University of Piraeus
ΣΠΟΥΔΑΙ / SPOUDAI
Journal of Economics and Business
http://spoudai.org

# On the 1974 Transition of Greece to Democracy: A Non-Conventional Assessment

George C. Bitros

*Emeritus Professor of Political Economy*
*Athens University of Economics and Business*
*Email: bitros@aueb.gr*

**Abstract**

Since transitioning to democracy in 1974, Greece has enjoyed political stability. However, this stability has been accompanied by a significant slowdown in economic growth. Specifically, the average annual growth rate from 1974 to 2022 has dropped to approximately 1%, down from around 7% in the preceding 20 years. Existing literature suggests we would expect economic growth to accelerate, particularly in the years following Greece's integration into the European Union in 1981. It did not occur, raising the question: why not? This essay offers the explanation that political stability in Greece has resulted from a redistribution mechanism of income and wealth, which was embedded in the 1975 Constitution. This mechanism established a broad range of new 'social' rights while further constraining property rights. By addressing these social rights through the public budget and imposing ad hoc burdens on the private economy, this mechanism enhanced political stability. However, in an open market economy like Greece's, this approach has proven counterproductive, leading to stagnation of economic growth and increasing the likelihood that political stability could be disrupted. To safeguard against the risks to democracy and even national sovereignty that this outlook presents, it is crucial to eliminate the aforementioned redistribution mechanism from the constitution. An even better solution would be to adopt the new constitution recently proposed by six eminent Greeks.

**JELClassification**: E02, F43, I38, O17, O43, P16

**Keywords**: Democracy, Political stability, Economic growth, Social rights, Property rights, Redistribution, Leadership, Structural reforms.

## 1. Introduction

Frequently in recent years, distinguished constitutional scholars, political scientists, and others[1] have suggested that, if something particularly remarkable has been achieved in Greece since 1974,[2] it is "political stability." Many domestic and international officials in high government positions share the same perspective. For example, in the interview that he gave on 31/3/2024 to the newspaper Proto Thema, the central banker Professor Ioannis Stournaras recommended that the preservation of "political stability" should be elevated to a top national priority. Given the factionalism that prevails among the opposition parties and the laxity with which they exercise scrutiny over government policies, he may foresee the emergence of political instability in the near future.[3] However, presently the prevailing view is that, soon after the not-so-unexpected bankruptcy in 2009, Greece successfully returned to a virtuous phase of fiscal management, aided, among others, by the smooth succession of political parties in government, improvements in the functioning of critical public infrastructures, and the decisive integration into Western alliances.

If, from the perspective of material well-being, which is linked to many other important indicators of social progress and national security, we had managed as a country to close the gap that separates us from the European Union (EU) average, I would have no difficulty accepting that the achievement of political stability is a significant success. However, with few exceptions, international comparisons indicate that over the past fifty years, Greece has diverged and established itself in rankings implying that the achieved "political stability" is not aligned with the necessary conditions for re-entering into a dynamic convergence process.[4] To put it more succinctly, the political stability we have achieved would only be strong, sustainable, and aligned with national priorities if we had accomplished the goal we set when we joined the European Union back in 1981. This goal was to converge with the EU average in terms of per capita income, the range and quality of public services, competitiveness, and other metrics. Now, unfortunately, as the observed gaps consolidate and widen, the primary concern shifts from maintaining politi-

[1] See speeches at the conference "Reflecting on half a century of Greek democracy | eKathimerini.com", which was co-organized by the newspaper Kathimerini, the Educational Foundation of the National Bank of Greece, the Economic Forum of Delphi, and the Hellenic Observatory of the London School of Economics, and took place in Athens at the National Gallery from 28/2/2024 to 2/3/2024.

[2] For ordinary citizens, the change in 1974 marks the transition from dictatorship as of April 21, 1967, to democracy. But for academics and politicians like Tsatsos (1975) and Katrougalos (2010), the change has a second more shuttle meaning. It implies the transition from the 1952 Constitution, which was eminently liberal in the classical sense of the term, to the 1975 Constitution, which imposed the sovereignty of the state over that of citizens. An example of how and why this fundamental change took place will be documented later below.

[3] Similar to the period before 1975, the structure of the Greek economy continues to be heavily influenced by significant state interventions. These interventions have led to extensive controls over market mechanisms in key areas such as international trade, banking, industry, and agriculture. If the indices for human and economic freedom were available for 1960, they would look significantly better, because the 1952 Constitution was much more favorable to freedom and business compared to the one enacted in 1975. The nationalizations that occurred in the 1970s under Article 106 of the 1975 Constitution, particularly involving the Commercial Bank group of companies, marked a significant ideological and policy shift. To maintain power over the years, the right-of-center New Democracy (ND) party gradually shifted toward the left. Conversely, the moderate left-of-center Panhellenic Socialist Movement (PASOK) began to lose support rapidly after the financial crisis of 2009, paving the way for the Coalition of the Radical Left (SYRIZA) to gain traction. By 2015, a substantial number of citizens, disillusioned with the austerity measures and the unfulfilled promises of the 2012 ND-PASOK coalition government, decided to change their support. They cast their votes for SYRIZA, whose four-year government ultimately failed to meet expectations. As it stands, Greece currently has a parliament dominated by a single party capable of forming a government, alongside nine relatively small parties that range from the extreme left to the extreme right.

[4] See, for example, "Human Freedom Index: 2022 | Cato Institute and Index of Economic Freedom (heritage.org)"

cal stability to effectively managing the social and economic disturbances that typically accompany substantial structural reforms such as those our country urgently needs; Unless, of course, we have fallen victim to the “Barn syndrome,”[5] feeling comfortable by avoiding these necessary reforms and allowing inertia to condemn Greece to its current mediocre status within Europe.

In this context, the purpose of this essay is to address the question: Is the political stability established since 1974 sustainable in the long run? The data and the analysis highlight signs of weakness and instability. For, as it emerges, the institutional arrangements that facilitated the achievement of this stability over the past 50 years have, in fact, undermined the economy's ability to grow, thereby limiting the resources necessary for its sustenance.

## 2. The shaky economic foundations of the current political stability

Bitros, Karayiannis (2011, 273-410) provide a thorough assessment of the political and economic developments in the post-war period up to 2010. Figure 1, reproduced from their source with additional data for the years 2011-2022, illustrates how the Gross Domestic Product (GDP) has changed over this timeframe. By examining the graph from left to right, three observations stand out. The first observation, as indicated by the dotted line, highlights a downward trend in the rate of economic growth starting from 1974.[6] The second observation pertains to the stepwise variability of this decline. Over various shorter periods, 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 2020. The final observation is that the average rate of growth dropped from about 7% during the period from 1954 to 1974 to approximately 1% since then[7, 8] This decline is noteworthy because, in contrast to the remarkable rates of economic growth seen in the earlier post-war period, the average annual growth rate following 1974 dropped to a very low level.[9]

[5] This syndrome may be explained with the help of a hypothetical example. Imagine a scenario where we lock a group of people inside a barn filled with cows that emit a horrendous odor. Initially, these individuals would do everything possible to escape the unpleasant environment. However, as time goes by, they would likely become accustomed to the smell and start to feel at ease. This behavioral adjustment illustrates the human tendency to adapt to our surroundings and establish a sense of comfort, which may ultimately hinder our ability to think innovatively—commonly referred to as 'thinking outside the box.' In fact, if the confinement in the barn extends for a prolonged period, these individuals may adapt so thoroughly that they develop a condition known as *path dependence*. In such cases, they would react strongly against any external attempts to encourage them to leave their newfound 'normal.'

[6] Some readers of earlier versions of this paper have commented that selecting 1975 as the dividing year between the two periods artificially emphasizes the difference in growth rates. Therefore, a clarification is necessary. Since the return to democracy occurred in the summer of 1974, 1975 has been commonly adopted in the literature as the standard year for this analysis. However, if we were to shift the dividing date back to the pre-military rule period of 1966, the difference in growth rates between the two periods would decrease from 7:1 to approximately 6:1. This change would inadvertently place undue emphasis on the realization that the economic policies implemented during the seven-year military regime were relatively successful, leading to higher rates of economic growth.

[7] It should be noted that the contrast between the two periods would have been worse if the growth rates had been computed on the basis of GDP per employed worker.

[8] According to Alogoskoufis (2024), the average growth rate during the periods 1974-1999 and 2000-2024 was respectively 2.2% and 0.8%. Quite likely, the growth rate of the period 2000-2024 is positive because in his calculations he has included the estimated high growth rates of 2023 and 2024.

[9] To confirm this finding by looking back at the detailed statistical data, interested readers may consult the books of Alogoskoufis (2021) και Bitros (2015).

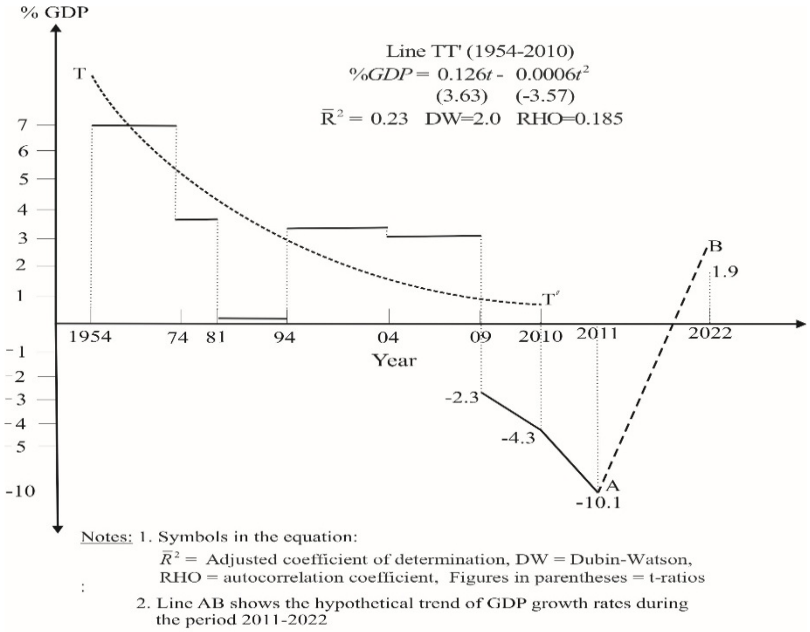


**Figure 1**: Structure of GDP growth rates in postwar Greece

To explain the decline in GDP, one might consider three standard hypotheses, none of which appears to be credible. The first relates to the adverse effects experienced by European and other non-energy-producing countries during the 1970s as a result of the two oil shocks. With a few exceptions, most of these countries experienced a long-term slowdown in economic growth. However, it would be difficult, if not impossible, to find a country among them that saw growth rates decline as sharply as they have in Greece. The second hypothesis concerns Greece's entry into the EU in 1981 and its subsequent membership in the European Monetary Union (EMU) in 2001.[10] In contrast to Greece, small EU countries such as Portugal, Ireland, and Estonia—despite having similar or worse initial conditions at the time of their entry and joining the EMU on trajectories similar to Greece—have experienced favorable economic growth trends. Lastly, the third hypothesis stems from the well-established proposition in development studies that political instability negatively impacts economic growth.[11] Yet, as mentioned in the introduction, it is generally agreed that, since 1974, Greece has achieved a social environment characterized by political stability.

Drawing on the data presented in Figure 1, this paper raises and attempts to answer the following questions: a) Did the institutional and policy changes implemented in the post-1974 period provide Greece with the much-desired political stability at the expense of meaningful economic growth? b) Given the current situation, how likely is it that growth rates will return to levels that align with the country's national priorities and citizens' expectations? And c) If this seems unlike-

[10] Greece applied for full membership in the then-European Economic Community (EEC) in 1975. Despite the critical comments from the European Commission (EC) regarding Greece's unpreparedness, the country was accepted in 1979 and became a full member in 1981. Twenty years later, on January 1, 2001, Greece entered the Economic and Monetary Union (EMU) of the EU. These dates are particularly significant because, in 1981, Greece agreed to gradually open its economy to European competition, and in 2001, it committed to integrating its monetary policy with that of the EU. Therefore, it is likely that these changes in economic regimes have influenced Greece's economic growth rates and any empirical inquiry into the reasons for their decline should allow for the potential influence of these events.

[11] See for example, Kuznets (1965, 451-453), Alesina, Perotti (1996), and more recently Aisen, Veiga (2011).

ly, can political stability be maintained over the long term? The following three sections are dedicated to addressing these questions in the same order.

## 3. Political stability, economic stagnation, and the redistribution mechanism of income and wealth

The transition in Greece from military dictatorship to democracy on July 24, 1974,[12] 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. Drafting and explaining their implications to the Greek citizens within the brief period of six months presented a daunting task. It is possible that the authors, working under the guidance of Constantinos Tsatsos, who later became President of the Hellenic Republic, had prepared and agreed upon these articles much earlier. A thorough investigation of the available historical evidence shows that New Democracy (ND) returned to power in July 1974 under Prime Minister Constantinos Karamanlis by shifting to left-of-center policies that closely aligned with the aim of these constitutional changes. Their objective 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):[13]

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 Economic 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 constitutional objective - but subordinated to the service of human value - social justice and solidarity, as well as fundamental social rights,[14] In the context of the balance be-

---

[12] Voulgaris (2013, 13) states that "the beginning of the period is clear and unambiguous: July 24, 1974, is the day the seven-year Dictatorship of the Colonels fell."

[13] This paper has appeared only in Greek. It is worth studying because it offers an astonishing interpretation of the political agenda of constitutionalists, economists, and other experts who participated in the Tsatsos Committee that drafted the 1975 Constitution.

[14] To avoid missing it later, readers should take special note of this particular sentence. In his papers on 'social' and 'property' rights, Professor Katrougalos clarifies the intentions of the constitutional legislators at that time. Figure 1 starkly illustrates the unfortunate path of economic growth resulting from the 'social' and 'property' policies

tween 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, in the republic established by the constitutionalists who introduced these provisions in the 1975 Constitution, governments may legitimately restrict citizens' ownership of their income, savings, wealth, and, more importantly, their economic freedoms, to any extent required by the indeterminate *principle of the welfare state*.

Isn't that what actually happened? Wasn't the 'Socialmania' of the ND governments in the second half of the 1970s followed by the 'Socialism of the Third Way' governments of PASOK in the 1980s and 1990s? Does the rampant increase in public debt and the simultaneous collapse of the average rate of economic growth since 1974 not provide sufficient confirmation that these constitutional arrangements—about which the above quotation leaves no doubt—led to a permanent shortage of domestic and foreign direct investment (FDI)? Did the stock market crash in 1999 and the bankruptcy in 2009 come out of nowhere? To avoid asking questions that have already been answered by the facts, it is more appropriate and effective to explain why, under the current production and distribution model, political stability is not sustainable.[15] This explanation will consist of narratives in sequential steps to clarify the presumed cause-and-effect relationships.

1. The more than 25 'social' rights enshrined in the 1975 Constitution, established in fact without corresponding obligations, create both unilateral and bilateral demands on behalf of citizens against the state budget. For instance, the 'right to work' stated in Article 22, Paragraph 1, Subsection a', has resulted in the over-employment of public servants across all levels of government, along with various regulatory inflexibilities in the labor market that remained unchanged, even under the pressure of the well-known Troika.[16]

2. To secure the necessary resources for covering the associated high public expenditures, there were potentially five sources: (1) tax revenue from current GDP; (2) revenue from taxation of citizens' capital or wealth;[17] (3) borrowing; (4) EU aid; and (5) transfer of resources from other state sectors. Given the reluctance of governments to raise taxes, during the early decades following the return to democracy (1974-1989), Greece financed its upgraded 'social policy' primarily through borrowing from domestic sources, supplemented by the generous EU aid flowing in from the Mediterranean Programs (1986-1989). Later, from 1990 to 2009, as the need for funds became urgent and the resources from borrowing and EU aid were insufficient, governments initially diverted resources from critical sectors such as national defense, education, and infrastructure, and then resorted to systematically increasing taxation on the income and wealth of citizens.

---

implemented by Greek governments since 1974. Regrettably, those who refuse to learn from history are doomed to repeat it, often at the expense of those who suffer the consequences.

[15] Understanding the level of 'political stability' in Greece is crucial. According to the relevant index published by the World Bank, Greece received a score of 0.06 in 2022, with the scale ranging from -2.5 (weak) to 2.5 (strong). This score indicates that it is difficult to categorize Greece's political stability as strong. This explains why I refer to it as 'unstable' throughout the text.

[16] In societies that lack a robust legal, political, and institutional framework, Tornell, Lane (1999) explain the emergence of a redistribution mechanism. This mechanism operates through the public budget on behalf of organized minorities and ultimately results in a slowdown of economic growth. In Greece, this mechanism was formally introduced and gained constitutional recognition in 1975.

[17] Before undertaking an investment, readers are advised to study Article 106 of the 1975 Constitution and the related literature and jurisprudence. Perhaps, they may find it interesting to start with Bitros (2014).

3. While abundant resources from EU programs and borrowing flowed in, there was widespread contentment, and the social costs of the redistributive mechanism fulfilling these 'social' rights went unnoticed by citizens. This was not the case for foreign companies, which began to leave early on, signaling to other foreign investors to avoid investing in Greece and encouraging domestic investors to seek opportunities elsewhere. Consequently, as the average rate of economic growth slowed, the public debt-to-GDP ratio reached new heights, all the while international financial markets and the European Commission looked away.

4. With the exception of a few economists, who systematically sounded the alarm,[18] until the great financial crisis erupted in the USA in 2008, the disequilibrium in Greece's public finances was ignored. Thus, when international financial markets closed to our country in 2009, the ensuing economic recession firmly tested political stability. Despite the severity of the crisis, the political system endured the long-lasting shocks of declining GDP, job losses, and market disruptions such as bank closures. However, to assess whether political stability is sustainable over the long haul, we must delve deeper into the operation of the redistribution mechanism mentioned earlier.[19]

5. This mechanism transfers resources from a relatively small number of risk-taking, innovative, and productive citizens to a larger number of individuals who, by choice, prefer less risky and therefore less rewarding endeavors. From the time of Pericles in classical Athens to the present, democracies have been recognized for managing some forms of redistribution to mitigate extreme inequality at the expense of the majority while still preserving the incentives for wealth creation among the few. It is a matter of moderation to ensure that economic growth does not stall and the country does not enter a lose-lose situation.

In conclusion, the institutionalized income and wealth redistribution in Greece has proved to be overly burdensome. Under the 'social contract' established in the 1975 Constitution, the state has compelled Greek citizens who wish to accumulate wealth and gain the freedom of choices and independence associated with professional risks to emigrate, become tax evaders, or spend substantial time finding ways to circumvent state-imposed constraints on entrepreneurship. The outcome is stark: fifty years of political stability with an average growth rate of 1%. To me, this is proof of an economic stagnation that represents a lose-lose situation.

## 4. Prospects of economic growth under the current production and distribution model

If products, services, and labor markets are allowed to operate freely, while regulators selectively intervene to maintain both actual and potential competition, we can predict the outcomes with a high degree of certainty. The resources owned by citizens, along with the loans they seek to mobilize, will be directed toward uses that yield the highest possible returns. This will result in maximized incomes for workers, greater returns on savings for citizens, increased revenues for the state,

[18] See, for example, Kollintzas, Bitros (1992). and Bitros (2003).

[19] It is important to clarify that the redistributive mechanism in question fundamentally differs from the mechanism described by Olson (1982) in Western-type democracies. The key distinction lies in the fact that, in Greece, the mechanism was imposed from above, likely without the Greek people fully understanding or approving through their votes what the articles on social and property rights entailed. In contrast, Olson's mechanism of redistribution emerges from below, driven by the rent-seeking activities of organized minorities. In both scenarios, however, the redistribution mechanism results in stagnation of economic growth. A variant of the model proposed by Olson is the one constructed by Tornell, Lane (1999).

and consequently, an improvement in the supply of public goods. These changes will lead to a boost in the country's GDP and, most importantly, an expansion of choice and liberty for everyone. It is important to note that this proposition does not imply that economic aggregates will remain stable from year to year; fluctuations can lead to swings of enthusiasm and disappointment. The free market economy is inherently flexible and capable of discovering and integrating new knowledge to enhance living conditions. Therefore, the essence of this proposition is that economic growth over a business cycle of three to five years tends to follow an upward trajectory.

In post-war Greece, the markets were never allowed to function freely. Readers interested in understanding how world advances in political economy influenced public policies in Greece need not delve into the relevant international literature. They can simply trace how the evolving ideas of a historical figure, X. E. Zolotas,[20] significantly influenced post-war developments through the high-level administrative and governmental positions he held throughout his life.[21] An economist familiar with the Greek economy who is not encumbered by ideological biases will find that its current structure, to varying degrees, emulates the production and distribution model outlined in Zolotas's work (1944/2009). Article 106 of the 1975 Constitution succinctly encapsulates his proposals from 1944, which he has confirmed that he pursued until his death in 2004. Essentially, the model that has resulted in an average annual growth rate of 1% since 1974 features a relatively small and fragmented private sector functioning within a bureaucratic environment that governs the aforementioned redistribution mechanism, alongside a relatively large and inefficient public sector. This model can facilitate brief flashes of development, contingent on international conditions, but it does not foster long-term business initiatives.[22] Most critically, it hampers Greece's ability to become a hub for Foreign Direct Investment (FDI), which is essential for ensuring, among others, the continuous technological advancement of the country's productive capacity.

Today, Greece finds itself at a pivotal moment with promising development prospects, and there is optimism that these conditions will last. With growth rates significantly outpacing the EU average, Greece is steadily progressing toward convergence while also gaining time to address challenges such as the high level of public debt and the huge expenditures for pensions. However, if Greece continues to implement only the minor reforms of recent years, it will struggle to achieve sufficiently high growth rates. This outlook highlights the current widespread consensus regarding the need for a new model of production and distribution, one that fundamentally contrasts with the current status quo.[23]

[20] His extensive writings are archived and accessible electronically under the auspices of the Bank of Greece.

[21] Certainly, Zolotas was not alone. Bitros, Karayiannis (2011-12) identify a few other key figures that were instrumental in the shaping of post-war institutions and the economy we live in even today.

[22] In this productive model, banks operate under the direct control of the state. Consequently, businesses that require bank credit are compelled to align themselves with the government, thereby effectively choosing sides in the competition between political parties. As a result, the allocation of resources in the economy is influenced more by political considerations than by economic ones, leading to a slowdown in economic growth.

[23] According to Serafeim (2015), among 16 leading EU countries, Greece ranks highest on Hofstede's Centre Index of *uncertainty avoidance*, at the top of the World Bank's ranking for *bureaucracy*, and at the bottom of the European Commission's Index regarding *innovation*. Based on this data, he concludes that Greece's lack of innovation, and consequently its economic stagnation, could be alleviated if it embraced uncertainty. However, this transition is impossible without adopting a production and distribution model that features a comparatively large private sector alongside a relatively small state sector. Therefore, in essence, his assessment leads to the same conclusion: Greece's malaise is structural, and significant reforms are necessary to shift toward an economy dominated by a larger private sector.

## 5. Political stability and economic growth

The literature on the relationship between political stability and economic growth is extensive, and even a brief overview would exceed the scope of this paper. Nonetheless, I found the research results of Aisen, Veiga (2011) not only econometrically sound and empirically dependable due to their extensive sample of countries, but also compelling enough to garner widespread interest among scholars. Their empirical findings enable them to conclude that:

"… political instability is particularly harmful through its adverse effects on total factor productivity growth and in a lesser scale, by discouraging physical and human capital accumulation. By identifying and quantitatively determining the main channels of transmission from political instability to economic growth, this paper contributes to a better understanding of how politics affects economic performance. (pp. 24-25)."

Therefore, the paradox in Greece's case lies in the fact that, although political stability has improved significantly post-1974 in comparison to the period between 1954 and 1974, economic growth has declined markedly.

For those readers who have had the patience to follow my arguments thus far, there should be no apparent paradox. Political stability since 1974 has emerged due to the previously mentioned redistribution mechanism. The vast majority of our fellow citizens who benefited from this mechanism have contributed to political stability through their electoral choices. However, the effects of redistribution, combined with other negative factors, have brought long term economic growth to a standstill. This equilibrium is inherently unstable. As long as public expenditures continue to grow, and the already high taxation cannot be reduced due to the aforementioned redistribution mechanism, prevailing conditions will likely drive away the tax base.

This situation will fuel the shadow economy, diminish the certainty equivalent of returns on investment, thus deterring large-scale domestic and foreign investments, and generally create market distortions, leading to adverse differential inflation that hurts competitiveness. In a Western-type democracy with an open economy like Greece's, these conditions are unlikely not to lead to political instability.

## 6. Summary and conclusion

In 2014, the late Prime Minister Konstantinos Simitis provided a brief assessment of the post-1974 developments in Greece up to that year.[24] Among his other observations, he noted that:

There are practices that have characterized the country for more than a hundred years and still define Greek society, even though they contribute to its backwardness. They are acceptable to voters. They have approved and applauded them throughout the period since 1974.

On account of these remarks, he distanced himself from the burden of political leadership and, in a shortsighted manner, shifted the responsibility for the gross failures of the political system back to the citizens. One such big failure is the nexus of existing constitutional provisions regarding 'social' and 'property' rights.

The 1975 Constitution established a redistribution mechanism for citizens' income and wealth, which significantly contributed to the political stability that Greece has experienced since 1974.

[24] See Simitis (2014).

However, alongside other factors, this mechanism has also played a decisive role in the sharp decline of economic growth, as evidenced in Figure 1. As a result, the focus shifted to the question of whether the status quo is sustainable in the long run. The data and the analysis suggest that, as long as the redistribution mechanism remains in place and the political parties that alternate in government refuse to exercise effective leadership and get on with the structural reforms that the country needs, economic stagnation may inevitably lead to political instability.

Therefore, rather than remaining passive while these reforms are postponed, citizens are advised that Greece risks prolonged periods of sub-optimal economic growth, which poses significant threats to democracy and even national sovereignty.[25] To bring back long-term economic growth and at the same time right democracy, my recommendation is to go back to the provisions and institutional arrangements of the 1952 Constitution or, even better, adopt the new constitution that Alivizatos et al. (2016) proposed recently.

## References

### *Sources in Greek*

Αλιβιζάτος, Ν., Παναγής Βουρλούμης, Γιώργος Γεραπετρίτης, Γιάννης Κτιστάκις, Στέφανος Μάνος, Φίλιππος Σπυρόπουλος (2016), *Ένα Καινοτόμο Σύνταγμα για την Ελλάδα* (A new Constitution for Greece), Αθήνα: Εκδόσεις Μεταίχμιο, (Alivizatos et al. (2016)).

Αλογοσκούφης, Γ., (2024), *Οικονομία και Μεταπολίτευση:50 Χρόνια Μετά*, Reflecting on half a century of Greek democracy | eKathimerini.com, Alogoskoufis (2024).

Αλογοσκούφης, Γ., (2021)., (2021), *Ιστορικοί κύκλοι της ελληνικής οικονομίας. από το 1821 έως σήμερα*, Αθήνα: Gutenberg,

Βούλγαρης, Ι., (2013), *Η Ελλάδα της Μεταπολίτευσης 1974-1990: Σταθερή Δημοκρατία Σημαδεμένη από τη Μεταπολεμική Ιστορία*, Αθήνα: Εκδόσεις Θεμέλιο. σελ. 13, Voulgaris (2013).

Κατρούγκαλος, Γ. Σ. -Π., (2010), «Το «παρασύνταγμα» του μνημονίου και ο άλλος δρόμος». Το άρθρο αυτό ανέβηκε αρχικά στο www.constitutionalism.gr, Όμιλος "Αριστόβουλος Μάνεσης". Αλλά για άγνωστους λόγους σύντομα το κατέβασαν και δημοσιεύθηκε στο *Νομικό Βήμα το* Φεβρουάριο του 2011. Τελικά, το 2011, το άρθρο ανέβηκε και πάλι στην πιο πάνω ιστοσελίδα, Katrougalos (2010).

Κολλίντζας, Τ., Μπήτρος, Γ. Κ. (1992), *Αναζητώντας την Ελπίδα για την Ελληνική Οικονομία,* Αθήνα: Εκδόσεις Σταμούλη για το Ινστιτούτο Μελετών Οικονομικής Πολιτικής, Οικονομικό Πανεπιστήμιο Αθηνών. (Kollintzas, Bitros, 1992).

Μπήτρος, Γ. Κ., (2015), *Ποτέ πια πτώχευση*, Θεσσαλονίκη: Εκδόσεις Επίκεντρο. Bitros (2015).

Μπήτρος, Γ. Κ., (2014), «Πως και γιατί ανατράπηκε το ιδιοκτησιακό καθεστώς στο Σύνταγμα του 1975 και τι πρέπει να κάνουμε,» *Νέα Πολιτική*, 8, 10-13. Bitros (2014).

Μπήτρος, Γ. Κ., (2003), «Οδεύοντας ανέμελα προς το μοιραίο,» https://www2.aueb.gr/Users/bitros/To%20be%20linked/PRESS/KERDOS/. Bitros (2003).

Μπήτρος, Γ. Κ., Καραγιάννης, Α. Δ., (2011), *Δημιουργική κρίση σε Δημοκρατία και Οικονομία με παράδειγμα τη σύγχρονη Ελλάδα*, Αθήνα: Εκδόσεις Παπαζήσης. Bitros, Karayiannis (2011).

Μπήτρος, Γ. Κ., Καραγιάννης, Α. Δ., (2011-2012), «Οι σοσιαλιστικές καταβολές του χ-Φιλελευθερισμού στην Ελλάδα,» *Επιστήμη και Κοινωνία*, 28, 167-206. Bitros, Karayiannis (2011-2012).

Σιούφας, Δ. Γ., (2013), *Η ασφαλιστική μεταρρύθμιση 1990-1993: Μεταρρύθμιση σωτηρίας του ασφαλιστικού συστήματος. Ανατροπή και αποδόμηση*, http://www.sioufas.gr/Vivlio% Ygeias%202013.pdf 20. Sioufas (2013).

[25] It should be noted that other researchers as well have been putting asterisks on political stability because major reforms are not progressing. For an example, see Sotiropoulos (2024),

Σημίτης, Κ., (2014), «Η Μεταπολίτευση, μία σύντομη αποτίμηση,» Η ΚΑΘΗΜΕΡΙΝΗ, 20.07.2014, Η Μεταπολίτευση, μία σύντομη αποτίμηση | Η ΚΑΘΗΜΕΡΙΝΗ (kathimerini.gr). Simitis (2014).

Τσάτσος, Κ., (1975), *Πολιτική: Θεωρία Πολιτικής Δεοντολογίας*, 2η έκδοση. βελτιωμένη, Αθήνα: Οι Εκδόσεις των Φίλων. Tsatsos (1975).

Ζολώτας, Ξ. Ε., (1944/2009), *Δημιουργικός Σοσιαλισμός*, 2η εκδ. 2009, Αθήνα-Θεσσαλονίκη: Εκδόσεις Σάκκουλα. Zolotas (1944).

***Sources in English***

Aisen, A., Veiga, F. J., (2011), "How does political instability affect economic growth?" IMF Working Paper, WP/11, How Does Political Instability Affect Economic Growth? (imf.org).

Alesina, A., Perotti, R., (1996), "Income distribution, political instability, and investment," *European Economic Review*, 40, 1203–1228.

Kuznets, S., (1965), *Modern Economic Growth: Rate Structure and Spread*, New Haven and London: Yale University Press.

Olson, M., (1982), *The Rise and decline of Nations: Economic growth, stagflation, and social rigidities*, New Haven, CT: Yale University Press.

Serafeim, G., (2015), "If Greece embraces uncertainty, innovation will follow," *Harvard Business Review*, https://hbr.org/2015/03/if-greece-embraces-uncertainty-innovation-will-follow.

Sotiropoulos, D. A., (2024), "Democratic stability with asterisks: Greek politics in the post-crisis era," Democratic stability with asterisks: Greek politics in the post-crisis era | Kolegium Europy Wschodniej (kew.org.pl).

Tornell, A., Lane, P. R., (1999), "The Voracity Effect," *American Economic Re*view, 89, 22-46, The Voracity Effect - American Economic Association (aeaweb.org).