

Electoral swings amidst globalization pressures.

Insights from Greek regions.

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Extended Abstract:

The last two decades have been characterized by the deepening ideological divide in many developed Western economies (Autor et al. 2020). Contemporary international politics are characterized by a sizeable rightward shift, illustrated by the landslide re-election of D. Trump, or *inter alia*, the increasing voting shares of Front National in France and AfD in Germany, mainly capitalizing on anti-globalization nativism (Rodrik, 2018). Coupled with a more modest leftward shift (Syriza in Greece, Podemos in Spain) exploiting an anti-establishment rhetoric, the prevailing political arguments increasingly challenge the liberally-grounded founding principles underpinning post-war, Western international politics (Caselli, Fracasso & Traverso, 2019).

Growing concerns regarding the widening ideological cleavages stimulated theoretical and empirical investigations as to their main determinants. The relevant literature identifies the following candidate explanations. First, despite the beneficial growth effects of the ongoing integration of the world economy, globalization has inadvertently non-neutral redistributive effects, both between and within countries. The economic insecurity amongst the regions lagging behind or the least privileged societal groups has fueled the demand for economic protectionism, especially in industries exposed to import competition (Autor, Dorn & Hanson, 2013). Along similar lines, technological developments have increased the employment insecurity of low-skilled workers (Helpman, Itskhoki & Redding, 2010). Such concerns are exacerbated by the increased migration flows, which are often perceived by some natives as a threat to their job security and their national identities (Hainmueller & Hiscox, 2010). Taken together, the above factors have aggravated underlying political and social tensions which are increasingly polarizing the electoral outcomes.

Within this rapidly evolving political environment, the current study investigates trade integration as a catalyst of the far-reaching transformation of the Greek political landscape during the 1996-2023 period. This period is marked by the integration of China in the world economy, often defined as the 'China shock' (Autor et al. 2013), which resulted in a 5-fold increase in Chinese exports to Greece. At the domestic level, Greece has experienced fundamental economic and political restructuring within the period of our analysis. Recovering from the 2008-2010 global financial crisis was particularly challenging, a situation which eventually triggered the major debt crisis, lasting till 2015. Such factors contributed to the profound changes in the domestic political environment, illustrated by the emergence of new political parties both at the so-called extreme left (MeRA25, Popular Unity etc.) and the extreme right (Greek Solution, Spartans etc.), increased momentum of pre-existing ones (SyRiza, Golden Dawn etc.), and the political demise of traditional parties (PASOK). As a result, the investigated political environment features increased radicalization and a multi-polar character, as opposed to the conventional bi-polar dimension of electoral outcomes till the early 2000s.

Against this background, the current study adopts a multi-pronged approach to assess the explanatory role of international trade in shaping changes in electoral behavior and identifying political winners and losers during Greece's political transition from 1996 to 2023. For this, we classifying Greek political parties into 4 categories, reflecting their general ideological position, their economic orientation and stances on thorny issues, such as migration EU membership. To shed further light into the underlying mechanisms, we investigate whether import competition fuels political tensions via exacerbating the pre-existing local economic insecurity in Greek regions, following the financial and the debt crisis.

Our analysis so far illustrates that Greece departs from the international patterns linking globalization with political polarization. Instead, trade integration causes a meaningful increase in the support for center-right parties, at the expense of left-wing and extreme-right ones. Furthermore, we document a causal relationship between international trade and the increased support for parties with moderately restrictive migration positions, at the expense of parties with strongly restrictive migration narratives. The analysis also concludes that trade integration benefits pro-EU parties while it decreases support for Eurosceptic ones. Considering the economic mechanisms, we indicate that the above effects are concentrated in regions with low-to-medium unemployment, illustrating the heterogeneous adjustment to global economic shocks. As such, future research should focus on regions with high unemployment and investigate the drivers of the electoral restructuring under increased economic uncertainty.

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