



Political economy perspectives of the fall of the Greek monarchy

Tridimas, G. (in press). Political economy perspectives of the fall of the Greek monarchy. In *Unknown Host Publication* Springer.

[Link to publication record in Ulster University Research Portal](#)

Published in:
Unknown Host Publication

Publication Status:
Accepted/In press: 20/05/2016

Document Version
Author Accepted version

General rights

Copyright for the publications made accessible via Ulster University's Research Portal is retained by the author(s) and / or other copyright owners and it is a condition of accessing these publications that users recognise and abide by the legal requirements associated with these rights.

Take down policy

The Research Portal is Ulster University's institutional repository that provides access to Ulster's research outputs. Every effort has been made to ensure that content in the Research Portal does not infringe any person's rights, or applicable UK laws. If you discover content in the Research Portal that you believe breaches copyright or violates any law, please contact pure-support@ulster.ac.uk.

Political economy perspectives of the fall of the Greek monarchy

George Tridimas*

In Bitros, George and Kyriazis Nicholas (Eds.)
“*Democracy and an Open–Economy World Order*”

Springer, Heidelberg, 2017, 161–177

DOI: 10.1007/978–3–319–52168–8

ISBN: 978–3–319–52167–1

Abstract

The paper uses political economy perspectives to explore the abolition of monarchy in modern Greece. First it presents the oscillating fortunes of the Greek monarchy in the period 1832 – 1974. Noting that strictly speaking none of the standard explanations of the overthrow of the monarchy, war defeat, dissolution of the state, decolonization and revolution, applies to modern Greece, it embarks on an examination of proximate and ultimate causes of the fall of monarchy. In this connection, it analyses the legitimacy of the Greek monarchy, the erosion of its institutional credibility as a result of failures of the crown to abide by the constitutional rules it had promised to respect, and its rejection by the voters in the 1974 referendum that cut across the standard division of Right and Left and was overseen by a conservative incumbent.

Key words: Greece; monarchy; republic; revolution; democracy; commitment; head of state

JEL classification: D7; N4

* Ulster University, Ulster Business School, Department of Accounting Finance and Economics, Shore Road, Newtownabbey, BT37 oQB
E-mail: G.Tridimas@ulster.ac.uk

1 Introduction

Political economy has researched both autocracy and the emergence of democracy. Autocrats are modelled as state proprietors using taxes and public expenditure to maximize personal consumption subject to the constraints of spending on their own security, on transferring resources to their supporters and on public services to increase output and therefore tax revenue. In studying democratisation the literature examines how and why a typically hereditary and enfranchised elite extend various legal protections and voting rights to the poorer classes of the population. However, research has ignored the fact that in the transition to representative government some countries retained their kings, and therefore a hereditary privilege, as head of state in the form of constitutional monarchy, while others adopted republican orders and abolished the monarchy. Since her foundation modern Greece has swung from monarchy to republic back to monarchy and then republic. What factors does political economy suggest to explain this varied pattern and the demise of monarchy? This is the question addressee by the present study.

The paper is structured as follows. Section 2 presents the fortunes of the Greek monarchy in the period 1832 – 1974. Section 3 distinguishes between proximate and fundamental causes of the fall of monarchy. The former relate to defeat in war, dissolution of the state and revolutions; the latter focus on the loss of the legitimacy of monarchy as a system of government and arise from the failures of kings to preserve national unity and concede policy making powers to emerging social classes. Section 4 applies the theoretical intuition to explain the abolition of the monarchy in Greece. Section 5 concludes.

2 Historical overview of the Greek monarchy

Table 1 details the timeline of the Greek monarchy since the inception of the modern Greek state and related constitutional and political events.

Table 1. Monarchy and Republic in Modern Greece		
<i>Form of State</i>	<i>Period</i>	<i>Major Events</i>
MONARCHY		
Otto (1815–1867) – <i>House of Wittelsbach</i>	1832–1862	<ul style="list-style-type: none"> • Absolute ruler 1832 – 1843 • 1843 rebellion forces constitution of 1844 • Overthrown after 1862 rebellion
CROWNED DEMOCRACY		
George I (1845–1913) – <i>House of Glücksburg</i>	1863–1913	<ul style="list-style-type: none"> • Crowned democracy constitution, 1864 • Manifest confidence of parliament adopted, 1875 • Thessaly joins Greece, 1881 • Defeat by Ottomans, 1897 • 1909 coup forces new constitution of 1911 • Victorious Balkan wars, 1912–13 • Assassinated
Constantine I (1868–1923)	1913–1917	<ul style="list-style-type: none"> • National Schism, 1915 – 17 • Anti-royalist coup, Northern Greece, 1916 • Forced to flee, 1917
Alexander (1893–1920)	1917–1920	
Constantine I (1868–1923)	1920–1922	<ul style="list-style-type: none"> • Returns after 1920 referendum • Abdicates after 1922 Asia Minor catastrophe • Anti-royalist military revolution, 1922
George II (1890–1947)	1922–1924	<ul style="list-style-type: none"> • Failed pro-royalist coup, 1923 • Forced to leave in 1923
REPUBLIC	1924–1935	<ul style="list-style-type: none"> • Republic approved in 1924 referendum • Dictatorship after coup, 1925 • Constitutional order restored, 1926 • New Constitution, 1927 • Failed anti-royalist coup, 1933 • Failed anti-royalist coup, 1935
CROWNED DEMOCRACY		
George II (1890–1947)	1935–1941	<ul style="list-style-type: none"> • Returns after 1935 referendum • Consents to Metaxas dictatorship 1936–41 • Flees after Germany conquers Greece
<i>German occupation</i>	1941–1944	
<i>Civil War</i>	1944–1949	
George II (1890–1947)	1946–1947	<ul style="list-style-type: none"> • Returns after 1946 referendum
Paul (1901–1964)	1947–1964	<ul style="list-style-type: none"> • Constitution of 1952
Constantine II (1940 –)	1964–1967	<ul style="list-style-type: none"> • Military dictatorship 1967–74 • Flees after failed counter-coup
REPUBLIC	1975 –	<ul style="list-style-type: none"> • Republic proclaimed after 1974 referendum • Constitution of 1975 (revised 1986, 2001 and 2008)

After the War of Independence against the Ottoman Empire, 1821–1828, Greece was recognized as an independent state in 1832. Otto Wittelsbach, a Bavarian prince, was chosen as king by the three “protecting powers” of Britain, France and Russia, that helped Greece win her independence. His war-torn subjects greeted Otto’s arrival with joy. However, Otto ruled as an absolute monarch until 1843, when following a military rebellion by the garrison of Athens he was forced to grant a constitution. The 1844 Constitution provided for a constitutional monarchy with the legislative power exercised by the King, the parliament and the senate, whose members were appointed for life by the king, while the king retained the right to appoint and remove ministers and judges. Otto however repeatedly ignored constitutional government. He lost even more popularity by remaining childless, that is, by failing to provide an Orthodox heir to the throne. He was overthrown in 1862 after another uprising of the people and garrison of Athens.

In 1863 George Glücksburg, a Danish prince, was chosen as king by the protecting powers and his appointment was approved by the Greek parliament. A new constitution came into effect in 1864, proclaiming Greece a “crowned democracy”, a democracy with a monarch. The constitution established the principle of popular sovereignty and specified that the King had only the powers that were bestowed on him by the Constitution, abolished the senate, retained the right of the king to appoint and dismiss ministers and call and dissolve the Parliament. In 1875, after years of political instability, the principle of “manifest confidence” was adopted in the premiership of H. Trikoupis, according to which the king calls the leader of the party with a declared majority in parliament to form the government. It led to the formation of more stable political parties than before, but the period of substantial economic reconstruction which followed ended abruptly in 1897 after a humiliating military defeat by the Ottomans. Crown Prince Constantine who commanded the Greek forces was made the scapegoat for the defeat. In 1909 the military staged a rebellion, known as the *Goudi pronunciamento*, demanding an end to the mismanagement of public affairs and of royal patronage in the armed

forces. As a result, the royal princes were withdrawn from their commands. A new constitution came into effect in 1911 providing for stronger protection of individual rights but otherwise did not change the structure of authority. The moderate as opposed to radical revision was the brainchild of E. Venizelos who assumed the premiership in 1910, and who also reinstated the royal princes in the army. King George was assassinated by a madman¹ in 1913 just as Greece won significant territorial gains against the Ottomans in the Balkan wars (1912–13). He was succeeded by his son Constantine I, who as successful commander of the Greek forces in the Balkan wars, was riding on a wave of popularity. Constantine favouring Greek neutrality in WWI clashed with the elected liberal government of E. Venizelos, who argued for Greece to join the Entente. The rift led to a deep national schism with Venizelos setting up a provisional government in the newly added North of Greece and splitting Greeks into two bitterly opposed camps of royalists and anti-royalists. Constantine was forced to give up the throne in 1917, after Athens was blockaded by the Franco-British fleet, but without formally abdicating. He went into exile with his eldest son, crown Prince George and was succeeded by his second son Alexander, who died unexpectedly in October 1920. The alliance of pro-royalist parties that won the November 1920 elections invited the exiled King Constantine to return. He did so in December 1920 upon receiving a 99% vote in a referendum.² However, after the disastrous defeat in Asia Minor by Turkey in August 1922, the military staged a coup which brought down the pro-royalist government and forced Constantine to abdicate in September 1922. He left Greece and was succeeded by his son George II. Following a failed pro-royalist coup in 1923 (although there is no evidence that the King was involved) and the

¹ During his reign King George was concerned with the position of the monarchy. “The arguments of political parties over the King’s rights and revenue, combined with the spread of brigandage and other disturbances throughout the country, made King George feel ever insecure” Van Der Kiste (1994, p. 21). To those one may add the anxiety which characterised the times after the defeat of 1897 (and which was followed by an unsuccessful attempt against the King’s life, which subsequently generated a wave of sympathy) and the coup of 1909.

² It is thought that even though the actual size of the majority was manipulated, there was sufficient support for Constantine’s return to win in a fair ballot; see Clogg (1986).

abstention of the pro-royalist parties in the elections of that year, King George II left Greece on 'leave of absence'.

In March 1924 the government of the socialist A. Papanastasiou passed a parliamentary resolution abolishing the monarchy, a change that was approved by a 70% vote in a referendum in November 1924. A new constitution came into effect in 1927. It provided for legislative power to be exercised by the parliament and the senate; stated explicitly that the Cabinet must "enjoy the confidence of the Parliament" and designated as head of state an elected president chosen by the parliament and the senate that would not possess legislative powers. The republic was blighted by economic hardship as the country was trying to tackle the problems from the influx of refugees from Asia Minor and the world depression. Weak and unstable parliamentary governments were intercepted by four coups in 1925 (when Gen. Pangalos established dictatorship), 1926 (when Gen. Kondylis overthrew Pangalos), 1933 and 1935 (both failed coups against the pro-royalist government), each one associated with cycles of reprisals and purges in the civil service and the military. The 1935 election following the failed putsch of anti-royalist officers was not contested by anti-royalist parties and resulted in a huge pro-royalist majority. King George II was restored to the throne after a new referendum which returned a rigged vote of 98% in favour of the monarchy.³ A year later, in 1936, dictatorial rule was imposed by I. Metaxas with the approval of the king damaging once again regard for the throne.

In 1941 Nazi Germany overran the Greek forces and King George II left Greece. By 1944 two different camps were vying for control, the internationally recognised government-in-exile (based in London and Cairo) which was loyal to the King, and the various resistance groups in Greece dominated by the Communist party (established in 1918) which was strongly anti-monarchical. In the 1946 parliamentary

³ It is again thought a majority of Greeks would have supported the restoration on the hope of bringing a measure of stability, see Clogg (ibid.)

elections the leftists and the Communists abstained and the alliance of royalist parties gained a substantial parliamentary majority against the liberals. The nationalist government then held another (fraudulent) referendum in September 1946 about the monarchy that resulted in a 68% vote in its favour. Although the monarchy did not enjoy much support, there was widespread opposition to a communist government and the monarchy was seen as a security against a communist take-over.⁴ King George II returned, but died a few months later in 1947 and was succeeded by his brother Paul. The civil war ended in 1949 with the victory of the nationalist – royalist forces, after receiving considerable help from the USA, and a new constitution was passed in 1952. It retained the fabric of the crowned democracy, reaffirmed the parliamentary form of government as in the 1927 charter and granted the franchise to women, but written in the aftermath of the civil war it included several illiberal provisions including a ban on civil servants strikes, some forms of censorship and, on the proposal of the cabinet, allowed the king to suspend articles regarding personal freedoms and to introduce extraordinary courts. A period of reconstruction and economic growth followed. Political life was dominated by the rightwing, although there were disputes between the King and the long serving conservative prime minister C. Karamanlis.⁵ On King Paul's death in 1964 the throne passed to his son Constantine II. In 1965 a new political crisis engulfed the country when the elected centrist premier G. Papandreou resigned after a disagreement with the king. In April 1967 the “colonels” staged a successful military coup and suspended the constitution. Constantine's presence in the swearing of the military government was interpreted as implicit assent. In December 1967 Constantine embarked on a counter-coup that failed and as a result he fled the country. After suppressing a

⁴ See Clogg (1986) and Gallant (2001).

⁵ Interestingly, it was King Paul who appointed the relatively unknown Karamanlis as prime minister after the death of the PM A. Papagos before his rightwing party elected a new leader, putting aside the candidatures of more senior ministers of the cabinet. Clogg (1986, p.179) writes “[Karamanlis] had grown increasingly resentful of the prerogatives of the monarchy and of the way in which the armed forces during the post-war period had in effect become a royal fief”.

mutiny of navy officers, the military regime abolished the monarchy in 1973.⁶

The dictatorship collapsed in July 1974 amid mounting political and economic problems and the threat of war against Turkey after the military regime engineered a failed coup in Cyprus. The right-of-centre government which emerged after the November 1974 elections (contested by the newly legalised communist party), led again by C. Karamanlis, held a new fair and free referendum about the form of the state in December 1974. A 69% vote in favour of republic was recorded.⁷ The parliament passed a new constitution in 1975 introducing a presided parliamentary republic form of government giving the president a range of legislative and executive powers. In 1986 the socialist government for the first time in the Greek constitutional history adhering strictly to the procedures stipulated for revision, revised the constitution by transferring the discretionary powers of the president to the cabinet rendering Greece a parliamentary republic.⁸

3 Proximate and fundamental causes of the fall of monarchy

Currently, out of 194 independent states, 86 started statehood as monarchies. 42 of the 86 states are still headed by a monarch and 26 of the 42 are ranked as “free” by the Freedom House and are functioning democracies – see the Appendix. Of the 44 countries that overthrew the monarchy, 19 are now governed democratically, although they established democracy at different speeds after founding republics. The remaining 25 are autocracies.⁹

⁶ A referendum took place to legitimize a new republican dispensation, but as it was held under martial law, the reported 80% vote in its favour is discredited.

⁷ Markesinis (1974) offers a detailed account.

⁸ Two more revisions of the constitution were carried out in 2001 and 2008 but neither amended the articles regarding the structure of government.

⁹ “In autocracies the ruler is absolute. The people are his subjects and he appoints officials to govern them. Their authority springs exclusively from the autocrat; they are his dependents” (Finer, 1999, p.865). “The central procedure of democracy is the selection of leaders through competitive elections by the people they govern.” (Huntington, 1991, p.6)

Inspecting the causes for the fall of monarchical regimes over the nineteenth and twentieth century, it is instructive to distinguish between proximate and ultimate causes (Tridimas, 2016). The proximate causes describe the circumstance that led to the end of monarchical rule and include military defeat, dissolution of the monarchical state after war defeat or decolonization, and coups and revolutions against the monarchical regime. In practice it has often been the case that those causes worked in tandem, a revolution or a coup breaking out after a military defeat, while a referendum was also held to legitimize the introduction of the republican order. On the other hand, fundamental causes are the reasons for rejecting the monarchy as a legitimate system of government; they are the failure of the monarch to preserve national unity and act as a symbol of it, and the failure of the monarch to share policy making powers with political groups that demanded such powers. Tridimas (2016) documents 14 military defeats, 5 state dissolutions, 17 revolutions, 6 coups, 12 cases of decolonization and 8 referendums as the proximate causes for the overthrow of the monarchy. Compared to other countries that abolished the monarchy, Greece in 1974 stands as an outlier; the monarchy ended peacefully without defeat in war or revolution, but after a referendum.

3.1 War defeat

Examples of the overthrow of the monarchy after military defeat include Napoleon III in 1870, the Habsburg emperor of Austria and the Hohenzollern dynasty of Germany–Prussia after WWI, George II of Greece in 1924, the Romanov dynasty of Russia in 1917 and the House of Osman of the Ottoman Empire in 1922. Similarly, Victor Emmanuel III of Italy, Zogu of Albania, Simeon II of Bulgaria, Michael I of Romania and Peter II of Yugoslavia lost their thrones after defeats in WWII and, with the exception of Italy, communist takeovers backed by the Soviet army. Analytically, security is the foremost responsibility of the state and throughout history monarchs personified state power. Beaten in a war by an external enemy

demonstrates failure of the monarch to protect the physical integrity of the domain, the lives and properties of the citizens.

However, the conclusion that military defeat leads to the repudiation of the monarchy may be premature. Military defeat is not a sufficient condition for the fall of monarchy as an institution. A weakened, defeated, king may be challenged and eventually replaced, so that a new dynasty is established, but the institution of monarchy is not necessarily abolished. From the 16th to the 19th century included there have been several wars between the European monarchies, yet the defeated dynasties did not always lose their thrones, nor did the institution of monarchy lose its legitimacy. The institution of hereditary monarchy endured almost intact up to the 19th century. The theory of the "selectorate" of Bueno de Mesquita et al (2003) may provide an explanation of the survival of monarchy. The selectorate is the group of individuals with the power to select a leader, for example the nobility in an aristocratic system, the military in a dictatorship, or the entire electorate in a democracy. Under an autocracy the survival of the ruler depends on satisfying a small number of supporters (since the majority of the population are disenfranchised). Henceforth, a defeated monarch who retains the support of the coalition of interests that makes the ruling elite (the nobility in this case) and has no interest in changing the institution of monarchy, will also retain the throne.

3.2 *Revolutions and coups*

Successful revolutions and coups that enjoy popular support against the throne, have also led to the overthrow of the monarchy, as for example in France in 1789 and 1848, Portugal in 1910, Spain in 1873 and 1931, Russia in 1917, Prussia in 1918 and the Ottoman Empire in 1922.

That democracy may be established as a credible institution to fend off revolutionary threats from the disenfranchised poor is emphasized by Acemoglu and Robinson (2000, 2006) in their influential work on democratization. Rule by

the elite to the exclusion of the poor majority is resisted by the latter, who may revolt, overthrow the regime and confiscate the assets of the elite. In order to prevent revolution and the consequent losses, the elite may repress the majority or make concessions. If repression is costlier in terms of loss of life and resources, the elite may promise redistribution policies that benefit the poor. However, such promises lack credibility: when the risk of revolution passes, the elite may not deliver the promised policies. Realizing that such policy promises may not be upheld, the poor majority have no incentive to accept them and the risk of revolution remains. The problem here is that the elite retain policy making power. If on the other hand the elite establish the political institutions that allow the majority to decide policy by granting political rights and extending the voting franchise, as in a democracy, the problem is resolved. In a democracy, the poor majority pass the policies that will benefit its members. Democracy therefore is a credible commitment to majoritarian policies and avoids the risk of revolutions.¹⁰

There is however a significant problem with the revolutionary explanation of democratization. A group of revolutionaries that aim to change the regime confronts a severe collective action problem. Specifically, a revolution that establishes a system of government which benefits the majority of citizens is akin to a public good and has to resolve the free-rider problem. A rational individual realizes that he will benefit from the change in the regime if the revolution succeeds and cannot be excluded from such benefits. He also realizes that he benefits even more by not participating in revolutionary acts that may be costly: Not only does he have to spend his own time and money for the rebellion but he also risks severe punishment if arrested (Tullock, 1987).¹¹ He would then rather free

¹⁰ Reversing the argument, coups and dictatorships are credible ways of establishing institutions that change the distribution of political power in favour of the elite at the expense of the majority.

¹¹ See Olsson-Yaouzis (2012) for a review of rational models of revolutions and further elaboration using evolutionary game theory. He shows that revolutions are more likely to break out when a ruler has lost the opportunity to intervene against the

– ride. Obedience to the king is the Nash equilibrium of a prisoner’s dilemma faced by his subjects who would like to overthrow the king, but none takes the initiative to revolt.¹² This implies that a rational anti-monarchist revolutionary requires additional private incentives, like appointment to office, monetary rewards and so on, to participate (Grossman, 1991). Nevertheless, to induce participation in the revolution such promises of private benefits must be credible. If the revolutionary leader cannot guarantee that everyone who participates in the winning coalition that overthrows the incumbent will be included in the winning coalition after he assumes office, loyalty to the king and passive acceptance of his rule will remain high (Bueno De Mesquita et al., 2003). On the other hand, a rational actor may still be motivated by the shared benefits of a public good if he believes that he is the pivotal player (as in Palfrey and Rosenthal, 1984). That is, he prefers not to participate if the revolution takes place, but he participates when he realizes that by his absence the revolution fails.

Further, in his theoretical work Apolte (2012) shows that income inequality is neither necessary nor sufficient for a revolution against the rich elite. On the contrary, a revolution may occur when there is a group large enough to defeat the government and the members of the group receive a personal net gain if the revolution succeeds. This generates the possibility of revolutionary cycles where a group that successfully resolves its collective action problem revolts against the incumbent and wins power, but is then replaced by another successful revolutionary group and so on, as in the Condorcet voting cycle. Ultimately, this implies that there will not be an equilibrium distribution of political power and

revolutionaries at an early stage of the uprising before a critical mass of citizens has turned against him and / or when the ruler has failed to punish the revolutionaries severely.

¹² Similarly, Greif (2006, p.136) writes: “[a] king’s strength comes not from his army but from the beliefs held by each member of the army that everyone else will obey the king’s orders and that the best response is also to obey.”

income.¹³ Regime stability can therefore be established if there is a mechanism that eliminates the potential revolutions either because the costs inflicted on the revolutionaries are high enough to deter them, as in repressive autocracies, or because the incentive for revolution is removed, as in democracies where the power holders may be removed by voting rather than an uprising, but the fundamental rules of the political system remain (on the latter, see Lipset and Rokkan, 1967).

A second problem with the revolutionary explanation of democratization is that there is no a guarantee that the republic that replaces the monarchy after the revolution will be democratic (see also Congleton, 2011). Successful revolutionary leaders who relied on bands of close confidants and operated under cover before they assaulted the regime, are more likely to keep control and continue the revolutionary organization's hierarchical decision making, secrecy and discipline, instead of permitting rival ideas and allowing competition for posts of authority. Bueno de Mesquita and his co-authors (2003) point to a time inconsistency problem confronted by the revolutionary leader. Before a revolution revolutionary leaders promise that they will establish democracy but after the revolution succeeds their incentives change in favour of establishing an authoritarian system of government where the spoils from office are shared by a small coalition drawn from a large number of selectors with the formal right to select the leader. But a new conundrum now emerges: A revolutionary leader establishing an authoritarian regime is then subject to the same risk of being overthrown by another uprising. The result is a cycle of uprisings rather than a stable democracy.

¹³ The instability can be illustrated by a simple example. Assume three individuals A, B and C distributing a total of 10 units of income or wealth. Individuals A and B first form a coalition each one gets 5; C is excluded, that is, he gets 0. C then “revolts” and invites B to form a new coalition where B gets 6, C takes 4 units of income and A ends up with 0 (assuming that no income is destroyed in the process). B is better off with this new arrangement (6>5) and accepts. But the latter too is unstable. A, the loser, revolts against the new regime and proposes a new settlement giving 7 to C and keeping 3 for himself. C prefers this proposal to the previous one and together with A form the new status-quo. B then has the incentive to revolt and the cycle will be repeated.

However, if the opposition to the authoritarian ruler consists of groups with divergent interests and none of them is overwhelmingly more powerful than the rest (as in the English “Glorious Revolution” of 1688, or the thirteen American colonies that declared independence from Britain in 1776), the leaders of the groups constrain each other in the choices of institutions of governance. They are then more likely to establish a system of governance where the benefits from office are shared by a large coalition drawn from a large selectorate as in a democracy.

Before leaving this section it is important to explain why military defeats were often followed by revolutions that deposed the monarch. In an autocratic monarchy, where the king stands at the apex of the power structure and overrules the wishes of the majority the only way to transfer power may be through violent insurrections and civil wars. The economic theory of conflict¹⁴ shows that, other things being equal, the larger the resources (financial, military and otherwise) at the disposal of a warring side, the greater the probability that it will defeat its opponent. Typically, the royalist side has the advantage of controlling the security apparatus and the military, implying that the revolution is in a weak position to challenge the ruling monarchy. However, if the monarch is defeated in a war, the ability of the regime to fend off a domestic challenger is reduced. Military defeat signals the weakness of the means and resources of the king and his vulnerability. Specifically, it indicates a decrease in the probability that the king may win the conflict against his domestic enemies. This way we explain the observation of military defeat and revolution preceding the deposition of the monarchy, and also, to a large extent, why those countries that emerged victorious in the wars preserved the monarchy.

3.3 *Fundamental causes of the fall of monarchy*

¹⁴ See Garfinkel and Skaperdas (2007) and Anderton and Carter (2009).

In the above light war defeats and revolutions are the occasions for the fall of monarchy rather than the fundamental factors. As it was said before, the monarchy is overthrown when it loses its legitimacy as a system of government. This legitimacy was lost with the emergence of the nation–state in the nineteenth century which broke the link between the state and the monarch: it is the nation that “owns” the state, and the nation belongs to the people rather than the monarch. Dynasties of multi–ethnic monarchies and colonial empires entered a collision course against nationalist movements pursuing statehood. Defeat of the reigning monarch offered the opportunity to cut loose from the crown. Reversing this argument, states that were on the winning sides of wars preserved the monarchy. In terms of game theory, the monarchy served as a focal (or Schelling) point around which people rallied.

Moreover, as economic and social circumstances change so do the bargaining powers of important actors with material interests and aspirations that may differ from those of the monarch. In the quest to improve their welfare these actors may demand a share in the policy making process. Bargaining for a reallocation of the authority to decide policy issues is the focus of Congleton’s (2007 and 2011) theory on the emergence of representative government in the West.¹⁵ He considers the transfer of policy making powers from the king to the parliament as the result of mutually beneficial constitutional exchanges where the king trades policymaking power to parliament in exchange for new tax revenues when demands for revenues increase and when the anticipated costs of such changes decrease. Such constitutional exchanges occurred during unsettled economic, political and social circumstances from the late 18th century onwards. A second fundamental element of democratization was the suffrage reforms that also took place when economic interests, ideology and sentiment for franchise extension prevailed over the earlier illiberal norms and practices. Extension of the franchise rendered the elected

¹⁵ See Tridimas (2012) for a review.

parliament representative of the citizenry. Instead of revolutionary threats, Congleton emphasizes that the shift in policy making power from the king to the parliament and the extension of the franchise were peaceful and were adopted within the confines of the existing legal framework. The process was slow and gradual moving at incremental steps, shaped by pre-existing institutions, and supported by those already in parliament and not only by the disenfranchised.

In this light, failure of the monarch to share policy making powers with political groups that demanded such powers, or failure to follow the terms of the agreements made, are the root cause of the overthrow of the monarchy. From the nineteenth century onwards, the commitment to political equality and liberalism was enshrined in constitutions. All parties to those bargains had to abide by the rules established in those documents. Monarchs who committed to democratic government kept their thrones. Two of the most visible credible commitments are that the king gives up control of the military and the right to appoint the cabinet and the prime minister, who instead are selected by the parliament. Such states transformed to constitutional monarchies with parliamentary governments. As a consequence, the post of the head of state was separated from the office of the head government chosen by the electorate. It follows that a king who reigns but does not rule, does not necessary violate the requirement of representative government. It also follows that antipathy against the illiberal hereditary privilege is traded off against the preservation of social peace.

On the other hand, the political equality of citizens is violated when kings by virtue of birth right override the constitutional contract and exercise powers that they were supposed to surrender. Monarchs who failed to adhere to the constraints imposed by democratic reforms were eventually deposed. Abolishing the monarchy was necessary for making the commitment to political equality credible. Such countries became republics, where the head of state serves for a fixed term and may have executive powers, as in a presidential republic like the

USA, or play a ceremonial role as in a parliamentary republic, like Germany or Greece, and may be directly elected (as in France) or through an electoral college (as in Germany). The constitutional evolutions of different countries may well have been path-dependent, where the initial conditions influenced the final outcome, and may also have been affected by the talent or lack thereof of leading actors and chance events, but in essence, royal houses that were unable to commit to the political equality of citizens did so to their detriment and were deposed.

4 Explaining the fall of the Greek monarchy

The previous discussion made two essential points. Extending Congleton (who leaves unanswered the question of why in the transition to representative government some democracies retain a king while others dispose of the monarchy) it saw the retention of monarchy, in the form of constitutional monarchy, as the outcome of a series of bargains. These bargains took place between the king and other parties demand a stake in policy making offering the king various inducements in the form of new tax revenues. Borrowing from Acemoglu and Robinson (who do not address the question whether the democracy establishes a democratic republic or a constitutional monarchy either), it inferred that constitutional monarchy survives if the elite consider the crown as a credible protection against extreme policies and its opponents see it as credibly committed to the constitutional constraints that signed up; otherwise, it is removed. We now use this intuition to understand the abolition of the Greek monarchy.

The intervention of the protecting powers, culminating in the 1827 victory in the sea battle of Navarino, was decisive for Greece to gain her independence. The protecting powers chose the institution of governance that best suited their interests and appointed Otto, a prince not related to their royal families, as her sovereign. In Greece, a foreign prince seemed acceptable to the various domestic factions vying for control and the population at large too hoping to bring an end to

the political infighting characterizing the revolutionary period. However, the institution of the monarchy could not rely on a pre-existing popular tradition that would have made it acceptable to the nation; nor could it be supported by a local aristocratic class with strong bonds to the royal family for there was none. Britain and France aimed to cut Otto down in size suspecting that with the backing of Russia his foreign policy would disturb the regional peace. Local notables, whose influence had declined after the arrival of Otto supported calls for a constitution hoping that it would restore their political leverage, while liberal intellectuals opposed him for their own ideological reasons. Military revolts first forced the king to grant a constitution and eventually expelled him and his dynasty. Otto was overthrown after his internal and external enemies succeeded to present him as a scapegoat for Greece's misfortunes at the time (Koliopoulos and Veremis, 2010). His expulsion signified a change in the dynasty without a significant republican movement.

In accordance with the political climate of the second half of the 19th century, King George I oversaw the introduction of constitutional government but the crown remained an influential political actor.¹⁶ As with Otto there was neither a long-standing tradition of monarchy nor a class of hereditary nobility to support the king. The latter may also explain why bicameralism did not prosper in Greece. The presence of an upper chamber of the legislature (like the House of Lords in the UK) is typically the result of negotiations of the king with a long standing aristocratic class seeking to restrain the king to protect its interests, but also to advise and share policy making responsibilities with him. Absence of such nobility from the Greek social and political scene (since there was none during the Ottoman occupation) precluded the emergence of an upper house and thence bicameralism (**see also Mueller 1996 for the survival of the aristocratic upper**

¹⁶ Markesinis (1966) argues that during the 19th century George conduct in office aimed to ensure that no politician would command more popular support than himself.

house). On the other hand, following its interventions during Otto's reign, the military had already shown that it could pose a threat to the monarch.

The defeat of 1897 was followed by the military intervention of 1909. The military however, did not establish a dictatorial regime but deferred to politicians. Despite some important reforms, the new constitutional settlement did not change the royal prerogative. During the national schism, 1915–17, King Constantine drew his support from the war-weary population of 'old Greece', while those in the newly acquired territories after the Balkan Wars supported the Liberals of Venizelos. However, following the disagreements between the King and Venizelos the monarchy entered the fray of politics. With the onset of the national schism, the king was no longer seen as an arbiter of the constitution but as an active player favouring a particular side causing resentment and division. At that point, it appears that the Liberals had no wish to establish a republic; they were anti-Constantine rather than anti-monarchical (Koliopoulos and Veremis, *op.cit.*). The intervention of the Entente Powers during WWI inflicted hardship and humiliation which deepened the divisions that had already opened starting cycles of reprisals. It bears noting that the Liberal Party of 1920 led by Venizelos and representing emerging economic classes was not a homogenous organization; in addition to its centrist core that appealed to small business, salaried workers and small property-holders, it comprised a left-wing socialist and republican section targeting the small working class and fragmented peasantry. A combusive element added to this mix was the Greeks arriving from Asia Minor after the Balkan wars and even more so after the defeat of 1922. Having lost property and social standing they had no allegiance to the king and were open to more radical ideas. In addition, not only did they strain the resources of the economy (before they could recover and make their own economic contribution), but they also represented a threat to the privileges of the existing elite. In the contest for political supremacy, the conservative side embroiled the institution of the monarchy using the king as a rallying point. Taking such a role proved fatal for the

monarchy in the longer run. The monarch showed himself as unable to commit to a level playing political field losing popularity and legitimacy.

The monarchy was abolished in the aftermath of the Asia Minor catastrophe for the brief period 1924–35. The republic proved unstable with the military mounting coups and counter-coups, a profile predicted by the Condorcet cycling for collective choice outcomes that result from forming shifting alliances. The military was a significant political actor, but as Veremis (1997) notes, the officers did not establish military dictatorships; they were led by and deferred to the civilian politicians. The 1924 blow to the monarchy was not fatal and George II was restored in 1935, but a year later dictatorship was established with his backing. The royal family left again during WWII to return after the end of the war. Railed against by the communist party, supported with varying degrees of enthusiasm by the nationalist rightwing and the liberals and backed by the western powers, it survived the turmoil of the civil war.

After political normality was re-established, the crown again assumed a more active role than that befitting a politically neutral head of state frustrating leaders of both the right and the left. As the conservative side developed a distinct identity, ideology and political programme, ambitious politicians, in truth no longer needed the king as a focal point in the bid for power. On the other hand, the main centre-left opposition party saw the crown and the right as conspiring to block its ascent to power. Fairly or unfairly, the crown was then perceived as complicit to the colonels of the 1967 coup. They were no friends of the crown either; they drew their support from the junior officers who benefited from the dictatorial regime financially and politically and persecuted both democratic politicians and senior royalist officers.

The end of the monarchy came when the opportunity arose to pass a judgment on it with the referendum of December 1974. Unlike the 1924 abolition, in 1974 the

monarchy was not blamed for a military defeat; nor was there a revolt against it. It was simply rejected in a popular vote. The strained earlier relationship between the conservative prime minister, Karamanlis, and the palace, as well as the fraught association between the king and the officers that launched the 1967 coup shows how far the crown had lost support even within the conservative alignment. The vote against the monarchy was a judgment of its past conduct rather than an evaluation of expected future benefits from the institution. A constitutional arrangement is voted in if the citizens expect that it will improve on the current state. As democracy was secured in the post-dictatorial Greece, the great majority of voters, aware of the past performance of the monarchy, could see no benefits from restoring the crown and opted for republic. That the vote took place under the stewardship of Karamanlis, the conservative agenda setter in 1974 was significant. Karamanlis, no friend of the monarchy but in need of rightwing votes (with part of them favourably disposed towards the return of the king) to win the election, split the issue of the monarchy from other issues of public policy by calling first a parliamentary election and then a referendum to settle the constitutional question (see Tridimas 2010 for a formal analysis of the “unbundling” of issues accomplished by the referendum vote using the spatial decision model). Karamanlis and his party won the parliamentary election with a 54% of the popular vote, while the referendum returned a 69% support for the republic. One may wonder whether the referendum outcome would have been significantly different if another politician was at the helm at the time, or if it were held before the parliamentary election. However, these are largely moot points: Contrary to the previous constitutional referendums the losing side accepted the outcome and got on with the business of politics without undermining the republican order.¹⁷ The question of the powers of the king and the very existence of

¹⁷ Interestingly, G. Rallis who in 1980 was elected by the rightwing party to replace Karamanlis as party leader and prime minister when the latter became president of the republic, stated that he had voted for the monarchy but accepted unquestionably the popular verdict.

the institution of monarchy that dominated Greek constitutional developments since the conception of the Greek state was settled and ceased to be a source of enmity in the Greek political life. The monarchy ended peacefully without revolution after its promises of observing constitutional constraints had lost their credibility.

5 Conclusion

The main claim of the paper is that it was neither defeat, nor popular revolution, nor the break-up of the country that established the republican order in Greece, but the repeated failure of the crown to agree to and respect demands for political equality. Political equality means that groups with diverse economic, political and social interest have equal opportunities to be represented at the government level and shape policy outcomes. The process was long but was not guided by a “grand plan”. The crown was unable to conclude constitutional exchanges with those bidding for policy making authority and the spoils of office, and had the resources to support their claims. When those groups had sufficient electoral power to successfully pursue their demands they replaced the monarchy with the republic, an institution of governance that they expected to better serve their interests.

References

- Acemoglu, D., Robinson, J. A., 2000. Why did the West extend the franchise? Democracy, inequality and growth in historical perspective. *Quarterly Journal of Economics* 115, 1167-1199.
- Acemoglu, D. Robinson, J.A., 2006. *Economic origins of dictatorship and democracy*. Cambridge University Press, New York.
- Anderton, C., Carter, J.R., 2009. *Principles of Conflict Economics*. New York, Cambridge University Press
- Apolte, T., 2012. Why is there no revolution in North Korea? The political economy of revolution revisited. *Public Choice* 150, 561-578.
- Bueno de Mesquita, B., Siverson, R.M.Smith, A. and Morrow, D.J. 2003. *The Logic of Political Survival*. MIT Press, Cambridge, Mass
- Clogg, R., 1986. *A short history of Modern Greece*, Cambridge University Press, Cambridge.

- Congleton, R., 2007. From royal to parliamentary rule without revolution: The economics of constitutional exchange within divided governments. *European Journal of Political Economy* 23, 261-284.
- Congleton, R.D., 2011. *Perfecting Parliament: Constitutional Reform and the Origins of Western Democracy*. Cambridge University Press, New York.
- Finer, S. E., 1999. *The History of Government*, vols. I, II, and III, Oxford: Oxford University Press.
- Gallant, T.W., 2001. *Modern Greece*. Hodder Arnold, London.
- Garfinkel, M. R., Skaperdas, S., 2007. Economics of Conflict: An Overview. In Sandler, T., Hartley K. (Eds.), *Handbook of Defense Economics*. North-Holland, New York, pp. 649-709.
- Grief, A. 2006. *Institutions and the Path to the Modern Economy: Lessons from Medieval Trade* Cambridge University Press, Cambridge UK.
- Grossman, H. I., 1991. A general equilibrium model of insurrections. *American Economic Review* 81, 912-921
- Huntington, S.P. (1991). How countries democratize. *Political Science Quarterly*, 106, 579-616
- Koliopopulos, J.S., Veremis, T.M. 2010. *Modern Greece. A history since 1821*. Oxford, Wiley- Blackwell
- Lipset, S. M., Rokkan, S., 1967. Cleavage structures, party systems and voter alignments. An introduction. In: Lipset, S. M., Rokkan, S. (Eds) *Party systems and voter alignments*, 1-50. New York, Free Press.
- Manin, B., 1997. *The principles of representative government*. Cambridge. Cambridge University Press.
- Markesinis, S., 1966. *Political history of Modern Greece (in Greek)*. Athens, Papyrus Press.
- Markesinis, B., 1974. Recent political and constitutional developments in Greece. *Parliamentary Affairs* 28, 261-277.
- Mueller, D. C., 1996. *Constitutional democracy*. Oxford University Press, Oxford.
- Olsson-Yaouzis, N., 2012. An evolutionary dynamic of revolutions. *Public Choice* 151, 497-515.
- Palfrey, T. R., Rosenthal, H. 1984. Participation and the provision of discrete public goods: A strategic analysis. *Journal of Public Economics* 24, 171-193.
- Tridimas, G., 2010. Referendum and the choice between monarchy and republic in Greece. *Constitutional Political Economy* 21, 119-144.
- Tridimas, G., 2012. How democracy was achieved. *European Journal of Political Economy* 28, 651-658.
- Tridimas, G. 2016. On the overthrow or endurance of kings, *Constitutional Political Economy* 27, 41-65.
- Tullock, G., 1987. *Autocracy*. Kluwer Academic Publishers, Dordrecht
- Veremis, T. 1997. *The military in Greek politics. From independence to democracy*. Black Rose Books, London

Appendix. Table A1: Surviving and Deposed monarchies by continent	
Africa	
<i>Surviving</i>	Lesotho*; Morocco
<i>Deposed</i>	Burundi; Egypt; Ethiopia; Gambia; Ghana; Kenya; Libya; Malawi; Mauritius*; Nigeria; Sierra Leone; Swaziland; Tunisia
Americas	
<i>Surviving</i>	Antigua and Barbuda*; Bahamas*; Barbados*; Belize*; Canada*; Grenada*; Jamaica*; St Kits and Nevis*; St Lucia*; St Vincent and the Grenadines*
<i>Deposed</i>	Brazil*; Guyana*; Mexico; Trinidad and Tobago*
Asia	
	Bahrain; Bhutan; Brunei; Cambodia; Japan*; Jordan; Kuwait; Malaysia; Maldives; Oman; Papua New Guinea; Qatar; Saudi Arabia; Thailand; United Arab Emirates
	Afghanistan; China; Iran; Iraq; Laos; Nepal; Sri Lanka
Europe	
<i>Surviving</i>	Belgium*; Denmark*; Liechtenstein*; Luxembourg*; Monaco*; Netherlands*; Norway*; Spain*; Sweden*; United Kingdom*
<i>Deposed</i>	Austria–Habsburg*; Bulgaria*; France*; Germany–Prussia*; Greece*; Hungary–Habsburg*; Iceland*; Italy*; Malta*; Montenegro*; Portugal*; Romania*; Russia; Serbia–Yugoslavia*; Turkey–Ottoman
Oceania	
<i>Surviving</i>	Australia*; New Zealand*; Solomon Islands; Tonga*; Tuvalu*
<i>Deposed</i>	Fiji; Samoa*
<p>Note: * indicates a country classified as “Free” by the Freedom House in 2013 Source: <i>Tridimas (2016)</i></p>	