

Electoral swings amidst globalization pressures.

Insights from Greek regions.

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Abstract

This paper investigates the relationship between globalization and the profound transformation of the Greek electoral landscape over the 1996-2023 period. Employing an estimation strategy that accounts for time-invariant unobserved factors across local labor markets differentially exposed to imports from China, we uncover that globalization is a key catalyst of the Greek electoral transformation. Specifically, we first document that regions more exposed to import competition exhibit increased voter turnout and support for radical left parties, coupled with decreased support for radical right ones. A more granular classification of the political parties according to their economic stance illustrates that import competition increases support for parties moderately in favor of market liberalization, as opposed to those favoring extensive welfare policies. The estimated effects are concentrated in regions with low-to-medium unemployment levels, underscoring the heterogeneous adjustment to global shocks, based on different levels of the local economic uncertainty.

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1. Introduction

The last two decades have been characterized by the deepening ideological divide in many developed Western economies (Autor, Dorn, Hanson & Majlesi, 2020). Contemporary international politics feature a sizeable rightward shift, mainly capitalizing on anti-globalization nativism, reflecting an opposition to minorities and foreigners (Rodrik, 2018). Prominent examples include the landslide re-election of D. Trump, or *inter alia*, the increasing voting shares of Front National in France, AfD in Germany and PVV in the Netherlands. At the same time, recent developments in the political landscape demonstrate a more modest leftward shift, illustrated by Syriza in Greece or Podemos in Spain, exploiting an anti-establishment rhetoric. Typically, leftist parties are strongly opposed to the interests of the financial elites and demand more generous social protection. Taken together, the prevailing political dynamics increasingly favor support for parties at the extreme poles of the electoral distribution, thus challenging the founding principles of post-war, liberally-oriented 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 key economic catalysts (Autor, Dorn & Hanson, 2013; Guriev, 2018). First, despite the beneficial growth effects from the ongoing integration of the world economy, globalization has inadvertently caused non-neutral redistributive impact, both between and within countries. The economic insecurity amongst the regions lagging behind or the least privileged societal groups has fueled the demand for either a more expansive welfare state or stronger economic protectionism, especially in industries exposed to import competition. 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 for polarizing electoral outcomes in Greek parliamentary elections during the 1996-2023 period. Considering global trade patterns, 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 per capita Chinese exports to Greece. Domestically, during the period of analysis, Greece has experienced fundamental economic and political transformations. The consequences of the 2008 global financial crisis were particularly profound, and the subsequent recovery rather challenging, ultimately resulting in a major debt crisis that persisted until at least 2015.

At the same time, far-reaching changes in the domestic political environment include the emergence of new political parties both at the so-called radical left (MeRA25, LAE etc.) and the radical right (EL, Sp etc.), increased momentum of pre-existing ones (SyRiza, GD 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 until the early 2000s. By grouping political parties into categories based on their ideological position and their stance regarding thorny economic, social and cultural issues, our analysis seeks to explain the forces stimulating this profound restructuring.

Against this background, the current paper investigates two main questions: First, we ascertain the relationship between import competition from China and the increasing support for parties at the extreme poles of the political spectrum (*radical left* vs *radical right*). Furthermore, motivated by the prevalence of economic reasons as one of the main determinants of electoral outcomes in Greece during our analysis, we classify all the political parties into 5 categories based on the economic programs. Left-wing parties typically favor a more extensive welfare state, while right-wing ones support a laissez-faire economic environment.² Adopting this more granular approach allows us to uncover changes in the voting behavior of the electorate and establish the winners and the losers from the profound political transition between 1996 and 2023. To shed further light into the above relationships, we attempt to identify the motivation mechanisms. For this, we investigate whether import competition fuels political tensions via exacerbating the underlying sentiment of economic insecurity in Greek local labor markets, following the financial and the debt crisis within the period of our analysis.

The empirical analysis combines regional electoral data at the NUTS-3 level³, which ensures the comparability of our results with the international literature (Caselli et al. 2019). The chosen spatial unit of analysis closely reflects local labor markets, where the workers are also the citizens and the voters. The current analysis investigates the role of globalization and more specifically import competition from China as the main catalyst for the far-reaching restructuring of the Greek political landscape. Based on trade data in intermediates from the OECD inter-country input output tables (ICIO), we approximate vertical specialization patterns, as the ones most closely reflecting the exacerbation of the local economic anxiety, due to jobs moving overseas. Following seminal papers in the literature (Autor et al. 2013; 2020), we use the so-called industry-mix instrument to evaluate the regional exposure to import competition. This allows us to exploit the variation in the local industrial structure as the main weighting factor applied to disaggregate the national-level trade data to the local level.

Methodologically, we provide two main bodies of evidence. First, fixed effects panel data models coupled with a wide set of economic, social and demographic indicators account for time-invariant, unobserved effects across local labor markets. Secondly, we adopt instrumental variable (IV) econometric techniques to address the potential endogeneity arising from unobserved factors correlated both with the electoral behaviour and the local exposure to import competition. Crucially, the IV approach allows us to estimate causal effects.

² Interestingly, the economic classification of political parties differs from their classification based on their overall ideological stance. Parties which are ideologically classified as *radical right* (Golden Dawn, Independent Greeks), often adopt economic narratives quite close to the ‘moderately left’ (Golden Dawn) or the ‘moderately right’ category (Independent Greeks).

³ In Greece, NUTS-3 regions almost perfectly match the electoral constituencies.

Previewing our preliminary results, in contrast to the literature so far (Barone & Kreuter, 2021; Caselli et al., 2019), we first indicate that the increased import competition is associated with higher turnout of voters, possibly reflecting the tendency of voters to become more politically engaged in periods of economic hardship. Somewhat surprisingly however, the magnitude of the causal effect declines in regions with high unemployment. Speaking to the literature connecting globalization with electoral outcomes (see Scheiring et al. 2024 for extensive review), initially we focus on rather small radical left and radical right parties, representing only the extreme poles of the electoral spectrum. Our analysis documents that trade increases support for the former while it decreases support for the latter. Interestingly, support for radical left parties increases in regions with low to medium unemployment. In contrast, the negative effect from trade on the electoral shares of radical right parties is significant in regions with various unemployment levels; albeit the magnitude of the effect is larger in regions with low unemployment.

In a more nuanced approach, we capitalize the traditional left-right dichotomy and sort all the political parties in four quintiles, according to their economic stance. In that, we document that import competition from China decreases the electoral shares of parties favoring an expansive welfare state, while it increases support for parties advocating a free market agenda. Further decomposing the political parties into quartiles, we document that import competition significantly impacts the electoral support for parties which only moderately communicate their economic stance. Specifically, trade decreases the electoral shares of parties moderately in favor of a social market economy, while it increases support for parties moderately in favor of market capitalism. Notably, the estimated effects are significantly moderated by the regional unemployment levels. In that, they only materialize in regions with low-to-medium unemployment.

The remainder of the paper is structured as follows. Section 2 discusses the relevant theoretical and empirical literature. Section 3 explains the data sources and the construction of the main variables used in our analysis, while section 3 describes the empirical strategy. Section 4 presents the empirical results, while section 5 concludes.

2. Literature review

2.1 Theoretical considerations

The far-reaching restructuring of the political landscape across different countries has led researchers to explore its underlying causes. The main determinants identified in the literature are broadly classified as economic and cultural ones (Caselli, Fracasso & Traverso, 2019). Between them, Guriev (2018) stresses the key role of economic reasons and identifies three main economic drivers that stimulated the increased support for parties at the extreme poles of the electoral distribution. A key economic candidate builds on the destabilizing effects from globalization of production, which decreases support to a country's leadership, especially amongst the displaced workers. The basic idea behind the above, so-called *economic insecurity* channel (Bergh & Karna, 2021; Dal Bo et al. 2018) draws upon the theories of embedded liberalism (Ruggie, 1982) or the compensation hypothesis (Rodrik, 2018). In line with the Stolper Samuelson theorem and motivated by the cost-cutting imperative, industrialized

economies increasingly offshore the low-skilled (manufacturing) parts of production to the developing countries and then re-import the intermediate products for further processing. Although this increases the overall productivity, mainly benefiting the high-skilled workers, it threatens low-skilled workers with unemployment or wage decreases. In a similar vein, Autor et al. (2013) develop a trade model based on the assumptions of monopolistic competition, cross-country differences in labor productivity and imbalanced trade between traded and non-traded sectors. In this framework, positive export supply shocks from their low-wage trade partners decrease the local employment in the traded sectors of developed countries.

The disrupting labor market effects from the integration of the global value chains are often complemented by the concomitant technological innovations, which intensifies fears of joblessness especially amongst low-skilled workers. Similarly, integration of the labor markets increases the number of foreign-born workers, tightening the competition for the available jobs. Taken together, political economy theory connects the non-neutral labor market adjustments due to globalization with the current shift of the political equilibrium towards populist parties (Guiso et al. 2019; Algan et al. 2017; Dustmann et al. 2017).

Secondly, the literature often focuses on within-country determinants (the ‘*Great Convergence*’ hypothesis discussed by Moretti, 2012; Rodrik, 2018). In that sense, Guriev (2018) distinguishes between ‘fair’ inequality driven by effort or skill and ‘unfair’ inequality driven by exogenous circumstances like parental background, gender, ethnicity or race. Critically, he shows that the latter reduces support for market reforms and increases disillusionment among people, which leads to anti-establishment sentiments. When combined with low institutional trust, these economic factors push voters towards populism. Finally, economic crises erode the political trust, often illustrated by increased unemployment or immigration during the Great Recession. Nevertheless, within-country determinants of populism and the impact from economic crises are less relevant for the current analysis, which primarily investigates the economic insecurity channel and more specifically the causal relationship between import competition from China and the increased support for parties at the extreme poles of the electoral distribution in Greek local labor markets within the last 2 decades.

2.2 Empirical evidence

The empirical literature investigating the underlying causes of the metamorphosis of the electoral environment is broad and expanding (see Scheiring et al. 2024 for a review). The current section reports a brief overview of the empirical evidence, focusing on the studies most relevant for the current analysis; the ones using import competition from China and other low wage countries as the main catalyst of the observed changes in the electoral behaviour.

On the empirical front, the economic insecurity channel was put to test in the seminal paper by Autor et al. (2020). Using data for the US congressional and presidential elections between 2000 and 2016, they find strong causal evidence of political polarization in the electoral districts exposed to import competition by China. Specifically, based on a 2SLS IV analysis, they find that import competition increases the likelihood of electing very left or very right candidates in

Congress, depending on the ethnicity composition of the electorate. In addition, they show that increased trade with China benefits Republican candidates in the presidential elections.

Shifting the focus to European labor markets, several country-specific studies confirm that trade integration is an important catalyst of the ongoing transformation of the electoral landscape. Following a similar methodological approach to Autor et al. (2020), Malgouyres (2017) shows that exposure to import competition from low-wage countries is causally related to increased support for far-right parties (Front National) in French local labor markets between 1995 and 2012. Interestingly, the effect becomes stronger in the period including the global financial crisis (2007-2012). Along similar lines, Dippel et al. (2017) study the impact of trade exposure to German federal elections at the local level. Utilizing an IV strategy, they find that 1 s.d. increase in net trade exposure increases the vote shares of extreme right parties by 0.12 p.p..

Caselli et al. (2019) and Barone and Kreuter (2021) focus on the Italian case. They both use an IV, 2SLS approach to causally link import competition by China with the electoral success of far-right parties at the local level. The former focus on the 1994-2008 period and conclude that a 1 s.d. increase in import competition leads to a 1 p.p. increase in far-right votes. Following a similar analysis, Barone and Kreuter (2021) show that a 1 s.d. increase in Chinese imports raises the annual populist vote in Italian municipalities by 0.4 p.p.

Extending the analysis across 15 Western European countries, Colantone and Stanig (2018) conduct a cross-country analysis between 1988 and 2007, using regional-level data (NUTS-2) to examine the political consequences of Chinese import competition. Applying a causal identification strategy with instrumental variables, they determine that greater exposure to Chinese imports leads to increased support for nationalist, isolationist, and radical-right parties. They observe that Europe experiences a more asymmetric political response, with trade shocks benefiting radical-right parties over left-wing alternatives, unlike the United States, where these shocks led to political polarization. In a similar vein, Bergh and Gustafsson (2019) cover 33 European countries for the 1980-2016 period and fail to find significant evidence linking economic globalization and increased support for populist parties.

While Chinese trade shocks have been a dominant focus in literature, other scholars study broader globalization-related pressures that shape electoral outcomes, such as economic uncertainty, job insecurity, institutional erosion, and offshoring. In that sense, Gozgor (2022) studies electoral outcomes in 24 EU countries covering the years 1980 to 2020 and finds that economic uncertainty, approximated by the World Uncertainty Index (WUI), is positively and causally associated with increased support for populist parties. This aligns with Mughan et al. (2003), who analyze the 1998 Australian federal election, and demonstrate that job insecurity, driven by economic globalization, significantly predicts support for right-wing populist parties. Despite only establishing correlation, the authors argue that individuals who fear job loss most and perceive a scarcity of quality jobs are more likely to exhibit populist voting behavior.

Finally, Rommel and Walter (2018) demonstrate that globalization does not generate a uniform political shift. Studying 18 advanced West European countries between 2002 and 2010 based on correlational analysis, they determine that offshoring shapes party preferences, with its

effects varying by skill level. Highly skilled individuals exposed to offshoring tend to support liberal and center-right parties that support economic openness. In contrast, lower-skilled individuals that have offshorable jobs are more likely to support left-wing parties that advocate for social protection.

3. Data

The empirical analysis is based on a panel dataset of Greek NUTS-3 regions. Given their construction to reflect economically-integrated spatial units and the very low inter-regional commuting patterns in Greece, NUTS-3 regions are accurate representations of local labor markets. Consequently, they are particularly appropriate to investigate the impact from local trade exposure on the voting behavior of the regional population, which closely reflects local residents and workers.⁴

3.1 Electoral data

The primal source of the electoral data is the *Constituency Level Elections Archive* (CLEA, version 20240419) database. From there, we sourced data on the number of registered voters, the total valid votes, the cancelled or blank votes and the votes for each of the chosen political parties at the constituency level since 1996. Furthermore, we enriched our electoral sample in a twofold manner: First, given that the CLEA database covers till the 2019 elections, we added the outcomes of the May and June 2023 elections. Secondly, for the September 1996 elections the CLEA database combines the electoral outcomes for many small parties into the ‘others’ category. Since those parties are often classified as radical left or radical right, they are particularly important for our analysis; therefore, we add detailed data for the chosen parties. Both our additions are based on accurate data from the Greek ministry of the Interior. Taken together, our analysis is based on a uniquely-constructed database covering the 12 parliamentary elections in Greece between September 1996 and June 2023.

The number of electoral constituencies varies between 56 (from 1996 until 2015) to 59 (from 2019 until 2023).⁵ For our analysis, we use the initial classification and map the 56 constituencies into 49 NUTS-3 regions (Appendix A reports the mapping details and the list of the NUTS-3 regions in our analysis).

We have identified 52 political parties competing in the parliamentary elections between 1996 and 2023 (Table 1); however, only four of them (*ND*, *PASOK*, *KKE* and *EK*) have participated in all the elections. Some political parties dissolve, merge with others or are established later in our sample period, resulting on an average of 15 parties per election period (Table B1 - Appendix B reports detailed data participation data for each election period). To form meaningful categories, we primarily rely on the *Chapel Hill Expert Survey* (CHES, Jolly et al. 2022), owing to its two main advantages:

⁴ To increase this correspondence, we drop from our sample the votes sent by mail and votes in prisons.

⁵ The only modification took place in 2018, when Athens B’ was split into three constituencies (West, North and South Athens) and Attica was split into two constituencies (East and West Attica).

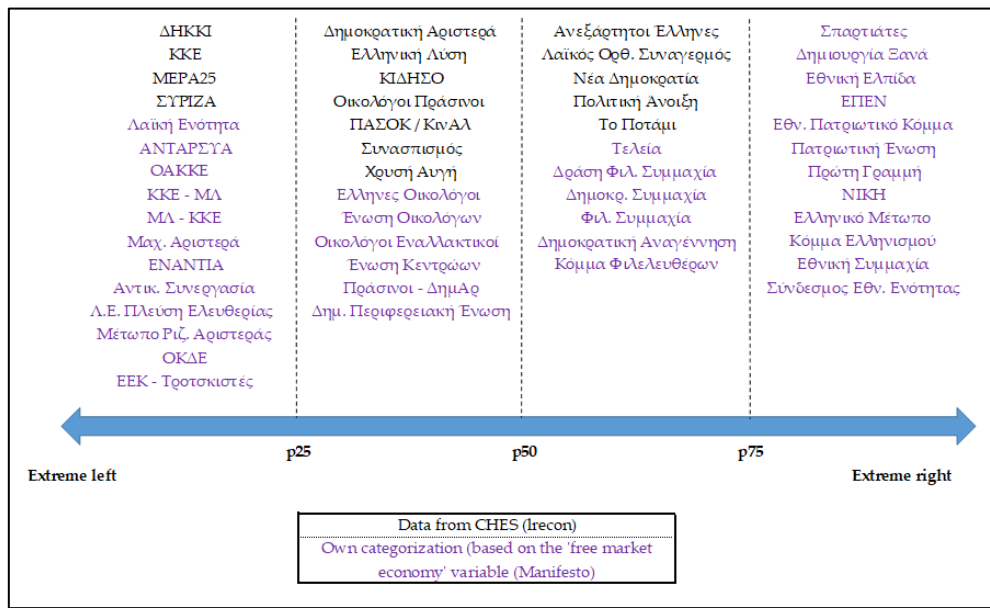
Figure 1 Classification into radical left VS radical right political parties

First, it assigns a score (0-10) to each party based on the viewpoint on multiple economic, political and social issues. Secondly, the scores vary by year, thus allowing for party repositioning. Given that the CHES database includes only political parties that have won seats in Parliament, we extend our approach and use the insight from relevant databases (ParlGov, Populist 3.0, Manifesto and TIMBRO). Nevertheless, even this extended scope does not cover some of the very small political parties, usually with minimal representation, for which we rely on our own subjective reasoning.

The current analysis draws on two classifications for the identified political parties, the first one capturing the traditional *radical left VS radical right* cleavage. It is based on the overall ideological stance of each party (LRGEN variable of the CHES database). Specifically, we classify as radical left the parties with a left-right score below 1.5. However, reflecting our choice to limit this classification to the extreme parties, we remove the Greek Communist Party (KKE)⁶, while we include LAE (far-left according to Populist 3.0 and Communist/Trotskyist according to TIMBRO) together with ANTARSYA and LE|PE (both Communist according to ParlGov). In contrast, we classify as *radical right* the parties with a left-right score above 8.5. We complement this category with two parties (Sp and NIKH) which are characterized either as right-wing (ParlGov) or fascist (TIMBRO).

Given the classification criteria, the first categorization includes only so-called ‘radical’ parties. Therefore, it is only informative of the political support at the very extreme poles of the political spectrum. To provide a more complete image, the second classification expands the scope, covering all the political parties and sorting them based on their economic stance (Table 1 reports basic summary statistics). It is based on the LRECON variable of the CHES database and the ‘free market economy’ variable from the Manifesto database, rescaled to values

⁶ Our choices are dictated by our intention to classify as *radical left*, the parties which are typically “to the left” of the traditional Greek Communist Party.

Figure 2. Classification based on the economic orientation**Table 1.** Summary statistics – electoral variables

Variable	N	Mean	St. dev.	p25	p50	p75
Turnout ratio	588	0.633	0.111	0.552	0.630	0.718
<i>Ideological classification</i>						
Radical left	588	0.015	0.014	0.004	0.008	0.025
Radical right	588	0.082	0.065	0.029	0.066	0.122
<i>Economic classification</i>						
Left-wing (1 st quantile)	588	0.544	0.060	0.501	0.545	0.588
Right-wing (2 nd quantile)	588	0.421	0.060	0.376	0.421	0.465
Extreme left (1 st quartile)	588	0.240	0.143	0.094	0.243	0.360
Moderately left (2 nd quartile)	588	0.304	0.135	0.175	0.284	0.433
Moderately right (3 rd quartile)	588	0.407	0.058	0.366	0.405	0.446
Extreme right (4 th quartile)	441	0.019	0.026	0.003	0.007	0.021

Note: The 'extreme right (4th quartile)' category lacks observations for the September 2007, the October 2009 and the January 2015 elections.

between 0.1 and 10 (Lehman et al. 2025). Both variables assign smaller values to parties favoring government spending and increased welfare state, while larger values are assigned to parties in favor of privatization, personal enterprise and initiative, in line with a *laissez-faire* economic system). Our analysis utilizes both a 2-way (based on the median) and a 4-way comparison (quintiles) as illustrated in Figure 2.

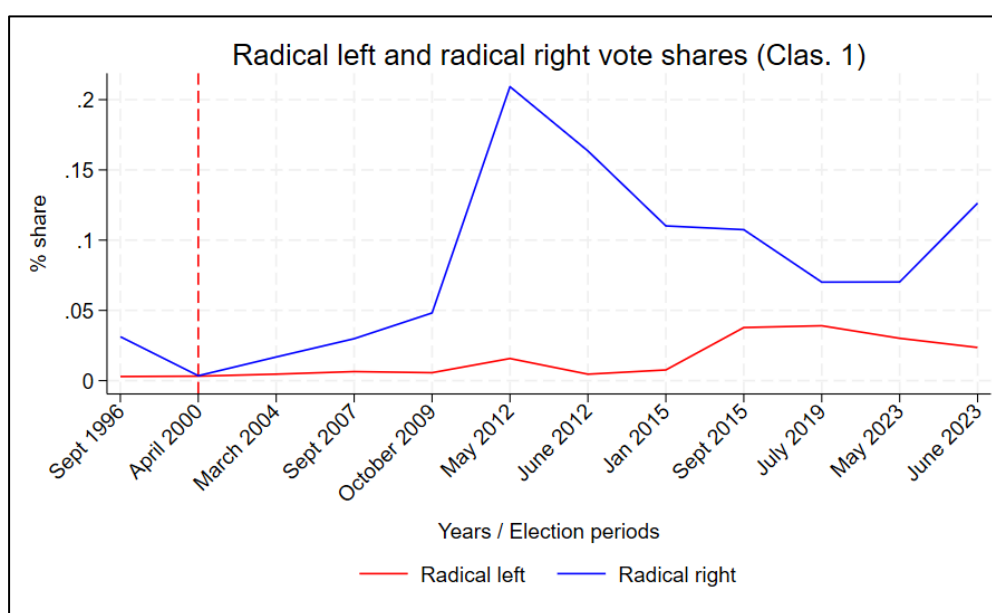
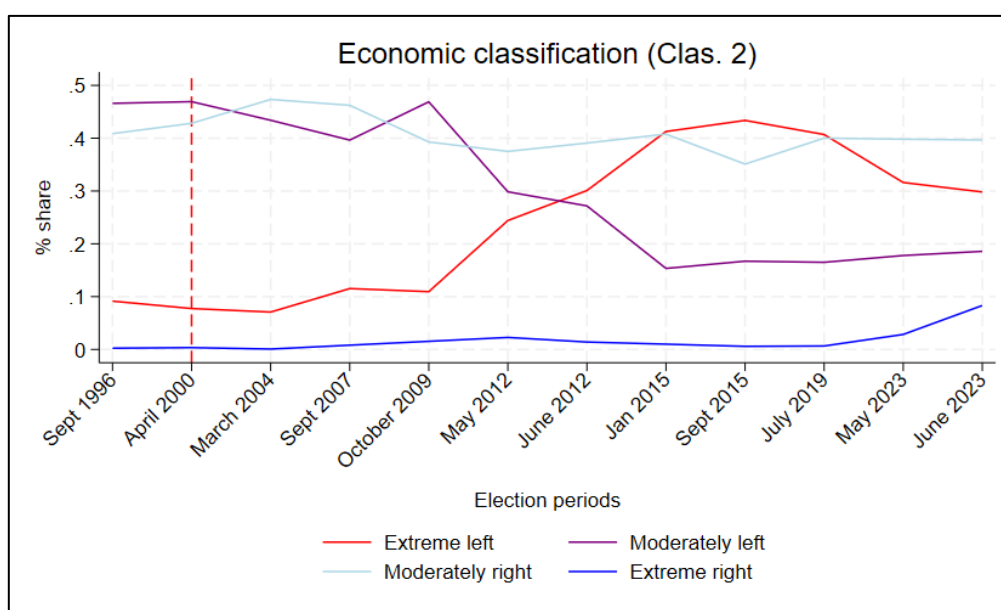
Figure 3. Radical left and radical right voting shares**Figure 4.** Radical left and radical right voting shares

Figure 3 plots the voting shares⁷ of the two categories of radical parties by election period. Eyeballing the figure indicates two preliminary conclusions. First, the political power of the parties in both categories was minimal before 2000. From that point, the trends diverge. Radical right parties gain political power, reaching the maximum point in the 2012 elections. At that point, the developments with respect to Golden Dawn⁸ shifted part of the voting share out of

⁷ We re-iterate the analysis using the *number of votes* as the dependent variable. The entire analysis (summary statistics and the -identical- regression outcomes) are reported in Appendix C.

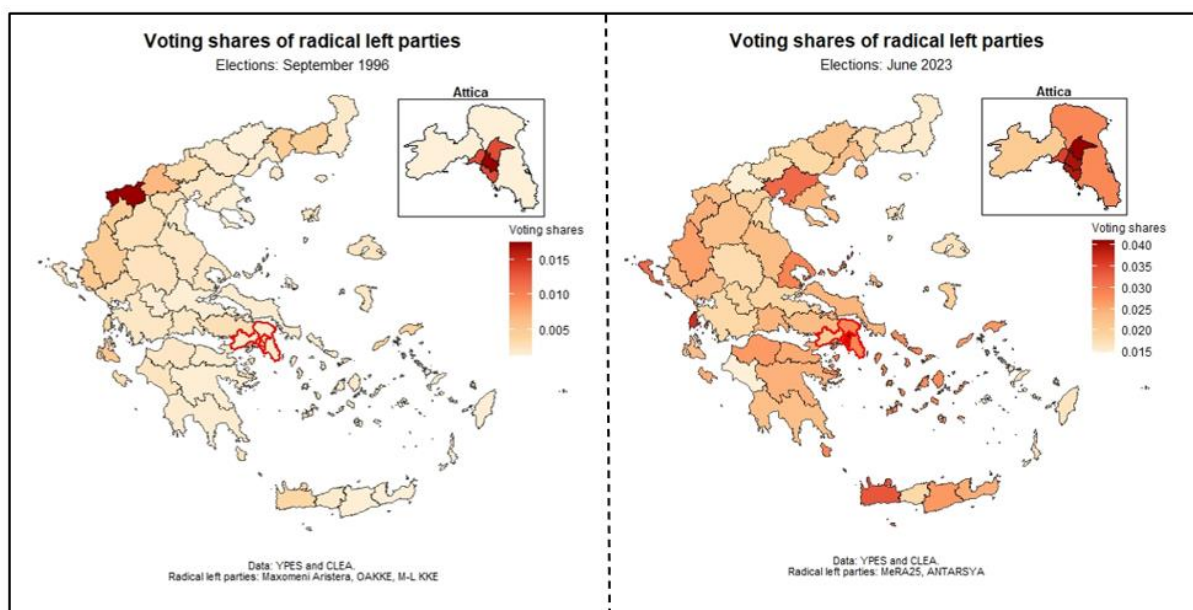
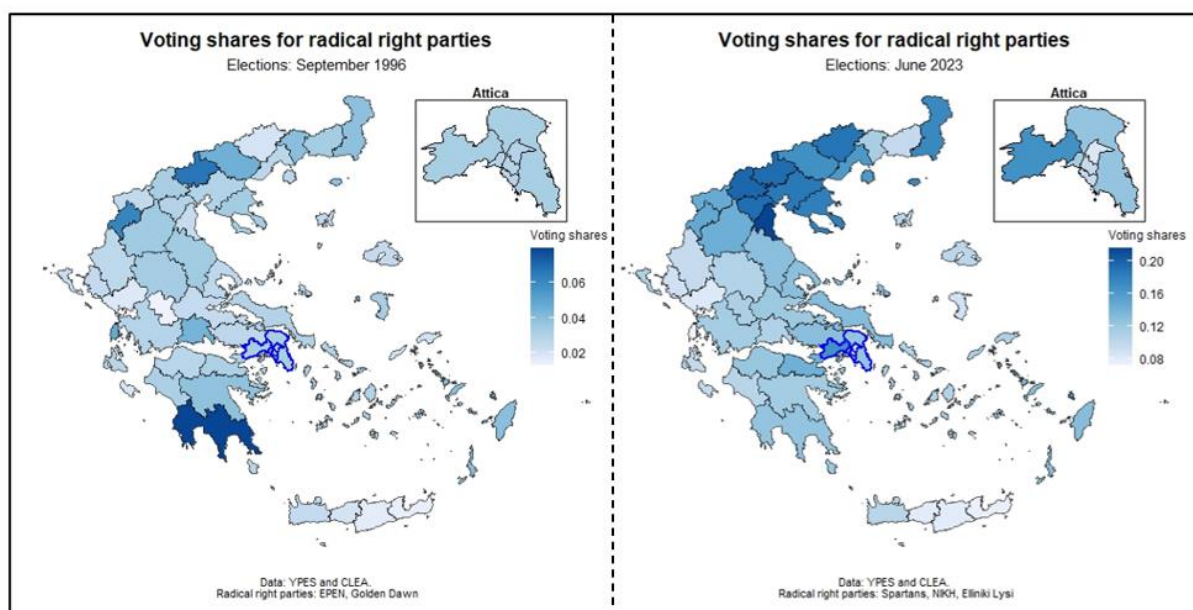
⁸ As of May 2013, Golden Dawn was considered a criminal organization masquerading as a political party, responsible for orchestrating violent attacks. The key members of Golden Dawn were imprisoned and not allowed

those parties, till the establishment of alternative ones, which led to an upward trend after 2019. In contrast, the political power of radical left parties seems stagnant, at least till 2015, when parts of SyRizA formed independent parties (LAE) or new movements emerged (MeRA25),

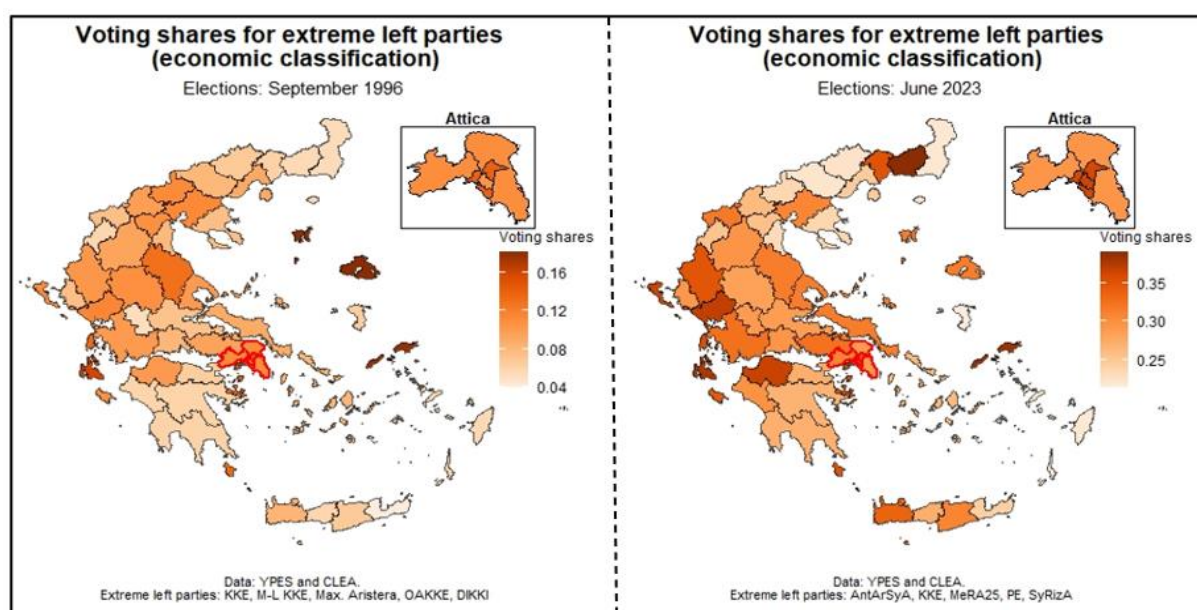
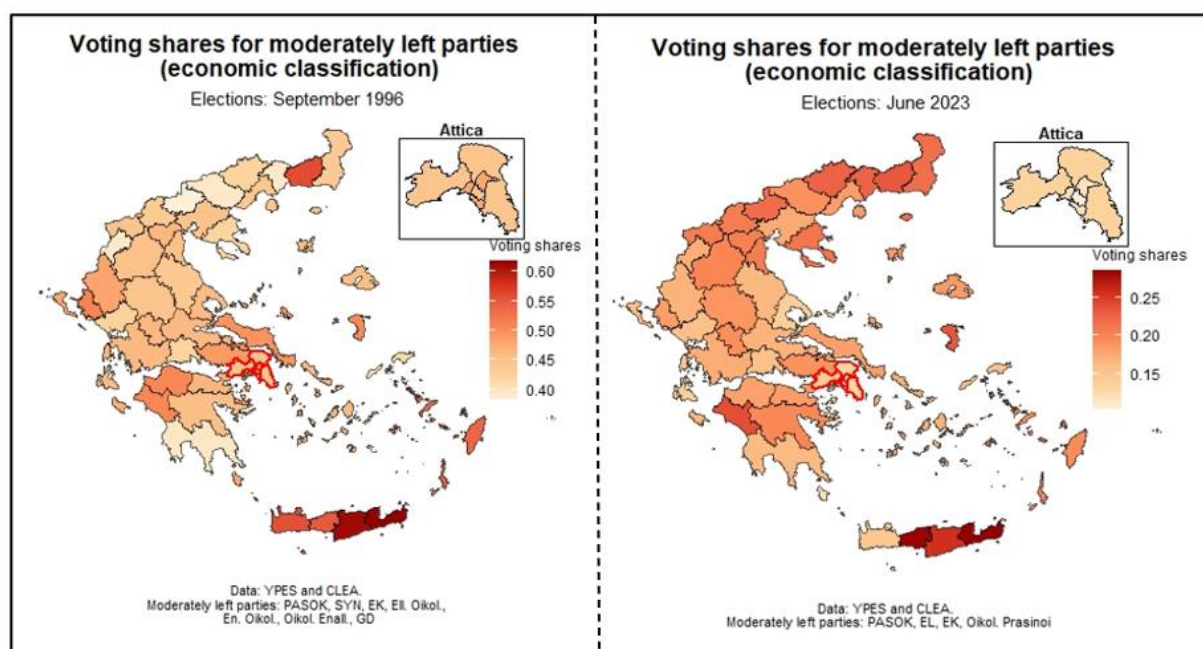
The 4-way categorization of political parties according to their economic views (Figure 4) predominantly illustrates the electoral gains of the so-called ‘extreme left’ parties. Such parties are strongly in favor of an expansive welfare state and a regulated economy where monopolies are prevented and small businesses are protected. The increased electoral shares of such parties after 2009 in Greece is explained by the electoral gains of Syriza. At the same time, moderately left parties experience decreasing electoral support, mainly driven by the electoral demise of traditional political parties, such as PASOK. Political parties advocating laissez-faire economics exhibit relatively stable electoral support. The ones adopting moderate narratives in favor of free market economy maintain an electoral share of around 40% (New Democracy is the main party in this category), while parties offering extreme support to market capitalism only recently gained substantial electoral support, mainly driven by Spartans and NIKH.

The remainder of this section shifts the focus to the regional level and illustrates the voting shares per category and by region in the first and the last election period. A cursory glance at the maps (Figure 5) illustrates increasing support for radical left parties in the June 2023 elections; a trend further accentuated when accounting for differences in scales. From a spatial perspective, this increase is concentrated in urban centers (Northern Athens, Thessaloniki, Magnisia and regions in Crete). Nevertheless, the regional voting shares for radical left parties almost never exceed 4.5%. The increasing support for radical right parties (Figure 6) is much more pronounced. The tiny regional voting shares in 1996 (almost never exceeding 0.5%) increase to levels above 20% mainly in regions in the northern part of the country (Pieria, Thessaloniki, Kilkis, Pella, Drama etc.) Notably, some of those peripheral regions face adverse economic and demographic conditions.

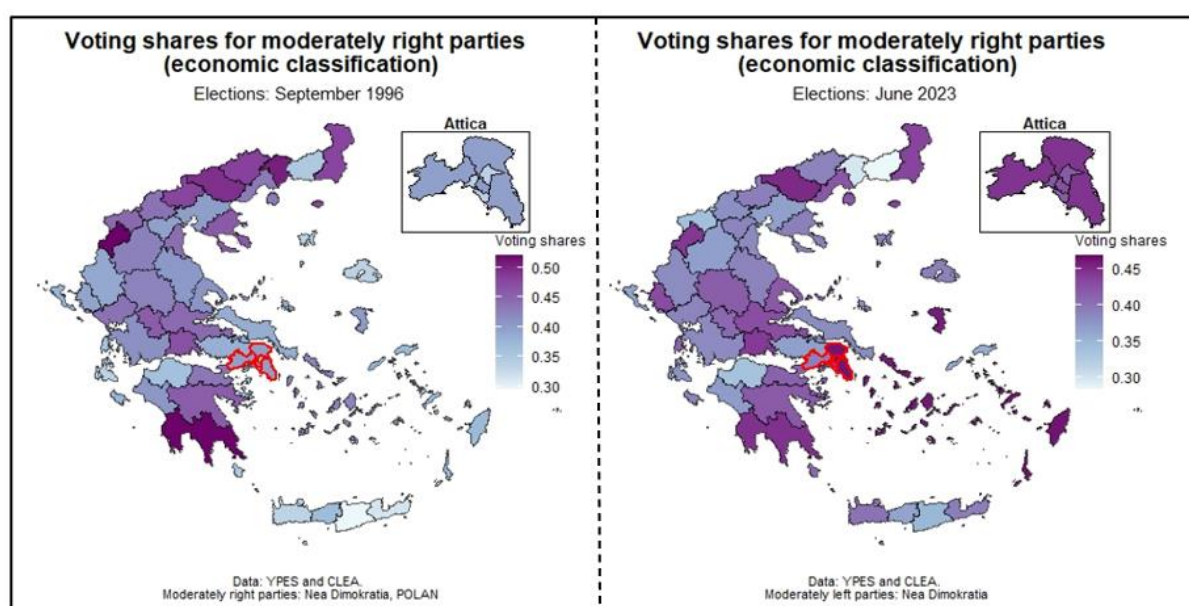
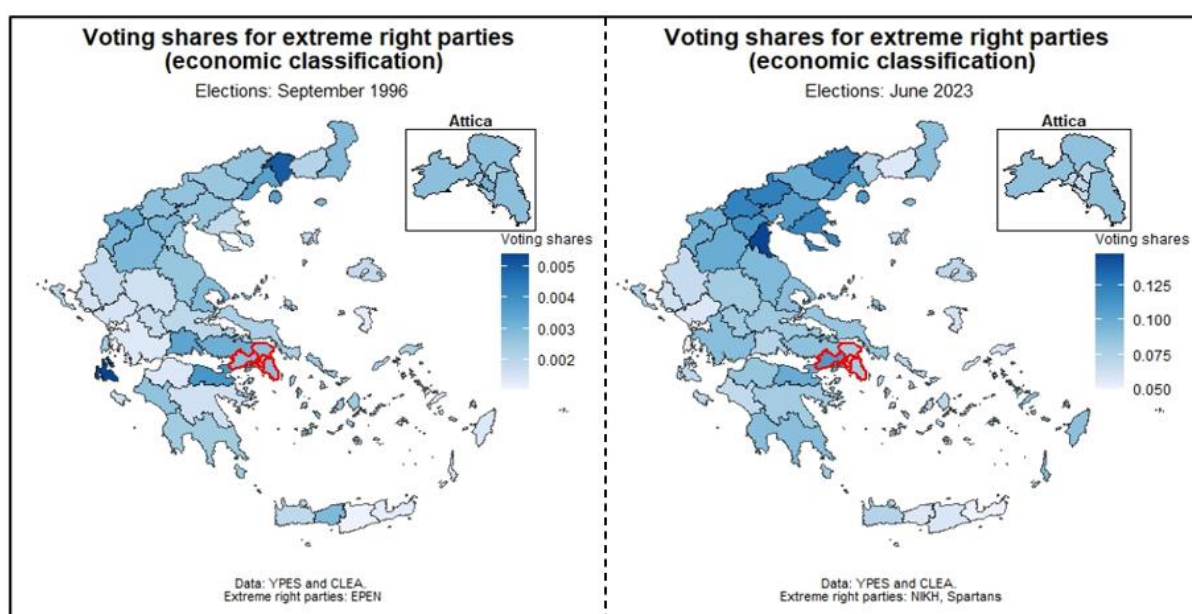
to participate in the following elections. After a 5-year trial, Golden Dawn was officially declared a criminal organization in October 10, 2020.

Figure 5. Regional voting shares for radical left parties**Figure 6.** Regional voting shares for radical right parties

Figures 7-10 illustrate the regional voting shares for the nuanced economic classification. Figure 7 demonstrates the increased electoral support for parties strongly in favor of a social market economy. Such parties experience increased electoral shares not only in central regions (Athens), but also some peripheral ones (Achaia or Rodopi). Parties moderately favoring a strong welfare state exhibit a uniform regional decrease in their electoral support, with the highest electoral shares in the June 2023 elections concentrating on three Cretan regions (Rethymno, Irakleio and Lasithi).

Figure 7. Regional voting shares for economically extreme-left parties**Figure 8.** Regional voting shares for economically moderately-left parties

Political parties moderately in favor of a free market economy demonstrate relatively stable support across Greek regions. The most prominent insight refers to their increased electoral shares in the central regions of Attica during the June 2023 elections. Finally, political parties strongly in favor of market capitalism increase their electoral shares across all Greek regions, with the highest increase concentrating in Pieria and some local labor markets in Northern Macedonia (Pella, Kilkis, Drama).

Figure 9. Regional voting shares for economically moderately-right parties**Figure 10.** Regional voting shares for economically extreme-right parties

3.2 Import competition from China

To quantify the intensity of the local exposure to import competition from China, we interact local data on sectoral employment with country-level data on imported intermediate products. Along the lines of Autor et al. (2020), we exploit the regional variation in the industry mix to obtain a local measure of import penetration based on country-level trade data. To more accurately capture patterns of vertical specialization, we utilize imports of intermediate products from China, obtained from the OECD Inter-Country Input Output (ICIO) tables. This approach is motivated by our interest in investigating how the regional integration into the global value chains -and the associated displacement of domestic labor- affects local electoral outcomes.

Drawing on insights from Autor et al. (2020) and Caselli et al. (2019), we use the levels of Chinese exports of intermediate products, weighted by the initial share of each industry k in the regional initial employment:

$$IP_{rt}^{CHN} = \sum_{k=1}^6 \frac{L_{jk0}}{L_{j0}} \frac{IP_{kt}^{CHN}}{Y_{kt}} \quad (1)$$

Where k indexes one of the six sectors included in our analysis (agriculture, forestry and fishing, manufacturing, construction, wholesale and retail trade, financial and insurance activities, and professional, scientific etc. services), r reflects each one of the 49 NUTS-3 regions in our analysis and t stands for the election years.

In Eq. (1), the fraction $\frac{L_{jk0}}{L_{j0}}$ is the share of industry k in the total regional employment in the year 2000, while the term $\frac{IP_{kt}^{CHN}}{Y_{kt}}$ is the deflated value (in constant USD, 2015=100) of the country-level imports of intermediates from China for each industry k , normalized by the domestic supply of intermediates for each industry.

In the spirit of Autor et al. (2020), the local variation in imports per worker (IP_{jt}^{CHN}) arises from the variation in the local initial (at the year 2000) industrial structure. By construction, two sources explain the yearly variation in the regional imports per worker: the differential concentration of employment across different sectors and the specialization in import-competing sectors, mainly manufacturing.⁹ To further highlight the importance of the regional industry mix, we control for the employment rate in manufacturing in all our estimations.

⁹ Manufacturing employment is not the main source of variation. In a bivariate regression, the manufacturing employment rate explains less than 1/3 of the yearly variation in the local exposure to import competition.

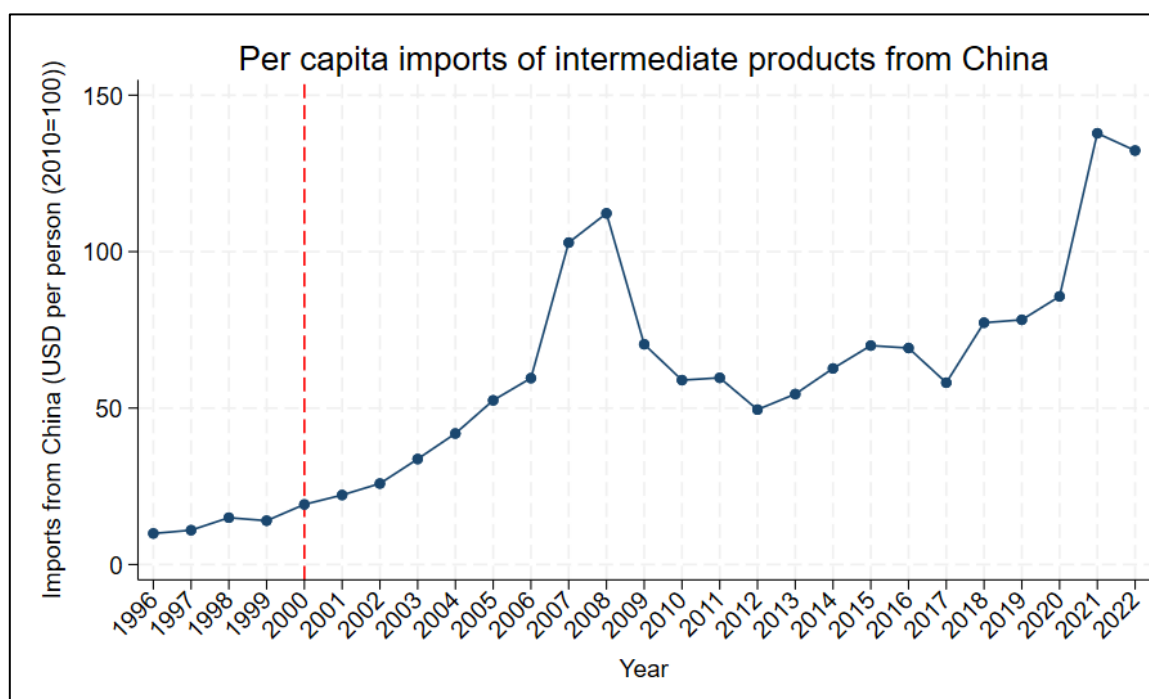
Figure 11. Imports of intermediate products from China

Figure 11 plots the yearly values of our imports per worker measure. The traded volumes till 2000 are only minimal. From that point, motivated by the Chinese accession to the WTO and the subsequent trade liberalization, trade relations with China expanded substantially, peaking around the outbreak of the global financial crisis (2008). In the aftermath of the 2008 global crisis and the subsequent debt crisis in Greece, the traded volumes of intermediate products contracted markedly, only to gain momentum from 2018 onwards. Overall, the traded volumes of intermediates with China increased by over 12 times during our period of analysis, raising concerns about the far-reaching economic implications at the local level and the extent to which they shape the preferences in the electoral booth.

3.3 Control variables

To protect our regression outcomes from the omitted variable bias and isolate the impact of the main explanatory variables, we include a number of economic and socio-demographic regional indicators. Table 2 reports the summary statistics of our control variables and Figure 12 reports the correlations. Notably, our measure of regional exposure to import competition is relatively high correlated with the educational variables (upper secondary and tertiary enrolment), while the unemployment rate exhibits negative and high correlation with labor force participation. Both trends are according to our expectations. Switching to the control variables, some of the correlations seem strikingly high (for example, unemployment and labor force participation or household income and R&D personnel). Nevertheless, including all the reported variables increases the predictive power of our estimated models, while our regression outcomes are robust to omitting the ones raising multicollinearity concerns.

4. Estimation strategy

To assess the causal impact of import competition on electoral outcomes, we adopt the following specification:

$$Y_{rt} = \alpha_0 + \beta_1 \ln IP_{rt-1}^{CHN} + \beta_2 \ln IP_{rt-1}^{CHN} * Unempl_{rt-1} + X'_{rt-1} \gamma + \lambda_t + \delta_r + \varepsilon_{rt} \quad (2)$$

Where the dependent variable represents either the voter turnout ratio (defines as the number of votes over the number of registered voters) or the vote share received by the different categories of political parties (Section 3.1). The primary explanatory variable ($\ln IP_{jt-1}^{CHN}$) captures the intensity of import competition from China at the local (r) level. The interaction term ($\ln IP_{rt-1}^{CHN} * Unempl_{rt-1}$) investigates heterogeneous effects of trade exposure to the electoral response depending on the local conditions of economic uncertainty, the latter approximated by the unemployment rate. The vector X includes the control variables (Section 3.3). Election-year fixed effects (λ_t) control for national-level changes in the political preferences, while regional fixed effects (δ_r) control for any time-invariant unobserved local factor. The error term (ε_{rt}) captures idiosyncratic jobs. All regressions are weighted by the initial number of registered voters by region and robust st. errors are clustered at the regional level.

Estimating Eq. 1 using a fixed effects approach would provide consistent and unbiased estimates of the relationship between the imports from China and local electoral outcomes only in the absence of local demand shocks. However, this assumption is highly restrictive, and unobserved shocks correlated with the dependent and the explanatory variable can lead to biased estimates. For instance, a positive shock in the demand for the products in which a region specializes due to better economic conditions could simultaneously lead to an increase in the imports of intermediate products from China and influence electoral outcomes as well. In such cases, the fixed effects estimates would conflate the demand-driven effects with the supply-side component of import exposure. Specifically, in the presence of such positive (negative) unobserved demand shocks at the industry or the local level, the fixed effects estimates of Eq. 1 would understate (overstate) the genuine supply-shock component of the rising import competition from China.

To address this endogeneity concern and isolate the supply shock component from importing intermediate products from China on the electoral outcomes of Greek regions, we follow Autor et al. (2020) and employ an instrumental variables strategy. In particular, we instrument IP_{kt}^{CHN} in Eq. 1 with the corresponding imports of intermediate products from China in 6 other countries (Mexico, South Africa, Czech Republic, New Zealand, Colombia and Malta), which exhibited increased trade relations with China, but only account for a minimal part of the Greek imports of intermediates.¹⁰ Therefore, our instrument is defined as:

¹⁰ With the exception of the (very small) ‘construction’ sector, where the correlations are negative and small in absolute value, the correlations between the Greek imports of intermediates and the imported intermediates in each of the other 5 countries, vary between 0.684 and 0.953, while they are strongly significant. In the manufacturing sector, the strongly significant correlations vary between 0.744 and 0.834.

$$\widetilde{IP_{rt-1}^{CHN}} = \sum_{k=1}^6 \frac{L_{jk0}}{L_{j0}} \frac{IP_{kt}^{CHN}}{Y_{kt}} \quad (3)$$

Where IP_{kt}^{CHN} represents the imported intermediate products in each of the 6 countries mentioned above, while the rest of the terms are analogous to Eq. (1).

This approach exploits the fact that the variation in Chinese exports reflect supply-based factors, including *–inter alia–* the increased competitiveness of Chinese producers (Autor et al. 2020), Chinese trade liberalization policies (Bai, Krishna and Ma, 2017) or the Chinese accession to the WTO (Pierce and Schott, 2016), rather than demand conditions in Greece. Based on the IV strategy, we estimate causal effects of import competition from China on regional electoral outcomes in Greece.

5. Results

5.1 The radical right VS radical left (ideological) cleavage

Correlation analysis

Table 3 (Col. 1-3) reports the results from estimating Eq. (2) using a fixed effects analysis, which assumes an exogenous relationship between regional trade exposure and electoral outcomes. All the estimated models are jointly significant, with particularly high predictive power, as illustrated by the R^2 coefficient.

In contrast to the relevant empirical literature (Caselli et al. 2019; Barone & Kreuter, 2021), the fixed effects analysis (Col. 1) establishes a positive and significant correlation between the regional exposure to import competition from China and voter turnout. The estimated term (0.067) illustrates that -on average- a 10% increase in the value of the imported intermediates from China is associated with a 0.64 p.p. increase in voter turnout.¹¹ Interestingly, the positive correlation marginally decreases in magnitude in regions with higher unemployment. The marginal plot for key points in the unemployment distribution (min = 5.4, p25 = 9.9, median = 13.1, p75 = 22.9 and max = 31.6) reported in Appendix D illustrates that the correlation varies between 0.060 and 0.051 in regions up to the median unemployment level, then drops to 0.040 and becomes weakly significant in regions with unemployment level at the 75th percentile and turns insignificant in regions with the maximum unemployment level.

Switching to the support for radical parties, the correlation analysis points to differential relationships between trade and the electoral shares of political parties at the extreme poles of the electoral distribution. Specifically, column 2 indicates that import competition from China is positively correlated with increased support for radical left parties. The estimated term illustrates that a 10% increase in the exposure to imports from China is related -on average- to a 0.16 p.p. increase in the support for radical right parties. Notably, the estimated correlation

¹¹ The magnitude of the correlation is calculated as follows: $0.067 * \ln(1.10) = 0.067 * 0.0953 = 0.0064$ (or 0.64 p.p.)

Table 3. Fixed effects and instrumental variable outcomes
 Dependent variable: Col. 1-2: $Turnout_rat_{rt}$, Col. 3-4: $Rad_left_share_{rt}$,
 Col. 5-6: $Rad_right_share_{rt}$
 Independent variables: $lnIP_{rt-1}^{CHN}$, $Unempl_{rt-1}$, $lnIP_{rt-1}^{CHN} * Unempl_{rt-1}$

	Turnout ratio (1)	Radical left share (2)	Radical right share (3)	Turnout ratio (4)	Radical left share (5)	Radical right share (6)
$lnIP_{rt-1}^{CHN}$	0.067** [0.030]	0.017** [0.005]	-0.088*** [0.018]	0.115** [0.042]	0.026** [0.008]	-0.100*** [0.025]
$Unempl_{rt-1}$	-0.004 [0.003]	-0.001* [0.0007]	0.006** [0.003]	-0.004 [0.004]	-0.002** [0.0007]	0.006* [0.003]
$lnIP_{rt-1}^{CHN} * Unempl_{rt-1}$	-0.001* [0.0006]	-0.0003** [0.0001]	0.001** [0.0005]	-0.001 [0.0007]	-0.0004** [0.0001]	0.001** [0.0005]
Constant	0.644** [0.296]	0.034 [0.049]	-0.413* [0.223]			
Observations	490	490	490	490	490	490
NUTS-3 Controls	yes	yes	yes	yes	yes	yes
NUTS-2 Controls	yes	yes	yes	yes	yes	yes
NUTS-3 f.e.	yes	yes	yes	yes	yes	yes
Elections f.e.	yes	yes	yes	yes	yes	yes
Election periods	2000-2023	2000-2023	2000-2023	2000-2023	2000-2023	2000-2023
R^2 (within / centered)	0.960	0.939	0.936	0.959	0.938	0.936
F-stat (sig)	422.78***	416.69***	160.76***	404.11***	373.06***	236.89***
K-P F-stat (sig)				26.699**	26.699**	26.699**
Hansen J-stat (sig)				15.534	16.403*	21.246**

Notes: Voting data are aggregated at the NUTS-3 level (49 regions). Columns 1,3 and 5 report fixed effects regressions, while columns 2,4 and 6 report IV fixed effects regressions using 6 countries in the instruments. K-P F-stat stands for the Kleibergen – Paap F-statistic which tests the reliability (strength) of the instruments (H_0 : weak instruments). The Hansen J-stat of overidentifying restrictions tests the exogeneity of the instruments (H_0 : instruments are exogenous), when multiple instruments are used. Control variables at the NUTS3 level: (natural logs of) gross value added per worker, population density (variables in levels) net migration, dependency ratio, employment in manufacturing, infant mortality rate. Control variables at the NUTS2 level: (log of) R&D personnel, (variables in levels) household income, unemployment rate, share of upper secondary educational attainment, share of tertiary educational attainment, labor force participation. Regressions are weighted by the (inverted) initial number of registered voters by region. Robust st. errors, clustered at the NUTS-3 level * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

only marginally decreases in regions with increased unemployment. The marginal correlations at different levels of unemployment (Figure D2 – Appendix D) indicate decreasing correlations which turn insignificant in regions with the highest level of unemployment.

In contrast, trade exposure is negatively correlated with support for radical right parties. Based on the estimated term in column 3, a 10% increase in the value of imported intermediates from China is associated with a 0.84 p.p. decreased support for radical right parties. Nevertheless, the average negative correlation is positively moderated by the regional unemployment level. Figure D3 (Appendix D) documents that the marginal correlations remain always strongly significant and vary between -0.081 in regions with very low unemployment levels (5.4%) to -0.048 in regions with very high unemployment levels (31.6%).

Taken together, our correlation analysis so far departs from standard outcomes from the empirical literature connecting the China effect with the polarization of the electoral outcomes (Autor et al. 2020). Instead, we document that increased import competition from China is associated with a shift of the electoral support in favor of radical left parties at the expense of radical right ones.

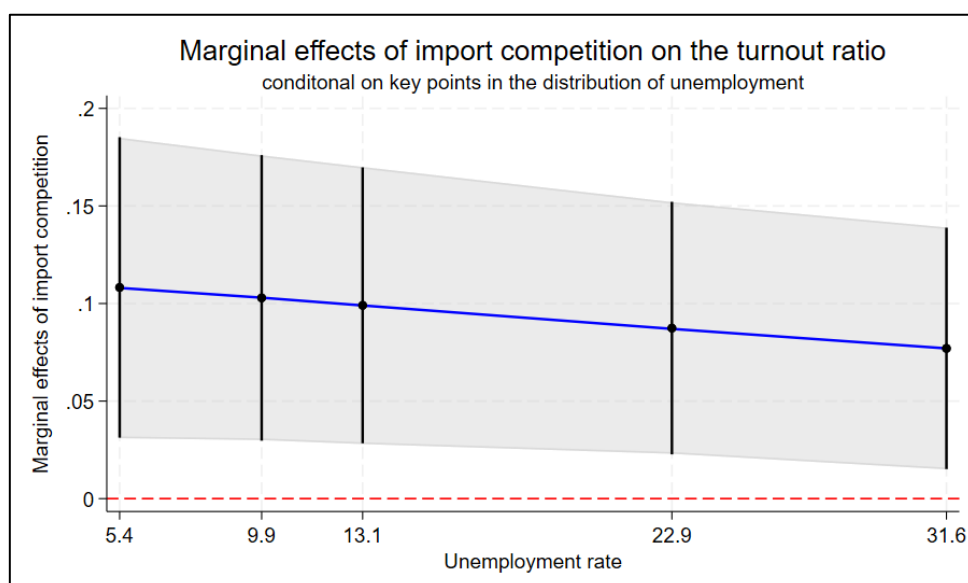
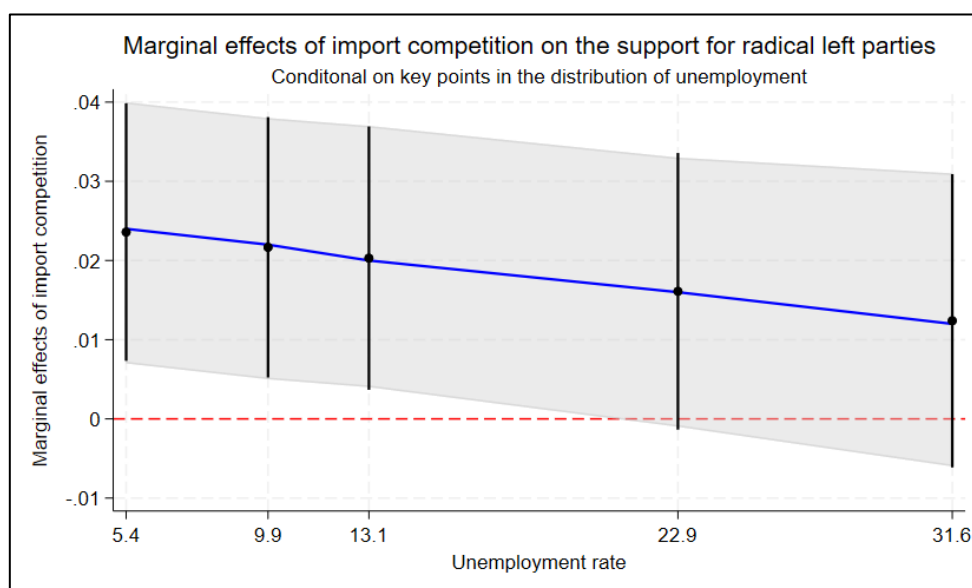
Causal (IV) analysis

To address the potential endogeneity between the regional exposure to import competition and the local electoral outcomes, we employ instruments for the import competition variable (Section 4). The IV results are reported in Table 3 (col. 4-6). All estimated models exhibit high predictive power, while the Kleibergen-Paap statistic is always much larger than the Stock-Yogo critical value of 7.03, highlighting the strength of the instruments. However, the Hansen J-statistic of the overidentifying restrictions illustrates that in one estimated model (Col. 6), the exogeneity condition holds only at the 10% level of significance.

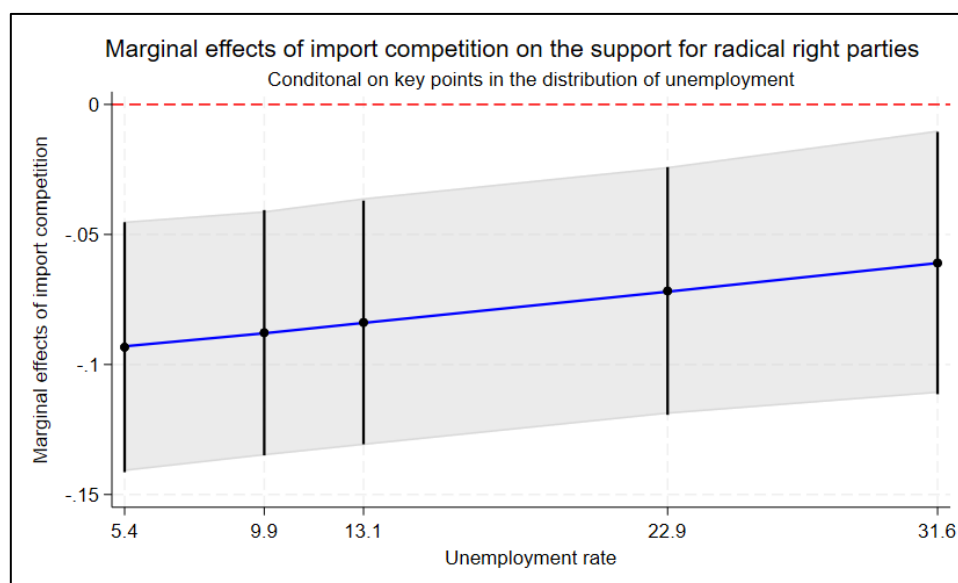
The 2SLS estimates are largely in line with the outcomes of the fixed effects analysis. The point estimate in column 4 (0.115), indicates a significantly positive causal relationship between import competition from China and the turnout ratio. This average effect is differentially reflected in regions with various levels of unemployment. The marginal effects plotted at key points of the distribution of the unemployment variable (Figure 13) clearly document that the average effect is positive and always significant but varies from 0.108 in regions with minimum unemployment to 0.077 in regions with the highest level of unemployment.

Similar to the fixed effects analysis, the IV estimates point to a differential impact from trade in the support for radical parties at the extreme poles of the electoral distribution. First, the estimated term in column 5 (0.026) establishes that a 10% increase in the exposure to import competition from China causes a significant increase of 0.25 p.p. in the share of radical left parties (col. 5). As illustrated in Figure 14, this effect is negatively moderated by increasing unemployment levels. The positive marginal effect varies from 0.024 in regions with minimum level of unemployment to 0.021 in regions with median unemployment levels (13.1%). In regions with relatively high unemployment levels ($p_{75} = 22.9\%$), the estimated term declines to 0.017 and is only significant at the 10% level, while it turns insignificant in regions with the maximum level of unemployment.

In contrast, the IV analysis points to a significantly negative average effect from import competition to the share of radical right parties. The point estimate in column 6 implies that a 10% increase in the value of the imported intermediates from China results in a decrease in the local share of radical right parties by 0.095 p.p. However, the significant interaction term illustrates that the negative effect in the absence of unemployment is positively moderated by the local unemployment levels. The marginal effects plot (Figure 15) indicate that the total effect is negative and highly significant at all levels of unemployment; however, it varies from -0.093 in regions with minimum unemployment (5.4%) to -0.061 in regions with the maximum level of unemployment (31.6%).

Figure 13. Marginal effects of import competition on the turnout ratio**Figure 14.** Marginal effects of import competition on the share of radical left parties

Overall, the IV approach points to larger effects compared to the respective associations from the fixed effects analysis. The upward revision of the point estimates in the IV analysis, suggests that fixed effects estimates are biased downward. In turn, this can be explained by multiple reasons, including omitted variable bias and measurement error. Following our identification strategy, it is safe to assume that the fixed effects estimates are picking up potential positive unobserved demand shocks at the local level, therefore understating the genuine supply shock from the vast increase in the value of the imported intermediate products from China.

Figure 15. Marginal effects of import competition on the share of radical right parties

5.2 Economic categorization

Correlation analysis

Table 4 reports the outcomes of regressions similar to the ones in Section 5.1, once we categorize all the coded political parties based on their economic orientation. As a result, it provides a much more comprehensive picture, covering the entire political spectrum. Left-wing parties are those which favor increased government spending and welfare state; in contrast, right-wing ones advocate in favor of the free markets and privatization. Columns 1 and 2 reflect the broad dichotomy between left- and right-wing economic orientation, while col. 3 – 6 offer a more nuanced approach, based on quartiles (Figure 2). All regressions are jointly significant and exhibit high predictive power.

Adopting the traditional left-right dichotomy, our analysis indicates a shift in the electoral support, benefiting political parties favoring the free market economy. The fixed effects analysis in column 2 documents that a 10% increase in the imported intermediates from China is associated with a 0.019 p.p. increased shares of economically right-wing parties. Interestingly, the above correlation which is based on the assumption of zero unemployment levels is negatively moderated by regional unemployment. The estimated marginal effects (Figure D2 – Appendix D) are always strongly significant and vary between 0.181 for minimum levels of regional unemployment (5.4%) and 0.090 in regions where unemployment reaches its maximum value (31.6%).

Table 4. Fixed effects regressions – Economic categorizationDependent variable: Col. 1: $LR_econ_p0_p50_sh_{rt}$ Col. 2: $LR_econ_p50_p100_sh_{rt}$,Col. 3: $LR_econ_p0_p25_sh_{rt}$, Col. 4: $LR_econ_p25_p50_sh_{rt}$,Col. 5: $LR_econ_p50_p75_sh_{rt}$, Col. 6: $LR_econ_p75_p100_sh_{rt}$ Independent variables: $\ln IP_{rt-1}^{CHN}$, $Unempl_{rt-1}$, $\ln IP_{rt-1}^{CHN} * Unempl_{rt-1}$

	Left-wing share (1)	Right-wing share (2)	Extreme left share (3)	Moderately left share (4)	Moderately right share (5)	Extreme right share (6)
$\ln IP_{rt-1}^{CHN}$	-0.193** [0.055]	0.200*** [0.052]	-0.076 [0.077]	-0.116 [0.098]	0.214*** [0.050]	0.002 [0.028]
$Unempl_{rt-1}$	0.018** [0.005]	-0.017** [0.005]	0.006 [0.006]	0.012* [0.007]	-0.020*** [0.005]	0.003 [0.002]
$\ln IP_{rt-1}^{CHN} * Unempl_{rt-1}$	0.003** [0.001]	-0.003** [0.0009]	0.001 [0.001]	0.002 [0.001]	-0.004*** [0.001]	0.0006 [0.0004]
Constant	0.102 [0.420]	0.939** [0.383]	0.789 [0.586]	-0.687 [0.814]	0.692* [0.392]	0.274 [0.260]
Observations	490	490	490	490	490	343
NUTS-3 Controls	yes	yes	yes	yes	yes	yes
NUTS-2 Controls	yes	yes	yes	yes	yes	yes
NUTS-3 f.e.	yes	yes	yes	yes	yes	yes
Elections f.e.	yes	yes	yes	yes	yes	yes
Election periods	2000-2023	2000-2023	2000-2023	2000-2023	2000-2023	2000-2023
F-stat (sig)	424.69***	887.80***	982.64***	571.77***	564.38***	110.84***
R^2 (within / centered)	0.773	0.773	0.964	0.953	0.742	0.903

Notes: Voting data are aggregated at the NUTS-3 level (49 regions). Control variables at the NUTS3 level: (natural logs of) gross value added per worker, population density (variables in levels) net migration, dependency ratio, employment in manufacturing, infant mortality rate. Control variables at the NUTS2 level: (log of) R&D personnel, (variables in levels) household income, unemployment rate, share of upper secondary educational attainment, share of tertiary educational attainment, labor force participation. Regressions are weighted by the (inverted) initial number of registered voters by region. Robust st. errors, clustered at the NUTS-3 level * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

The electoral gains of parties favoring laissez-faire economic policies come at the expense of political parties supporting a more far-reaching economic role for governments, ensuring consumer protection and extensive welfare state policies. In that respect, the estimated term in column 1 illustrates that a 10% increase in Chinese imports is linked with a 0.018 p.p. decrease in the share of left-wing parties. The plotted marginal effects for various levels of unemployment (Figure D1 – Appendix D), document a decreasing correlation from -0.173 in regions with minimal unemployment to -0.081 in regions with maximum unemployment; albeit they are always significant.

Following a more nuanced categorization (col. 3-7, the marginal plots are reported in Figures D3 – D6 in Appendix D) only establishes a significant correlation between import competition from China and the support for moderately right-wing parties (col. 6). The estimated term (0.214) and the moderating factor (0.004) are remarkably close to the respective terms in col.

Table 5. Instrumental variables outcomes – Economic categorization

Dependent variable: Col. 1: $LR_econ_p0_p50_sh_{rt}$ Col. 2: $LR_econ_p50_p100_sh_{rt}$,
 Col. 3: $LR_econ_p0_p25_sh_{rt}$, Col. 4: $LR_econ_p25_p50_sh_{rt}$,
 Col. 5: $LR_econ_p50_p75_sh_{rt}$, Col. 6: $LR_econ_p75_p100_sh_{rt}$
 Independent variables: $lnIP_{rt-1}^{CHN}$, $Unempl_{rt-1}$, $lnIP_{rt-1}^{CHN} * Unempl_{rt-1}$

	Left-wing share (1)	Right-wing share (2)	Extreme left share (3)	Moderately left share (4)	Moderately right share (5)	Extreme right share (6)
$lnIP_{rt-1}^{CHN}$	-0.209** [0.070]	0.214** [0.067]	0.021 [0.096]	-0.188* [0.104]	0.230** [0.070]	-0.012 [0.020]
$Unempl_{rt-1}$	0.022*** [0.005]	-0.021*** [0.005]	0.002 [0.007]	0.020** [0.007]	-0.024*** [0.005]	0.004** [0.002]
$lnIP_{rt-1}^{CHN} * Unempl_{rt-1}$	0.004** [0.001]	-0.004*** [0.0009]	0.0007 [0.001]	0.004** [0.002]	-0.005*** [0.001]	0.0008** [0.0004]
Observations	490	490	490	490	490	343
NUTS-3 Controls	yes	yes	yes	yes	yes	yes
NUTS-2 Controls	yes	yes	yes	yes	yes	yes
NUTS-3 f.e.	yes	yes	yes	yes	yes	yes
Elections f.e.	yes	yes	yes	yes	yes	yes
Election periods	2000-2023	2000-2023	2000-2023	2000-2023	2000-2023	2000-2023
F-stat (sig)	297.69***	547.25***	1028.35***	536.02***	444.00***	123.57***
R^2 (within / centered)	0.772	0.773	0.963	0.952	0.741	0.903
K-P F-stat (sig)	26.699**	26.699**	26.699**	26.699**	26.699**	25.286**
Hansen J-stat (sig)	15.253	15.656	17.819*	14.365	14.122	23.811**

Notes: Voting data are aggregated at the NUTS-3 level (49 regions). IV fixed effects regressions using 6 countries in the instruments. K-P F-stat stands for the Kleibergen – Paap F-statistic which tests the reliability (strength) of the instruments (H_0 : weak instruments). The Hansen J-stat of overidentifying restrictions tests the exogeneity of the instruments (H_0 : instruments are exogenous), when multiple instruments are used. Control variables at the NUTS3 level: (natural logs of) gross value added per worker, population density (variables in levels) net migration, dependency ratio, employment in manufacturing, infant mortality rate. Control variables at the NUTS2 level: (log of) R&D personnel, (variables in levels) household income, unemployment rate, share of upper secondary educational attainment, share of tertiary educational attainment, labor force participation. Regressions are weighted by the (inverted) initial number of registered voters by region. Robust st. errors, clustered at the NUTS-3 level * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

2, illustrating that the results concerning the right-wing economic spectrum are mostly driven by moderately right-wing parties.

Causal (IV) analysis

Table 5 reports the outcomes of our IV approach, establishing causal effects. All the estimated models are based on highly relevant instruments (the Kleibergen-Paap statistic is always much larger than the Stock-Yogo critical value of 7.03). However, the Hansen J-statistic illustrates that in some models the exogeneity condition holds at the 5% (col. 3) or the 10% level (col. 6).

Focusing on the broad left-right dichotomy, the IV analysis (col. 1 and 2) indicates that import competition from China is responsible for decreased electoral shares for parties favoring an

extended welfare state; at the same time, trade is related to increased support for political parties favoring a more liberal economic agenda. Notably, the two effects are almost identical in magnitude. The estimated terms indicate that a 10% increase in the imported intermediates from China causes –on average- a 0.020 p.p. decrease (increase) in the regional electoral shares of left- (right-) wing parties. The above average effects are significantly moderated by the regional unemployment levels. Considering left-wing economically oriented parties, the marginal effects for various levels of regional unemployment (Figure 16) illustrate that the negative impact decreases in absolute terms (approaches zero) for higher levels of unemployment, while it becomes insignificant in regions exhibiting unemployment rates above the median (13.1%). Similarly, the positive impact to parties favoring free market economics decreases in regions with higher unemployment levels (Figure 17), while it turns insignificant when the unemployment rate exceeds the median value. Taken together, the analysis so far points to trade as an important catalyst of the electoral restructuring favoring political parties supporting free market economics and disfavoring the ones supporting a larger welfare state; notably, the above trade effects materialize in regions with low-to-medium unemployment rates.

In what follows, we decompose the above effects into more detailed categories of political parties. The analysis (col. 3-6) documents that the electoral losses of economically left-wing parties due to import competition (col. 1) are attributed to the losses of parties which are only in favor of a social market economy¹². The estimated term in column 4 indicates that a 10% increase in the imported intermediates from China decreases the shares of moderately left parties by 0.018 p.p. Nevertheless, the average effect is only weakly significant and assumes zero unemployment levels. The plotted marginal effects for various levels of unemployment (Figure F2 - Appendix F) illustrate lack of statistical significance across various unemployment levels.

Focusing on the political parties which adopt a free-market agenda, columns 5 and 6 document that trade benefits only the parties which moderately adopt a free market agenda. Specifically, column 5 establishes that a 10% increase in import competition from China increases the electoral shares of moderately right-wing parties (based on their economic agenda) by 0.022 p.p. Interestingly, Figure 18 illustrates that the average effect drops to 0.122 in regions with relatively high unemployment levels ($p75 = 22.9$), while it turns insignificant in regions with maximum unemployment levels (31.6%).

Taken together, our more nuanced approach indicates that import competition decreases support for parties moderately favoring a large welfare state, while it increases the electoral shares of parties moderately in favor of free market economics. The estimated effects for both categories are more pronounced in regions with low-to-medium unemployment levels. The economically-based analysis fails to establish significant effects between regional exposure to trade and support for parties at the extreme poles of the economic distribution.

¹² For brevity and due to their lack of statistical significance, the marginal effects regarding the impact from trade on the support for parties at the extreme poles of the electoral distribution (columns 3 and 6) are reported in Appendix F.

Figure 16. Marginal effects of import competition on the share of economically left-wing parties

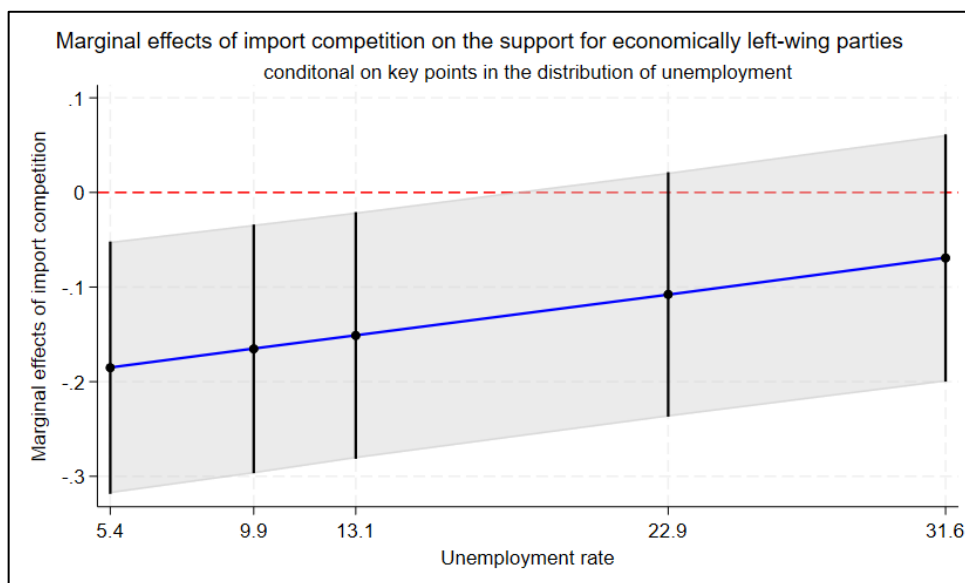


Figure 17. Marginal effects of import competition on the share of economically right-wing parties

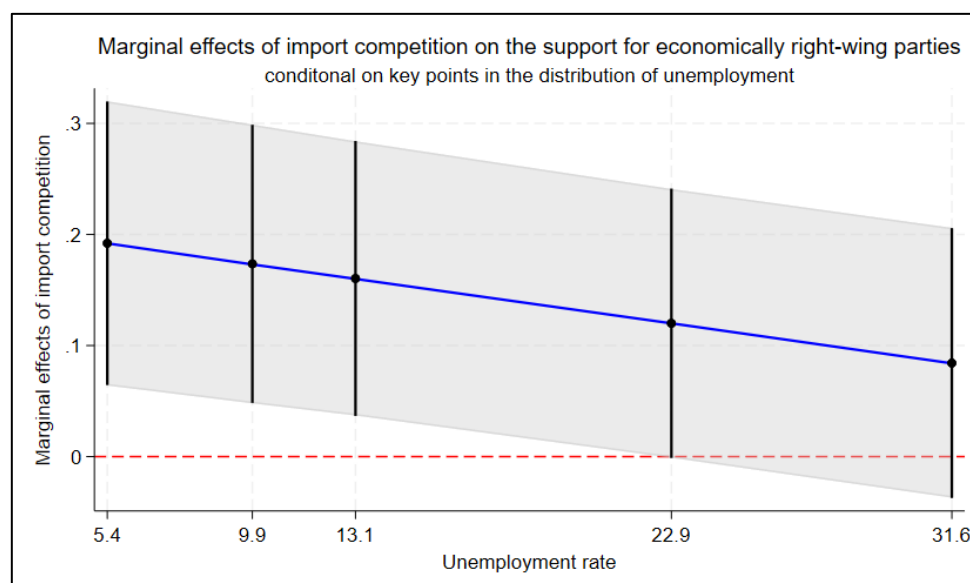
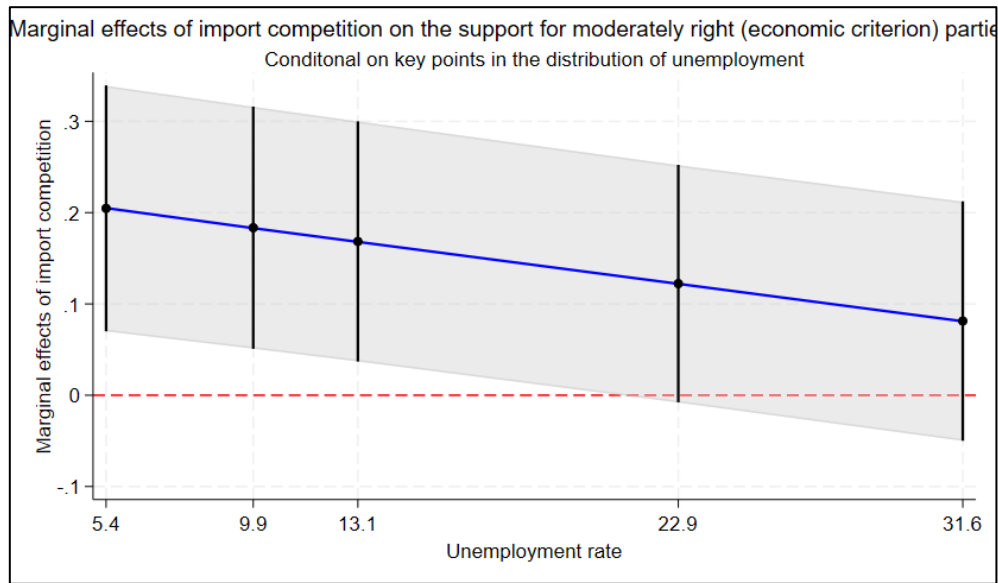


Figure 18. Marginal effects of import competition on the share of moderately right (economically) parties



6. Concluding remarks

This paper examined how globalization pressures, measured through regional exposure to import competition from China, have shaped electoral dynamics across Greek regions during the period 1996–2023. Our analysis combines electoral data at the NUTS-3 level with trade exposure measures based on the OECD Inter Country Input Output tables, while employing an industry-mix instrumental variable approach to address the local industrial endogeneity. The adopted identification strategy allows us to causally identify how exogenous trade shocks have been a significant catalyst of Greece’s profound electoral realignment. Our findings contribute to the growing body of political economy literature linking global economic shocks with domestic political behavior (Scheiring et al., 2024), while offering novel insights from a Southern European context characterized by structural vulnerabilities, protracted crises, and a far-reaching transformation of the political landscape.

The empirical results reveal three key findings. First, increased exposure to import competition is associated with higher voter turnout, suggesting that globalization-induced economic shocks stimulate political participation. This pattern contrasts with studies for other European countries (e.g., Malgouyres, 2017; Colantone and Stanig, 2018), which often identify political withdrawal as a response to economic insecurity. Nevertheless, this mobilization effect is not uniform, since it weakens in regions with persistently high unemployment.

Second, our results highlight an asymmetric ideological response to globalization. Whereas much of the international literature finds that trade shocks benefit radical-right or nationalist parties (Autor et al., 2020; Dippel et al., 2017; Caselli et al., 2019), in Greece, import competition has instead strengthened radical-left parties while eroded support for radical right parties. Such findings suggest that radical-left parties, particularly in the post-2010 period,

effectively articulated the grievances of voters adversely affected by trade and fiscal adjustment policies. In contrast, the radical right's discourse—rooted in cultural protectionism and nationalism—proved less salient in the context of material deprivation.

Third, when expanding our analysis to the full spectrum of political parties according to their economic stance, we find that import competition benefits those advocating market liberalization and penalizes those supporting a more expansive welfare state. The effects are concentrated among parties communicating their economic positions in a moderate way, rather than parties at the extreme poles of the economically-related distribution. The estimated terms suggest that import competition rewards political actors promoting pro-market agendas, as opposed to those advocating a large welfare state. However, these effects only materialize in regions with low-to-medium unemployment levels, illustrating a differential absorption of global shocks based on local-specific labor market conditions.

Taken together, these findings highlight the heterogeneous and context-dependent political consequences from the global fragmentation of the value chains. Instead of verifying the often-cited political polarization impact from trade (Autor et al. 2020), the current analysis illustrates that trade integration in Greece has restructured the ideological map benefiting parties adopting a market-oriented economic narrative.

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Appendix A.

Appendix A1. The spatial unit of analysis

Table A1.1 reports the crosswalk between the electoral constituencies and the 2013 NUTS-3 classification.

Table A1.1 Crosswalk between electoral constituencies and the 2013 NUTS classifications

Constituency	NUTS-3 Code (2013)	Label
Grevena	EL531 (part)	Grevena, Kozani
Kozani	EL531 (part)	
Arta	EL541 (part)	Arta, Preveza
Preveza	EL541 (part)	
Karditsa	EL611 (part)	Karditsa, Trikala
Trikala	EL611 (part)	
Argolida	EL651 (part)	Argolida, Arkadia
Arkadia	EL651 (part)	
Lakonia	EL653 (part)	Lakonia, Messinia
Messinia	EL653 (part)	
A' Thessalonikis	EL522 (part)	Thessaloniki
B' Thessalonikis	EL522 (part)	
A' Peiraeus	EL307 (part)	Piraeus - Islands
B' Peiraeus	EL307 (part)	

The above crosswalk decreases the number of electoral constituencies from 56 to 49, in order to correspond to NUTS-3 regions. Furthermore, for the NUTS-3 regions reported in Table A1.2, we merged the electoral data for the 2019 and 2023 elections, to match the applied classification of the electoral constituencies.

Table A1.2 Crosswalk between NUTS-3 regions and electoral constituencies

NUTS-3 name (2013)	NUTS-3 Code (2013)	Label
Eastern Attica	EL305	Attica
Western Attica	EL306	
Athens B1 (North)	EL301	Athens B'
Athens B2 (West)	EL302	
Athens B3 (South)	EL304	

The above modifications decrease the number of NUTS-3 regions from 52 to 49, which perfectly correspond to the number of electoral constituencies.

Appendix B

Table B.1. Participation of political parties in each election

Political Party	Elections											
	September 1996	April 2000	March 2004	September 2007	October 2009	May 2012	June 2012	January 2015	September 2015	July 2019	May 2023	June 2023
PASOK	*	*	*	*	*	*	*	*	*	*	*	*
ND	*	*	*	*	*	*	*	*	*	*	*	*
KKE	*	*	*	*	*	*	*	*	*	*	*	*
SyRiza				*	*	*	*	*	*	*	*	*
SYN	*	*	*									
En. Kentr.	*	*	*	*	*	*	*	*	*	*	*	*
LAOS			*	*	*	*	*	*				
ANTARSYA					*	*	*	*	*	*	*	*
DIMAR						*	*					
Dimiourgia Xana						*	*		*	*		
Oikologoi Prasinoi				*	*	*	*				*	*
Oikologoi Enal.	*	*										
Ellines Oikologoi	*	*		*	*	*						
Enosi Oikologon	*											
G. Dawn	*				*	*	*	*	*	*		
ANEL						*	*	*	*			
D-FS						*						
Dim. Symmaxia						*						
KIDISO								*				
To Potami								*	*			
Teleia								*				
LAE									*	*		

Appendix C. Regional voting shares for the 2-way economic classification

Figure C1. Regional voting shares for economically left-wing parties

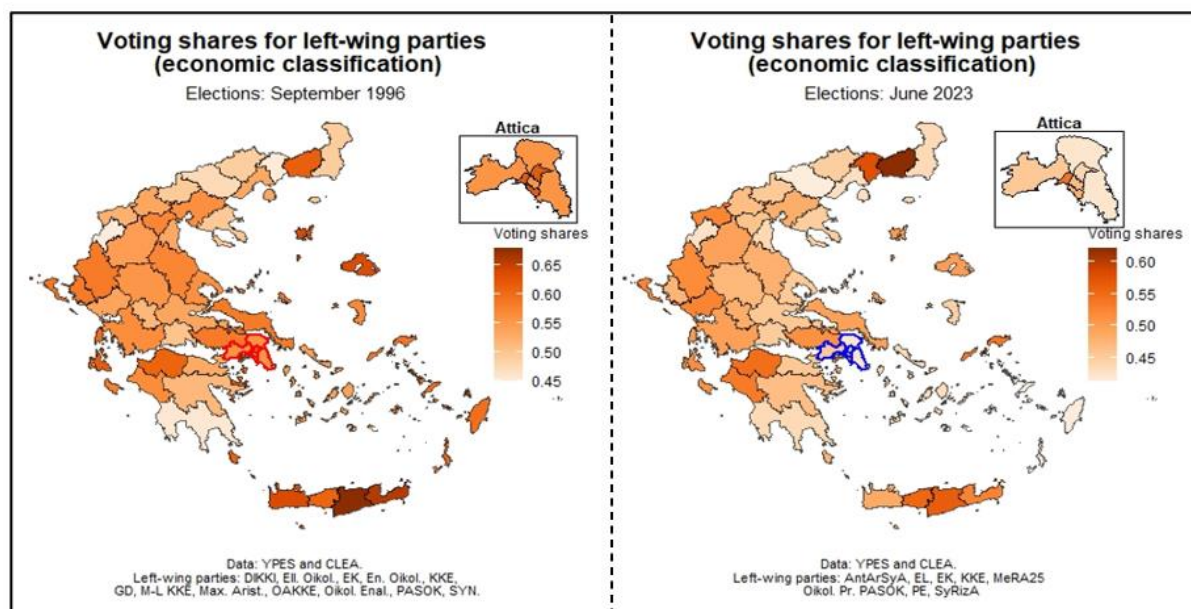
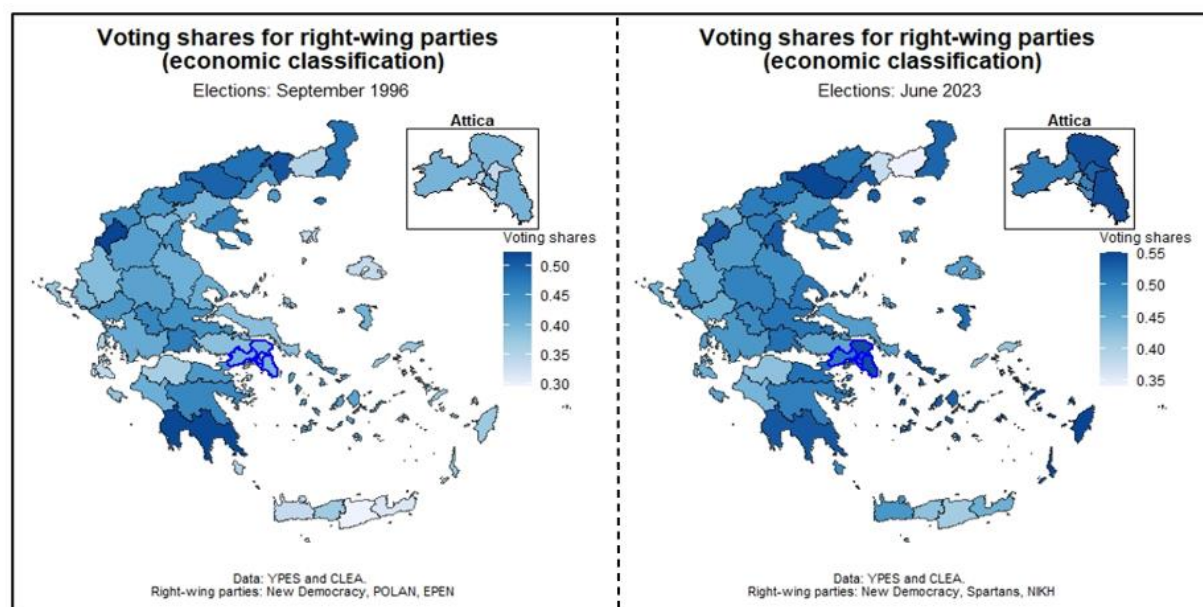


Figure C2. Regional voting shares for economically right-wing parties



Appendix D. Marginal plot analysis – Turnout ratio and ‘radical’ categories

Figure D1. Marginal correlations – turnout ratio and import competition

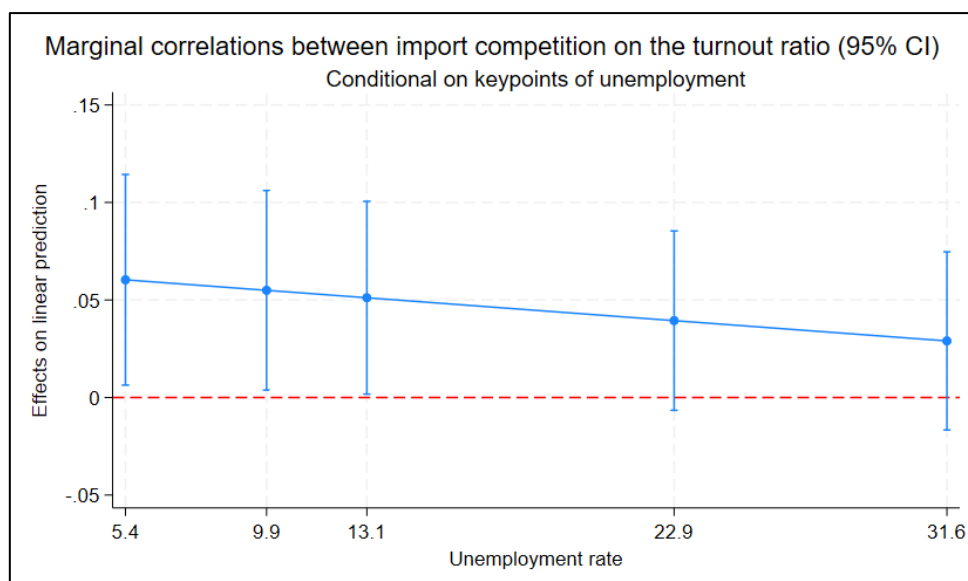


Figure D2. Marginal correlations –import competition and support for radical left parties

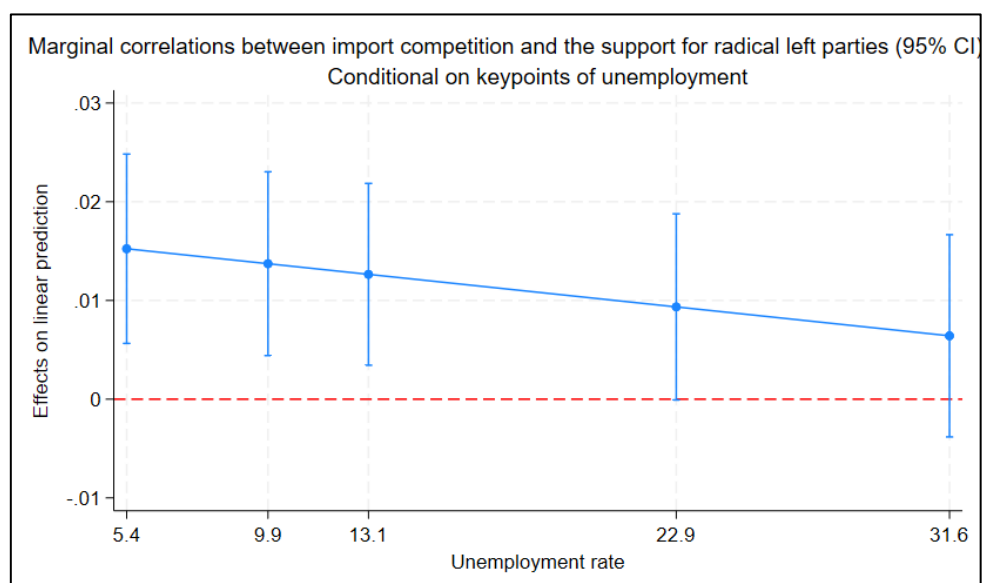
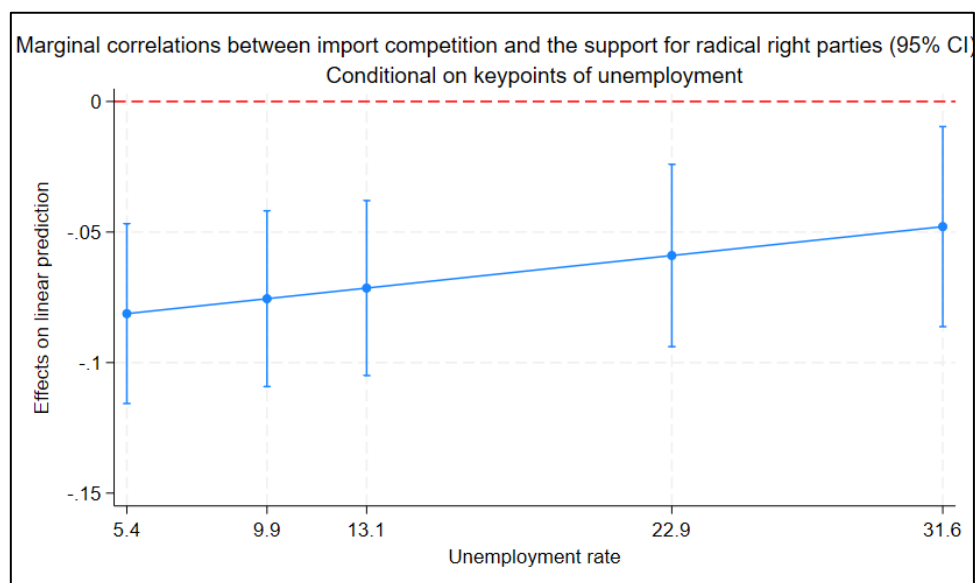


Figure D3. Marginal correlations –import competition and support for radical right parties

Appendix E. Marginal plot analysis – Economic classification (correlation analysis)

Figure E1. Marginal correlations – economically left-wing parties

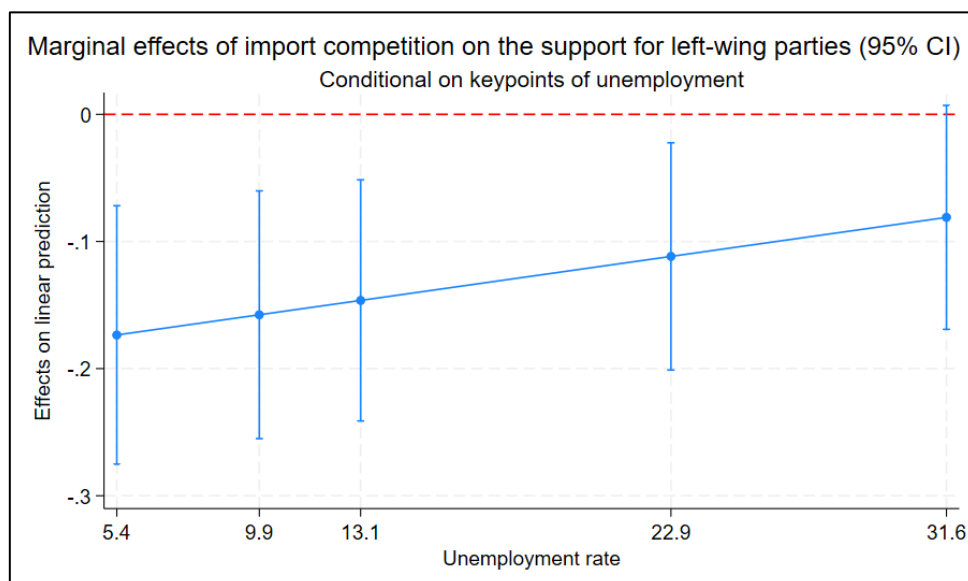


Figure E2. Marginal correlations – economically right-wing parties

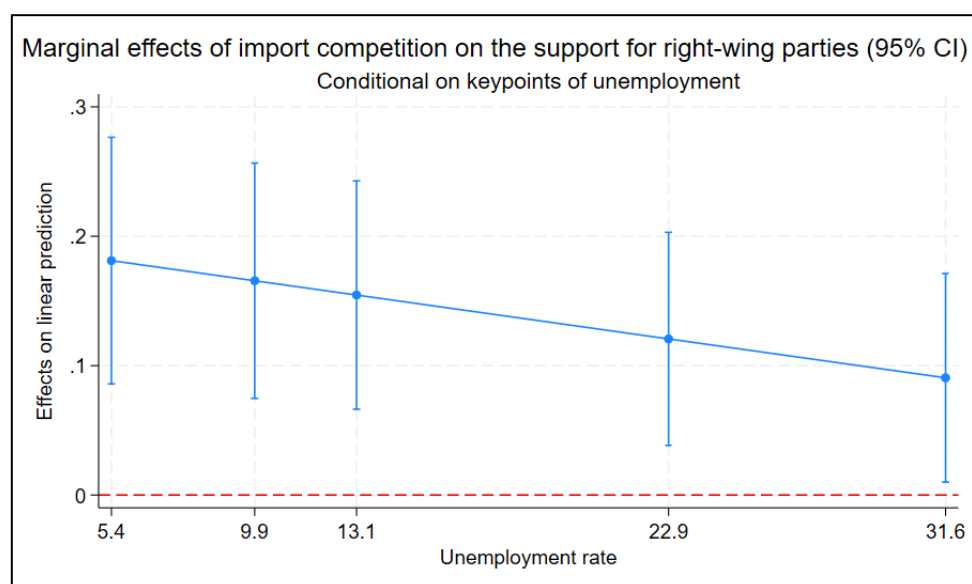


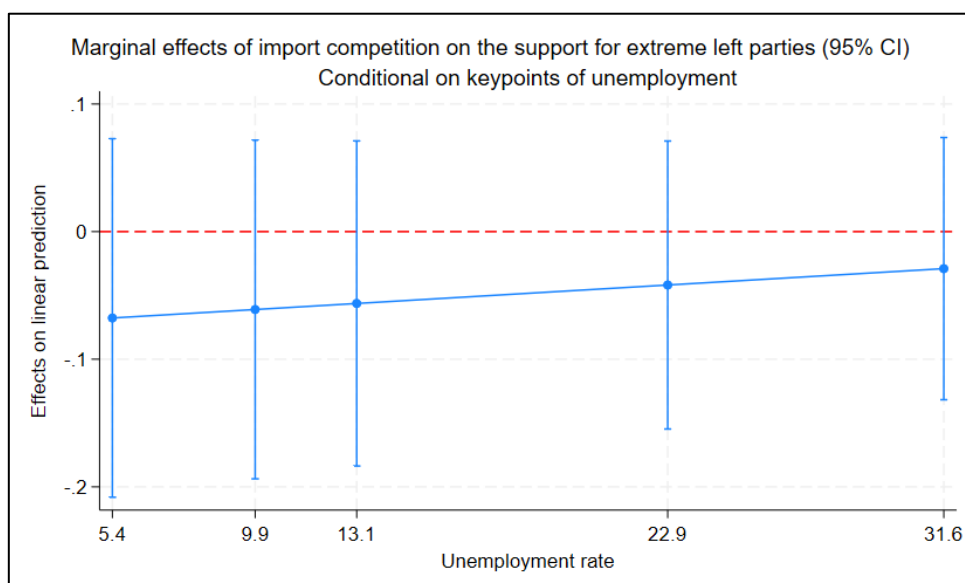
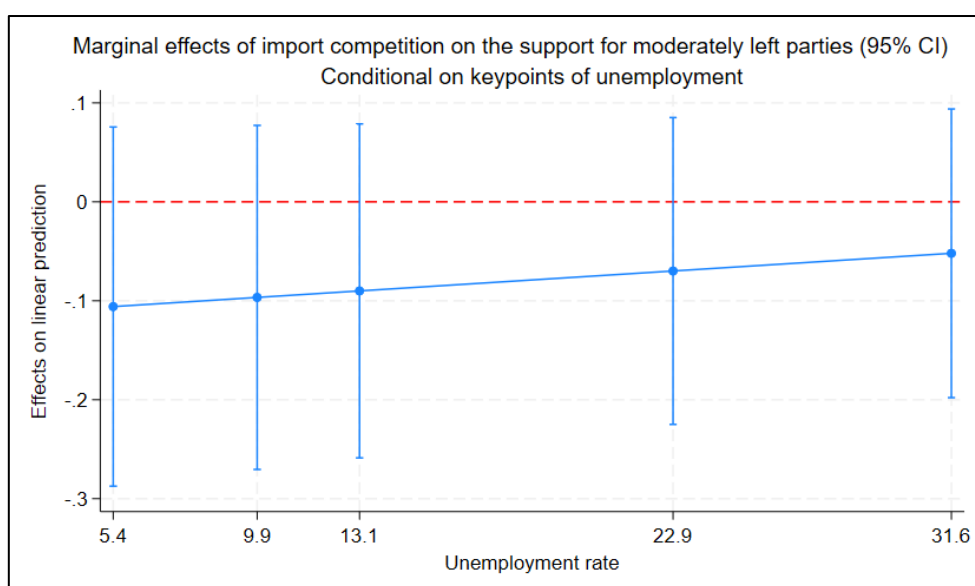
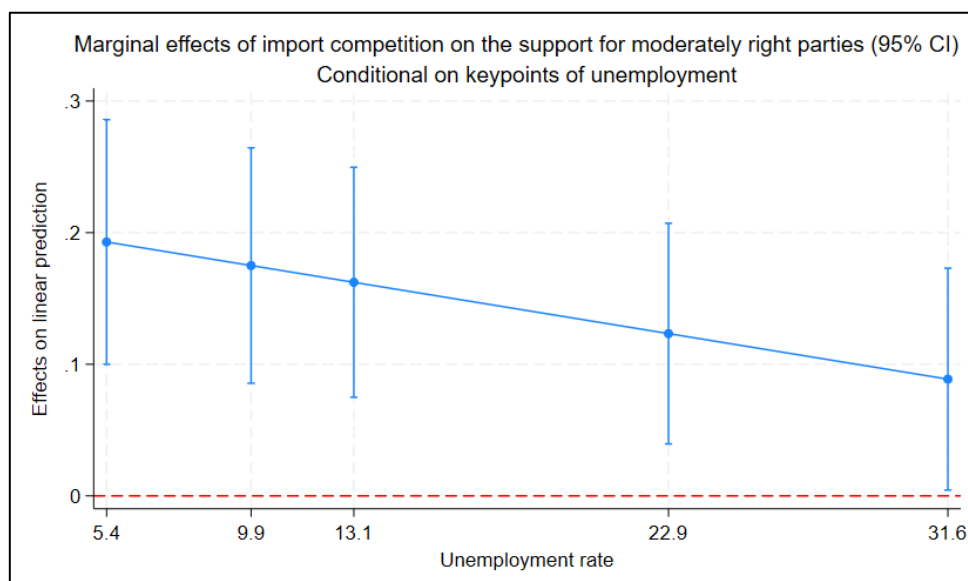
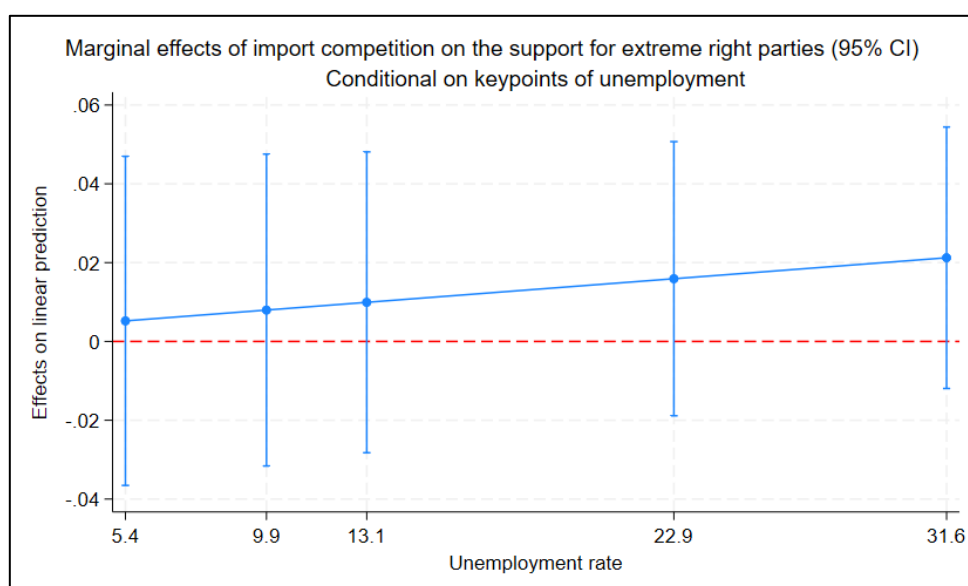
Figure E3. Marginal correlations – economically extreme left parties**Figure E4.** Marginal correlations – economically moderately left parties

Figure E5. Marginal correlations – economically moderately right parties**Figure E6.** Marginal correlations – economically extreme right parties

Appendix F. Marginal plot analysis – Economic classification (IV analysis)

Figure F1. Marginal effects – economically extreme left parties

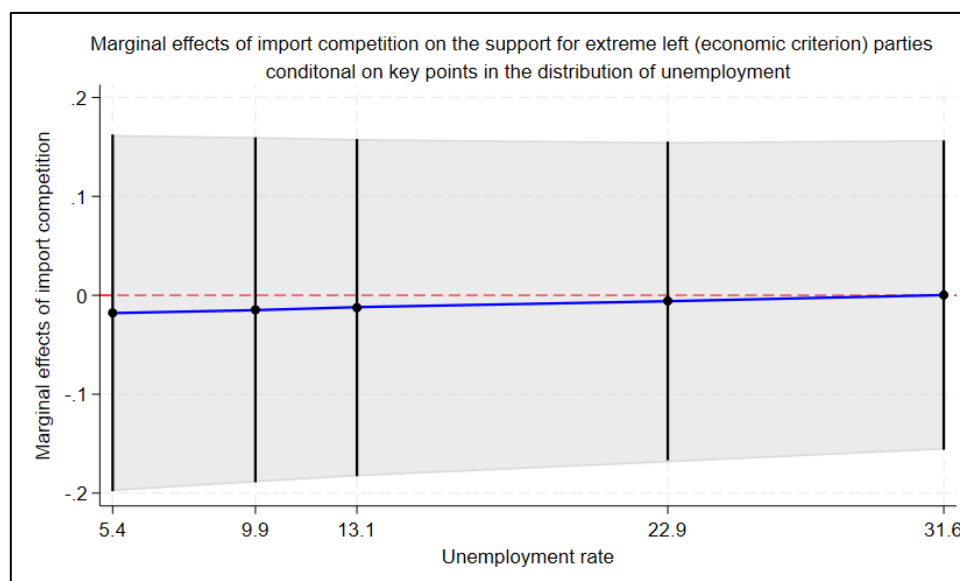


Figure F2. Marginal effects – economically (moderately) left parties

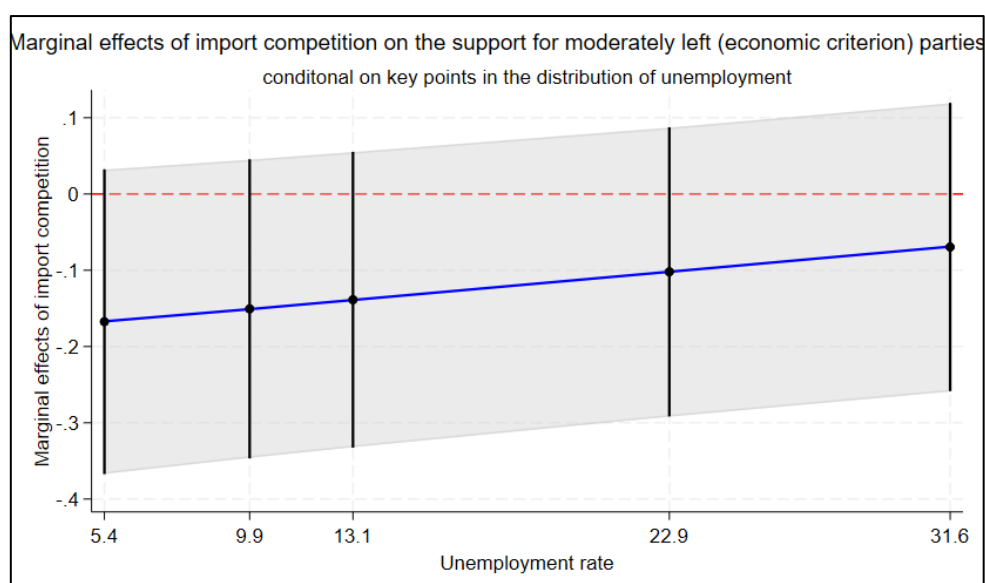


Figure F3. Marginal effects – economically extreme right parties