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REformability of POLitical Systems in times of crisis: The example of the financial consolidation in German and Greek municipalities (REPOS)

CASE STUDY REPORT PATRAS

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Abstract

The report of Patras assesses the features of the municipality's fiscal problem, making a reference to the socio-economic context of the city and analyzing its political leadership. Based on a qualitative evaluation of data, stemming from interviews of the main stakeholders (politicians, CEOs, CSOs representatives) and from the analysis of documents in the local press, municipality press releases and others, the report examines the different perceptions about the causes of the debt problem and the respective consolidation measures implemented. The analysis proceeds with the impact of local political leadership on input, throughput and output legitimacy and the leadership styles exercised in Patras.

1. Introduction

The Patras case study report presents a provisional summary of the main findings on fiscal consolidation measures implemented in the municipality of Patras in the period 2011-2013. It is based on three types of sources: statistical data and information from secondary sources on the socioeconomic and political context of the city, 69 texts of the local press (4 newspapers, blogs and press releases) in the period 2010-2014, and 10 interviews with local actors (May-July 2014), who have an important role and say in the municipal fiscal problem. The interviewed actors are: Mayor/Vice Mayor, Vice Mayor of Finance, 1 Councilor of the majority, 3 Councilors of the opposition, 1 Director of the financial dpt. of the municipal administration, 1 President of the Patras Chamber of Commerce and 2 journalists of the local press.

The second and the third part of this report refer to the socio-economic and political context of the city and the emergence of the municipal debt problem. Parts four and five present the actors' perceptions and assessments of the problem, their views about its causes and about the outcomes (evaluation, performance, impact) of implemented consolidation measures in the period 2011-2013. These parts are purely descriptive and based on the data and the selected quotations derived from the MAXQDA analysis. Part six of this report highlights the local public discussion /debate on the municipal debt.

The seventh part of this report, illustrates our interpretation of how local actors take decisions and implement actions. It focuses on different dimensions of the local political system, namely on legitimacy and transparency, on the political culture, the policy style, on types of knowledge and leadership styles prevailing in the urban context of Patras. Finally in the

conclusions (part eight), we sum up our main arguments on the specificities of the Patras case in combating municipal debt and we draw some useful lessons for policy recommendations (part nine).

2. Socioeconomic context of the city of Patras

Patras is the capital city of the Western Greece Region and has a population of 213.984 citizens, (2011 census). It is the third biggest city of the country and its geographic position makes it the largest gate of Greece to the west (Italy).

After a dramatic de-industrialization phase (1980-1995), the local economy shifted towards the tertiary sector, higher education and research, tourism and multi-modal transportation, also taking advantage of several major infrastructure projects (Adriatic Sea transport, Rio Bridge connecting Peloponnese with Central Greece and the Western Highway Axis-Ionia Odos etc.). These projects (2000-2010) greatly affected urban development and consequently improved quality of life. In this period of planning “euphoria”, landowners’ and developers’ interests, supported by local politicians, reinforced the expansion of the official Urban Plan, which foresaw a population growth up to 750.000 inhabitants.

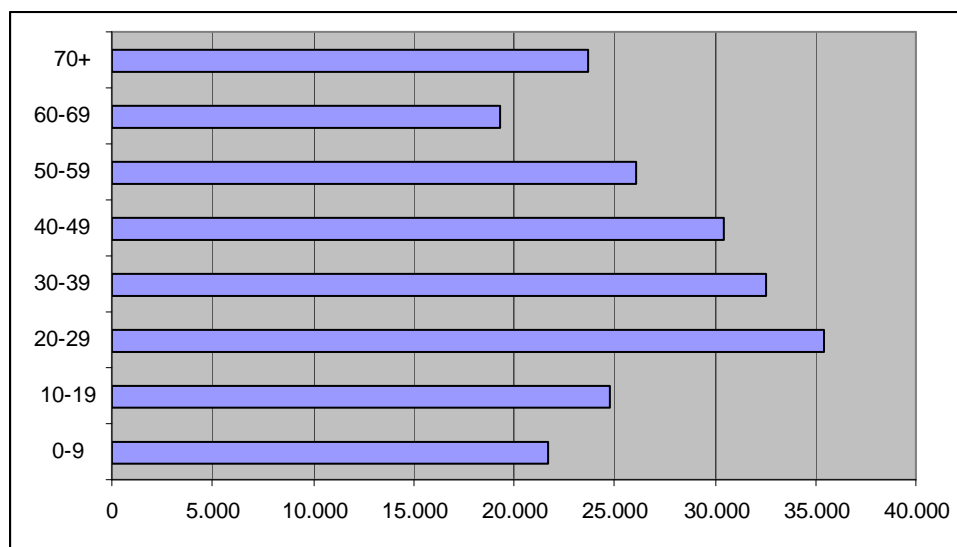
However, the fiscal and economic crisis, starting in 2008, had negative impacts on the local economy: the dramatic cutbacks of public investments led to the suspension of several major infrastructure projects in Western Greece, resulting to increase of unemployment. Furthermore, sudden drop on consumers’ demand and increase of tax burden badly affected the private sector and ultimately closed down thousands of SMEs in the metropolitan area. While Achaia Prefecture (with Patras as its Capital) reached 85% of income per capita (PPS) compared with the EU (27) average in 2010, this decreased dramatically in the last five years. The Local Chamber of Commerce estimates this income loss in Patras is higher than the average GDP reduction in the whole country, which reached 25% in the period 2010-2013.

The following section with the corresponding tables presents some significant socio-economic and fiscal data for the municipality of Patras.

Demographic development (2001-2011)

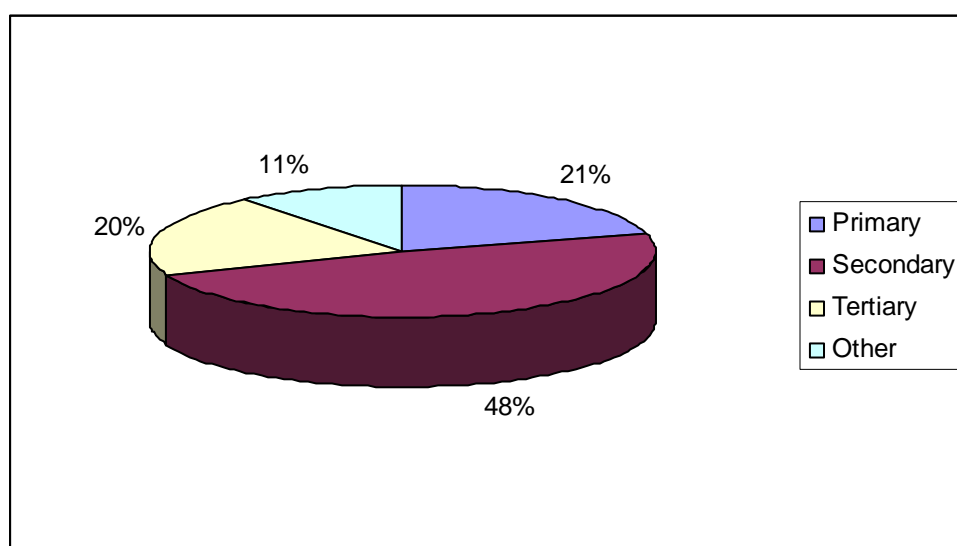
According to 2011 census, Patras had 213.984 inhabitants (permanent population according to the Hellenic Statistical Authority), corresponding to a small population total increase by 1,66% for the period 2001-2011¹.

Chart 1: Age distribution of Patras population in 2011



Source: Hellenic Statistical Authority 2011, authors' elaboration

Figure 1: Level of education in Patras 2011



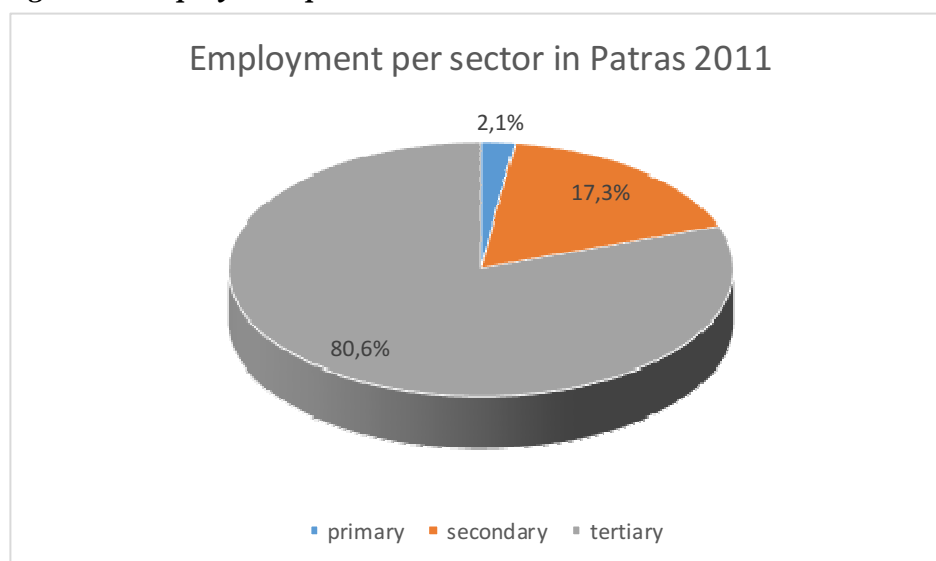
Source: Hellenic Statistical Authority 2011, authors' elaboration

¹ This slight increase of population is also due to the merging of the four neighbouring municipalities with the old municipality of Patras in 2010 in the framework of the Kallikratis reform.

Share of employees in economic sectors (2011)

According to the Hellenic Statistical Authority, in 2011, the percentage of employment in the secondary sector (manufacturing and construction) in the municipality of Patras reached 17,3% of total employment, while the respective percentage for the tertiary sector (services) accounted for 80,6%. The distribution in the 3 economic sectors indicates the strong dependence on the tertiary sector.

Figure 2: Employment per sector in Patras 2011



Source: Hellenic Statistical Authority 2011, authors' elaboration

Primary/declared income in Euro per capita (2011)

The strong impacts of financial crisis are evident in Patras these last years. On the one hand, the declared income at constant 2005 prices (in Euro) for the economic years 2011-2013 decreases significantly, obviously due to the horizontal cuts in salaries and the dramatic increase of unemployment.

Table 1: Declared income in the Municipality of Patras 2011-2013

Patras	2011	2012	2013
	16.806,3	15.133,4	12.940,4

Source: Ministry of Economics, elaboration by Psycharis Y.

Unemployment rate (% 2011)

As far as unemployment is concerned, the relevant rate for Patras municipality in 2011 reached 21,6%.

3. Municipality of Patras: political leadership and the fiscal problem

Municipal staff

Concerning the personnel in Patras municipality, according to the Operational Regional Plan of Western Greece, the permanent staff counted for 870 employees, almost equal to the temporary staff of 880 persons. The following table illustrates the number of employees in relation with their level of education. It is evident that only a small proportion of the municipality's total staff has a degree from a university or a technological institute (almost 30%).

Table 2: Municipal staff in absolute numbers, level of education and type of employment

	Level of education	Number of persons
Permanent Staff	Tertiary	161
	Technological	106
	Secondary	379
	Compulsory	224
Sub total		870
	Type of employment	Number of persons
Temporary Staff	Temporary employment based on Public Law	15
	Employment contract of indefinite term (IDAX) ²	478
	Employment contract of definite term (IDOX)	387
Sub total		880
TOTAL		1750

Source: Operational Regional Plan of Western Greece 2012

The Kallikratis reform brought radical changes and led to restructuring of the whole municipal administration and the reduction of the number of municipal enterprises. Patras municipality merged with 4 neighboring municipalities (Rio, Messatida, Paralia and Vrahneika) into the new municipality of Patras. After the Kallikratis reform, the new departments of Patras municipality were formed as following:

² Although the personnel with employment contract of indefinite term is being categorised under the temporary staff in the official data, it should be noted that actually this staff is permanent and should be counted in the respective category.

Box 1: Division of Services in Patras municipality

A. SERVICES APPOINTED DIRECTLY TO THE MAYOR

1. Office of the General Secretary
2. Office of Mayor's Special Secretary
3. Office of Special Advisers, Special Partners, Scientific Partners
4. Office of Legal Advisers
5. Deputy Mayors Office
6. Offices of General Directors
7. Municipal Police
8. Directorate of Planning, Organization and Informatics
9. Press and Public Relations
10. Independent Office of Administrative Assistance for Vulnerable Groups
11. Office for Efficiency of Procedures
12. Independent Office for Civil Protection

B. SERVICES UNDER THE DIRECTORATE GENERAL OF WORKS & ENVIRONMENT

1. Directorate of Architectural Projects
2. Directorate of Urban Planning, Traffic & Buildings
3. Directorate of Waste Management, Recycling and Mechanics equipment
4. Directorate of Environment and Energy
5. Directorate of Infrastructure

C. SERVICES UNDER THE DIRECTORATE GENERAL OF ADMINISTRATIVE AND FINANCIAL SERVICES

1. Division of Administrative Services
2. Department of Finance
3. Directorate of Citizens Service
4. Department for Education, Lifelong Learning and Social Protection
5. Directorate of Revenues and Municipal Property
6. Directorate of Local Economy

The political leadership of the municipality 2000-2014: Path-dependency and Changes

The city of Patras and Achaia Prefecture in general, have traditionally been strongholds of the socialist party PASOK since the 80's. Patras, being the place of origin of the Papandreou political dynasty, was the "stronghold of PASOK" for more than twenty years. Socialist mayors Karavolas (1987-1998, 2003-2006) and Fouras (2006-2010) governed the city almost the whole period from 1987 to 2010, under the exception of Mayor Floratos, who was supported by the center-right party New Democracy (ND) (period: 1999-2002). However, socialists lost the mayorship in 2010, when the candidate Mayor Dimaras of an "independent fraction" (2010-2014) won against the official PASOK candidate at the second round, obtaining a big majority of 64%. The major causes for this "change" were the constituents' fatigue of having the same socialist leadership over the years, the populist promises of the

independent fraction to reduce municipal fees for the citizens of Patras and the former successful managerial career of Dimaras at the Port Administration Authority of Patras.

It is important to stress the unique situation of Patras municipality: the “independent fraction”, lost its majority in the Council, pretty soon, one and a half year after coming into office (2011). Due to internal quarrels within his municipal fraction, the Mayor ousted a number of the elected councilors of his party, a fact which weakened his position in the council, and made him dependent on the tolerance of the opposition (PASOK and ND) in a very crucial phase of municipal financial stress (2010-2013). In this framework of “fragile” majority, the Vice Mayor of Finance with former experience and visible executive managerial skills in the private sector, had a crucial role in the implementation of fiscal consolidation measures. In the recent local elections, Dimaras’ independent fraction was defeated (it came third, with a disastrous result of only 9%). An unexpected victory of the Communist List that reached 63% at the second round (2014) with the candidate Mayor Peletidis occurred. More specifically, the analytical results of the three last municipal elections were the following:

Table 3: Municipal Elections 2014

Candidate	Political Support	% 1st Round	% 2nd Round	Seats
Kostas Peletidis	KKE	25,06%	63,53%	29
Kostas Hristopoulos	ND	23,94%	36,47%	7
Kostas Spartinos	SYRIZA	15,41%		4
Giannis Dimaras	DHMAR	10,55%		3
Andreas Panagiotopoulos		6,09%		1
Nikos Oikonomopoulos		5,82%		1
Christos Patouhas		2,91%		1
Nikos Tzanakos		2,70%		1
Vivian Samouri		2,40%		1
Theodoros Ntrinas		2,23%		1
Andreas Tzouramanis		1,88%		0
Letta Zagla	ANTARSYA	0,97%		0

Table 4: Municipal Elections 2010

Candidate	Political Support	% 1st round	% 2nd Round	Seats
Giannis Dimaras		21,13%	53,63%	29
Dimitris Katsikopoulos	PASOK	35,07%	46,37%	9
Kostas Hristopoulos	ND	17,70%		4
Kostas Peletidis	KKE	16,52%		4
Christos Patouhas		4,48%		1
Andreas Tzouramanis		2,64%		1

Dimitrios Aivalis		2,46%		1
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Table 5: Municipal Elections 2006

Candidate	Political Support	% 1st round	% 2nd Round	Seats
Andreas Fouras	PASOK	34,73	53,15	17
Evangelos Floratos	ND	34,06	46,85	3
Giannis Dimaras		18,47		
Kostas Peletidis	KKE, DHKKI, etc.	10,12		
Patouhas Christos		2,62		

The fiscal problem

The fiscal situation of Patras municipality illustrates the typical problems of all Greek municipalities: the low fiscal autonomy and the high dependence on state grants and loans. As shown in table 6 the main source of municipal revenues refers to regular revenues (state grants and local fees and charges) accounting for more than 68% of the total municipal revenues).

Table 6: Municipal revenues (2012-2013)

Patras	Year	Regularly revenue	Non regularly revenue	Past years revenues appearing for first time	Proceeds of loans & receivables for past years	Proceeds benefit of others & refunds	Cash balances
	Percentage of municipal revenues						
	2012	68,8%	9,2%	0,2%	1,0%	11,5%	9,2%
	2013	64,7%	12,0%	0,2%	0,8%	9,9%	12,5%
Municipal revenues per capita							
	2012	389,24	52,26	1,12	5,59	64,98	52,31
	2013	345,51	64,01	0,85	4,41	52,70	66,54

Source: Own elaboration of data from the Ministry of Interior

Regarding expenses distribution, operating costs (76,7%) hold the biggest share of municipal expenses in 2013, while investment spending is extremely low, reaching only 5.2% of the total budget for the same year. Unfortunately, there are no specified data for expenses on social infrastructure.

Table 7: Municipal expenditures (2012-2013)

	Year	Operating costs	Investments	Past years payments	Reserve accounting
Patras	Percentage of municipal expenditures				
	2012	77,5%	3,2%	19,3%	0,0%
	2013	76,7%	5,2%	18,1%	0,0%
	Municipal expenditures per capita				
	2012	386,76	16,02	96,17	0,00
	2013	347,23	23,42	81,82	0,00

Source: Own elaboration of data from the Ministry of Interior

The development of the total debt of Patras in relation to other middle-sized cities of Greece, is comparatively low. Kallikratis reform introduced a legal criterion (so-called Kallikratis criterion 2), according to which, a municipality would be characterized as “over-indebted total debt exceeding 60% of its annual revenues would be “over-indebted”. According to this definition, Patras is in a relatively good position, since in 2011 its debt was 35% (compared to its annual revenues) dropping to 26,6% by 2013. It is evident that Patras constitutes a “successful case” of consolidation policy implementation, since there is a debt decrease from 2010 to 2013.

Table 8: Debt of Patras (in million, per capita and % of annual revenues)

	2011	2012	2013
Total debt in million euro	40,10	33,54	26,63
Total debt per capita	187,10	156,50	124,20
Total over-debt (debt per annual revenue)	35,0%	30,5%	26,6%

Source: Own elaboration of data from the Ministry of Finance

It should be mentioned that the new municipality of Patras, emerged after the Kallikratis reform in 2010, through the amalgamation of 5 municipalities (Patras, Rio, Messatida, Paralia, Vrahneika). The problem of fiscal debt of the former Patras municipality has increased after the amalgamation, due to the additional debt of the neighboring municipalities that were merged with Patras.

4. Problem Perceptions and Causes

Actors do not perceive the problem of municipal debt in the same way. There are different perceptions among actors and different causes recorded, blaming either endogenous or exogenous factors. Endogenous causes are referring to internal municipal decision-making, while exogenous causes are to be found to upper levels of government and other socio-economic conditions. The following table summarizes the results of the qualitative MAXQDA analysis regarding the categories of endogenous and exogenous reasons that led to the fiscal municipal problem. Moreover, several quotes from the gathered texts and the interviews with the local actors are cited, in order to emphasize their different perceptions of the problem.

Table 9: Endogenous and exogenous causes

code	sub-code 1	sub-code 2	sub-code 3	
endogenous causes				46
exogenous causes				17
	upper level government			0
		european level		0
		national/federal level		8
			Cutting of central grants	5
			Kallikratis plan	1
		federal state level		0
	socio economic conditions			
		unemployment		0
		financial crisis		3
		economic restructuring		0

Selected statements of different groups of actors on the problem and the causes of municipal debt (local politicians of the majority, the opposition, the administration, others) are presented below:

Citations from the majority:

- *“The cause of the problem lies with the mismanagement of municipal finance from the former municipal leadership. Bad estimations and populist management of finances. My personal view is that I spend what I can afford, as I am doing in my home. That was not the case with the former municipal authorities.”(Mayor)*
- *“The first priorities both in spending and in payoffs were based on wrong criteria. For example, I cannot owe money to suppliers(of the municipality) (e.g. for garbage cans or trees) and at the same time finance NGOs” (Vice-Mayor of Finance)*

- *“The cause of the problem is that no one ever cared about the rationalization of municipal expenses. For example we used to pay rents for empty buildings. Giving money to NGOs is a populist management.” (Vice-Mayor of Finance)*
- *“The cutting of central grants only highlighted the shaky foundation of our municipality, because when you have money flowing in, you don’t care about what others owe you. If you do care, and ask for the amounts owed, you become unpleasant.” (Vice-Mayor of Finance)*
- *“It is our fault, of course. Either of the employees of the administration that did not care to cut expenses, or of the politicians that did not make them do so.” (Vice-Mayor of Finance)*
- *“The society, the citizens of Patras have also their share of responsibility in implementing good practices” (Vice-Mayor of Finance)*
- *“In the last year and a half and while the country was experiencing a terrible financial degradation, the municipality of Patras did not operate with rationalism and prudence even at the last moment, on the contrary, there was irrational spending in activities of culture and entertainment, leading the city to the current terrible financial situation”(former Vice-Mayor of Finance)*

Citations from the opposition:

- *“When they decided to implement Kapodistrias or Kallikratis, they should have kept in mind that the respective Decentralization Reforms abroad were successful only if there were accompanied with a Law allocating financial resources to local government. In Greece they want to make radical changes without the necessary financial resources. This model is condemned to failure.” (councilor of opposition, PASOK)*
- *“Many former mayors had to turn to borrowing as this was the only way to work through the severe reductions of central grants, resulting to today’s debts of municipalities. This is the first cause. The second one was the “memorandum” which resulted to the municipality’s strangulation. Not that this was wrong. In my opinion it was a good thing to impose a memorandum in some of the operations of the municipality. Another cause was the unwillingness of former mayors to impose taxes, since they did not want to get into conflict with the local society. So, the debt was*

created due to the fact that the local government had no taxes and no income, the central state gradually started to cut off the grants, resulting to loans and therefore to debt.” (councilor of the opposition, PASOK)

- *“They (former municipal authorities) used to take loans for specific needs, but this was not the right way to solve problems...they did not care, they never thought the problems that would be caused in the long-term, they only thought about ways to be relieved in that particular moment...” (councilor of the Communist Party, new Mayor since 2014)*
- *“There was no point in borrowing, since the money from the new loans was much less compared to the amount that the central state owed to local government... It is mainly a political issue... The biggest share of responsibility lies with the central state” (councilor of the Communist Party, new Mayor since 2014)*
- *“They knew they had major problems, so before the elections, they moved quickly finishing numerous projects, so they could be reelected” (councilor of opposition, ND)*

Citations from the administration:

- *“At this moment, income has really shrunk. People don’t have money to keep to their basic obligations and the municipality is the last in this row. So, the problem lies mainly in the weakness of collecting revenues, which forces us to cut our expenses, in order to cope with our needs.” (Alternate Director of Dept. of Finance)*
- *“There are municipal entities which, in my opinion, should not even exist. They do not provide anything to local society, they only get financing from the municipality. Imagine, my department has to allocate a significant budget to these entities every month” (Alternate Director of Dept. of Finance)*
- *“There was imprudent waste in commissions or in working overtime” (Alternate Director of Dept. of Finance)*
- *“There was excessive spending in the municipality’s projection and publicity to local media...there were almost 200 local associations and unions asking for financing...”(Alternate Director of Dept. of Finance)*

Citations from the Civil Society Actors, Chamber of Commerce, Journalists

- *“There was excessive spending in the municipality, money was spent for initiatives that would not bring profit, such as publicity actions (3 or 4 times more than today), various galas and events, financing of cultural and sports associations and financial mismanagement in general” (journalist)*
- *“So, when infrastructure projects are implemented by taking loans, without taking advantage of national and European opportunities, the result is the increase of debt and its shift to the municipality’s suppliers and manufacturers. On top of that, and entering the era of crisis, the municipality was unable to pay off its suppliers, resulting to major discontent in the city and suppliers denial to submit their offers in the city’s new calls and procurements” (Chamber of Commerce)*

Remarks/Explanations:

It is obvious that there are different understandings of the problem and the causes of the “debt” of Patras among the main actors: majority, opposition, administration, civil society actors, business and journalists.

On the one hand, the Mayor (2010-2014), the Vice-Mayor (of Finance) and the councilors of the majority understand the problem of “over-debt” as their “own” problem (endogenous causes), blaming mainly the populist mentality of the former municipal leader (before 2010), who were spending on low priority cost categories (e.g. media, events for image making of municipal authorities, sports and cultural associations, carnival festival, 34 different municipal legal entities). Not being part of the former political leadership, as a new “independent” fraction, they feel free to criticize the former PASOK leadership and highlight the endogenous causes of the debt problem, which they had to face immediately after taking office (accumulated loans and difficulties in paying off debts to more than 1000 municipal suppliers).

On the other hand, the opposition (PASOK, ND, Communist Party) blames the “others” (exogenous factors), especially the central state (transfer of competences without financial recourses, dramatic cutback of state grants after 2010), the “Troika” and the austerity policy through the memoranda. PASOK opposition disagrees with the “blaming” of the former leadership, (since the former Mayor Fouras was a PASOK candidate), while they claim that the majority “exaggerates” the debt problem, in relation to other urban problems (weakness in implementing the Urban Plan, lack of infrastructure, etc.). While PASOK justifies the former

leadership, the Communist Party has always opposed to the municipal policy of increasing loans.

It is indeed true that the transfer of responsibilities to local government has been implemented without the proper financial resources needed, while the implementation of urban and land use plan of Patras (projection for a population of 750.000 inhabitants, social services) demanded an increase of municipal expenses.

The deadlock of policy measures implemented by the former municipal leadership shifted the fiscal problem to the next municipal leadership. A new loan of 10 million euro for road maintenance, one year before the 2009 elections significantly increased the municipal debt. It is obvious that the financial crisis since 2008 and the dramatic decrease of state financing between 2010 and 2013 (cutbacks of central earmarked grants more than 50% to the local government), brought to the surface the real problem of “over-debt”, which could be disguised earlier.

The administration argues in the same line with the majority, blaming mainly the former political leadership and secondarily the central state regulations (transfer of responsibilities without resources). However, they are critical to the political leadership as a whole. They emphasize that all politicians, even the new leadership, are on the one hand unwilling to collect local taxes, and on the other hand, they still “over-spend” in non useful activities (for example subsidies to municipal enterprises, “over-time” payments to employees). This last critical point concerning “over-time” payments to the municipal employees, is striking, since it is not usual for Chiefs of Departments to be expressed against the trade union interests. It could be explained either as an exceptional self-critical statement or as a more general trend of awareness of the administrative leadership of the dramatic fiscal situation of the local government and the deadlock of such demands and malpractices.

Civil Society actors (Chamber of Commerce, journalists) understand the problem of municipal debt mainly from the side of the municipal suppliers. Among others, they blame the local political leadership for not paying the municipal suppliers, for mal-administration and over-spending. Journalists have highlighted the same causes (“internal” local leadership, not the upper levels) and occasionally published their significance.

5. Scope and means of Actions: Evaluation, Performance, Impact

This part of the report focuses on the implemented measures taken, so as to face the municipal fiscal problem, their performance and their actual impact on municipal finances and Patra's society. The following table illustrates the implemented means of action (as emerged from the interviews with local actors) and their frequency of appearance. Through the MAXQDA analysis, a number of statements of the different groups of actors have been selected in order to highlight the different implemented measures, their performance and impact.

Table 10: implemented and proposed means – codes and number of codes

Parent code	Code	All coded segments	All coded segments %	Documents
means				
	management reforms	6	0,83	3
	revenues increase	7	0,97	5
	cutbacks	33	4,57	21
	loans	2	0,28	2
	utilization of municipal estate	11	1,52	8
	NSRF	3	0,42	3

Citations from the majority:

- *“We have succeeded in rationalizing the management of personnel, means and resources. It is the 3rd consecutive year, without increasing municipal taxes, without new loans and with decreased central grants, that not only did we manage to keep the municipality alive, but we also reduced our debts to citizens by 50% and to banks by 30%. We don't spend more than we have and we don't care about personal or political costs, when we deal with the wise management of citizens' money. Despite the fierce reactions through strikes, lawsuits, threats etc. we managed to staff the municipality with the best personnel, and not with “our own” nor with those that the unions wanted to impose” (Mayor)*
- *“There are many things we can't do, because the legislative framework would not allow us to. For example, when we have to collect payments based on a law from 1980, we have no possibility of negotiations or discounts.” (Vice-Mayor of Finance)*

- *“The Troika imposed a number of things, the central state adopted them and imposed them on local government. These were either good choices e.g. 20% reduction in rents paid by the municipalities, or bad ones, e.g. reduction of central grants, salaries reduction etc.” (Vice-Mayor of Finance)*
- *“The balanced budget consists of a tool for the proper function of the municipality and since we don’t have the majority, the other municipal parties, “help” us pass the budget, either with their absence, or with their positive vote... So, in this case there is a consensus” (Vice-Mayor of Finance)*
- *“We would not be able to do anything if we did not have the assistance of the financial administration” (Vice-Mayor of Finance)*
- *“Among the positive outcomes, the financial consolidation of the municipality is a fact, along with its increased credit rating in the market. The negative outcomes are the weakness of operating specific social structures, the weakness of paying overtimes etc.” (Vice-Mayor of Finance)*
- *“In our first 2,5 years of our term of office, with great effort and without any new loans, we managed to pay off all our debts since 1999 and up to 2010, corresponding to an amount of over 10 million euro... The municipality of Patras is credible again, without debts, with transparency and sustainable management of our finances, being able to schedule its plans and needs facing our local suppliers with reliability...More specifically, municipality’s expenses are drastically decreased. No traveling abroad, no Mayor’s balls, no unnecessary spending.” (Mayor)*

Citations from the opposition:

- *“Some mayors claim, the mayor of Patras is one of them, that they managed to put the municipal finances in order. But they did not do it by themselves, they were forced to do so ,by central state decisions after 2013” (councilor of opposition, PASOK)*
- *“There are cases where loans were not needed, there were alternatives, they (former municipal authorities) should have claimed this money from the central state which owed them.” (new Mayor since 2014)*
- *“They claim that they put in order the municipal finances. But how? By limiting down social services, and using part-time employees, also negatively impacting municipal services.” (new Mayor since 2014)*

- *“Instead of cutting financing horizontally to all associations, they should evaluate their work and assess their proper operation” (new Mayor since 2014)*
- *“There was an indirect increase of local taxation... When salaries are decreased by 40%, and taxes remain at the same levels, is the same as if there was an increase of 40%” (new Mayor since 2014)*
- *“Social impacts of this policy and these austerity measures cannot be measured in financial terms, but they will be evident in our society” (new Mayor since 2014)*
- *“Within this unfavorable environment (local government is simply a governmental gear, which takes responsibilities, so as to absorb more smoothly social reactions), only people can demand and influence decisions through proper organization and empowerment ... We will try, but there are limited things that we can do in changing current policy... For example overtax the rich enterprises and relief the poor people” (new Mayor since 2014)*
- *“We will ask for more central grants, but it is not only up to one municipality, but many more... And it is not only up to the municipal authorities, but to the people as well...” (new Mayor since 2014)*
- *“We will claim more funds from European projects, after all this is Greek people’s money” (new Mayor since 2014)*
- *“Positions for external experts, consultants and employees with contracts were cut, since they highly contributed to debt. Loans were also cut. And certainly salaries were cut down. The salaries decrease was monstrous” (municipal councilor, ND)*

Citations from the administration:

- *“Limiting down municipal revenues, makes it hard to promote local development, e.g. major constructions.” (Alternate Director of Dept. of Finance)*
- *“Our course through the years and our mentality have shown that nothing is going to change unless we change first... We need to understand that besides employees, we are, above all, citizens in this municipality and in the end we have to pay for everything” (Alternate Director of Dept. of Finance)*

- *“I believe that the young people appointed to the department of economics have qualifications, they are worthy and I want to believe that their mentality is far away from the one of the old employees” (Alternate Director of Dept. of Finance)*
- *“We limited down the budget to sport and cultural associations by 99%. We narrowed down the other operating expenses i.e. writing materials, utilities, even fuels.” (Alternate Director of Dept. of Finance)*
- *“Among the sectors that have been negatively affected by this policy, is the cultural sector and the Carnival” (Alternate Director of Dept. of Finance)*

Citations from Civil Society actors, Chamber of Commerce, Journalists

- *“Regarding the means implemented for expenses reduction, the first one was the financing by the government. And second, significant decrease of expenses within the municipality, even for the Mayor.” (journalist)*
- *“Cutting of expenses resulted to significant failure of the municipality to provide social services” (journalist)*
- *“In my view, municipalities should cultivate entrepreneurship culture, and if they cannot, someone else should impose it. The municipal authority embraces the demonization of private initiatives which started 30 years ago” (Chamber of Commerce)*

Remarks/Explanations

In an attempt to explain the different statements among the actors, concerning the assessment of implemented actions and consolidation measures taken to combat the debt problem, the following remarks can be made.

While the Mayor and the councilors of majority (Vice-mayors, councilors), exaggerate their “own” voluntarism and proactive attitude to take the consolidation measures needed, the whole opposition downgrades their willingness and reform abilities, emphasizing that the strategy was imposed from the upper levels (central state, Troika) and the municipal authority was simply following guidelines and the consolidation policy is not their own initiative.

We argue that the majority, being independent from political parties succeeded to introduce from the very beginning (2010) “soft” budget constrains, despite the strong reactions from the employees; (e.g. expenses for public relations for the Mayor, subsidies to cultural and sport

associations and subsidies to the local press). This enabled them to sign later the Memorandum with the Ministry of Interior (2013), thus paying off debts to many municipal suppliers. Of course this brought at the same time close surveillance of municipal financial indicators (online monthly surveillance by the Observatory, strict rules for overspending above 10% of the planned expenses) and even “harder” budget constraints since 2013. They proceeded further in strict cutting of unnecessary expenses and increased their efforts in collecting revenues, although this proved to be very difficult in the hard times of crisis.

We should stress that the financial crisis and the drastic cutback of central earmarked grants since 2010, are seen by the majority not only as a problem but also as a triggering event for starting a rational and sustainable management of municipal finances. The successful implementation of soft and hard budget constraints, for example the balanced budget since 2013 was accompanied by several reform objectives, such as restructuring of administration, merging of municipal enterprises (reduction from thirty four to seven in the period 2010-2013), and submission of proposals for EU funding by the municipality.

However, the whole opposition contests the fiscal performance of the implemented measures. Even the part of the opposition (ND, PASOK), which in general agrees with the logic of consolidation actions (the coalition government of these two parties at the national level implement consolidation measures of the Memorandum with the Troika), opposes the majority, criticizing horizontal cutbacks, especially in social services. The opposition simply tolerates the majority to “pass” hard decisions, in a “conflictual” political landscape.

The left opposition (Communist Party) consistently rejected its support towards all consolidation measures. They believe that these measures have only negative impacts, impeding local development and downgrading municipal services. Being the opposition fraction in the Municipal Council they declared their will to abolish these means in the future. The newly elected Mayor is taking office in September 2014 for five years, but it remains open whether the consolidation policy will be further followed.

It is characteristic that all actors (even the majority) recognize negative impacts from the hard budget constraints (2010-2013). The most important are: reduction of municipal personnel, dismissals in the field of municipal police and school security, social services cutbacks, lack of new investments, weakness covering maintenance costs, downgrading municipal infrastructure, (especially roads, waste collecting vehicles, machine equipment, etc.). The administration leadership also recognizes the same negative impacts. They actively supported

and implemented, however, both “soft” and later the “hard” measures taken, and argue that these measures were successful and should be further continued, since they had mostly positive impacts. Despite salary cuts, personnel dismissals and overloading of work, the municipal staff did not demand over-time payments, recognizing the difficulty of the situation. This self-critical attitude of the CEO could be explained by his specific professional and scientific background and experience, since he has worked for many years as an auditor and inspector in public finance departments (Taxation Service).

Business actors assess positively the consolidation measures and they believe that these measures should have been taken and implemented earlier by the Central State. They also highlight their participation and active support on local initiatives to combat the negative impacts of the crisis in Patras municipality. Despite the hesitation of the municipality in the beginning, first attempts of cooperation have emerged with a variety of societal actors (Chamber of Commerce, NGO’s, Church). Innovative social services (e.g. “social supermarket” for Food and Clothing, “Social Pharmacy”) attempt to combat the acute problems of the new urban poverty and unemployment in Patras.

For the journalists, consolidation measures are regarded as well, as right political decisions, though painful for all, “especially for the local press”, through the cutbacks of relevant municipal subsidies.

6. Public Discussion/Debate

This part of the report examines whether the fiscal municipal problem was openly and publicly discussed in the last years, who were the main actors involved in this debate and the major role of the local media. The following table 11 illustrates the most relevant actors in terms of number of press articles and statements, with the Mayor and Vice-Mayor of Finance being the dominant actors.

Table 11: Actors

Actors	Documents	All coded segments	Coded segments %	Actor group	opposition/ majority
Mayor	20	47	6,49	local politicians	majority
Vice Mayor of Finance	19	87	12,02	local politicians	majority
Journalist	5	18	2,49	journalist	
Journalist	3	3	0,41	journalist	
Former Vice Mayor of	3	6	0,83	local politicians	majority

Finance					
Former Mayor	2	2	0,28	local politicians	majority
Councilor	2	22	3,18	local politicians	opposition
Journalist	1	13	1,80	journalist	
Chamber of commerce	1	18	2,49	interest groups	
Leader of major minority	1	10	1,38	local politicians	opposition
Councilor	1	2	0,28	local politicians	opposition
Vice Mayor of Finance	1	1	0,14	local politicians	majority
Journalist	1	17	2,35	journalist	
Councilor	1	1	0,14	local politicians	opposition
Mayor (newly elected)	1	17	2,35	local politicians	majority
Councilor major minority	1	18	2,49	local politicians	opposition
Councilor	1	6	0,83	local politicians	opposition
Deputy Director of Financial Dept.	1	31	4,28	municipal administration	

Citations from the majority:

- *“As a citizen, I had no opinion, positive or negative about the municipal finances, for a simple reason. There never was a public discussion, so the problem would be known to citizens.” (Vice-Mayor of Finance)*
- *“The finances of Patras were an inaccessible area. No one really knew what is happening, even among the former municipal authorities” (Vice-Mayor of Finance)*
- *“During the last 3,5 years that I have been in this position, public discussion does not exist. There is no meaningful debate.” (Vice-Mayor of Finance)*

Citations from the opposition:

- *“There never has been a sincere dialogue, a public discussion to let the people know the truth about the municipal finances. This mainly occurs during the pre-election period, but it’s a polarized discussion. What did the Mayor say just a few days before the second round of the elections? ‘I will decrease taxes for poor families and they*

won't have to pay water bills' He addressed to 70.000 households which of course voted for him" (councilor of opposition, PASOK)

- "There is substantial lack of information from the side of municipal authorities, so they can claim that the imposed procedures from the central state are their personal choices, which may be towards the right direction, but they brag presenting them as their success" (councilor of opposition, PASOK)
- "There are blackmails by local media. Unfortunately, this is the reality. It's all about give and take. If you give me subsidies and financial support, I will help in your pre-election campaign and you will become the Mayor, otherwise this will be your political death. But this is not how media should work. When I pay them, they praise how good a Mayor I am, but then again this does not help local development, neither their serving public" (councilor of opposition, PASOK)

Citations from journalists:

- "Local journalists consider the topic of municipal debt, not as a first priority issue. Only our local newspaper and our local TV ACHAIOS have brought this issue into the surface" (journalist)
- "For example, there are institutions malfunctioning, or even not established at all, although they could be truly supportive, i.e. Local Ombudsman. The reason is that we could not gain consensus within the municipal council, we weren't able to form coalitions" (journalist)
- "The municipal debt is not a catchy issue neither for the society, nor for a major part of the press. Monitoring numbers and financial data has no commercial value" (journalist)

Remarks/Explanation

Municipal financial management is not a catchy issue for the media (there was poor local dialogue until recently). Municipal debt became a hot issue in the local press, in the blogs and in special TV debates, only in the last pre-election campaign (April-May 2014) under the initiative of the majority. They tried to publicly highlight the positive performance of consolidation measures, but without success. The debate reproduced polarized arguments and contested evaluations of the implemented consolidation measures, among the majority and the

opposition, as these have been presented in the former chapters (four and five). The election results have proven the weakness of the majority to inform systematically the public, to persuade the electorate and gain legitimacy to carry through the “hard” consolidation measures. The role of the majority of the local press is remarkable, which was not friendly at all to the municipal majority, focusing mainly the negative impacts of austerity policies in general and of the hard budget constraints in particular. Because of radical cutbacks of municipal expenses to the local press (subsidies, advertisements in the period 2011-2014), there was an increase of disappointment and “distance” of the whole local press concerning municipal leadership and they did no longer support the Mayor.

Especially the Head of opposition highlighted the mutual dependence among the local press, which is highly fragmented, and the municipal leadership. The large number of small enterprises of the local press (newspapers, TV channels and blogs) is strongly financially dependent on the local political system: Local politicians (e.g. advertisement in pre-election campaigns, party politics) and Local Government expenses (publicity, dissemination, subsidies). Local media use their power to support selectively local politicians or actions of the municipal majority, only if and when they receive adequate financial support from them.

In the past, the fiscal problem of Patras came into the public discussion only sporadically, for example, symbolic close down of the municipality for one day in October 2011, demonstrating against the government’s cutbacks of state grants. Another important issue that gained publicity was the paying-off of a large number of suppliers of Patras’ municipality, (December 2012).

Despite the attempts from the side of the Mayor and Vice Mayor of Finance to place this “success story” of combating Patras debt high in the municipal agenda, there was ignorance both from the side of journalists (apart from some exceptional cases) and the citizens. Furthermore, there was a relative indifference about the fiscal stress also from external actors (e.g. local chamber and associations of commerce and industry).

This had high political cost for the mayor, who as candidate in the elections in May 2014 came third (with 9%). (He only succeeded to be reelected with two more Councilors from his fraction, out of 49 Councilors in total in the Municipal Council of Patras).

7. Political system: input, throughput and output legitimacy, political culture, knowledge, leadership

The following part focuses on the local political system and our interpretation of how local actors take decisions and implement actions concerning fiscal consolidation measures in Patras. Based on various sources (qualitative evaluation of different actor's perceptions, behaviors and logics and the MAXQDA analysis of relevant texts) we analyze the main features of legitimacy and transparency, the political culture and policy style as well as the knowledge and leadership style prevailing in the urban context of Patras.

Input legitimacy

The degree of input legitimacy in Patras corresponds to the main variables: a) the involvement of the council and the influence of the opposition and the councilors in the decision making process and b) the activation of deliberative bodies (e.g. Economic and Consultation Committees) and the influence of societal groups.

In a framework of "hard" budget constraints and strict rules of surveillance for local Government, a framework which was formulated and decided by the Central State and the Troika for all municipalities of Greece (2010-2011), decisive for the implementation is the Mayor's power: the appointed Vice Mayor of Economics and Finance, the appointed Director of Dept. of Finance and the "controlled" majority of the Council.

In the case of Patras input legitimacy is very low, because the majority discouraged the active involvement of the Council, avoided to inform systematically the opposition on the need of the consolidation measures and thus, reduced the influence of the councilors in the decision and implementation procedures. Actually fiscal consolidation measures have been incorporated in the general discussions on the decision about the annual balanced budget. "Pre-decisions" among the Mayor, the treasurer (Vice Mayor for finance) and the CEO's of the Municipal Fiscal Administration in "closed doors" and disdain of the Council, (since councilors usually vote according to their party affiliation and their municipal list loyalties), restrain input legitimacy and create opposition in the long run. Especially in Patras, they also disdained the important deliberative bodies introduced by the Kallikratis reform (Economic Committee, Consultation Committee etc.). These new instruments were considered as "luxurious" democratic procedures under the fiscal and economic crisis.

“The memorandum of Patras with the Ministry of Internal Affairs was a decision made by the Mayor and the Vice-Mayor of finance, which means that we took the risk. We were responsible. It was not voted in the Municipal Council.” (Vice-Mayor of Finance).

Throughput legitimacy

The degree of throughput legitimacy of the consolidation policy in Patras has been assessed by two variables. The first variable is referring to the transparency, the fairness and accountability of local decisions concerning the means of fiscal consolidations, including the justification of the local choices in the representative and deliberative bodies. The second variable concerns the open access and uncensored flow of the information to the public (communication strategy of the municipality) and the role of local press (publicity).

In the case of Patras, transparency and accountability are low. Decisions are taken in advance in “closed” Mayor’s trusted circles, while there is a lack of argumentation in the representative bodies, which take only formal decisions. Opposition accuses the majority of total lack of transparency, of the real size of the municipal “over-debt” (either exaggerating or hiding part of it) and lack of justification of the implemented consolidation measures. More specifically, as soon as the independent fraction of Dimaras lost the majority in the Council (2011), there were efforts to gain consensus from the opposition. One part of the opposition (ND, PASOK) “tolerates” and facilitates decision making in the Council in crucial decisions (e.g. the annual Budget Plan). However, the Mayor’s tactics taking decisions with his trustees often in “closed doors”, not trying to gain consensus and support from the opposition and the society, proved catastrophic, since it was one of the main reasons leading to his failure in being reelected. Even though his intentions were good, the lack of transparency, the failure of actively involving civil society actors in decision-making and the poor communication strategy were critical factors for failure on the long run. On the other hand, the willingness and active involvement of the Heads of municipal departments (CEO’s and administrative staff) were proved very important for the implementation of hard budget constraints.

“I should have sought more contacts with local councilors and associations. This was a major omission from my side and I ask for their apology. It was not caused out of arrogance or indifference, but from the need of my own participation in finding solutions in everyday problems of the municipality of Patras and its citizens. Should I get reelected, I commit myself to do penance for this situation” (Dimaras, Mayor)

“There was never a sincere dialogue. There was never a public discussion, so as to openly present Patras’ financial situation, and tell people the truth. This mainly occurs during the pre-election period, when one side accuses the other, having unimportant talks” (Tzanakos)

Concerning the second variable, which refers to the open access of the consolidation measures to the public and the role of local press, the municipality of Patras not only did ignore the importance of communication with the public, but its leaders did not engage in public debates, in order to keep the citizenry permanently informed as well. In times of continuing fiscal and economic crisis and austerity measures it is important for local politicians not only to inform the citizenry on the necessity of hard budget constraints, but also on their negative impacts (e.g. risk of downgrading municipal services and ways and means of coping with them). Although it is difficult for local politicians to persuade the citizenry for their choices to implement hard budget constraints, ignorance and lack of communication lead to failure.

However, local publicity is in many cases biased, because there is a strong mutual dependence between the local media (often highly fragmented) and the municipal leadership. There is a financial dependence of many small (economically unsustainable) enterprises of the local publicity (press, radios, TV channels, blogs) from the local politicians (e.g. advertisements in pre-election campaigns, party politics) and from the municipal expenses (publicity and dissemination subsidies). Even today many local media “use” their power to support selectively local politicians or actions of the municipal majority, only if and when they receive adequate financial support from them. Local press in Patras stopped their support to the municipal majority, immediately after the radical cutbacks of municipal expenses to local press (subsidies, advertisements in the period 2011-12). It is characteristic that the majority of the local newspapers successfully supported other municipal fractions in the last local government elections (2014).

The lesson that could be drawn from this case would be to use all kinds of public deliberation, fora, citizen juries, inclusive social media, in order to reach the public and expose municipal arguments and choices to public dialogue and deliberation.

Output legitimacy

Output legitimacy reflects the degree of effectiveness of the imposed consolidation goals, the measures of local economic development, the social policy measures and the broader framework of the Kallikratis reform (e.g. amalgamations).

In Patras the debt reduction was achieved in parallel with the implementation of a broader territorial reform imposed by Kallikratis in 2011, which foresaw the merging of neighbouring municipalities, (with similarly high debts). The obligatory amalgamations that took place were the starting point of restructuring the municipal administration, gaining cost savings (merging of departments, decrease of the number of renting buildings for municipal offices and others). Another important advantage was that Patras succeeded to payback arrears to municipal contractors, which had been accumulated in the former decade. On the other hand, the offered bailout funds by the central state, under the guidelines of the Troika, obliged the municipal authorities to cut expenses and deliver balanced budgets since 2013 and on.

Furthermore, local development programs and social actions together with a wide range of CSOs, private sector actors and the Church were implemented, aiming at supporting citizens in urban poverty (e.g. “social pharmacy”, “social super market”, “meals free of charge”, “help at home” etc.). Job creation projects and urban redevelopment, supported by European initiatives (especially funded by NSRF) were planned and implemented with the objective to reduce negative impacts of the municipal consolidation policy (cutbacks) and of the dramatic effects of the persistent austerity policy on the local markets: unemployment more than 30% (2014), close down of thousands of SMEs, urban poverty, humanitarian crisis. Overall, it can be argued that output legitimacy in Patras was relatively successful, since the total debt of Patras, dropped from 35% in 2011 to 26,6% in 2013 (see aforementioned table 8).

Political culture

The prevailing policy style is command and control. Decisions are taken most of the times in a conflictual way, top down, by the majority, without a systematic and argumentative. Ex post reactions from employees supported from the municipal opposition, were intensive only in the beginning of the implementation of “hard” budget constrains. Meanwhile, they weakened and have stopped demonstrating, after the first massive dismissals of personnel by the Central State (2011).

Empirical evidence shows a contradictive political culture, characterized by polarized statements, despite a “silent” tolerance from a part of the opposition. Councilors vote usually according to their party affiliation. The Councilors of the majority are only activated when there is a legal or political need. Participation/input legitimacy is only enacted to gain acceptance on predetermined consolidation measures. Subordinated bureaucrats have limited

power and say. “External” actors (business, societal, journalists) have limited influence in municipal decisions.

“The system is mayor-centered and vice-mayors also contribute to this situation by establishing their own ‘personal businesses’. Every vice-mayor does his job, without noticing the work done by his colleague. No one really knows the municipality’s work in total. No one makes efforts to make policy taking into account more than one aspects. For example, an association asks for a municipal building for housing from the vice-mayor in charge. The vice-mayor gives it away without even asking if someone else needs it, what the municipality’s needs are or for what reason” (councilor of opposition).

Knowledge

The “city-boss” leadership style in the case of Patras is complemented, on the one hand, by the dominance of “Steering”/ Political knowledge of the politicians of the majority and on the other hand on “expert” knowledge of the municipal administration. The employees of municipal administration have the expertise to diffuse their knowledge to the mayor and the political personnel and propose tangible solutions. However, there is clear underestimation of local knowledge, from the local business community, chambers, NGOs and other civil society actors, since they abstain from participating in decision-making.

Leadership

The mayor determines unilaterally the municipal agenda and uses his authority to implement consolidation goals. He exercises power in a command and control way. The prevailing leadership style of the ruling majority (mayor, vicemayor of Finance) is that of “City Boss”, focusing on the effective implementation of the imposed “hard” budget constraints by the Central State. Limited efforts in the beginning to enable consensus with the opposition were gradually transformed to hierarchical exercise of power and lack of any participatory process (nearly an authoritarian model). The mayor totally failed in enhancing the participation of the opposition and of the councillors, not even the councillors of his own fraction. Fragmented and selective information by the mayor and vice-mayor to the council did not enable participation and transparency. The “Memorandum” on the consolidation measures between the municipality and the ministry was not even brought by the mayor in the agenda and was not voted in the council. This lack of transparency refers also to the “societal” actors (business, societal, journalists), who only received selected information.

However, some important strategic goals have been set, in parallel to these strict “hard” budget constraints and cutbacks e.g. internal restructuring of administration and merging of Departments. Nevertheless, this does not characterize the leadership as strategic, since there is no room for radical comprehensive reforms, while there is a day-to-day management of a reduced budget of a “misery” situation and a lack of “Vision” for local sustainable development in the times of crisis.

Therefore, “city boss” leadership style exercising authoritarian power can achieve satisfactory outcomes only concerning output legitimacy, but very low input and throughput legitimacy. In fact, the mayor succeeded in reducing the municipal debt (output legitimacy) and pay back arrears to municipal contractors, without closing down social structures and worsening public services. Whether this is sustainable or not in the long run, depends on a variety of contextual factors.

“No willing for cooperation, only for political profit. Unfortunately, this leads to failure of producing outcomes” (Roditis, journalist)

“Almost 6 months after the elections, the new municipal authority ousted 8 councilors. From that point on, since it didn’t have majority, it should start discussion in order to gain consensus. Instead of that, it would come into the council without earlier discussions, expecting from the council to vote for its decisions. Of course, this never happened and it used to accuse the opposition for not voting and supporting it” (Hristopoulos, municipal councilor ND).

“Coalitions within the municipality or between municipal fractions do not exist” (Vasilakis, journalist)

Table 12: Patras leadership orientation (strategic/reproductive) and exercise of power (authoritative/cooperative)

strategic	reproductive
<ul style="list-style-type: none"> • Few strategic goals have been set (e.g. restructuring and merging of Debts, amalgamations) but no radical comprehensive reforms and lack of “vision” for local sustainable development in times of crisis • Mayor focuses on consolidation goals and compensation measures in social sector (“social pharmacy”, supermarket, social networks) 	<ul style="list-style-type: none"> • Clientelistic practices and patronage in order to gain votes and support
authoritative	cooperative
<ul style="list-style-type: none"> • Top down and command and control decisions. The Mayor determines unilaterally the municipal agenda and uses his authority to implement consolidation goals. “Closed” Mayor’s circle of decisions. • Majority Councilors are only activated when there is a need for voting on predetermined measures • “Fragmented” and “selective” information by the Mayor and Vice Mayor to the Council and the Head of opposition did not enable participation and transparency (e.g. the Memorandum was not even brought in the Agenda and was not voted in the Council, low input and throughput legitimacy) • Lack of transparent and open debate in the public. “External” actors (business, societal, journalists) receive selected information 	<ul style="list-style-type: none"> • Participation of CSOs in social networks and municipal initiatives (e.g. social super market, social pharmacy et.al.)

8. Conclusions

The case of Patras shows that there is a variety of perceptions of the causes referring to the municipal debt among the different actors deriving from their different role: the opposition being the former leadership under which the debt has been developed highlights exogenous causes, while the majority underlines mainly endogenous factors (blaming the former leadership). The financial crisis of 2009 worsened the municipal finances up to a point, but it was mainly a triggering event for the emergence of a pre-existing problem.

The radical cutting of expenses was the main tool used by the municipal authority to deal with the problem, but in the long-term, no radical reform of the local political system occurred.

The reproduction of hierarchical top-down decision-making, the city-boss leadership style, the lack of consensus with the opposition and other important local actors are still the dominant features of the political system. These characteristics, along with the bad communication to the public (of the debt problem and the measures that had to be imposed), were the main reasons that led to the failure of the Mayor's re-election. So, it is safe to argue that even though the consolidation measures resulted to the municipality's fiscal stabilization, the political leadership's top-down decision-making and its negligence of including local actors into open dialogue procedures cost its second term in office.

The case of Patras also indicated that there is absence of cooperation and consensus, so as to find viable sustainable solutions in critical issues. Despite the tolerance of the opposition concerning debt, the conflictual political culture is prevailing, which is mainly represented by the Communist party, the new winner in the recent municipal elections.

The new elected municipal majority (fraction of the communist party of Greece in Patras), won in the second round with a great majority 64%, and elected 29 out of the 49 councilors of the Municipal Council. As an opposition in the past, it has strongly opposed all soft and hard consolidation measures, and it is an open question, what kind of strategy they will follow in the future.

We expect the emergence of new conflicts, both internal, in the Council (with the opposition of ND, independent fractions, PASOK) and especially with the Central state, which imposes fiscal measures.

The implemented consolidation measures may be successful in the short term (2010-2014), but it is questionable, especially with such a new leadership, whether they can be continued and provide a sustainable solution for the future.

9. Policy recommendations

Policy recommendations address two types of practitioners who have been involved in the processes of municipal fiscal consolidation of Patras: a) elected politicians and b) municipal administration.

Policy recommendations to elected politicians:

- The case of Patras showed that the lack of systematic exchange of information and open dialogue about the fiscal problems between the majority and the opposition,

prohibits strong input legitimacy and consensus. At least tolerance is a prerequisite for agreement in decisions on strict budget constraints.

- There is a need to activate the institutions foreseen in the Kallikratis reform, such as the Economic Committee and especially the Consultation (Deliberation) Committee. This will enable all parties to openly discuss and debate on financial issues through open participatory processes.
- It is evident from the case of Patras that hierarchical and top-down decisions taken by the municipal leadership, even if they start with the best of intentions, they are usually condemned to failure in the long run, mainly because they will not gain the necessary consensus, not only by the opposition, but the society as well.
- Another lesson learnt from Patras is that, independent fractions (without a common political commitment) are more vulnerable and less capable in following a coherent strategy, due to lack of party discipline and loose organisation. Within such fractions, personal mentalities and tactics dominate, resulting to difficulties in exercising power homogeneously. Therefore, in such cases, coherence should firstly be sought within the team of the fraction. Elected politicians should try to convince their own team through solid arguments.
- On the other hand, members of the opposition should avoid conflicting and unproductive debates and find points of consensus with the leadership. Patras' case study proved that even though the opposition agreed with elected majority on hard fiscal consolidation measures, they tried to keep their distance as much as possible in the eyes of the society, so as to remain intact and avoid personal political cost in the long-term. Instead, the opposition should take responsibilities and courageous decisions.
- It is difficult for local politicians to implement hard budget constraints, this is why they should base their pre-election campaign on honesty, realism and realistic promises

Policy recommendations to administration:

- Administrative employees play a key-role in the proper management of the municipality and therefore they have to keep the main priorities of transparency,

objectivity, serving public good on a permanent basis and independently of their political leader

- Especially the CEOs of the Financial Department should stand against trends of populist demands of employees (overtime payments) and keep self-control in times of fiscal stress
- The employees of the financial departments have specific knowledge required for the deep understanding of the causes of the fiscal problems and therefore, they should transmit and translate this knowledge to the political leadership who takes decisions
- The administration should be realistic and make proposals to local politicians (in the local council and other fora) for mutual understanding of the difficult problems of the municipality
- Establish linkages with other CEOs of other municipalities and exchange views on similar debt problems

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