where the state claims sovereign rights that supersede those of the Greek people. Any doubts regarding this assessment can be addressed by examining the following key excerpt from [Katrougalos \(2010, 4\)](#):<sup>6</sup>

In the European social states—in contrast to the Anglo-Saxon model—and in the context of a combination of the *liberal* and the *social principle*, the common legislator is free to determine the economic policy within the limits of the free market system, but with respect to the social priorities, which derive from the principle of the *social state*. ... The crucial provisions for the determination of the Greek Eco-

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<sup>6</sup> This paper has only been published in Greek. It is worth studying because it provides a candid interpretation of the political agendas of constitutionalists, economists, and other experts who participated in the committee that drafted the 1975 Constitution.

conomic Constitution are, on the one hand, those of articles 5 § 1 and 17 (protection of economic freedom and property), in terms of the establishment of the traditional capitalist market economy and the freedoms associated with it, and on the other hand, the new provisions of articles 21, 22, 25 § 1, 2, and 4, 106, and 17 § 1 of the Constitution. With these last regulations, on the one hand, the rights of property and economic freedom were given a functional character, and the interventionist, regulatory role of the state was recognized, with the explicit establishment of the *principle of the social state*. On the other hand, economic development was elevated to a constitutional objective but subordinated to the service of *human value, social justice, and solidarity*, as well as *fundamental social rights*. In the context of the balance between the above countervailing principles, *economic freedom and property no longer occupy the center of the rights protection system*. (Italics are the author's.)

In other words, within the republic established by the constitutionalists who introduced these provisions in the 1975 Constitution, governments may legitimately restrict citizens' ownership of their income, savings, and wealth. More importantly, they can also limit citizens' economic freedoms to any extent suggested by the vague principles of *the social state*.

This scenario unfolded exactly as anticipated. Bolstered by the previously mentioned constitutional provisions and driven by a desire for reelection, governments felt an obligation to pursue two primary objectives: first, to expand the public sector by transferring sovereignty and economic power from the people to the state, and second, to earn the compliance of citizens. To achieve these goals, governments have implemented thousands of redistribution policies over the past several decades, employing both fiscal and non-fiscal channels. These measures include:

- Raising incessantly direct and indirect taxes on citizens' income and wealth.
- Expanding social programs to enhance and broaden the welfare state.
- Introducing significant administrative controls in both input and output markets that shift the balance of bargaining power among the so-called 'social partners' in favor of the 'state' and 'labor,' and against 'capital.'
- Transforming public administration into a stronghold for governing parties, leading to drawbacks such as excessive and misallocated public employment, low morale, and distorted incentives for productive efficiency.
- Turning labor unions in the public and private sectors, as well as mass media, into tools of party politics.

In summary, from 1974 to the early 2010s, there were few reasons for the public to complain as

income and consumption levels steadily rose. This increase was primarily driven by excessive public spending, which was financed through EU aid and borrowing - particularly from foreign lenders. This led to an unprecedented redistribution of resources from the private to the public sector.

<b>Table 2:</b> Ranking of certain key countries based on indices of human and economic freedom <sup>1</sup>		
Countries	Human freedom <sup>2</sup>	Economic freedom
Australia	11	6
Ireland	5	10
Denmark	4	5
USA	23	7
Greece	57	85
China	152	139

Notes:  
1. Based on the [Human Freedom Index: 2022 | Cato Institute](#). The data refer to the year 2020  
2. The index of Human Freedom is computed by taking the average of the indices of Personal Freedom and Economic Freedom.

During this time, the erosion of citizen sovereignty and freedoms went largely unnoticed. **Table 2** illustrates Greece's position in 2020 relative to a small sample of selected countries, based on standard metrics. Human freedom in Greece was 6, 11, and 14 times lower than in Australia, Ireland, and Denmark, respectively, while economic freedom lagged by factors of 14, 8.5, and 17, thus placing Greece on both indices alarmingly close to that of communist China. Additionally, during that same period, with the exception of the ND government from 1990 to 1993, led by Prime Minister Konstantinos K. Mitsotakis, which made unsuccessful attempts to reverse the trends, the journey toward bankruptcy was intermittent.

Between 1974 and 2009, the 'social mania' of ND governments was only nominally different from the 'socialism of the third way' adopted by PASOK governments under Prime Ministers Andreas G. Papandreou and Konstantinos G. Simitis. As a result, the dramatic increase in state debt compromised private property and hurt investment as never before. The data in **Table 3** reflect the "mania" with which all governments since 1974 jeopardized the integrity of private property in Western style democracy. During a period in which the Communist Party of China (CCP) abandoned the collectivists doctrines of Marx and Engels, leaders in Greece rendered for citizens, through numerous administrative controls or the lack thereof, the holding of private property a curse rather than a blessing. The numbers speak for themselves, so there is no need to

**Table 3:** Ranking of sampled countries based on the index of property rights protections, 2024

Countries	Property rights <sup>1</sup>
Denmark	3
Ireland	17
Germany	10
Australia	8
Taiwan	21
S. Korea	22
Japan	12
USA	14
Greece	57
China	51
Notes:	
1. <a href="https://internationalpropertyrightsindex.org/">https://internationalpropertyrightsindex.org/</a>	

belabor this point further.

#### 4. Rating leadership on citizens' voting record

In representative party democracies, elected parties are expected to serve the public interest and promote the common good. They are also anticipated to do so with a sufficient degree of transparency. However, when these parties - whether in government or opposition - deviate from these principles, a trend that has become increasingly common in modern democracies, citizens begin to lose trust in the system. As this confidence gap widens, the likelihood of unusual or harmful solutions increases. A relevant example can be found in postwar Greece, particularly in the years leading up to the dictatorship of 1967. During this tumultuous period, political parties weakened, the political system fell into disarray, the economy struggled, and threats from Turkey escalated. Thus, as the country became nearly ungovernable, the colonels seized the opportunity to impose a military regime, which lasted until 1974.

Did Greek politicians and their supporting elites learn from their seven-year forced decommissioning? They should have realized that for democracy to function effectively, political parties must not act in ways that undermine the mandates they receive from citizens through elections. Nor should they manipulate laws to infringe upon the fundamental rights of freedom and property, which are the bedrock of citizen sovereignty. However, after assuming control of the

government in 1974, New Democracy (ND) quickly endorsed the 1975 Constitution, which had been long pursued by academics and others in the inner circle of Prime Minister Konstantinos G. Karamanlis.<sup>7</sup> For them, the return to democracy represented a golden opportunity to realize their long held plans for an expanded social state and at the same time suppress the growing popular support for the main opposition party of Panhellenic Socialist Movement (PASOK), which was led by Andreas G. Papandreou and promoted his vision of 'third way' socialism. The outcome in terms of economic growth and productivity of competition over which party's policies were more socialist is clearly illustrated in Figure 1.1-1.2.

The bankruptcy of 2009 and the subsequent sharp decline in living standards constitute for citizens undeniable evidence of failure for both ND and PASOK, regardless of their questionable ideological differences. Beginning with the May 2012 elections, citizens expressed their disappointment by abstaining from voting. When they did vote, they distanced themselves from ND and

**Table 4:** Index of participation and abstention from national elections

Election Year	Turnout %	Abstention %	Election Year	Turnout %	Abstention %
1974	79.4	20.6	2004	76.5	23.5
1977	81.0	19.0	2007	74.2	25.8
1981	79.3	20.7	2009	70.9	29.1
1985	80.0	20.0	2012 (May)	65.1	34.9
1989 (June)	77.4	22.6	2012 (June)	62.5	37.5
1989 (Nov)	77.6	22.4	2015 (Jan)	63.9	36.1
1990	79.3	20.7	2015 (Sept)	56.6	43.4
1993	80.0	20.0	2019	57.8	42.2
1996	76.3	23.7	2023 (May)	61.0	39.0
2000	75.0	25.0	2023 (June)	58.6	41.4

Source:

1. TA NEA, *Turnout in Greek general elections lowest since 1974*  
<https://tanea.com.au/en/turnout-in-greek-general-elections-lowest-since-1974/>
2. Kathimerini, *Greece heading towards record-low voter turnout?*  
<https://www.ekathimerini.com/in-depth/analysis/1240886/is-greece-heading-towards-record-low-voter-turnout/>

PASOK, which were largely blamed for the bankruptcy and the ensuing challenges. Table 4 exhibits the turnout and abstention rates for all national elections since 1974. We observe that, after an average abstention rate of around 25% in previous elections, this rate surged to 35% in the May 2012 elections and has since averaged 39.9% in all subsequent elections. Moreover, as abstention rates have risen, voters have expressed their dissatisfaction with the political system by challenging

<sup>7</sup> Supporting evidence for this claim can be found in, [Zolotas \(1944/2009\)](#), [Bitros, Karayiannis \(2011-2012\)](#).

the dominance of the traditional two or three parties. Currently, Greece has a parliament that is primarily dominated by a single party, which holds about 30% approval in the polls, alongside nine relatively small parties that encompass a spectrum from the extreme left to the extreme right.

This evidence suggests that citizens are increasingly expressing their disappointment with the country's governance through various channels. However, the main political parties continue their traditional approach to governance, which is marked by populism, clientelism, polarization, and control of everything from the center. Consequently, despite notable recent achievements in areas like employment, economic growth, and a reduction in the public debt-to-GDP ratio, citizens are eager to voice their dissatisfaction with the state of the economy and the political system.<sup>8</sup> Regrettably, as noted by [Bitros, Economou, Kyriazis \(2021, 224-259\)](#), representative party democracy has become largely dysfunctional, with very few exceptions. The primary reason for this dysfunction is encapsulated in the following observations of [Lyon \(1996, 537\)](#).

Parties and businesses ... have a strong vested interest in restricting competition. In the case of business, government regulations limit the ability of corporations to choke off competition. But parties control the only body - the government - that can regulate them.

Hence, democracy has, in effect, been hijacked by political parties, which are unlikely to voluntarily reform in order to serve the common good instead of their own interests.

In light of this realization, two main questions come to mind: a) what can citizens do to reclaim the sovereignty and control over governance that they have lost since 1974? And b) if they succeed in making their power felt by the dominant political parties, which fundamental institutional changes should citizens pursue? Addressing the second question first, my research findings over the past 15 years suggest four key principles. The first principle recognizes the negative relationship between the rate of economic growth and the size of the public sector. It recommends scaling back the public sector to the classic 25% of GDP from the current level of 49%. Achieving this goal would necessitate significant public employment reductions, which could be accomplished by accelerating the digitization of public services. The second principle advocates for a

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<sup>8</sup> In a recent poll conducted by the firm Interview (<https://www.interview.com.gr/>) for the firm Politic (<https://www.politic.gr/>) showed that if the current governments proceeds to next elections by posing to voters the dilemma "Mitsotakis or chaos," more Greeks would now choose "chaos" over Prime Minister Kyriakos Mitsotakis. In particular, forty-two percent of respondents opted for "chaos," while only 30 percent supported the Prime Minister, and another 28 percent preferred "other" options such as a coalition government, a national unity cabinet, or a change in party leadership.

substantive redistribution of governing power among the three layers of governance: local, regional, and national. This is the well-known principle of *subsidiarity*. Given that problems are often resolved more efficiently and transparently by those who confront them in their daily lives and possess the most relevant information, it is essential that citizens entrust local and regional authorities with this task. For these reasons it is imperative that the governing power be dispersed according to the competencies presumed for the three layers of governance. The third principle addresses the huge indebtedness of the dominant political parties. As of 2024, ND and PASOK together owed over €1 billion, mostly in bank loans collateralized by future state subsidies. Their debt-to-revenue ratios exceed twenty times annual income — figures that, in a corporate setting, would trigger receivership or restructuring. Yet in Greece’s political economy, this imbalance persists largely unchallenged, creating what [Afonso, Zartaloudis, Papadopoulos \(2015\)](#) call a “moral hazard of representation.” Therefore, citizens should demand ending of this practice. Finally, the fourth principle emphasizes that citizens should take responsibility for their choices and cease transferring the costs of their poor decisions onto the general public. By doing so, they would eliminate one of the main channels through which political parties infringe upon citizen sovereignty and liberty.

Turning next to the first question, one strategy for citizens to contest the oligopoly power of the dominant political parties is the decision to abstain from voting. To highlight its possible influence, let us assume that: a) in the forthcoming elections, citizens decide to abstain to such an extent that the turnout declines to 40%; b) the shares of votes that the three dominant parties get are 30%, 17% and 13%, respectively; and c) by virtue of these results, government is assigned to a coalition of the said parties. There are three possible coalitions. These are: a) The first with the second party; b).The first with the third party; and c) the second with the third party. Essentially then, since the respective governments would represent 18.8%, 17.2%, and 12.0% of the registered voters, the question would arise whether governance by any coalition would be legitimate, if at all. The dominant parties will try to stay in power by all means. As per the above quotation, they have both the knife and the melon. But then the only peaceful strategy for citizens to reclaim their sovereignty and turn the “We the people” into an instrument for reestablishing true democracy is to abstain from voting and demand the adoption of Digital Direct Democracy (DDD) or some fundamental reform along the lines suggested by [Bitros \(2022\)](#).

## 5. Summary of findings and conclusions

In the absence of a universal index to assess the quality of leadership in Greece's governance since 1974, this paper advocates for the use of three sub-indices. First, the sub-index of prudence, self-insurance, and learning from past experiences; second, the sub-index focused on preserving the foundations of democracy; and third, the records of citizen participation and voting in national elections. To capture the evolution of these sub-indices, the paper employs measures of economic growth, the status of the defense industry, the freedoms and protections of private property, and elections turnout. The evidence related to the trajectories of these measures reveals that during the period from 1975 to 2024:

- Long-term economic growth declined to nearly 1% from 7% in the period 1954-1974.
- The industrial sector entered a protracted phase of deindustrialization, while the defense industry almost vanished.<sup>9</sup>
- Democracy deteriorated to the point where serious doubts arise about Greece's status as a functioning Western-style democracy.
- Following the 2009 bankruptcy and its burdensome effects on personal incomes and wealth, significant segments of the population lost trust in government and began to abstain from voting, starting with the elections held in 2012.
- The only peaceful approach for citizens to reclaim the sovereignty they have lost during this period is to abstain from voting until the dominant parties give in either by returning Greece to an updated version of 1952 Constitution or even better adopt the constitution recently proposed by [Alivizatos et al \(2016\)](#).

These findings suggest that over the past five decades, Greece's political system has failed to promote leaders with the vision, convictions, and decisiveness necessary to elevate the country's status within the European Union (EU). Perhaps the only post-1974 leader who came close to meeting these criteria is Konstantinos G. Karamanlis. He demonstrated remarkable foresight by securing Greece's admission to the European Economic Community (EEC) as early as 1981. This

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<sup>9</sup> It is worth noting that, in recent years, the defense industry has shown some signs of revival. The renewed emphasis by the New Democracy (ND) government since 2019 on rearmament has significantly contributed to this resurgence. However, similar temporary defense policies in the past have failed to prevent a shift in the balance of power in the Aegean that has been detrimental to Greece. These past policies lacked conviction, determination, and sustainability. Consequently, the data suggest that, along with other noted deficits, democracy in Greece has experienced a considerable leadership deficit since 1974

achievement was a personal triumph for him and continues to bring substantial benefits to the Greek people, despite the ongoing challenges it has posed for an inadequately prepared Greek economy. At the same time, however, Karamanlis played a crucial role in adopting the 1975 Constitution, which hindered economic growth, led to the collapse of the defense industry, and undermined the foundations of democracy. Serving as Prime Minister during the pivotal second half of the 1970s and later as President of the Republic, he supported policies that significantly contributed to the clientelism and largely non-reformable regime still present in Greece today.<sup>10</sup> In short, while he possessed vision and decisiveness, his convictions regarding the country's organizational direction were misguided. By presiding over the doubling of the size of the public sector, he overlooked the fact that economic growth is rooted in well-functioning free markets and independent entrepreneurship.

Lastly, since the political system has no incentives to regulate itself out of its current failure state, the only way for citizens to force change is by threatening to withdraw their legitimacy through abstention from national elections. If citizens can successfully use this approach to achieve the following: a) eliminate all institutional arrangements that support clientelism; b) stop the manipulation of electoral laws that facilitate the election of single-party governments; c) ensure accountability through independent internal and external audits; and d) gradually reduce the size of the government to half of its current scale, then the conditions will be ripe for new leadership to emerge that aligns with the criteria we have established for excellence.

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<sup>10</sup> For evidence in this regard, see [Afonso, Zartaloudis, Papadopoulos \(2015\)](#).

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