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# **Democracy and social capital in Greece.**

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## **Abstract**

Democracy is the notion broadly used to denote a society's commitment towards freedom and a better way of life. The minimum conditions that a country must adhere to in order to be acknowledged as democratic refer to arrangements between rulers and the ruled. In that sense, the key attributes of democracy are institutional guarantees referred to as either political rights and liberties or contestation for public office power and people's participation. To the extent that these key attributes of democracy are shaped within a variety of different societal contexts, democracy is not a quality that either exists or not. Rather, different democracies exist depending largely on a wide set of societal characteristics. The research aim relates to the analysis of the relationship between democracy and social capital in Greece. In particular, we try to answer the question of whether we can speak of a "democracy – trust continuum" in Greece as suggested by the available literature, and if yes, where in this continuum could we possibly place Greece. An exploratory meta-analysis is used in order to sketch the country's profile with respect to these phenomena and analyze the democracy – types of trust interrelationship as manifested in the case of Greece.

**Keywords:** Democracy, social capital, social trust, Greece.

**JEL Codes:** D71; D73; H3; O2

## 1. Introduction

Democracy is about freedom and a better way of life (Schmitter and Karl, 1991). The minimum conditions that a country must adhere to in order to be acknowledged as democratic are common ground. These conditions refer to arrangements between rulers and the ruled, e.g. rule of law regarding elections, participation, competition over power, etc. (Dahl, 1982). In that sense, it is political democracy that we refer to (Lipset, 1959; Bollen, 1980), the key attributes of which are institutional guarantees referred to as either political rights and political liberties (Dahl, 1971) or else, contestation for public office power and people's participation (Munck and Verkuilen, 2002). To the extent that the key attributes of democracy are built on a number of components, such as free press and the fairness of the voting system, that are formed within a variety of different societal contexts, democracy is not a quality that either exists or not (Lipset, 1959). Rather, different democracies exist depending largely on a wide set of societal characteristics.

Available knowledge suggests that a country's stock of social capital subsumes the key societal characteristics that favor the establishment of stable and mature democracies (Lipset, 1959; Lijphart 1999). Within this context the present study explores the social capital – democracy relationship in Greece. Based on Newton's (1997) analysis on the co-evolution of the two phenomena, a typology is proposed in order to analyze this relationship as a continuum ranging from '*primary democracies*', to '*civil virtue democracies*' and finally to present day '*modern democracies*', each of them depending on different types of social capital (Newton, 1997: 578-581). In particular, we try to answer the question of whether we can speak of a "democracy – trust continuum" in Greece as suggested by the available literature, and if yes, where in this continuum could we possibly place Greece. An exploratory meta-analysis is used in order to sketch the country's profile with respect to these phenomena and analyze the democracy – types of trust interrelationship as manifested in the case of Greece.

The rest of the paper is organized as follows: part two is devoted to a brief discussion over the relationship between democracy and social capital and the importance of social capital for building democratic civil societies. This part closes with a schematic presentation of the democracy – types of trust continuum as suggested by Newton (1997). Part 3 is devoted to a critical meta-analysis of available knowledge regarding the interrelationship between democracy and social capital in Greece. Part 4 concludes the paper with a discussion over the significance of these findings.

## 2. Theoretical context: Democracy and social capital

Democracy is about collective decision making in the presence of different preferences. According to Schumpeter (1943: 269) democracy is “... *that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people’s vote*”. Similarly, Lipset (1959: 71) defines democracy as ‘... *a political system which supplies regular constitutional opportunities for changing the governing officials*’. He identifies this political system as a social mechanism that resolves the problem of societal decision making among groups of people with conflicting interests while allowing for the largest possible participation of people whose interests are best represented by different contenders for political office (Lipset, 1959). Democracy in that sense carries three desirable properties, namely stability, legitimacy and effectiveness, all drawing from a value system that allows for a ‘peaceful’ exchange of power among the different interest groups of the society (Lipset, 1959). In turn, these properties are acknowledged as structural characteristics of societies that mutually reinforce one another. Thus, stable democracies support legitimacy and economic development (Lipset, 1959). In time, democracies mature via stability, and qualitative institutions that enhance economic growth (Lijphart, 1999). To the extent that democracy is about a set of social conditions that favor its existence and evolution, Lipset (1959: 73) suggests that “... *democracy is not a quality of a social system which either does or does not exist, but it is rather a complex of characteristics which may be ranked in many different ways*”.

Today, there exists broad consensus over the minimum conditions that a country must adhere to in order to be acknowledged as democratic. These conditions refer to arrangements between rulers and the ruled such as the rule of law regarding elections, participation, competition over power, etc. (Dahl, 1982). Schmitter and Karl (1991: 83) identify subtypes of democracy to be the outcome of a set of institutions, practices and values that form “... *a matrix of potential combinations that are differently democratic*”. This set includes, among other factors, *consensus*, referring to the people’s degree of agreement with substantive political actions and the role of the state, *participation*, referring to rules supporting active and equal participation in politics should one wishes to, *access*, referring to equal opportunities of groups to express their preferences responsiveness, *parliamentary sovereignty*, referring to that the power of the legislature must not be the only power, they

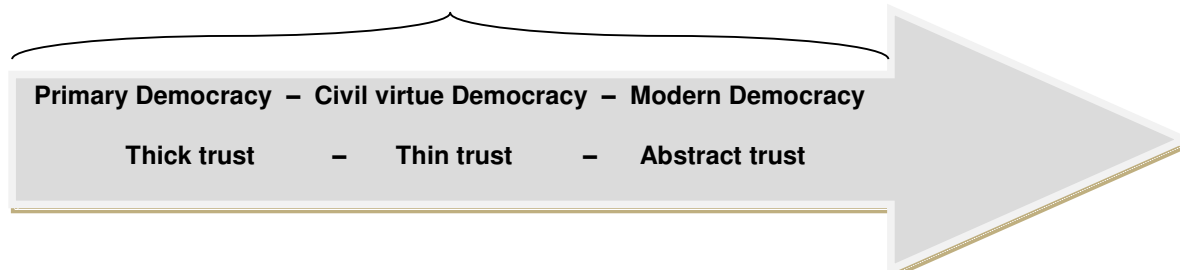
must be accountable for their actions. Munck (2016), analyses the contemporary constructs of notion of democracy and differentiates the notion from democratic standards. He proposes a re-conceptualization of the quality of democracy that emphasizes the political dimension of the notion, i.e. democracy is a synthesis of political freedom and political equality, operationalized however, under two spheres: a) the sphere of governmental decision-making, which renders political institutions as democratic if and only if a majority of citizens can change the status quo and b) the sphere of the social environment of politics, which might safeguard the principles of political freedom and equality from turning into mere formalities (Munck, 2016).

The attributes of civic culture have been extensively studied in the social capital literature that has come to provide important knowledge and insights over the various manifestations that individual's relations can take (Coleman, 1990; Putnam, 1993; 1995). As defined by Putnam (1993: 167) social capital relates to “... *features of social organization, such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinated actions*”. Social capital develops slowly as a stock variable that exists in voluntary organizations that experience continuity over time (Coleman, 1990) and wherein norms of cooperation and reciprocity among persons are strengthened (Fountain, 1998). In general, most studies agree upon that the presence of social capital is linked to vigorous civil societies that promote effective democratic governance and economic prosperity (Putnam, 1993; Brewer, 2003; Norris, 2001). According to Norris (2001) social networks and social trust are significantly related to multiple interrelated indicators of socioeconomic development and to institutional indicators of democratization. Other contributions suggest that trust denotes high social intelligence societies (Fukuyama, 1995; Yamagishi, 2001), and stable democratic societies (Knack and Keefer, 1997; Hardin, 2001). In addition, the positive effect of trust on prosperity and economic activity is well recognized. Trust contributes to economic growth and the orderly conduct of social and economic affairs (Arrow, 1972; Knack and Keefer, 1997; Hardin, 2001; Yamagishi, 2001; Knack, 2002). In that sense, the attributes of a strong civic culture are the outcome of, and the basis for, social capital (Coleman, 1990; Putnam, 1993; Pagoulatos and Kastritis, 2013).

Newton (1997) has brought the two concepts together, suggesting the existence of a continuum of democracy that is inexorably linked to the evolution of types of trust within the society. As he argues we might distinguish between: 1) primary democracies, the ones in which thick trust, i.e. direct political participation, prevails; 2) Tocquevillean civil virtue

democracies, the ones in which thin trust, i.e. weak ties and links, prevails; and 3) modern democracies, the ones in which abstract trust, i.e. cognitive mobilization, prevails (Newton, 1997). Figure 1 presents a schematic presentation of this continuum:

**Figure 1. The Social Capital – Democracy Continuum**



Source: Based on Newton (1997: 578-581).

Within this context the present study explores an important research question related to the democracy – social capital interrelationship in Greece. Following the above discussion we might argue that there are two critical dimensions along which we might discern the traces of this interrelationship. The first relates to identifying the existence of the relationship in the first place, actually analyzing evidence of their effect upon one another. The second dimension relates to identifying the changes in the content of the two notions while this relationship endures, in other words tracing the interrelated co-evolution of the two phenomena

### **3. Democracy and social capital in Greece**

Following the above discussion, the study’s main research aim, which relates to analyzing the democracy – social capital interrelationship in Greece along the lines of Newton’s continuum, might be broken down to the following two sub-questions. The first relates to whether we can identify “traces” of co-existence and change between democracy and trust in Greece, while the second relates to where in the “Newton’s democracy – social capital continuum” could we possibly place Greece. Both these questions can critically inform our analysis of institutions in the country.

As mentioned earlier, in order to answer that question we need to sketch the country’s profile with regard to the democracy – trust interrelationship. Greece can be characterized as a stable democracy in the sense that longstanding commitment to democratic procedures is

present in the country. However, the main challenges that the Greek democracy faces might be summed up to: a) declining accountability, b) economic backwardness, and c) weakening social cohesion, all of which have been noted as the result of the decay in the country's political and social institutions, attributed mainly to the presence of negative social capital (Kazakos, 2006; Paraskevopoulos, 2006; Bitros, 2013; Bitros and Karayiannis, 2013; Huliaras, 2014; Petrou and Daskalopoulou, 2014; Daskalopoulou, 2016).

As regards accountability and the quality of democracy in Greece, Danopoulos (2015) suggests that the state of accountability in Greece is weak in all three dimensions<sup>1</sup> (vertical, horizontal, and social), and a host of structural, social, and attitudinal factors contributes to this weakness. As regards economic backwardness, Bitros (2013) and Bitros and Karayiannis (2013) argue that the current economic crisis has been the outcome of a long-standing process of undermining democracy and good institutions via practices such as political favoritism, excess statism, increasing lack of credibility, accountability and transparency in public life, and partisan politics at the civil service sector. Finally, as regards social cohesion, Voulgarelli-Christidou (2016) suggests that the financial crisis further intensified social and urban crisis that undermines democracy and economic institutions and increased phenomena such as greater exploitation in the labor market and job discrimination, capital flight, and undermined political and social institutions that provide for citizens (xenophobia, neo-liberalist nationalism, etc). Pantazidou (2013) studies civic practices in Greece and argues that the economic crisis has caused a shift away from traditional forms of citizen organization and the emergence of citizen-led, anti-hierarchical, horizontal networks that create alternatives to the current democratic and economic model. Huliaras (2014) civic society (NGOs, volunteers, civic activity) has grown in the last two decades but not as a bottom-up initiative; in contrast it was a top-down process linked to EU efforts and the generous funding of such civil society initiatives and the political mobilization of the Greek left party.

Comparisons of the country within other EU member states show a similar picture. Quaranta and Martini (2016) perform a longitudinal analysis of the link between economic performance and satisfaction with democracy using 1985-2013 data for Greece, Italy, Portugal and Spain who share political and economic characteristics. Their results indicate that low economic performance seems to negatively affect citizens' satisfaction with

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<sup>1</sup> The three dimensions refer to: 1) Vertical, which involves elected officials and the three branches of government (executive, legislative and judicial); 2) Horizontal, which deals with the nonelected arms of government and bureaucratic agencies; and 3) Social, which addresses civil society, the mass

democracy in the four countries while accounting for the institutional context (Quaranta and Martini, 2016). Furthermore, Dotti Sani and Magistro (2016) analyze changes in trust in the European Parliament (EP) from 2002 to 2012 in 20 European Union countries. Their results indicate that trust in the EP declined the most in the peripheral European countries hit hardest by the economic crisis, i.e. Portugal, Italy, Ireland, Cyprus, Greece and Spain (Dotti-Sani and Magistro, 2016).

Overall, therefore, the country's profile with respect to social capital as an underlying basis of democracy is that of a "low" (or "weak") social capital country, in terms of:

- individual group membership (Christoforou, 2005),
- the level of trust shown by young people (Demertzis, 2006),
- aggregate social capital (Jones et al., 2008),
- lacking societal responsibility and rent-seeking activities (Kazakos, 2006; Paraskevopoulos, 2006; Bitros, 2013; Bitros and Karayiannis, 2013; Petrou and Daskalopoulou, 2014),
- top-down civic practices (e.g. NGOs, volunteers, civic activity) (Huliaras, 2014), and
- declining civic culture qualities such as social trust, social altruism, equality, tolerance and humanitarianism (Daskalopoulou, 2016).

In particular, Christoforou (2005) approximates social capital by an index of individual group membership and finds that Greece reports relatively low level of group membership, compared to the other EU countries. She goes on to argue over the country's low levels of civicness as a result of low social capital (Christoforou, 2005). Similarly, Jones et al. (2008) analyze the components of aggregate social capital in Greece and conclude that social capital in the country may be characterized as weak, compared with other European countries. Demertzis (2006) utilizes both qualitative and quantitative methodological tools and reports that young people in Greece show low levels of social capital and social trust, following the trends observed for the general population of the country. It is relevant here to mention that the effect of demographic and socio-economic determinants upon social capital in Greece is as anticipated by the available knowledge (Rontos and Roumeliotou, 2013). Rontos and Roumeliotou, 2013) reveal a significant association of generalized social trust with higher education, marital status and age, with the youngest and the oldest individuals exhibiting higher levels of distrust.

Analyzing the wider economic structure of the country, its performance and the

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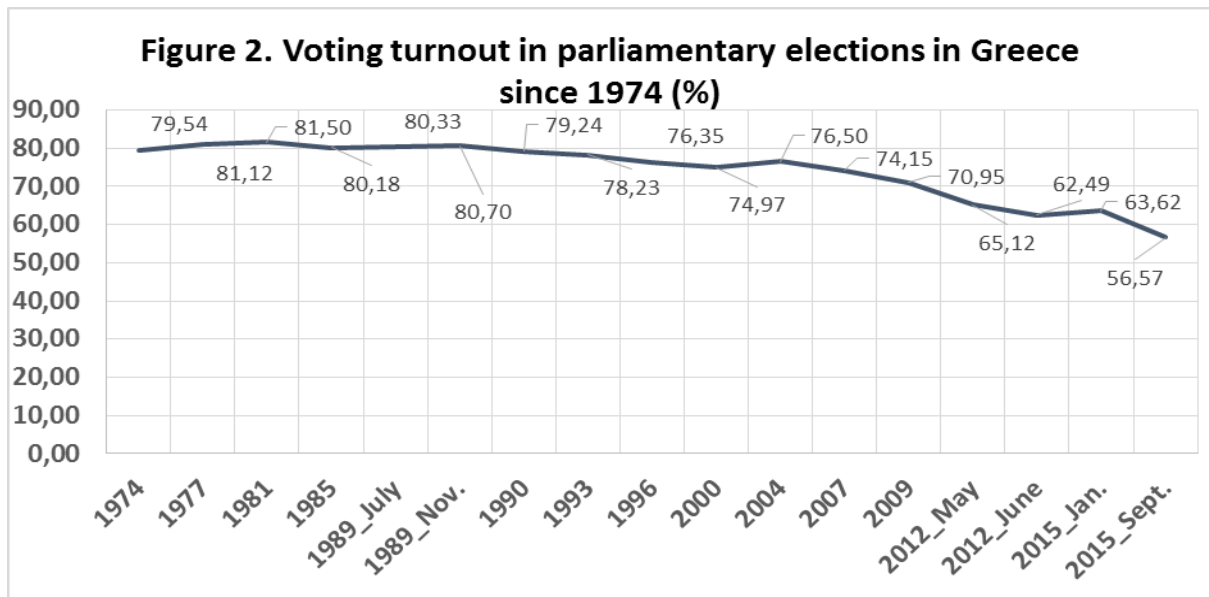
media, and nongovernmental organizations (Danopoulos, 2015).



associated reforms over the past several decades Kazakos (2006) argues that low institutional trust is one core element for which structural impediments such as rent-seeking and public-private clientilistic relationships are observed in the country. Similarly, Paraskevopoulos (2006) also argues that the low level of social capital in Greece is linked to dominant role of the rent-seeking behavior of small and strongly-tied interest groups that inhibit the reform process in several public policy areas. More recently, Petrou and Daskalopoulou (2014) use a model of individuals rewards' satisfaction and find that Greece might be characterized as a rent-seeking society in the sense that it lacks widespread societal responsibility as manifested by the existence of income externalities (i.e. individuals care about their relative income position) and widespread support over the value of unproductive entrepreneurship. Finally, in analyzing the changes in the country's stock of social capital during the outburst of the economic crisis in Greece Daskalopoulou (2016) finds a significant decline. Measuring social capital via the measurement of six main constructs namely social trust, social altruism, equality, tolerance, humanitarianism and civic participation, she identifies a statistically significant decline in the country's social capital level with public servants holding higher levels of social capital, albeit also declining as for the rest of the country's citizens (Daskalopoulou, 2016).

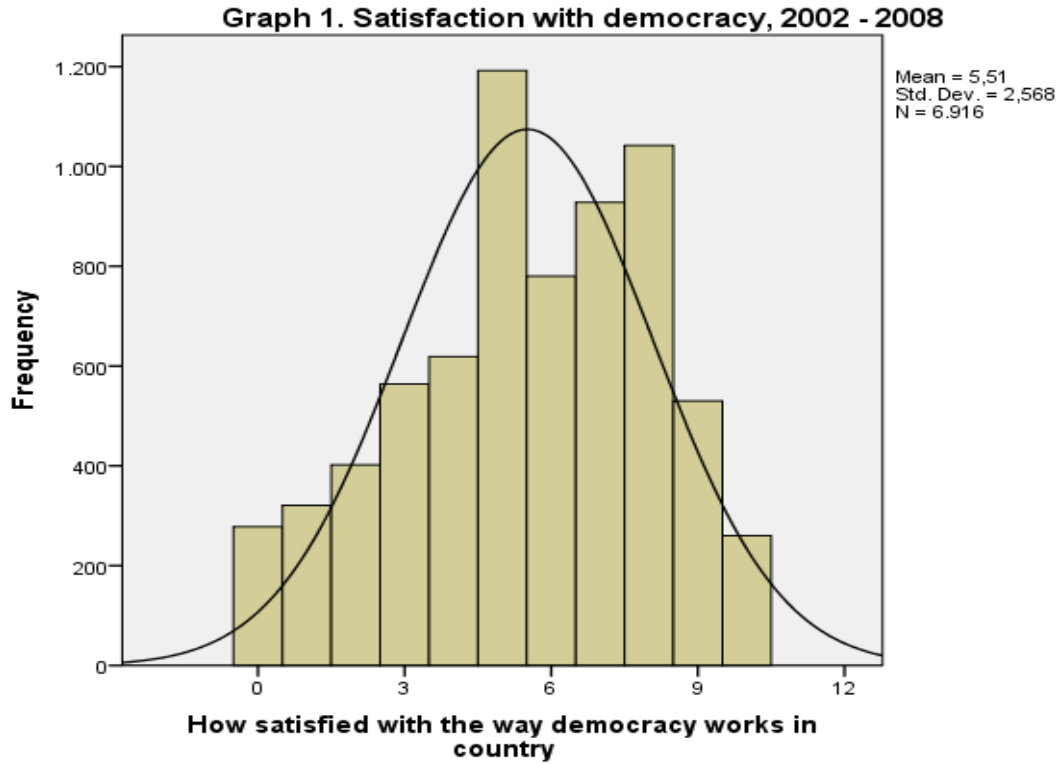
#### **4. Conclusion and Discussion**

Following the review of the available knowledge we might argue that the democracy – social capital relationship can be identified for Greece, as indeed there exist signs of a change in the country's stock and content of social capital. As regards the second research aim, exploratory meta-analysis shows that Greece seems to fall largely into the thin trust area of the continuum that is it appears to be a civil virtue democracy. The last note that might be drawn from the analysis refers to that it is possible that Greece experiences a transition phase to modernity: a transition which entails a shift from thin trust to abstract trust. We might argue that signs of such a transition are: first, declining political support (manifested for example via important decrease in voting turnout, see figure 2), second, declining satisfaction with democracy in the country during the pre- and the post-crisis period, and third, emergence of ground level social movements.

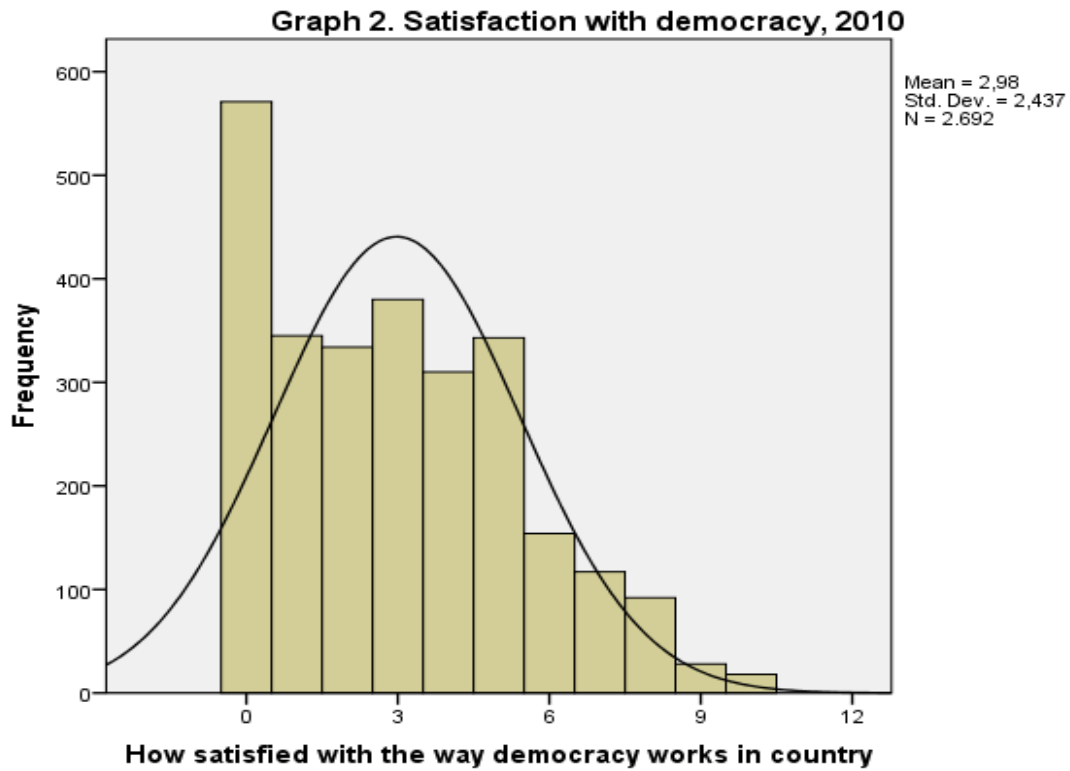


Source: Own elaboration from data available from the Ministry of Internal Affairs.

As shown in Figure 2 above, voting turnout has declined sharply since the mid 1970's and the early 1980's in the country, from around 80% in the early 1980's to less than 60% in the last elections of September 2015. It is true that the 2009 financial crisis and the severe stability measures accompanying the rescue package that the Greek Government, sealed on May 2010 with the EU (European Union), the ECB (European Central Bank) and the IMF (International Monetary Fund), have caused an unprecedented shock in the Greek economy and society. This can be further illustrated by satisfaction with the way democracy works in the country which has declined sharply between the pre- and post-crisis period. On a scale ranging from 0 (no satisfied at all) to 10 (very satisfied), mean satisfaction fell from 5.51 points during the 2002-2008 period to 2.98 in 2010 (a statistically significant decline,  $t=30.21$ ,  $p<.000$ ) (Graphs 1 and 2). Further research is needed in order to better understand the democracy – trust interrelationship in Greece and its manifestations.



Source: Own elaborations based on European Social Value Surveys data.



Source: Own elaborations based on European Social Value Surveys data.

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