

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, AfD in Germany and PVV in the Netherlands, 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 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 puts forward the following candidate explanations. First, despite the beneficial growth effects of 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 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 polarizing the 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 Chinese exports to Greece. At the domestic economic 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.

At the same time, far-reaching changes in the domestic political environment include the emergence of new political parties both at the so-called extreme left (MeRA25, LAE etc.) and

the extreme 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 till 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 radical restructuring.

Against this background, our analysis is structured around 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*). Besides the radical categories, we repeat the same analysis after classifying nearly all the political parties into 5 meaningful, internationally-established categories (*communist-socialist, green, social democracy, conservative and right-wing*). Adopting this more general 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 of the previous decades.

The empirical analysis combines regional electoral data at the NUTS-3 level, 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. To evaluate the potential impact from globalization we use trade data at the national level, projected to each local labor market using population and employment weights. The estimated fixed effects models, account for time-invariant, unobserved effects across local labor markets. Furthermore, we complement the empirical models with a wide set of economic, social and demographic indicators, which approximate the prevailing local conditions.

Previewing our preliminary results, we first indicate that the increased import competition is associated with lower turnout of voters, possibly reflecting a sentiment of distrust towards current political institutions and their potential to provide adequate solutions to the far-reaching economic challenges of the Greek electorate. Furthermore, speaking to the literature connecting globalization with political polarization (see Scheiring et al. 2024 for extensive review), we document that import competition from China is positively correlated with increased support for both radical left and radical right parties. Notably, following the conventional left-right dichotomy and under the implicit assumption that voters in Greece very seldom switch from the one extreme pole of the political spectrum to the other, we first provide indicative evidence that the increased support for radical left parties as well as communist-socialist parties stems from the political demise of social democratic parties. Similarly, the increased support for radical right parties mainly comes from lower voting outcomes for conservative parties. Taken together, the above preliminary trends indicate a movement from the center of the political spectrum to the two extreme poles. Finally, our analysis uncovers very limited evidence regarding the moderating effect of local economic uncertainty to the relationship between import competition and electoral outcomes. Specifically, we only reveal that the relationship

between globalization and support for radical left parties decreases in regions with high economic uncertainty.

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