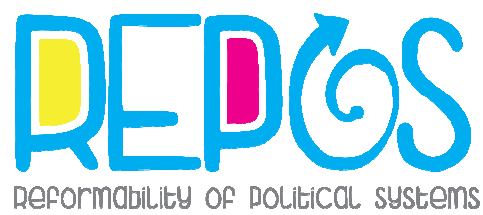
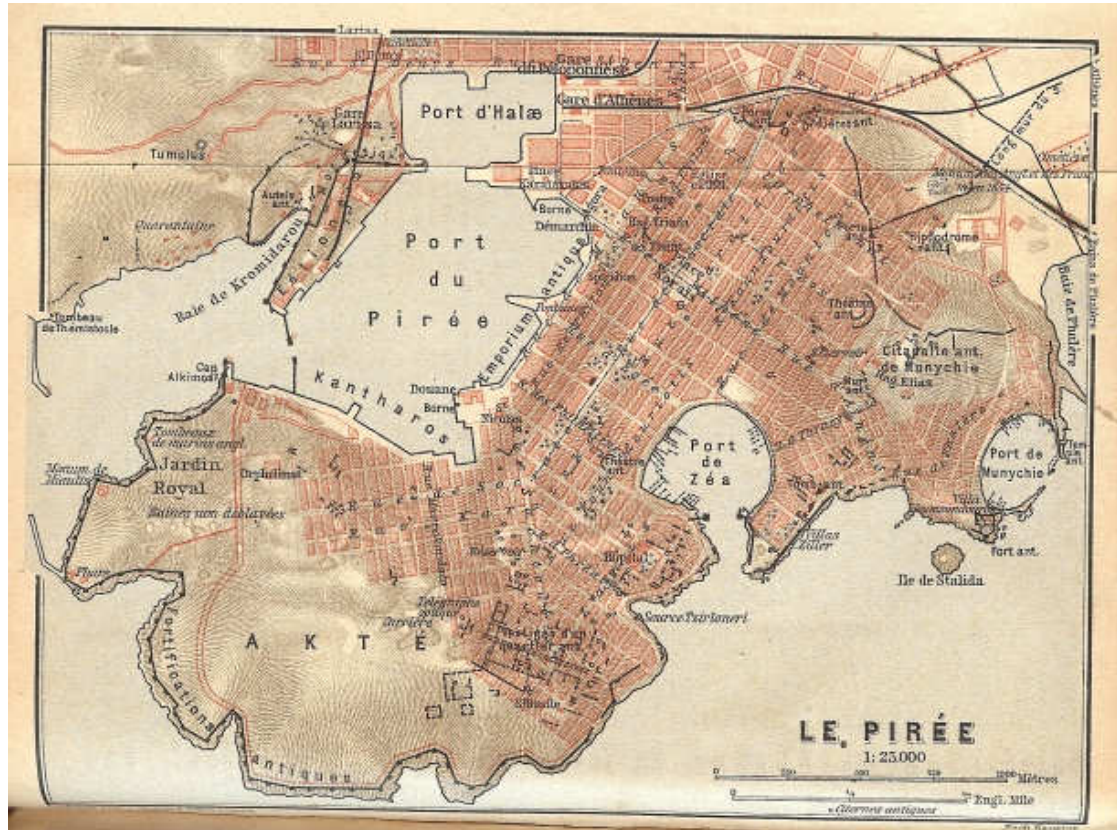




# Piraeus Case Report

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## Abstract

Piraeus<sup>1</sup> is probably the municipality with the largest fiscal challenges not only among the six Greek cases but also among the most indebted municipalities of the country, with a debt of 140 million euros and a total debt that exceeds its annual revenues by 150%. We have to consider that fiscal consolidation is a permanent task in Piraeus where fiscal stress is not simply a result of the financial crisis but became even more pressing since then. Low fiscal autonomy and high dependence on state grants and loans are important reasons for the problematic fiscal situation in the city.

## Introduction

The Piraeus case study draft report presents a summary of the main findings deriving from 13 interviews and more than 157 documents referring to fiscal problems and fiscal consolidation measures implemented during the period 2010-2013.

The first section includes descriptions of the socio-economic situation, the local actors' constellation and the fiscal challenges based on statistical analysis and existing literature. The second section reviews our own empirical findings on the perception of local actors on fiscal problems and their explanation as well on their views about the local scope of action and the concrete consolidation means including the assumed impacts. The chapters in this section are purely descriptive and we illustrated them with several quotations and data derived interviews and documents.

In the following section, the analysis and interpretation revolves around policy and leadership styles, the different kinds of legitimacy, the local political culture and knowledge types influencing the fiscal policy making.

## Types of sources - The empirical corpus of the Piraeus case

The report is based on three types of sources:

- Several statistical data and information from secondary sources on the socioeconomic and political context of the city,
- 157 texts and
- 13 interviews with local actors of the city of Piraeus.

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<sup>1</sup>Piraeus is located within the Athens metropolitan area, 12 km (7 miles) southwest from the city center (municipality of Athens), and lies along the east coast of the Saronic Gulf. Piraeus is the fourth largest municipality in Greece and the second largest within the Greek capital metropolitan area

**i) 157 Texts, consisting of:**

- 120 articles from the local press
- 19 Party Municipal Lists' Manifestos,
- 18 Municipal Council Minutes, etc.

*The main source for compiling these texts was via internet browsing.*

**ii) 13 Interviews;** the interviewed local actors were:

1. Incumbent Mayor (ND - friendly)
2. General Secretary of the Municipality (CEO, political appointee)
3. Director of financial Dpt. of municipal administration
4. Advisor of the Mayor for fiscal and growth affairs (political appointee)
5. Left / SYRIZA- friendly Councilor of the opposition A
6. Left / SYRIZA- friendly Councilor of the opposition B
7. Incumbent Councilor of the majority
8. President of the local Chamber of Commerce
9. President of the local Chamber of Crafts
10. President of the local Trade Association
11. Journalist A / Chief editor of the City radio station
12. Journalist B / Journalist in local newspaper "En Piraeus"
13. Journalist C / Journalist – owner of local online newspaper

## Socioeconomic features of the Municipal of Piraeus

### General Information

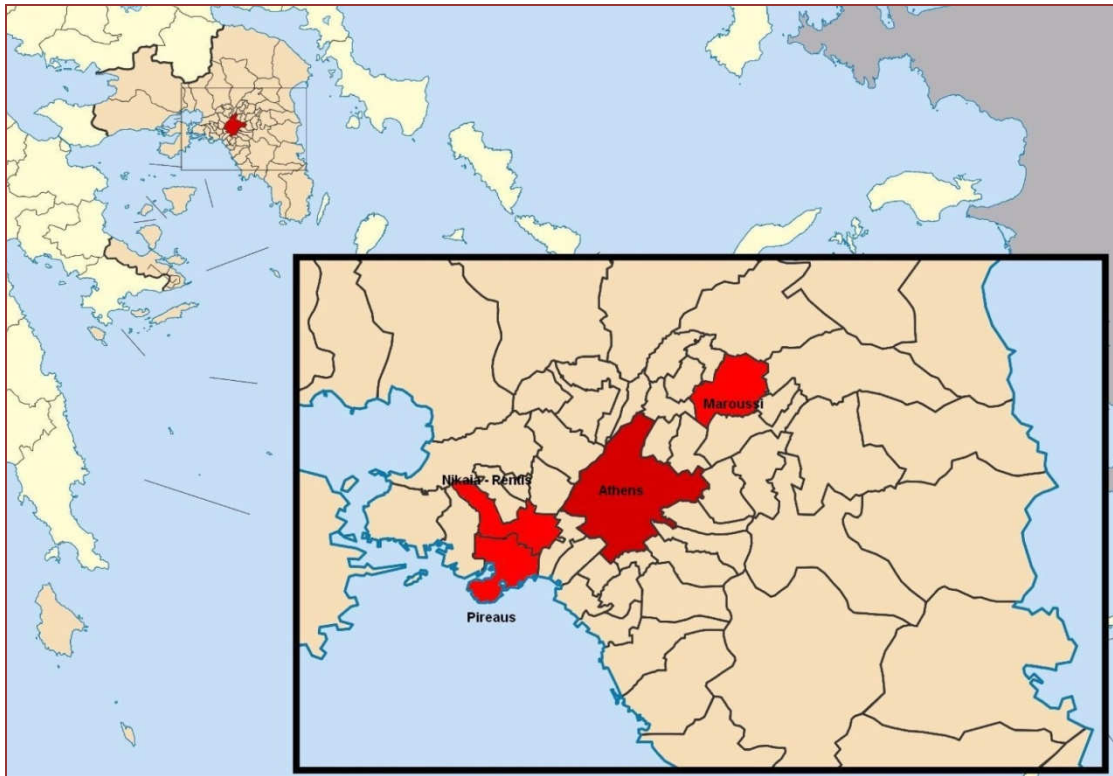
Piraeus is located within the Athens metropolitan area, 12 km (7 miles) southwest from the city center (municipality of Athens), and lies along the east coast of the Saronic Gulf. Athens is the economic, cultural and administrative capital of the country, and it has expanded rapidly in the post-War period.

Piraeus is a major industrial city, developed during the 1960s and 1970s. It was one of the main industrial development sites in the country. But in the last decades, the industrial activity considerably decreased.

Piraeus is also a significant port city, the Piraeus harbor is the biggest in Greece and one of the biggest harbors in the Mediterranean. The port is important as economic engine in its own right, but it also creates a lot of spin-off activity, such as trading, commerce, and retail. From Piraeus port, passenger ferries link Attica with many islands while commercial traffic is intense.



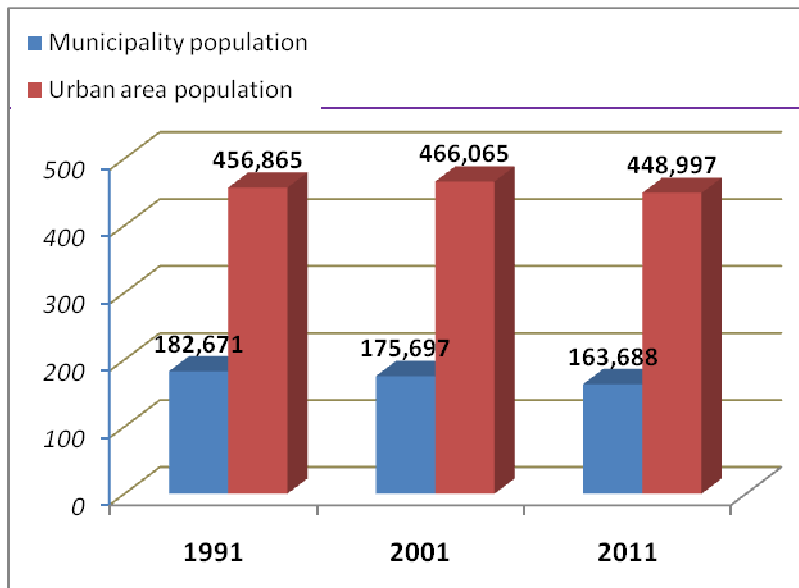
*Map of the Municipality of Piraeus located in the greater Attica area*



According to the 2011 census, Piraeus included a population of 163,688 (declining, - 5, 21% compared to 2001) within its administrative limits; it is the fourth largest municipality in Greece and the second largest within the Greek capital metropolitan area, following the municipality of Athens. The municipality of Piraeus and several other suburban municipalities within the regional unit of Piraeus constitute the major Piraeus area, with a population totaling to 448,997.

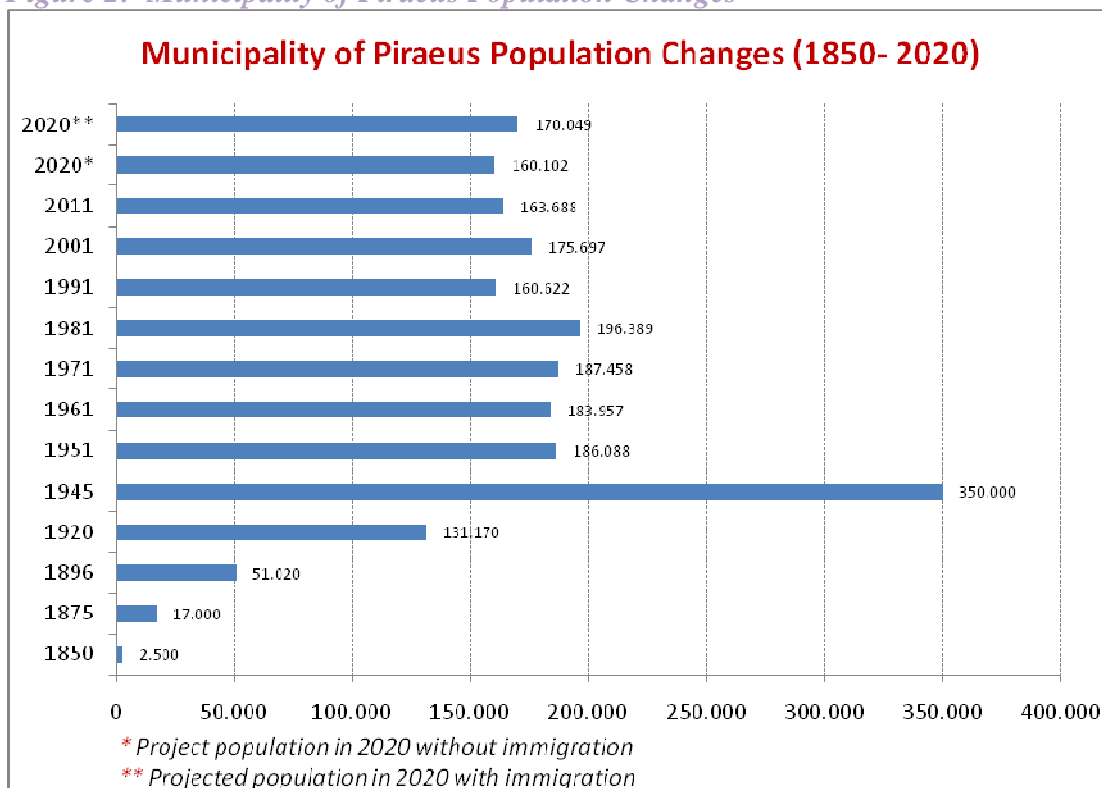


*Figure 1: Piraeus Municipality population per decade*



The Piraeus Municipality is one of the fifteen municipalities<sup>2</sup> that are expected to show the greatest shrinkage in size (intense negative rate of population change), as exhibited in the following figure (Figure 2):

*Figure 2: Municipality of Piraeus Population Changes*



<sup>2</sup> Municipalities of Antikithira , Methana, Erythron, Ampelakion, Sykaminoy, Ag. Konstantinou, Inois, Keratea, Neon Palation, Athinaion (Athens), Spetsion, Kouvara, Malakasis, Aiginis.

*Table 1: Ageing indicators – Municipality of Piraeus*

Age group	2001	2021
0-14	14,2	12,5
15- 64	70	65,7
65+	15,8	21,8
Total	100	100
Ageing index	111	174

According to the results of the 2001 census, the Prefecture of Piraeus presents high ageing indicators<sup>3</sup> presents ( 111 degrees) while this trend is expected to continue in the future (the relevant aging indicators are expected to increase 2021 at 174 levels

### **Municipal History**

The modern municipality of Piraeus was founded in 1835 and became one of the municipalities into which Attica was initially divided after the establishment of the Hellenic Kingdom. The borders of the municipality remained stable for almost a century. Piraeus major area developed its own urban and cultural life, while some parts of it (like Faliron) attracted several leisure activities of the upper classes and a big number of excellent neo-classical buildings demonstrated an impressive growth of wealth and culture. In the North of the city, the emblematic Piraeus Street that connected the harbor city of Piraeus with the capital city of Athens marked a territory where industrialization took off by the second half of the 19<sup>th</sup> century.

By the beginning of the twenties, social structures in the city have been turned upside down through the arrival of thousands of Greek refugees from Asia Minor (Anatolia) and, later on, from Istanbul. A second wave of industrialization followed and the major area of Piraeus became a “city of workers and refugees”.

In 1925, the settlement of New Faliro was detached from the municipality and became an independent municipality. In 1931, the settlement of Koutsikari was detached from the municipality of Athens and integrated into the municipality of Piraeus.

In the following years, several settlements were detached from the municipality of Piraeus and new municipalities were formed, mostly corresponding to identities of refugee groups that settled in these areas (e.g. Kokkinia -Nikaia, Drapetsona, Keratsini etc.).

In 1933, the settlement of New Kokkinia was detached and became the center of the municipality of New Kokkinia (later re-named as Municipality of Nikaia). During the

<sup>3</sup> The aging index is calculated as the number of persons 60 years old or over per hundred persons under age 15.

same year, Perama was also detached and became the center of the community of Perama. The settlement of New Ikonio was integrated into the same community. In the following year, the settlement of Koutsikari was detached and became the center of the municipality of Koridallos and the settlement of Tabouria was also detached becoming the center of the municipality of Tabouria.

In the same municipality the settlements of Amfiali, Analipsi and Agios Georgios were also integrated.

In 1950, the settlement of Drapetsona was detached and became the center of the municipality of Drapetsona. In 1968, New Faliro was integrated once more in the municipality of Piraeus and the municipality of New Faliro was abolished. During the following years, the municipality of Piraeus remained unchanged and was not even affected by the implementation of the Kallikratis Territorial Reform in 2010.

The extent of Piraeus administrative boundaries is 1086.5 hectares while the Municipality is sub-divided into 5 sub-municipal districts where municipal communes exist, with their own elected councils, but without important competence and resources.

Piraeus Districts<sup>4</sup> nowadays are the following:

*Table 2 : Piraeus Districts*

<b>Piraeus Districts</b>	
1.	Municipal Community of the 1 <sup>st</sup> District Municipality of Piraeus “ <i>Piraeiki Chersonisos</i> ” (197,88 area in hectares )
2.	Municipal Community of the 2 <sup>nd</sup> District Municipality of Piraeus “ <i>Kentro Kastella</i> ” (193,96 area in hectares)
3.	Municipal Community of the 3 <sup>rd</sup> District Municipality of Piraeus “ <i>Myrtidiotissa - Neo Faliro</i> ” (127,3 area in hectares)
4.	Municipal Community of the 4 <sup>th</sup> District Municipality of Piraeus “ <i>Kaminia - Palia Kokkinia</i> ” (221,8 area in hectares)
5.	Municipal Community of the 5 <sup>th</sup> District Municipality of Piraeus “ <i>Tampouria</i> ” ( 247, 96 area in hectares)

The aforementioned five districts have important differences in terms of income and life quality, reflecting social segregation. One can clearly distinguish the “better parts” (*Piraeiki Chersonisos, Kentro Kastella, Neo Faliro*) from the less privileged (*Kaminia - Palia Kokkinia, Tampouria*).

<sup>4</sup> See <http://www.kallikratis.eu/dimos-peiraios-peiraia/> and also

[http://www.ypes.gr/UserFiles/f0ff9297-f516-40ff-a70e-eca84e2ec9b9/a\\_peiraias\\_teliko.pdf](http://www.ypes.gr/UserFiles/f0ff9297-f516-40ff-a70e-eca84e2ec9b9/a_peiraias_teliko.pdf)

## Economic features

Piraeus is a large city, bustling with activity and an integral part of Athens, acting as home to the country's biggest harbor and bearing all the characteristics of a huge marine and commercial-industrial center. The port of Piraeus is the chief port in Greece, the largest passenger port in Europe and the third largest in the world servicing about 20 million passengers annually. With a throughput of 1.4 million TEUS<sup>5</sup>, Piraeus is placed among the top ten ports in container traffic in Europe and it is the top container port in the Eastern Mediterranean.

Since the end of World War II, Piraeus constitutes a center of a significant commercial, industrial and financial activity. Many manufacturing plants (especially food processing plants), and the logistics branch grew very fast.

In the 1980s, the manufacturing sector fared less well; many enterprises closed down, were relocated, or went bankrupt, especially in the northern part of the city.

Meanwhile, the city had accumulated a large poorly-skilled workforce, resulting to the rise of unemployment.

Nowadays, due to the financial crisis the economic situation has worsened; it was affected by other branches' deterioration apart from the above mentioned manufacturing plants, like the small commercial and retail businesses.

Moreover, the current crisis resulted to significant drawbacks on the local economy, like the dramatic cutbacks of public investments, which led to the suspension of most of several major infrastructure projects, the rapid increase of the unemployment rate and, the significant amount of SMEs which were forced to cease their business activities. More specifically, the unemployment rate in Piraeus increased, while it reached a higher score than the national average and the disposable household income decreased from 17.309 Euros in 2010 into 15.934 in 2011 (i.e. 7,9% reduction in 12 months) (see Table 3)

A sector that remains strong and competitive is the shipping sector. Many shipping companies that left Piraeus in the previous decades (due to high tax rates) return and operate new offices, thus contributing to a better environment in terms of employment and capital resources.

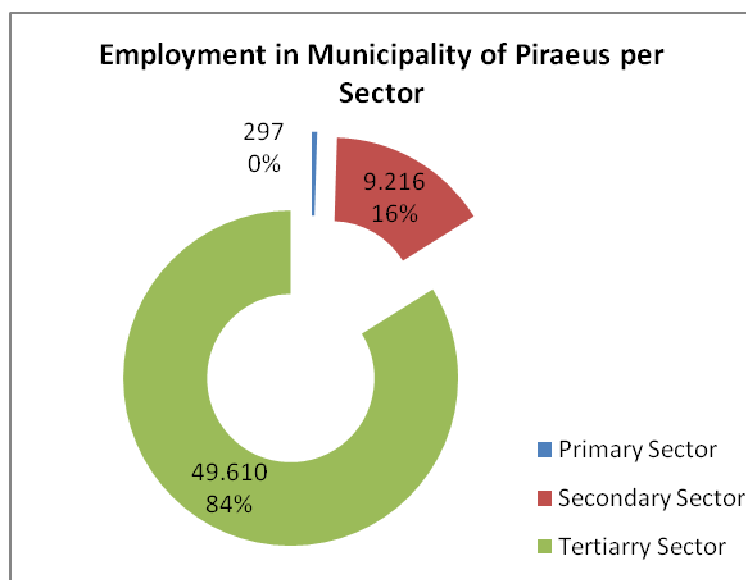
*Table 3: Socio-Economic data of Piraeus*

		<b>Piraeus</b>	<b>Athens</b>	<b>Greece</b>
Unemployment Rate	in %	19	28,2	27,5
Disposable Household Income	in € per capita	15,934	19,703	14,489

Sources: unemployment rate (Dec 2013); disposable household income (2011)

<sup>5</sup> Teu is standard unit for describing a ship's cargo carrying, or a shipping terminal's cargo handling capacity. A standard forty-foot (40x8x8 feet) container equals two TEUs (each 20x8x8 feet).

Figure 3: Socio-Economic data of Piraeus



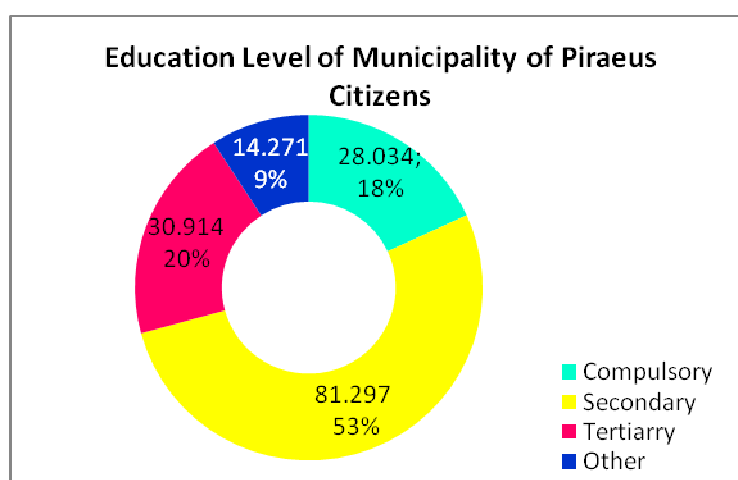
The great majority (84 %) of the Piraeus Employment Workforce in 2011 was involved in the Tertiary Sector (i.e. in the provision of Services, e.g. Tourism, Shipping, Information Technology, Legal, Education, etc.). A smaller fraction (16%) is involved with the Secondary Sector (i.e. Industrial and Construction activities).

These results follow the economic model of Greece that revolves around the Tertiary Sector by 80, 6%, the Secondary Sector by 16% and the Primary Sector by 3.4%.

Table 4: 2011-2013 Declared Income in Municipality of Piraeus

2011-2013 Declared Income in Municipality of Piraeus			
	2011	2012	2013
Declared Income	17,309.6	15,934.2	14,159.3

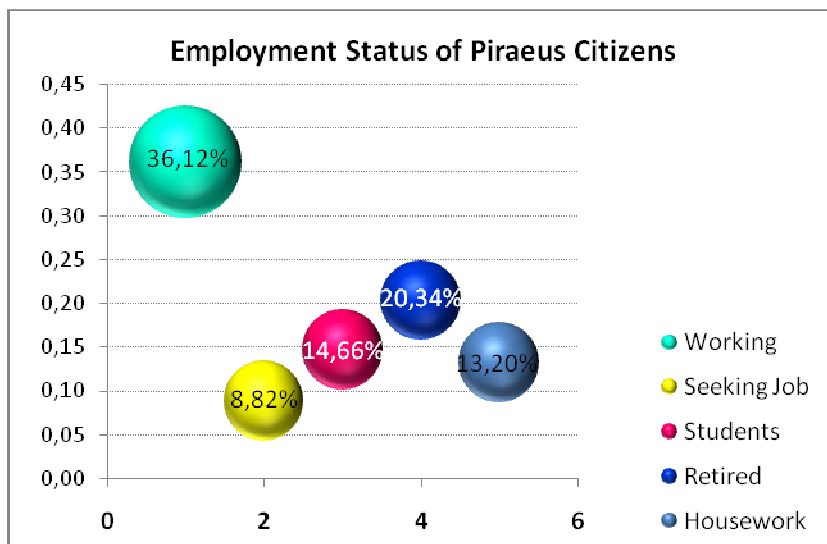
Figure 4: Socio-Economic data of Piraeus



The majority of Piraeus (53%) citizens has attained the Secondary education. Another 18% of the citizens have attained just the Compulsory education (i.e. the

primary school followed by the Gymnasium). Only 20% of the citizens complete higher level education (i.e. University, Technological Education Institutes). It is noted that these results correspond to the overall educational level of Greek population.

*Figure 5: Socio-Economic data of Piraeus*



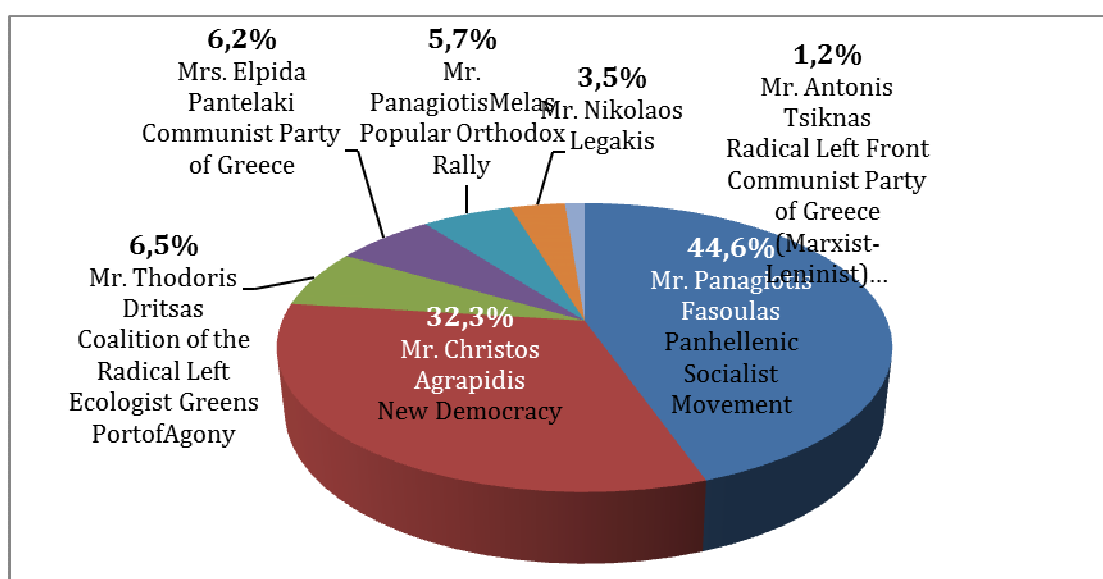
The Employment Status of the Piraeus Citizens is exhibited in the above chart

## The Municipality of Piraeus: Political leadership and the fiscal problem

### Party political landscape and the political leadership of the municipality 2006-2014

Local Elections: 15 and 22 October 2006

Figure 6: 1<sup>st</sup> Round Election Results in the City of Piraeus



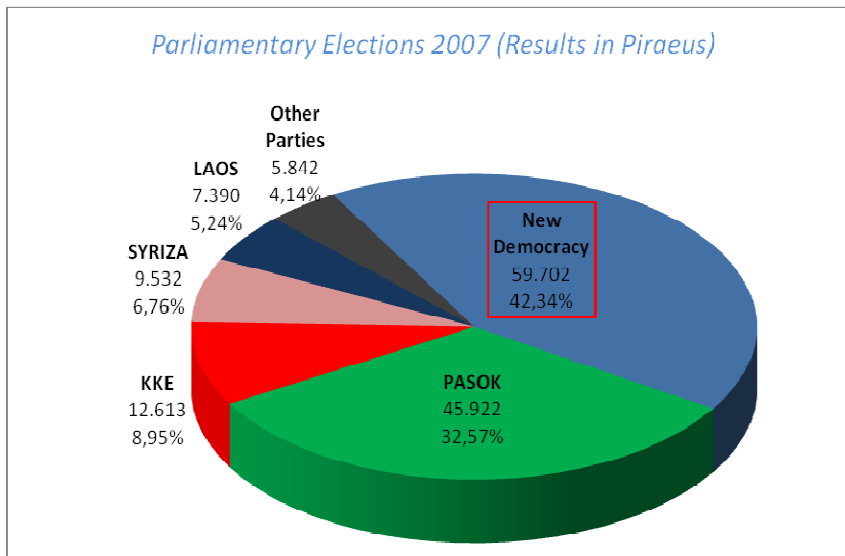
On 15 and 22 October 2006 elections took place for the posts of the 54 prefects and 1,034 mayors and the respective councilors. Low turnout, strong scores for candidates not belonging to either of the main parties (New Democracy (ND) and Pan-Hellenic Socialist Movement (PASOK)) and the relatively good score notched up by the governing party, in power for the previous two years, were the main characteristics of these elections.

PASOK-friendly candidates won the election in Piraeus, where a former basketball champion, Panayiotis Fassoulas, took 45.1% of the votes in the first round, beating the incumbent mayor, Christos Agrapidis (ND-friendly), who had already completed two terms in office.



## Parliamentary Elections, 16<sup>th</sup> of September 2007

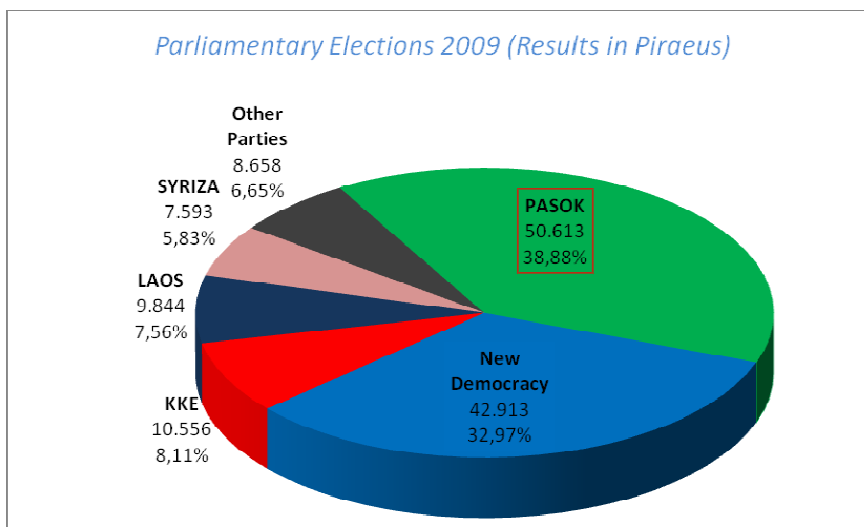
Figure 7: Parliamentary Elections 2007 – Results in Piraeus



The 2007 parliamentary elections were held on 16 September. The election result was a victory of the New Democracy party, chaired by Costas Karamanlis, for the second time in a row, with a 41.83% and 152 seats (from the total of 300) in the House. PASOK with George Papandreou, lost electoral strength, it got 38.10% of the votes and lost 15 seats (PASOK totaled to 102 seats). The electoral difference between the two parties became also evident in Piraeus election results (as exhibited in the above chart) where New Democracy attracted almost 10% more of the votes than PASOK. Both accumulated around 75% of the electorate.

## Parliamentary Elections, 4<sup>th</sup> of October 2009

Figure 8: Parliamentary Elections 2009 – Results in Piraeus



The 2009 parliamentary elections were held in Greece early after the sudden dissolution of Parliament and the issue of the Presidential Decree 127/2009. The election result was a victory of PASOK, chaired by George Papandreou, with a 43.92% and 160 seats (out of a total of 300) and the formation of a single party government. Similarly, the results in “A Piraeus” parliamentary constituency (identical with the municipal borders of Piraeus) as exhibited in the above chart showed that PASOK prevailed New Democracy by 6% of the votes accumulating almost to 71% of the votes.

### Local and Regional Government Elections of 2010: 7 November 2010 (first round) and 14 November 2010 (second round)

Figure 9: 1<sup>st</sup> Round Election Results in the City of Piraeus

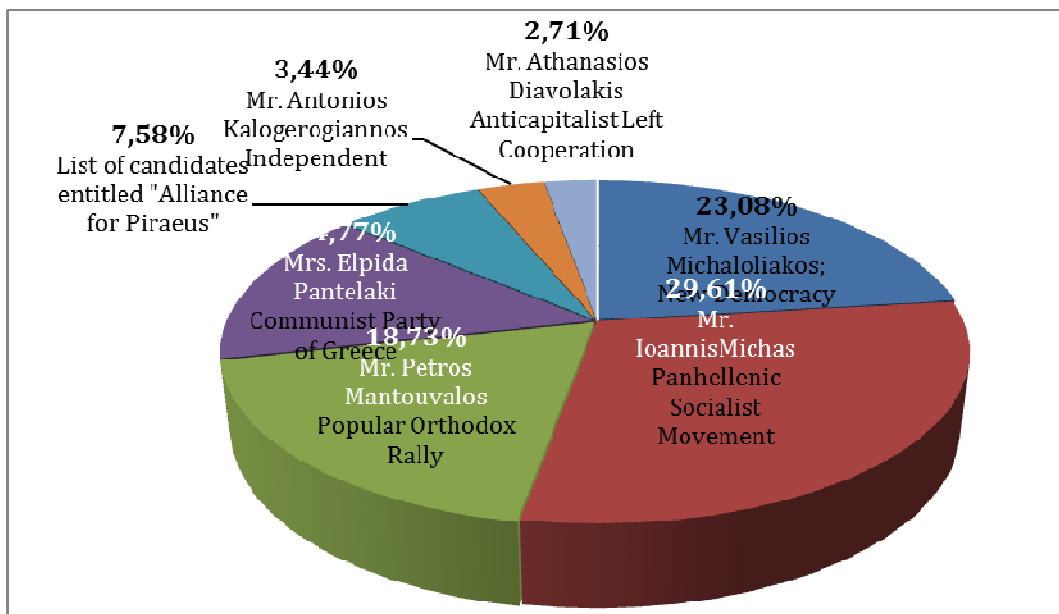
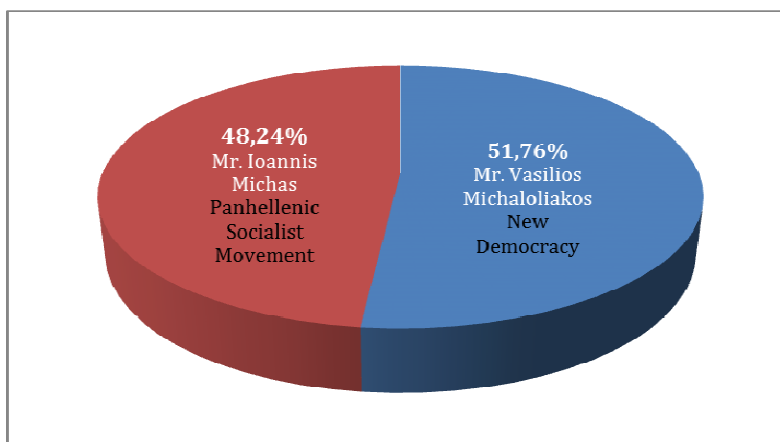


Figure 10: 2<sup>nd</sup> Round Election Results in the City of Piraeus



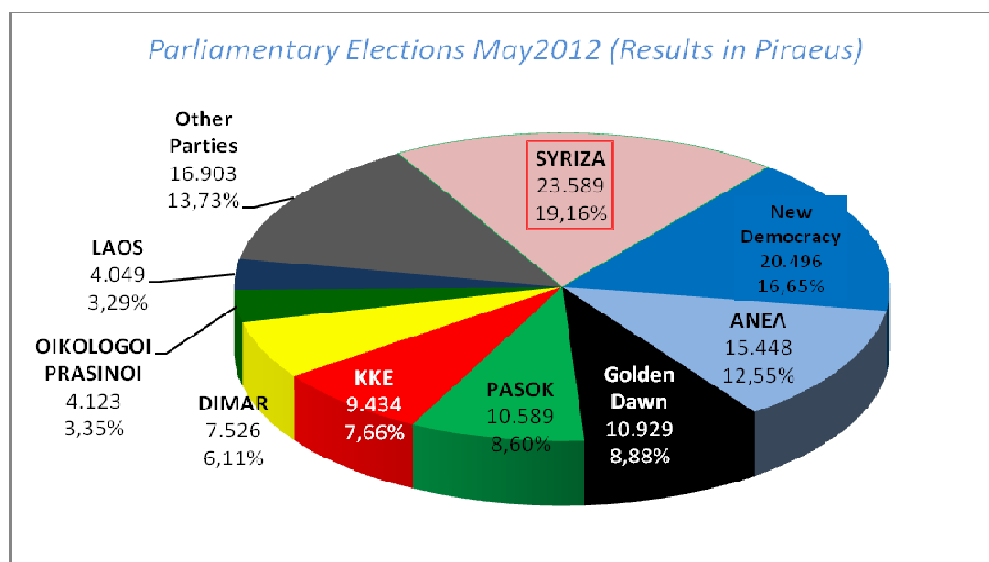
In 2010, the Greek local government elections were held on 7 November (first round) and 14 November 2010 (second round) while there had already been a rescaling of both tiers of local government by Kallikratis reform, but Piraeus was not affected by

these amalgamations. “The elections were a veritable referendum on the austerity policies of Prime Minister George Papandreou (Panhellenic Socialist Movement /PASOK). Mr. Papandreou warned voters that he would dissolve parliament and call for an early general election if his party would be defeated.”

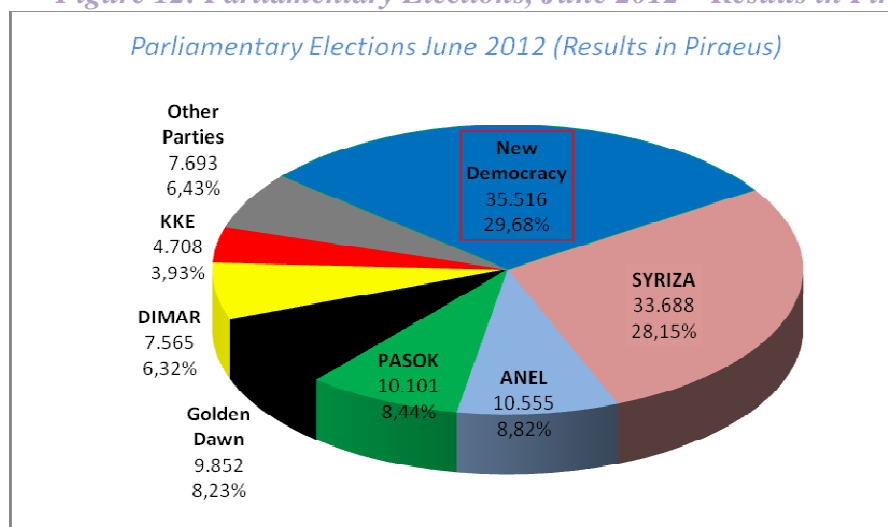
Greece had called on the International Monetary Fund and the European Union for help in 2010, and was obliged to implement a policy of extreme austerity to avoid bankruptcy. New Democracy held on to its strongholds in the northern part of the country. It also finally won the port of Piraeus, where Vassilis Michaloliakos (ND) took 51.76% of the vote, vs 48.24% for Yiannis Michas (PASOK), “It was a vote by default. Greek voters felt that there was no alternative,” said political scientist Ilias Nikolakopoulos after the elections.

### Parliamentary Elections, May and June 2012

*Figure 11: Parliamentary Elections, May 2012 – Results in Piraeus*



*Figure 12: Parliamentary Elections, June 2012 – Results in Piraeus*



In June's elections, New Democracy received 29.66% of the total vote at the national level (129 seats), respectively SYRIZA received 26.89% of the total vote at the national level (71 seats), PASOK received 12.28% of the vote (33 seats), the "Independent Greeks" received 7.51% of the total vote 7.51 (20 seats), the Golden Dawn received 6.92% (18 seats), the Democratic Left received 6.25% (17 seats) and the Communist Party received 4.50% (12 seats.)

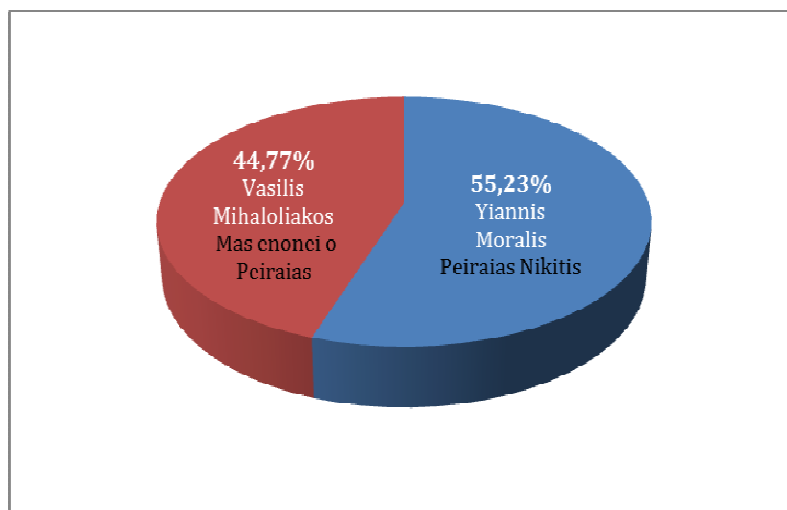
The respective rates in May elections New Democracy had attracted 18.85% of the vote (108 seats), SYRIZA won 16.78% of the vote (52 seats), PASOK won 13.18% of the vote (41 seats), the Independent Greeks won 10.61% of the vote (33 seats), the Communist Party won 8.48% of the vote (26 seats), Golden Dawn won 6.97% of the vote (21 seats) and DIMAR won 6.11% of the vote (19 seats).

This was the first time in the late history of the parliamentary elections in Greece that the New Democracy and PASOK did not exceed 40% of the electorate vote, thus reflecting the deep crisis of the Greek party system after the crisis.

#### Local elections 2014

The crisis of the Greek party system was once more reflected in the municipal election of 2014 in Piraeus, when independent candidate Yiannis Moralis, vice president of Olympiakos soccer club as well as president of the Greek Super League (55.23%) was elected as the new mayor of Piraeus, after defeating the incumbent mayor that was supported by the governing party of New Democracy Vasilis Mihaloliakos (44.77%). Vangelis Marinakis, a well-known ship-owner and chairman of the famous Olympiakos soccer club was elected as a municipal councilor with the ticket of Yiannis Moralis.

*Figure 13: local elections 2014*



#### Elections - Conclusions

After reviewing the aforementioned results of both parliamentary and local elections, one can draw the following conclusions. :

- ✓ During 2007- 2014, the influence of ND and PASOK in Piraeus Municipality is characterized by strong fluctuations, leading both parties to share leadership from time to time.
- ✓ Throughout these years, the Municipality of Piraeus “reflects” the national trend; the winner -political party in parliamentary elections wins the local elections in the Municipality of Piraeus, too. The only exception was the May 2012 parliamentary elections, in which the winner was SYRIZA, while in the Municipality of Piraeus the winner was New Democracy .The electorate of Piraeus can be considered as a "thumbnail" of the national electorate.
- ✓ The influence of individuals (candidates) is important and can deviate from results in parliamentary elections in the Piraeus parliamentary constituency - the electoral influence of party-parliamentary. Relationship between the municipal elections in the municipality of Piraeus.

*Table 5: The influence of persons (candidates) in the electoral influence of party parliamentary elections-municipal relationship in the municipality of Piraeus, 1998-2010*

	Candidates of ND		Candidates of PASOK	
<b>1998</b>	<b>Christos Agrapidis<sup>2</sup></b>	5,8%	Christos Fwtiou	-12,1%
<b>2002</b>	<b>Christos Agrapidis<sup>2</sup></b>	5,8%	M.Mpeteniwtis	-12,1%
<b>2006</b>	Christos Agrapidis	-11,2%	<b>P. Fassoulas<sup>2</sup></b>	10,7%
<b>2010</b>	<b>Vasilis Michaloliakos<sup>2</sup></b>	- 6%	G. Michas	-6,1%

Source: “Historical trends in the electorate in the municipality of Piraeus during the period 1974-2012” by G. Mavris <sup>6</sup>

Notes:

1. The aforementioned percentages of Table 5 exhibit the estimated impact of each candidate in the electoral influence of the party that supported him. When the figure is positive, it means that the choice of the person increased the partisan influence, and when it is negative that reduced it.
2. Winner of the elections / elected Mayor

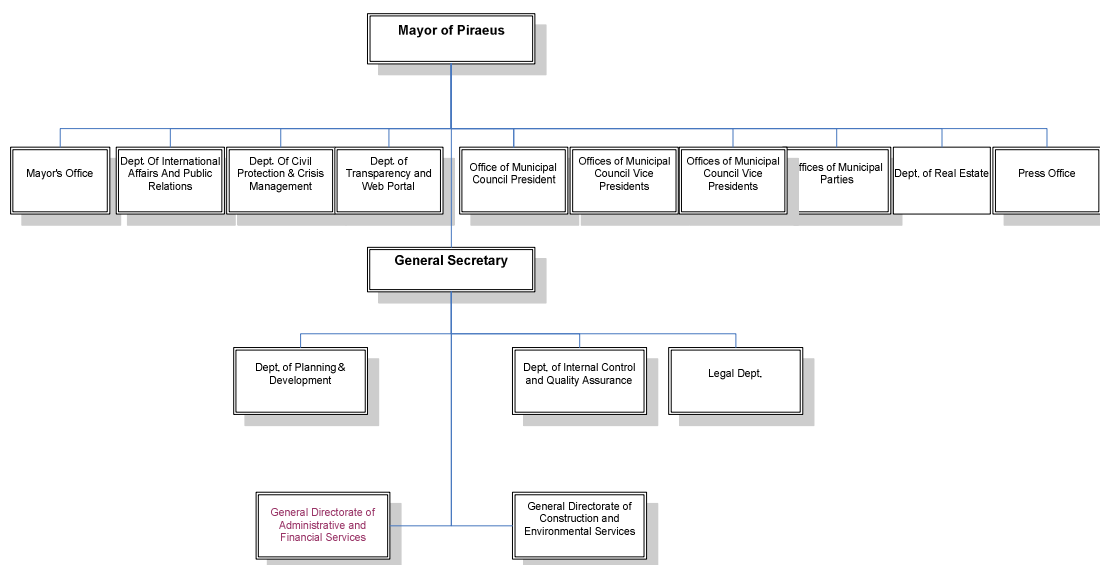
<sup>6</sup> <http://www.mavris.gr/4048/dimos-peiraia/>

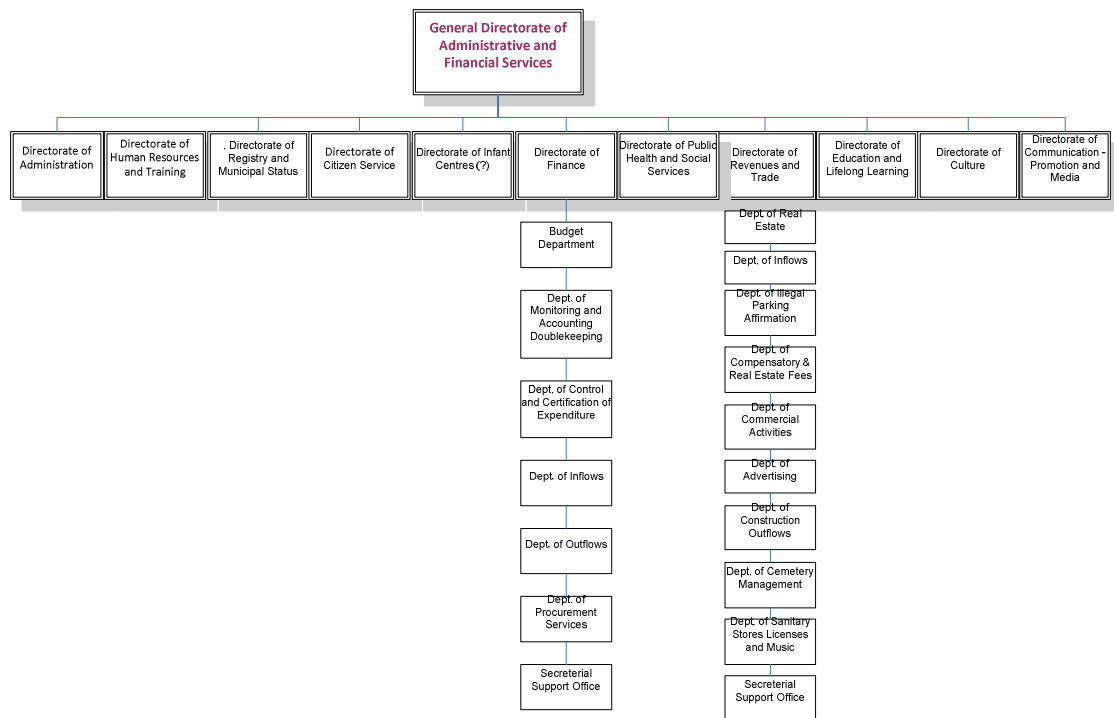
## The municipal organization

### Organizational Chart of the Municipality of Piraeus

The organizational structure of the Municipality of Piraeus is depicted right after Figure 14

*Figure 14: Organizational Chart of Piraeus Municipality*





## Piraeus Municipal Personnel

### Total number, type of contract term and educational level

The estimated total number of Piraeus municipal employees is 1.509 (see table 6 right below) and has the following characteristics concerning the type of employment and the educational level of the employees:

✓ *Type of employment contract term*

The main type of employment is on a long term basis since the great majority of employees (84%) is hired on a long term contract basis and only 239 out of 1509 employees are hired on a short term basis. (See table 6 below).

✓ *Educational level of municipal employees*

The Municipality of Piraeus employs low educational level personnel: 88 % of the staff does not hold a university degree while almost 30% of the staff has completed compulsory education, as shown below in table 6. This situation results to a poorly-skilled – compared to the emerging needs of a complex organization such as the Municipality- workforce. Up to an extent, the bad fiscal situation of Piraeus could be attributed to the above mentioned lack of university graduates working in the municipality.



*Table 6: Total Number of Piraeus Municipal Employees*

<b>TOTAL NUMBER OF MUNICIPAL EMPLOYEES IN PIRAEUS</b>					
<b>Educational Level of Personnel</b>					
<b>Employees Contract Terms: On a Long term Basis</b>					
	<i>University</i>	<i>Secondary</i>	<i>Technological</i>	<i>Compulsory</i>	<b><i>TOTAL</i></b>
<b><i>Total Long Term</i></b>	<i>171</i>	<i>700</i>	<i>104</i>	<i>295</i>	<b><i>1.270</i></b>
<b>Employees Contract Terms: On a Short term Basis</b>					
	<i>University</i>	<i>Secondary</i>	<i>Technological</i>	<i>Compulsory</i>	<b><i>TOTAL</i></b>
<b><i>Total Short Term</i></b>	<i>5</i>	<i>51</i>	<i>44</i>	<i>139</i>	<b><i>239</i></b>
<b>Employees Contract Terms: Overall</b>					
	<i>University</i>	<i>Secondary</i>	<i>Technological</i>	<i>Compulsory</i>	<b><i>TOTAL</i></b>
<b><i>TOTAL EMPLOYEES</i></b>	<i>176</i>	<i>751</i>	<i>148</i>	<i>434</i>	<b><i>1.509</i></b>

Right below are also depicted the number and the educational level of the staff of two significant, in terms of relativity with the topic of fiscal consolidation- Directorates of Piraeus Municipality : the Directorate of Finance and the Directorate of Revenues & Trade. Once again, the number of employees that holds a university degree is too low in both Directorates. In Directorate of Finance, the percentage of university graduates amounts to only 25% ( see table 7 ) while in Directorate of Trade and Revenues the corresponding number is quite disappointing, only 6 out of 55 employees have graduated from university ( see table 8)

*Table 7: Directorate of Finance – Number and Educational Level of Piraeus Municipal Personnel*

<b>Directorate of Finance</b>						
<i>N/N</i>		<i>Educational Level of Personnel</i>				
		<i>University</i>	<i>Secondary</i>	<i>Technologic al</i>	<i>Elementary</i>	<i>TOTAL</i>
<b>1</b>	Directorate of Finance	<b>1</b>			<b>2</b>	<b>3</b>
<b>2</b>	Budget Department		<b>3</b>			<b>3</b>
<b>3</b>	Dept. of Monitoring and Accounting Double keeping	<b>3</b>	<b>4</b>			<b>7</b>
<b>4</b>	Dept. of Control and Certification of Expenditure	<b>1</b>	<b>5</b>	<b>1</b>		<b>7</b>
<b>5</b>	Dept. of Inflows	<b>3</b>	<b>8</b>			<b>11</b>
<b>6</b>	Dept. of Outflows	<b>1</b>	<b>5</b>			<b>6</b>
<b>7</b>	Dept. of Procurement Services	<b>3</b>	<b>5</b>			<b>8</b>
<b>8</b>	Secretarial Support Office		<b>2</b>		<b>1</b>	<b>3</b>
	<b>DIRECTORATE OF FINANCE TOTAL PERSONNEL</b>	<b>12</b>	<b>32</b>	<b>1</b>	<b>3</b>	<b>48</b>

*Table 8: Directorate of Revenue and Trade – Number and Educational Level of Piraeus Municipal Personnel*

<b>Directorate of Revenues &amp; Trade</b>						
<i>N/N</i>	<i>Educational Level of Personnel</i>					
	<i>University</i>	<i>Secondary</i>	<i>Technological</i>	<i>Compulsory</i>	<i>TOTAL</i>	
<b>1</b>	Directorate of Revenues & Trade	<i>1</i>			<i>1</i>	
<b>2</b>	Dept. of Inflows	<i>1</i>	<i>2</i>	<i>1</i>	<i>1</i>	<b>5</b>
<b>3</b>	Dept. of Illegal Parking Affirmation		<i>9</i>	<i>1</i>		<b>10</b>
<b>4</b>	Dept. of Compensatory & Real Estate Fees	<i>2</i>	<i>3</i>			<b>5</b>
<b>5</b>	Dept. of Commercial Activities		<i>3</i>			<b>3</b>
<b>6</b>	Dept. of Advertising	<i>1</i>	<i>4</i>			<b>5</b>
<b>7</b>	Dept. of Construction Outflows	<i>1</i>	<i>2</i>	<i>1</i>	<i>1</i>	<b>5</b>
<b>8</b>	Dept. of Cemetery Management		<i>2</i>		<i>5</i>	<b>7</b>
<b>9</b>	Dept. of Sanitary Stores Licenses and Music		<i>8</i>	<i>4</i>	<i>2</i>	<b>14</b>
<b>10</b>	Secretarial Support Office					<b>0</b>
	<b>DIRECTORATE OF REVENUES AND TRADE TOTAL PERSONNEL</b>	<b>6</b>	<b>33</b>	<b>7</b>	<b>9</b>	<b>55</b>

## The fiscal problem

Patronage has been the usual practice of both biggest parties, the PASOK and New Democracy (ND), which dominated political life and have been rotating in power since the re-establishment of democracy in Greece, during the seventies. Moreover, the biggest part of the Greek economy is controlled by the State while the public sector is extremely important. (General Government employees reach 45% of employees in total) and the private sector mainly comprises small and medium size companies. It should be mentioned, however, that some of the few big Greek companies, mostly shipping companies, are settled in Piraeus.

On the other hand, the decrease of State and European funding, added up to an already growing deficit.

Piraeus is a municipality with large fiscal challenges. Fiscal consolidation is a permanent task in Piraeus where fiscal stress is not simply a result of the financial crisis but became even more pressing since then. Low fiscal autonomy and high dependence on state grants and loans are important parameters of the problematic fiscal situation, also in Piraeus.

### July 2010 – Suspension of payments

On July 2010, when the Greek government agreed to budget cuts approaching 11% of GDP, local governments faced a sharp decline in funding. These cut-offs resulting in reduced state grants for local government forced the city of Piraeus to suspend payments on \$275 million of debt: “the capital port town of Piraeus has decided to stop “all payments following a central government decision to stop funding the debt-ridden authority”. Panagiotis Fasoulas, the former (2006-2010) PASOK -friendly Mayor demanded immediate payment of three years of suspended state funding or his city would suspend payments of its own debt.

Addressing a press conference, Mr. Fasoulas, requested a meeting with government officials to find a solution that will allow the municipality to meet its obligations - to citizens, employees and creditors. The mayor did not rule out the possibility of strike action - without determining what form this would take – in order to enforce the monthly disbursement of some 1.6 million euros.

Piraeus City Hall, at that time, owed some 210 million euros in debts amassed over the past 20 years. Over three years, the government had withheld state grants from Piraeus municipal authorities. Mr. Fasoulas described the government's stance as «provocative» noting that a total of 44 million euros had been spent on paying off municipal debts during his three years as mayor, while only 12 million euros had been spent during the eight years that his predecessor, had held the post of the Piraeus mayor.

He also said that his municipality was not seeking privileged treatment but wanted to renegotiate the payment of its debts, paying larger installments at a lower interest rate.

### 2011 and onwards - “Red” category for over-debt municipalities

The Home Secretary announced the total debt of 58 municipalities of Greece. These municipalities, due to their high level of debt, would enter a re-structuring program, being subject to strict conditions and requirements. Piraeus, with a total debt exceeding its annual revenues by 150%, was classified by the Home Secretary as a municipality belonging into the so-called “red” category.

*Table 9: 2013 Distribution of Revenues (in €'000) –Municipality of Piraeus*

<b>2013 Distribution of Revenues (in €'000)</b>	
<i>0- Regularly revenue</i>	<i>106,33</i>
<i>1- Non regularly revenue</i>	<i>10,24</i>
<i>2 - Past years revenues appearing for first time</i>	<i>6,85</i>
<i>3 - Proceeds of loans &amp;receivables for past years</i>	<i>1,31</i>
<i>4 - Proceeds benefit of others &amp; refunds</i>	<i>14,9</i>
<i>5 - Cash balances</i>	<i>5,42</i>
<b>TOTAL</b>	<b>145,05</b>

*Table 10: K2 criterion of fiscal sustainability*

<b>K2 criterion<sup>7</sup> of fiscal sustainability</b>	
<i>The total amount of debt does not exceed 60% of the annual revenues</i>	
	<i>Piraeus</i>
<i>2011</i>	<i>99.4%</i>
<i>2012</i>	<i>111.7%</i>
<i>2013</i>	<i>97.2%</i>

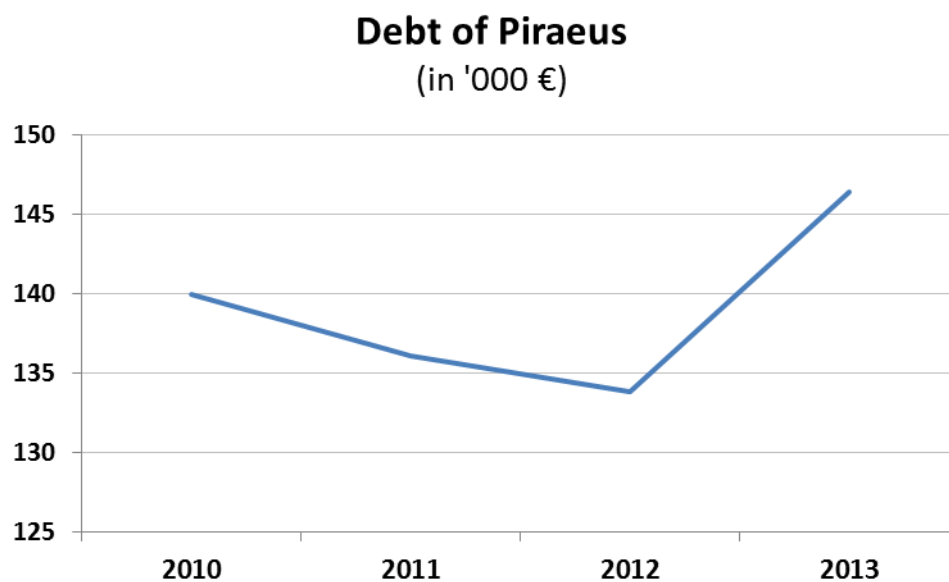
It is more than obvious that Piraeus Municipality can't achieve the declared goal of the last reform Kallikratis, according to which the municipality's total debt should not exceed 60% of its annual revenues as exhibited in the above table.

<sup>7</sup> According to Kallikratis criterion 2, the municipality's total amount of debt should not exceed 60% of the annual revenues

*Table 11: Over-debt of Piraeus over time (2010-2013) in million euros*

	Revenue	Debt	Over-Debt (%)
<b>2010</b>	111,336	140	137,42
<b>2011</b>	153	136,107	88,96
<b>2012</b>	137,277	133,8	97,46
<b>2013</b>	140	146,4	104,57
<b>% 2010-2013</b>	-	+49,1%	-

*Figure 15: Debt of Piraeus*



## Problem Perceptions and Causes

**Table 12: MAXQDA coding – results for problem perceptions and causes**

Code	sub-code 1	sub-code 2	sub-code 3	
<i>endogenous causes</i>				11
	Irrational spending			2
	Loans			12
	Local Government's dependence on state			4
	Mismanagement of finances			9
	Revenue reduction			2
	Low absorption of NSRF			4
	Municipal enterprises			3
	Hiring employees			1
<i>exogenous causes</i>				4
	Upper level government			0
		European level		1
		National/ Federal level		15
		Federal state level		0
	Socio-economic conditions			0
		Unemployment		0
		Financial crisis		3
		Economic Restructuring		0

### Perception of the problem

#### Citations from the majority

*“On one hand, the financial situation is in a bad shape exhibiting a debt of 12 million euros while the overdue payments are estimated around 15 million euros. On the other hand, unpaid employees, unpaid suppliers, lack of green spaces, blossom of the black market, the bazaar blocks roads with dozens of illegal migrants evokes total absence of social solidarity and a sense of abandoned municipal administration”*

*“(Piraeus) as a municipality, as a city in general had gone bankrupt since Greece continued to prosper with borrowed money. Now it became insolvent or bankrupt or had had bankrupted the city, is a matter open to many readings.”*



*"The financials of Piraeus is even worse than the average of Municipalities. The previous leadership of the Ministry of Interior, Mr. Ragkousis, had proposed a process of debt restructuring, a reduction of interest rate and a grace period provided that the city would join memorandum in a draft status"*

*"They "charged" the Municipality of Piraeus with an unsustainable debt of 140 million euros because we had to pay social security contributions and payroll tax."*

**(Incumbent ND- friendly Mayor)**

*"The former (2006-2010) PASOK -friendly Mayor, stressed that from August 13 the municipality has to default when it cannot fulfill its obligations, or even to pay its employees. In similar cases, all these debts would be charged to the state budget, but here in Piraeus the burgher pays instead"*

*"Regarding the municipal debt, the 115 million euro liabilities consist of previous debts and the 64 million euro liabilities are interest rate installments."*

*"The main theme of this second meeting with Mr. Pavlopoulos was the acute economic problem facing the Municipality of Piraeus. A debt exceeding 200 million euros with the repayments, "said former (2006-2010) PASOK -friendly Mayor Piraeus, after the meeting with the Minister of Interior, Public Administration and Decentralization"*

*"We accept a massive pressure from the Deposits and Loans Fund to repay the previous loan that the previous municipal authority had received."*

*"As he also explained "during the last two years , the municipality has not hired any employee through clientilistic practices, the municipality hasn't increased municipal taxes at all, because the latter had been unreasonably increased the previous years. Last but not least, the municipality has not renewed the contracts of 600 employees."*

*"The mayor of Piraeus described the economic problem as the most important problem of Piraeus which threatens directly and crucially its function " and also accused the government and namely " the Deposits and Loans Fund of retaining all Central Independent Resources entitled to the municipality which would be used to repay the loan amortization accumulated by previous administrations. "*

**(The former (2006-2010) PASOK -friendly Mayor)**

**"Fiscal situation is even worse than the average of Municipalities"**

*Both mayors, (former (2006-2010) PASOK -friendly Mayor and the former (2010-2014 ND- friendly Mayor) agree that the exhibiting debt of Piraeus is due to the irrational spending of the previous municipal governments. The fact that the personnel was unpaid was of very high importance to both of them, too.*

*The former (2010-2014 ND- friendly Mayor insists also on the importance of the NSRF projects in overcoming the problem of municipal debt. He claims that during his governance the market value of NSRF projects of Municipality of Piraeus was 100 million euros while at the previous government this of the former (2006-2010) PASOK -friendly Mayor, the relative value market of NSRF reached 12 million euros.*

### **Citations from the opposition**

*“The municipality of Piraeus has huge debts. The adjustment that freezes the liabilities of Piraeus expires in June. On the other hand, the biggest part of the Central Independent Resources is withheld today. These debts were created by the previous municipal authorities without bringing any kind of benefits to citizens and residents of Piraeus.*

***(Left / SYRIZA-friendly Councilor of the opposition A)***

*“Among the most indebted municipalities of the country lies the Municipality of Piraeus with a debt of 135 million EU. Sins of past years have brought the City on the verge of collapse. From 2016 onwards, the City would have to pay almost twice the annual installment to Deposits and Loans Fund, while the risk of permanent bankruptcy is visible.”*

***(Councilor of the opposition)***

*“Despite the pronouncements of the current Mayor of "Sustainable Development" in Piraeus, unfortunately nothing has been done in this area. Until recently, the municipal utilities workers remained unpaid for months.”*

*“He also accused the 2010-14 administration of inefficiency in the field of municipal property management, of inability to claim funds from the NSRF, of failure to collect municipal revenue and of overestimating revenues stemming from other sectors in order to balance the budget.”*

***(Newly elected Mayor-without party affiliation)***

*“The situation is critical. The municipality is bankrupt. The state funding (CFP) is 16 million. Euros, while the salaries of the personnel are 22 million Euros. The collapse is avoided due to over-taxation of the citizens in order to cover the financing gap. In addition, the municipality has a debt of 131 million Euros (mainly from social security contributions owed by the state); while at the same time 180 million Euros owed by the state to the municipality are already withheld”*

***(Left, Syriza-friendly Councilor of the opposition)***

### **Citations from the administration**

*“In our city, fiscal policies cannot be implemented the way the state defines them , at least at this time”*

***(General Secretary of the Municipality (CEO, political appointee)***

*“Piraeus is like Greece. The debt is unsustainable, namely the debt of the municipality is currently in the 140-150%, just like Greece, as the country's debt. The difference is that unlike the country, Piraeus has a debt that he does not owe. What do*

*I mean? This debt came from 82 million Euro loans that Logothetis took in order to hire people. And he took it because the Prime Minister was Mr. Simitis.”*  
(Advisor of the Mayor for fiscal and growth affairs)

*“No one can hide the problem, the debt is huge. Here, we have 131 359 034 million euro loan, everyone knows it and three or four million euro more for current liabilities, around 135 million in total”*  
(Director of financial Dep’t. of municipal administration)

### **Citations from the Civil Society Actors, Local Chambers, Journalists**

“Local authorities, try to distract and also attempt to “falsify” the facts and figures of revenues, of the finance, of the budget”

(Journalist C / Journalist – owner of local online newspaper)

“The Municipality of Piraeus, according to official figures, is the first on the list of the most indebted municipalities in the country. Its total debt to the Deposits and Loans Fund is approximately 140 million euros, while the annual interest rate payment exceeds 17 million euros. “

(Journalist, on line newspaper: enet gr)

“A municipality which has no liquidity at all, such as Piraeus , cannot work with other organizations , namely our organization the Trade Association , in various joint ventures that we want to do.”

(President of the local Trade Association)

“The Municipality of Piraeus has long term liabilities of EUR 131 240 573 and current liabilities of EUR 26,313,926.”

(Journalist, on line newspaper: enet)

*“The Municipality of Piraeus is practically bankrupt well before the country s bankrupt. The debt problem is very acute, not only in recent years, but since the 90s and it is necessary to actually implement a policy that will address this problem drastically.”*

(Journalist B / Journalist in local newspaper “En Piraeus)

### **Remarks**

*All actors from all categories, and even the majority with the opposition, ( two mayors, the General Secretary of the Municipality, the Director of financial Dpt. of municipal administration, the Advisor of the Mayor for fiscal and growth matters , Councilors of the opposition, the President of the local Chamber of Commerce, the President of the local Chamber of Crafts, the President of the local Trade Association and the three Journalists ) agree on the description – definition of the problem. Municipality of Piraeus is on the verge of default while its fiscal situation is even worse than the average of Municipalities. Its huge debt, around 140 million of euros has initiated due to the previous governments and especially the government of Stelios*

*Logothetis (2002 -2006) and Christos Agrapidis (1991-1998) .The fact that the biggest part of the Central Autonomous Resources was withheld, fuelled even more the problem. **The fact that all the actors share the same thoughts is indicative of how prominent and undeniable the problem of municipal debt is in Piraeus.***

## Causes

### Citations from the majority

*“The city was in crisis. The municipality could not collect revenues from OLP (the harbor entity) or from Marina Zeas, from healthy sources from which the municipality could be entitled to have revenue. The problem still exists. As a result the municipality mortgaged the CFP -the Central Independent Resources- it did not pay the personnel for over 8 months, it had a bad reputation.”*

*“Piraeus (despite the bankruptcy) was characterized by waste, fatalism and defeatism”*

*“As you know, the former mayor Stelios Logothetis did not pay on time insurance liabilities and payroll tax... He forced Piraeus to take a loan from the state, that Municipality had no chance to pay back while he "facilitated" the municipality of Piraeus, to serve the debt with new loans with high interest rates”*

*“At the same time he continued spending and spending. But the worst of all is that he did not grab the opportunity of the Olympic Games, where the Piraeus was supposedly co-organizer of the city. In the three previous 4 years before me, the market value of NSRF projects totaled to only 12,000,000. At 3.5 years of my municipal government the market value of NSRF projects was 100 million”*  
**(Incumbent Mayor)**

*“According to the former (2006-2010) PASOK -friendly Mayor, the main cause for the financial dead end is the decision of the Deposits and Loans Fund to withhold 2.2 mil. Euros from the Central Independent Resources because of previous debts of the previous municipal authority.”*

*The former Pasok -friendly mayor also stressed that during this governance the municipality has received no loans”*

**( Former (2006-2010) PASOK -friendly Mayor)**

### Citations from the opposition:

*“For sloppiness, for lack of organization and lack of basic programming accused the administration of the Municipality of Piraeus, the major opposition leader Yiannis Michas at the last meeting of the City Council”*

*“This shows poor and inadequate planning on the behalf of the municipal administration. There must be clear and convincing justification where the money is consumed. The management of public money cannot be made under these conditions of sloppiness.”*

*"Substantive legal deficits"... "the procedure was unlawful and due to the fact that administration of the municipality" bypassed "the economic committee, which should be consulted on the need for the loan after the assessment of the tenders"*

*"Giannis Michas, the Head of the opposition, during yesterday's debate in the City Council, blamed the current municipal authority for the financial "bleeding" of Piraeus. As he noted, while the municipality barely covers the salaries of employees and hardly makes the payments to the third parties, at the same time its administration idly watches the loss of revenue which amounts to several million euros. Moreover, G, Michas accused the municipal authority for a dramatic delay in the preparation of a comprehensive planning for the huge municipal real estate, while the municipality pays exorbitant amounts of money for overtime payments, money that in his view, is doubtful if it correspond to reality".*

***(PASOK - friendly Councilor of opposition)***

*"Inefficiency of the management of the municipal property, failure to collect the realized revenues, inability to receive the NSRF installments, in order to balance the budget "*

*"The main reason this happens is because there is no organized mechanism for monitoring the revenues of the municipality, which results to great loss, but also to probably illegal arrangements - cancellations of revenue collection."*

***(Left / SYRIZA-friendly Councilor of the opposition A)***

### **Citations from the administration:**

*"The Local Government benefits that were reduced from the state budget, the memorandum choices and implementation of the "Kallikratis" have led to deadlock municipalities across the country, unable to meet their obligations, and of course have direct impacts to social benefits"*

*"Primarily derived from the elected who don't care – without being solely their fault - but the main responsibility have those who did not care to organize services right in order to collect money, but instead they organized them in order to go easy on lending "*

***(Director of financial Dpt. of municipal administration)***

*"Clearly, wrong political choices and lack of financial management. The administration of Mr. Agrapidis, the former (2006-2010) PASOK -friendly Mayor, did no financial management. They (people of the former administration of Mr. Agrapidis) did accounting management, not financial."*

***(Advisor of the Mayor for fiscal and growth affairs)***

*".. So the state has forced some local authority (Piraeus) to borrow money from the state bank, because it has to pay insurance contributions -probably surplus staff - but this is just an assumption..."*

*"...Piraeus has an unsustainable debt, all municipalities have. This debt is not a new one. Logothetis took a loan of 80 million euro in order to pay the insurance funds."*



*The central government told him that if you owe to pension funds you have to borrow to pay off because municipality could not pay the funds. And while there are many private employers that owe money to pension funds why should the mayor Logothetis pay? They would spoil his conduct?"*

*".. Since they (the state) decreased the Central Independent Resources what can the Municipality do for that?"*

*"It is a matter of central economic management. Because municipalities are too narrow public sector. So think that one says that a Ministry owes to the State -is the same thing. We could say that State owes to the Ministry of Health because the latter offers health in the citizens of the first. On the other hand, the Ministry of Health was borrowing money from the state in order to treat, or the Minister of Education treated respectively. This is a meaningless vicious circle. Or the army borrowed money from the state in order to provide defense-but the national defense was not profitable.. "*  
**(General Secretary of the Municipality (CEO, political appointee)**

### **Citations from the Civil Society Actors, Local Chambers, Journalists**

*"Bad fiscal management of each municipality which was not working in the best interest of the city. The prevailing perception of all local government organization that the problem they create , it is not actually their problem because another administration will have to resolve the issue they caused previously"*

**(Journalist C / Journalist – owner of local online newspaper)**

*"The bad or at least mediocre fiscal management of the previous municipal authorities. The local authorities were taking too many loans but they failed to deliver the expected and so constantly accumulating debt. "*

**(President of the local Trade Association)**

*"All this may not sound like anything else but just not clutter management, to put it mildly."*

**(Journalist A / Chief Editor of the City radio station)**

*"There were bad patterns of attitude towards special issues."*

**(President of the local Chamber of Commerce)**

*"These figures reflect a really acute problem which unfortunately no municipality has faced since then with the seriousness and responsibility that was required. So the problem was not dealt thus exacerbated. Debts increase through mathematical progress, because new loans were taken to meet current obligations and today the City has reached a dead end."*

*"The reasons do not differ in anything, in my opinion, from the reasons which led the country at such a critical point. There has been a bad management that no one will do in his own home. I would like to say one example that shows how local authorities handled the matter: in 1999 the municipal authority of Agrapidis blamed the previous municipal authority of Logothetis. In 2008, at a press conference, then former (2006-2010) PASOK -friendly Mayor, blamed his predecessor (in Agrapidis) for the increasing debt. In May 2008, former (2006-2010) PASOK -friendly Mayor said that the loans taken during the governance of Agrapidis amounted to 150 million*

euros, while liabilities exceed 210 m. Euros. So we have a perpetual transfer of responsibility.”

*(Journalist in local newspaper “En Piraeus”)*

### Remarks/Explanations:

*In this category (of the causes), all the actors agree again on the whole and on specific issues. On one hand, previous loans accumulated by the municipal authorities and on the other hand new loans taken to meet current obligation combined with bad fiscal management, failure to collect realized revenues and lack of a solid mechanism for monitoring the revenues of the municipality consist the main causes according to the actors for the bad fiscal situation in Piraeus municipality.*

## Scope and means of Actions: Evaluation, Performance, Impact

*Table 13: MAXQDA coding – results for scope and means of Actions: Evaluation, Performance, and Impact*

Parent code	Code	All coded segments	All coded segments %	Documents
Means	use of NSRF	9	2,14	7
	increase independent central resources	2	0,48	2
	emergency financial assistance	0	0,00	0
	debt cancellation - debt haircut	4	0,95	4
	reduction of municipal taxes	1	0,24	1
	debt settlement	20	4,75	15
	grants - emergency grants	2	0,48	2
	Loans	14	3,33	14
	management reforms	7	1,66	7



	revenues increase	5	1,19	3
	Cutbacks	7	1,66	5
	revenues from OLP	2	0,48	1
	fighting corruption	1	0,24	1

### Citations from the majority

*“In any case, we will claim more advantageous terms this time and we will fight for the future of our city”*

*“It is a huge relief for the municipality and frees us from daily stress, whether we will be able to pay municipal employees or not.”*

*“I don t claim that we have achieved the maximum. We achieved a substantial improvement of the terms concerning the debt of 140 million euros.”*

*“First of all, the municipality, stopped the misuse of resources, almost eliminated the corruption and I say almost not totally in case we missed something. Nothing can be done, unless there is a mayor and his team and they work very hard. All of them should be present in everything, from waste collection to decision making process.”*

*“The mayor of Piraeus proposed, among other things; increase of the central resources of the municipality in order to guarantee the salaries of employees, the renegotiation of the debt, the agreement for a period of grace of at least four years, the prolongation of the repayment period, the interest rate reduction and the extraordinary financial support of the municipality. He also raised the issue of increasing the central resources of the municipality, in order the staff salaries (1,534 permanent employees with permanent contracts) to be guaranteed.”*

*“At a time when the funding of the City is decreased by 60% and the revenue of the Municipality fall by 70%, we have managed and repaid 40 million doses of older loans. At the same time, the effectiveness of municipal services has reached a peak, had reached almost absolute. No need to remind e.g. that in the Municipality of Piraeus there was no child without nursery, that there are no homeless, that nobody is hungry, everybody receives medical treatment, every child is taking free reinforcing social teaching and free tutorial, every child is vaccinated. All the above mentioned constitute a high quality provision of social services. And apart from that, our Municipal Theatre shines by hosting plays and projects of high artistic quality, proving that Piraeus has regained its cultural identity. Simultaneously at the municipality are running projects with a total budget of 100 million. euros when during the last 12 years were executed projects of 10 million Euros.”*

*“We achieved a substantial improvement of the terms of the 140 million euro debt. We will fight for even lower interest rates”*

**(Incumbent Mayor)**

*“The solution found stabilizes the financial situation of the municipality till the end of the year. Beyond that, we expect that there will be new negotiations due to the implementation of Kallikratis “*

*"We managed to keep the municipality alive until now, but the truth is that with zero income from the central authority, it is impossible to operate a municipality of two thousand men."*

*“We cannot avoid default, when we get a document from the Deposits and Loans Fund, which informs us that the funding of our municipality this month is zero euros, because the whole funding is retained on our borrowings. I fear that we will be forced to default, if the government does not directly provide us with a solution to this very serious problem.”*

*“However, the mayor of Piraeus despite characterizing "gloomy" the economic situation of the municipality, gave a 'touch' of optimism for the future, stating that "during April, thanks to the rationalization program of costs and expenditures, the municipality had more revenue than liabilities»*

**(Former (2006-2010) PASOK -friendly Mayor)**

## **Citations from the opposition**

*“The administration of the municipality has failed to implement the basic democratic and decentralizing innovations of “Kallikratis”, a failure that has a negative impact on budgeting, too ”*

*“The local communities are absent from budgeting, the municipal consultation committee has a decorative role, the position of the Supporter of the citizen remains empty”*

*” where is the money of the citizens?”*

*” There is no excuse for the non-completion of the inventory of assets of the municipality and for the liabilities from and to third parties”*

*“There is a dramatic delay in the preparation of a comprehensive plan for the huge city real estate, while they are paying exorbitant and unrealistic amounts for overtime payments”*

*“I think that there was not any serious, systematic program. There has been an adjustment of debt, mainly through debt restructure and due to the memorandum that is imposed on Greece. There is also cutbacks of the social spending, shrinking of the*

*social services and of the welfare state. It is not about fiscal consolidation but it is pure cutbacks on spending. “*

*“There is no provision for enforcement of projects financed by NSRF 2007-2013”.*

*“Do not forget that in addition to the co-funded European projects, the implementation of "Kallikratis" allows us to restructure the debt of the municipality and to contribute to the funding of new resources that until now were heading to funding of central state”*

***(PASOK –friendly councilor of opposition)***

*“It reduced the ability of services to respond to the activities and the roles they undertake. The services are so understaffed, a fact that reflects their low productivity - even lower now in relation to the previous years due to the Memorandum. So people can not even have the quality of services, this problematic quality that had the previous time. The other fact is that every social measure is underfunded –either it is kindergartens, either home help or homeless center, or any other social service – competence of the municipality”*

***(Left / SYRIZA-friendly Councilor of the opposition A )***

*The most discussed means were the cut on spending and the reduction of labor cost (overtime, labor etc.)*

***(Incumbent Councilor of the majority)***

### **Citations from the administration**

*“All we can do is efficient fiscal management through our own limited resources and means. Employees cannot work more. At this time, political discussion is crucial.”*

*“The implemented measures were not inappropriate, they were insufficient”*

***(Director of financial Dpt. of municipal administration)***

*“Offsetting part of state debt to the municipality with municipality’s overdue payments to the state was a positive measure. But this kind of offsetting was a settlement, since it included overdue payments that the municipality could not pay off and they were actually paid off from the unrealized revenues of the previous years. The state started to realize that owed to the municipality 20.000.000 euros –over the last decade.”*

*“We reduced the debt of Piraeus by 10 million euros through our own efforts, but this was not enough. The possible solutions would be either to increase the Central Independent Resources for the distressed municipalities or to perform a debt haircut.”*

***(General Secretary of the Municipality (CEO, political appointee)***

*“Yes, there were positive, at least of that administration. And this can be seen in absolute numbers. It is the first government after 14 years that did not get a single*

*loan. the Michaloliakos municipality authority is the first administration that has not get a single loan since 1994”*

*“This unfortunately exceeds the limits of the municipality and the mayor. This means that all the actions needed fall under the jurisdiction of the central government, of the Ministry of Finance and of the Prime Minister regarding the debt restructuring and the performance of OLP. But we want a financial management, the same as the state does by asking its creditors , in order to have a sustainable municipal debt”*

*“I will tell you clearly. The municipalities before the implementation of all these measures was a real mess, everyone did what he wanted regarding the financial management. The truth is that no matter how much this may bothered the elected politicians ,me personally not at all, for me it was a necessary evil. Not to say necessary good.”*

*“We implemented for the first time cost base analysis for major expenditure categories, such as consumables and everything else, we made a huge change in the way people think especially for the cleaning sector, i.e. we did leasing throughout the whole fleet, 21 new garbage trucks, only by leasing, and the parts of the garbage trucks by leasing. Because the parts of the garbage trucks is the most corrupted field”*

*“When you decrease so much the revenues, you cannot say that it was not affected. But we tried in other ways, ie by activating volunteering, making bank time doing other things, in order to cover the piece of social policy it from there”*

*“The philosophy of Kalikratis regarding the piece of consultations for both the technical program and the budget has failed to act and should be repealed.”*

*(Advisor of the Mayor for fiscal and growth affairs)*

## **Citations from the Civil Society Actors, Local Chambers, Journalists**

*“Only small steps were made towards the utilization of the resources, because there is no culture in Piraeus for these matters. Utilization of resources is a very crucial issue and the municipal authority did not exploit all the available resources. The municipal authority did not work in this direction as it should.*

*(Journalist C / Journalist – owner of local online newspaper)*

*“I don’t know, I don’t know what the municipality did .... I am not aware of the financial matters of the city”*

*“The municipality implemented nothing. Usually a tool used by municipalities to raise money is to collect and increase municipal tax. None of them was implemented in Piraeus.”*

*(Journalist A / Chief Editor of the City radio station)*

*“This is something that as President of the Commercial Association of Piraeus I cannot give you an answer, it is beyond my responsibilities.”*

***(President of the local Trade Association)***

*“The ongoing accumulation of problems cannot be sufficiently addressed by any works carried out and by the measures that are already taken.”*

*“Piraeus is in need of infrastructure and regeneration projects. Especially the waterfront, the redevelopment of which may be a source of wealth, because, do not forget Piraeus means sea and sea means developing”*

***(President of the local Chamber of Commerce)***

*“In Piraeus, as I said before, the problem is old. There were no effective measures at all. The only thing was, if it can be seen as a measure was that they got loans to cover payroll or to pay off previous loans.”*

*“Unfortunately, no solution has been followed.*

*These figures reflect a really acute problem which unfortunately no municipality has faced since then with the seriousness and responsibility that was required. So the problem was not dealt thus exacerbated. Debts increase through mathematical progress, because new loans were taken to meet current obligations and today the City has reached a dead end.”*

*“Kallicrates had a positive impact in terms of economics, but I think it came too late in the legislation. It might help if it had come on time.*

*But for me the most important that Kallicrates did not only in Piraeus but in other municipalities, was it he limited the number of municipal enterprises”*

*“In Piraeus, as I said before, the problem is old. There were no effective measures at all. The only thing was, if it can be seen as a measure was that they got loans to cover payroll or to pay off previous loans”*

***(Journalist B / Journalist in local newspaper “En Piraeus)***

*“We did not see any major investment in Piraeus, apart from the transport changes apart from tram, procedure that has already begun”*

***(Journalist, national newspaper)***

*“We are talking about reducing the municipal taxes, since there is no increase in fees. Not even at the rate of inflation. ”*

***(Journalist, on line: [aftodioikisi.gr](http://aftodioikisi.gr))***

*“An additional financial burden must face the already strained Municipality of Piraeus, which according to the European Court must return EU funds for projects in the area of Municipality of Perama (who merged with Piraeus because of the Kallikratis reform) related to tree planting from 1997 onwards.”*

(*Journalist, naftemporiki.gr*)

### Remarks/Explanations:

#### Citations from majority : “A Success, given the circumstances”

*According to the majority, the measures that have already been taken had a positive effect on the bad fiscal situation of Piraeus. In general, the majority believes that they have achieved a substantial improvement of the terms concerning the debt and the fiscal environment is stabilized. They claim that they stopped the misuse of resources, almost eliminated the corruption in the municipality and succeeded advantageous terms for the municipality. Even though the above mentioned situation is far away from being ideal in terms of fiscal consolidation, the majority remains optimistic and assesses it positively. They are aware that they did not achieve the maximum but achieved the possible. They are future –oriented and their main concern is the good of the municipality.*

#### Citations from the opposition: “Failure / Lack of systematic programming”

*According to the opposition, as it is expected, both implemented measures and results are a failure. The whole opposition agrees that the municipal authority failed to implement in practice the basic democratic and decentralized innovations of «Kallikratis’, failure that has a negative impact on balanced budgets. They also blame the majority for dramatic delay in the preparation of a comprehensive plan for the huge city real estate, for unbalanced budgets, for shrinking of the social services and of the welfare state. They also accuse the majority for misuse of the resources, for lack of programming and for inability to consolidate the exhibiting debt of 140 million euros.*

#### Citations from the administration:” we tried but it wasn’t enough ..”

*The actors coming from the administration of Piraeus, namely the Secretary General (political appointee) and the Director of financial Dpt. of municipal administration both agree that there have been efforts in order fiscal consolidation to be achieved in the Municipality of Piraeus but the results were insufficient. According to the administration and to the Director of financial Dpt. of municipal administration , the Municipality tried to perform efficient fiscal management through its own limited resources and means but this wasn’t enough. All actors of administration admit the prevailing low fiscal autonomy of municipality and its consequent strong dependence on State grants and on Central Independent , factors that could be addressed as the the “culprits” for the chaotic situation in the municipality. In fact, however hard the municipal authority tries to escape from this messy fiscal situation of the debt, if there is not any help from the State through overdue payment installments and through*



*Central Independent Resources , there will be no real progress and the bad fiscal situation of Piraeus will remain the same. At this point, there is a reference not only to the limited resources of municipality of Piraeus but also to the lack of adequate political discussion and initiatives. The latter ones play a crucial role to the process of fiscal consolidation. Good management, in terms of fiscal matters of Piraeus , is not only facts and figures and balanced budgets ; Good management presupposes political choices and initiatives that aim only to the good of the municipality. Elected municipal politicians have to work to this direction.*

### **Citations from the Civil Society Actors, Local Chambers, Journalists :“Failure / Ignorance on the part of the Chambers“**

The Civil Society Actors, Chamber of Commerce, Journalists agree with the opposition on the fact that the already implemented measures are not sufficient. According to them, only small steps were taken “*towards the utilization of the resources” and “the Piraeus is in need of infrastructure and regeneration projects”*. The civil society actors stress that there has been no progress in the fiscal consolidation issue, due to the ongoing accumulation of problems.

A very interesting finding is that two of the three Presidents of the local Chamber plead ignorance on the specific topics. Although all of them are aware of the fiscal situation and the significant debt of Piraeus, they aren’t actually informed of the already implemented actions. The above mentioned situation can be attributed to the following factors:

- The fact that there is no sincere dialogue and cooperation between the municipality and the Chambers, as it should be. This is because either the President of local Chamber of Crafts, states the authorities of the local chambers are too absorbed and consumed with their own problems ( “*We- as a Chamber- are not so occupied with that because we had other problems on our own to face”* ) or due to the fact that there is no will for real communication between the two institutions. The President of the local Trade Association , said : “*To be honest, although we very often communicate with the municipality, we never had a clear picture of the debt of Piraeus* “
- *The fact that the Presidents of Chambers pretend ignorance of the procedure in order not to disturb their political affiliations with the municipal authority.*

## **Public Discussion/Debate**

*Table 14: MAXQDA coding – results for public discussion and debate*

Code	Docs	All coded segments	All coded segments %	Actor group	Position	opposition/ majority	Party
Former Deputy Mayor	1	1	0,24	Local politicians	Former Deputy Mayor/ present municipal councilor	Opposition	"Mas enwnei o Pireas"  (ND – friendly)
Municipal Councilor of the opposition	1	1	0,24	Local politicians	Municipal Councilor	Opposition	Anexartiti dimotiki kinisi "Peiraias oloi mazi "
Candidate mayor	1	1	0,24	Local politicians	Candidate mayor	Opposition	"Antarsya sto limani"  (Left Anti-capitalist Piraeus Movement)
former municipal councilor of the opposition	1	1	0,24	Local politicians	Former member of Parliament of A Piraeus / former municipal councilor	Opposition	ND
Symmaxia gia ton Pirea	1	1	0,24				
KKE friendly – Candidate Mayor	1	1	0,24				
corporation of municipal officials	1	1	0,24				
Incumbent municipal councilor	1	1	0,24	Local and national politician	Incumbent municipal councilor / present member of parliament of A Piraeus and government		" To limanitis agonias"  ( SYRIZA )
	0	0	0,00				
former mayor	14	14	3,33	Local politicians	Former prefect of Piraeus /	opposition	PASOK



candidate					former mayor candidate		
Former minister of Interior	4	4	0,95	National politicians			
Incumbent Mayor	31	32	7,60	Local politicians	Mayor	majority	
Former Mayor	19	19	4,51	Local politicians	Former mayor		
Journalist	70	70	16,63				
Journalist	19	35	11,40	journalist			
journalist	1	2	0,65	journalist			
Councilor of the opposition	1	1	0,33	local politicians	Councilor	opposition	
Councilor of the opposition	1	1	0,33	local politicians	Councilor	opposition	Laiki Syspeirosi
Councilor of the opposition	1	1	0,33	local politicians	Councilor	opposition	
Leader of major minority	2	2	0,65	local politicians	Leader of major minority	opposition	
Former Mayor	9	15	4,89	local politicians	Former Mayor	majority	
Deputy-Mayor	10	14	4,56	local politicians	Deputy-Mayor	Majority	
Deputy-Mayor	4	4	1,30	local politicians	Deputy-Mayor	Majority	

### Citations from the majority

*“Yes, yes the society knows...”*

*“Yes it is a topic of discussion “  
Incumbent Mayor)*

### Citations from the opposition

*“There is no sincere dialogue in the discussions between the council and the committees. When discussing a plan or a proposal in the council no democratic functioning applies since, neither negative nor positive criticism, is taken into consideration”*

*(Left / SYRIZA-friendly Councilor of the opposition A)*

### **Citations from the administration:**

*“The public debate on the debt is assessed positively”*

*(Director of financial Dpt. of municipal administration)*

*“On one hand, everybody knows that Piraeus faces financial problems, but only a few know “what, how, why”. Even though all citizens are familiar with the problematic situation of the municipality, no common conclusions can be reached since there is no uniform information around the problem. . Anyone can express his own thoughts but his thoughts could be contradictory, conflicting and out of place. But all the Greeks are aware of the problem.”*

*“The whole society is aware of the problem but it is not necessary to analyze it in great depth”*

*(General Secretary of the Municipality (CEO, political appointee)*

*“The 2010 agenda consisted of the insufficient cleaning and the debt of the Municipality. Where are these hot topics now? Our political opponents say irrelevant things and our main rival that comes from the business world claims on the one hand that cleaning is obviously needed and on the contrary he makes no reference to the debt”*

*(Advisor of the Mayor for fiscal and growth affairs)*

### **Citations from the Civil Society Actors, Local Chambers, Journalists**

*“The problem of municipal debt is not in a dominant position of the public agenda”*

*(Journalist C / Journalist – owner of local online newspaper)*

*“To be honest, although we communicate frequently with the municipality, we never had a clear picture of the debt of Piraeus “*

*“The public debate is not targeted as it should be .For example , they ( municipal authority )says to us : “what do you want to get guys from the municipality, the municipality is indebted.”*

*(President of the local Trade Association)*

*“No, I don’t think that the problem of the debt was ever discussed in public debate. The problem of Piraeus was created years ago , it is not a new one.”*

*“It was discussed only within the municipality.”*

*“We- as a Chamber- are not so occupied with that because we had other problems on our own to face.”*

*(President of the local Chamber of Crafts)*

*“Very important and prevents social conflicts”*

*(President of the local Chamber of Commerce)*

*“Because we are a company that belongs to the municipality and our employer is the Mayor, we should be always very careful in how we handle these issues and how we present them. It does not mean that we suppress these matters, we present them all, but within a very precise context, in such a way that the city council will not stand against us”*

*(Journalist A / Chief Editor of the City radio station)*

*“..They all know it.*

*“..Instead the immediate problem has to do with the financial problem of the municipality, was not discussed...“.*

*(Journalist B / Journalist in local newspaper “En Piraeus)*

## **Remarks/Explanations:**

### **Citations from the majority: The problem is discussed**

*According to the incumbent Mayor, the problem of the fiscal consolidation of Piraeus is on the public agenda*

### **Citations from the opposition: not real but veiled dialogue in the public debate**

*According to Left / SYRIZA-friendly Councilor of the opposition although there is dialogue and public discuss around the fiscal consolidation of the municipality, the whole discussion is veiled.*

### **Citations from the administration: Everybody knows the problem, but does not know “what, how, why”**

*According to General Secretary of the Municipality (CEO, political appointee) , everybody knows about the existing problem of debt , but not everybody knows the reasons behind the problem. This is attributed to the fact that everybody should not be aware of the fiscal problems of the Municipality. Debt is a problem of the municipality not a problem of its citizens,seems to claim the General Secretary of the Municipality (CEO, political appointee) by stating the following :” The whole society is aware of the problem but it is not necessary to analyze in great depth.”*

*While the Director of financial Dpt. of municipal administration seems to be relatively satisfied with the quality of public debate ( “The public debate on the debt is assessed positively” ).*

### **Citations from the Civil Society Actors, Chamber of Commerce, Journalists: Public Debate about Fiscal Consolidation is a very sensitive issue**

*There seem to be more than one interpretations among the Civil Society Actors, the local Chambers and the Journalists for the public debate in Piraeus but there seems to be an unanimity that the problem of the municipal debt is not dominant and targeted in the public debate during the last years. The reasons vary from actor to actor.*

*The President of the local Trade Association, claims that the public debate is not targeted as it should be, because municipal authority avoids on purpose to build real and fruitful dialogue with the local trade union.*

*On the other hand ,the President of the local Chamber of Crafts, believes that the Chamber itself is not so occupied with the fiscal consolidation of Piraeus , so it is their own " fault" ,that there is lack of public discussion.*

*Very interesting is the interpretation Journalist A , the chief editor of the municipal radio station. The municipal radio station, due to its strong dependence on the municipal authority (the radio station is a municipal enterprises), should be very careful in how it handles issues concerning the fiscal consolidation, and how it present them in the public. Journalist A / Chief editor of the City radio station alleged that they don't suppress these matters, they present them all, within a very precise context , in such a way that the city council will not stand against them.*

### **Political system: Legitimacy and Transparency, political culture, Policy style, knowledge, leadership**

*There is as completely top down procedure. Mayor governs the municipality. The prevailing policy style is command and control. Fiscal policies are discussed in the meetings of the municipal council but the decisions most of the times are not taken there. Although, everyone takes part in the debate and everyone makes proposals it is very doubtful whether these proposals will be heard. In some case the procedure is transparent, in other cases it is not. The majority is the one that decides, and from time to time through not so transparent procedures, while the opposition has less chance to intervene to the procedure of the decision-making. This tradition has not changed until now. The general rule is:» Effective solutions to management". Speed plays a role when the subject is one that requires immediate adjustment. But planning cannot be a matter of speed, it is an issue of effectiveness and effectiveness requires exhaustion of all margins of consensus, of participation, of consultation . It would be very prosperous for the municipal authority if she could gain from this process, and it loses because it doesn't choose it. In few cases, there are some councilors , who the mayor listens and relies on. Their opinion counts only because the mayor need them*

*and not because the mayor respects the procedure of decision making .On the other hand ,the councilors take advantage of the above-mentioned situation in order enhance their political power. In general, councilors vote according to their party affiliation while the civil society actors , the local Chambers and the journalists have limited influence in municipal decisions.*

## **Legitimacy and transparency**

### **Input legitimacy**

*The degree of input legitimacy is directly linked to the following 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 Piraeus Municipality, input legitimacy is very low. Most of the policies are discussed in the meetings of the municipal council but the decisions most of the times are not taken there. Although, everyone takes part in the debate and everyone makes proposals it is very doubtful whether these proposals will be taken into consideration. In some case the procedure is transparent, in other cases it is not. The majority is the one that decides, and from time to time through not so transparent procedures , while the opposition has less chances to intervene to the procedure of the decision-making.*

### **Throughput legitimacy**

Throughput legitimacy consists - on one hand- of the transparency, the fairness and the accountability of local decisions concerning the means of fiscal consolidations such as the justification of the local choices in the representative and the deliberative bodies. On the other hand, throughput has to do with 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 Piraeus municipality, transparency and accountability are low. In some cases, the procedure is transparent, in other cases it is not (always in the name of efficiency). The majority is the one that decides, and from time to time through not so transparent procedures, while the opposition and actors from the Civil Society have less chances to intervene to the procedure of the decision-making.*

### **Output legitimacy**

*Output legitimacy reflects how effective have the imposed consolidation goals been, all the necessary taken steps for economic growth, social policy measures and the broader framework of the Kallikratis reform (e.g. amalgamations). Piraeus is probably the municipality with the largest fiscal challenges not only among the six Greek cases but also among the most indebted municipalities of the country, with a debt of 140 million euros and a total debt that exceeds its annual revenues by 150%. We have to consider that fiscal consolidation is a permanent task in Piraeus where*

*fiscal stress is not simply a result of the financial crisis but became even more pressing since then.*

### **Citations from the majority**

*“The municipality did it, the mayor did it, our friends did it ,friends literally speaking . We forced the technical services of the municipality, to learn for the first time that they have to do studies, they have to work. We recruited friends on a voluntary basis in order to succeed our plan. And of course we rushed for help from the Prime Minister to the “last” Minister. We made the society believe that there is life in Piraeus again.”*

**(Incumbent Mayor)**

### **Citations from the opposition**

*“It is alleged that mayors are the municipal “lords” and that the municipal authority is governing the municipality, but this is not put in practice.”*

*“The local government is not self- governed, as it should be. Neither, in terms of institution nor in practice. Now, the administration is in most cases entirely dependent from the verdicts of the Memorandum. There is no basis on which it is going to be judged which mayor is good and who is not.”*

*“In fact, rules are rules, yes, rules of efficiency –in the name of efficiency, they choose the less transparent procedure. Not the fastest procedure but the less transparent one. And that's why I said that the reality does not fit in your question.”*

**(Left / SYRIZA-friendly Councilor of the opposition A)**

### **Citations from the administration**

*“Everyone takes part in the decision making. The thing is that central decisions implemented by the municipality, are taken by the mayor and the city council. We also make our proposals but it is not sure if they are going to be heard.”*

**(Director of financial Dpt. of municipal administration)**

*“Basically, the elected majority of the municipality and of the state governs the municipality and the state respectively, the mayor is one of the them (of the governors), -the mayor is controlled by others, who in some cases agree with the mayor ..”*

**(General Secretary of the Municipality:(CEO, political appointee)**

*“There are some meetings ... First we have bottom-up process, starting from the officers of the municipality that make suggestions and then these suggestions go to another upper level, before reaching the mayor and city council”*

*“the problem is the ignorance of the majority of the councilors.. It is not sure if the councilors know anything on matters of fiscal adjustment or something else. Another problem is that they don't have the ability, as the central government does to have scientific collaborators or anything else to support their projects”*

**(Advisor of the Mayor for fiscal and growth affairs)**

## Citations from the Civil Society Actors, Local Chambers, Journalists

*“Any actions and initiatives of the Municipal Authority should take into serious account the opinions and the consent of the bodies constituting the economic and social life of the city”*

**(President of the local Chamber of Commerce)**

*“In some case the procedure is transparent, in other cases is not. The majority is the one that decides, and from time to time through not so transparent procedures, while the opposition has less chances to intervene to the procedure of the decision-making. This tradition has not changed until now.”*

*“When a city council takes a decision on an issue that concerns the citizens, it never asks the people or the entities that are affected by that decision, their opinion for that matter.”*

**(Journalist C / Journalist – owner of local online newspaper)**

*“There are councilors, who unfortunately do not work always for the good of the municipality. There are many councilors that always agree with the mayor. And there are councilors of the opposition that even if a proposal made by the mayor is positive they simply disagree, without submitting a good alternative.”*

**(President of the local Trade Association)**

*“I think so, I do not think it is different because they have not shown signs. There is the city council, there are deputies.. ( this is answer to the question if the procedure is transparent)”*

**(President of the local Chamber of Crafts** *“Not in real life. I think that the important decisions are taken elsewhere. For example, each municipality has its budget, a budget of several million -which has to do with technical projects with infrastructure projects, green etc.. Okay, they usually present some facts and figures in the council. But in reality, only a few people what is behind these budget and these facts and figures.”*

**(Journalist A / Chief Editor of the City radio station)**

## Political culture, Policy style

### Citations from the majority:

*“50% of my list consists of people who were protesting and they had sent me an e-mail, they had called me, they had arranged an appointment with me, because such active citizens I admire and I want. Citizens that I don’t know who they have voted but I know they are active. We know today that the active citizens are the prerequisite. Nowadays, the institutional actors do not represent even the half of society. The other half is angry, is against of us, the other half do not believe in anyone “*



*“If you ask me, what was my biggest achievement, I would say that is an alliance among municipal authorities, workers and citizens.”*

*“I followed a model that was not introverted but opened up to the community of Piraeus”*

*“I followed a model anthropocentric and extrovert.”*  
**Incumbent Mayor**

### Citations from opposition

*“All elected should take part in the decision making , the employees that take part in budgeting , the general managers and the Heads of Address.”*

*“Although there is an attempt to a consensus to be reached, in most of the cases the voting has to do with the municipal party line”*  
**(Incumbent Councilor of the majority )**

*“Completely top-down procedure. We are the country with the longest delay at this level, namely in the field of citizen participation, of control and of information.”*

*“Only in some cases, there are some worthy councilors, on whom the mayor can rely on. Their opinion counts only because the mayor need them and not because the mayor respects the procedure of decision making .On the other hand, the councilors take advantage of the above-mentioned situation in order enhance their political power.”:*

*“At an institutional level, there is no local democracy”*  
**(Left / SYRIZA-friendly Councilor of the opposition A)**

### Citations from the administration:

*“There are some cases in which decisions regarding finances, will be taken by consensus. This is not the rule in Greece because we don’t have tradition in the consensus procedures”*

*“top down , we also make our proposals but it is not sure if they are going to be heard.”*

*“Most of the times the decisions are taken by consensus”*

*“95% of the councilors vote according their municipal party line”*  
**(Director of financial Dpt. of municipal administration)**

*“There are some meetings ... First we have bottom-up process, starting from the officers of the municipality that make suggestions and then these suggestions go to another upper level, before reaching the mayor and city council”*



*“They never submit suggestions, opinions ... and if they do so they are of a very low level.”*

*“The problem is the ignorance of the majority of the councilors.. It is not sure if the councilors know anything on matters of fiscal adjustment or something else. Another problem is that they don't have the ability, as the central government does to have scientific collaborators or anything else to support their projects”*

**(Advisor of the Mayor for fiscal and growth affairs)**

### **Citations from the Civil Society Actors, Local Chambers, Journalists**

*“Usually what the environment of a mayor decides is what will pass. Although there are different opinions and estimates, for reasons of petty politics will not be expressed at all”*

**(Journalist C / Journalist – owner of local online newspaper)**

*“Top down. However, it is sad to see that sometimes there are some good ideas, which come from the opposition and because of that they are not implemented. Councilors should be mainly interest in the good of municipality, unfortunately most of the times this is not true. The reasons behind this are their personal ambition and desire to rise in the hierarchy, the motive that makes them to want to participate in politics and all this of course” pays” the municipality and its citizens.”*

**(President of the local Trade Association)**

*“Because the mayor and the deputy mayor are well aware of the issues, which they bring up in their team, henceforth the decisions are taken. The situation is the same in all institutions. I am doing exactly the same here in the Chamber, as a President.”*

**(President of the local Chamber of Crafts)**

*“We need more democracy in the functioning of the municipality of Piraeus-not only in Piraeus but in every municipality.”*

*“It depends on the issues. The law that applies to municipalities, gives such a large majority in the combination of the mayor, that the latter does not concern if there will be any kind of reaction from the opposition. He will pass his proposals anyway.... In very few cases, in the municipality of Piraeus, there has been an attempt for expanded majority about certain issues”*

**(Journalist A / Chief editor of the City radio station)**

*“In theory , bottom up, in practice top down”*

*“We are not aware of the procedure that is followed within the municipality”*

**(President of the local Chamber of Commerce )**

*“Municipalities are mayor centric. So we have clearly top down. The General Secretary of the municipality, while is not elected, plays a very important institutional role, he is the mayor's choice man, so all power stems de facto from the mayor. Elected councilors operate according to partisan shots.”*

*(Journalist B / Journalist in local newspaper “En Piraeus)*

## Remarks / Explanation

### Citations from the majority: The mayor and his friends did it

*According to the incumbent ND- friendly Mayor, his success is attributed to him and to his friends. His great will to really help the municipality, forced him to cooperate not only with members of the political stage but also with members from the civil society, his friends. He followed very open to the civil society procedures. So, he and the whole municipal authority were not the only actors involved in formulation, decision-making, implementation and evaluation of fiscal consolidation, but he embraced literally the whole society of Piraeus.*

### Citations from the opposition: Not the fastest but the less transparent procedure

*On the contrary to the majority, the opposition, namely Left / SYRIZA-friendly Councilor of the opposition A, claims that in the meetings of the municipal council were adopted the less transparent procedures in the name of efficiency.*

### Citations from the administration: The elected majority of the municipality governs the municipality

*According to municipality, the central decisions implemented by the municipality, are taken by the mayor and the city council. The other actors make proposals but it is quite doubtful if their proposals will be heard. The Director of financial Dpt. of municipal administration seems to also agree with that when stressing the fact that the elected majority of the municipality governs the municipality.*

## Knowledge

*The prevailing Knowledge forms in the Municipality of Piraeus are related to “Steering”/ Political knowledge”. The system is friendly and alienated from the opposition, the administration and the civil society. Although the incumbent Mayor insists that he follows a policy style that is very open to society ( “50% of my combination consists of people who were protesting and they had sent me an e-mail ,they had called me , they had arranged an appointment with me, because such active citizens I admire and I want. Citizens that I don’t know who they have voted but I know they are active. Active citizens know today”) and that his greatest achievement is an “an alliance among municipal authorities, workers and citizens” the truth seems to be quite different. The decisions are not based on what we call knowledge from external experts or from social actors, but exclusively on the proposals of mayor s friendly environment.*

*In few cases, when an expert is asked to contribute to the discussion and to the decision-making procedure, most of the times the decision is already taken. The municipality of Piraeus doesn’t cooperate with Universities or any other research organizations or centers in order to achieve better results in the field of fiscal*

*consolidation. Neither, do Civil Society Actors, local Chambers and journalist contribute to the consolidation procedure. The reasons vary from actor to actor. Some, for example the actors of Local Chamber of Crafts, according to their president) don't have the time to do so because their occupied with their own problems ( " Here, we are to blame , too. It is not only the mayor's fault. The business community because we have our jobs, we do not have the luxury of time to attend the meeting of the municipal councils, to monitor the municipal councils or watch the happenings of the municipality. And a lot of times, the municipality sends us invitations, invites us and we are not consistent in this process. If we were consistent and we participated in the new consultation institutions, because I said before bad things about Kalikratis, now I will say good things about Kalikratis that it made all these consultation groups and all that, which if they worked well , we could have very positive results in many matters".)*

*On the other hand, other actors from trade unions believe that it is their duty to take part in the decision making process of the municipality.*

### **Citations from the majority**

*"As an active mayor -I was walking the neighborhoods of Piraeus every day, because every day counts.."*

*"50% of my list consists of people who were protesting and they had sent me an e-mail , they had called me , they had arranged an appointment with me, because such active citizens I admire and I want. .. "*

**(Incumbent Mayor)**

*"I already told you that there is no democracy in the local government, which means that decisions are not based on what we call knowledge from external experts or from social actors . And whenever an expert is asked to contribute ,most of the times the decision is already taken – so here there is a falsification of science and of healthy knowledge from external experts. Only some municipalities, but they are very few, who exploit Universities, and make contracts with them or with research organizations or centers, but unfortunately there not the rule but the exception."*

**(Left / SYRIZA-friendly Councilor of the opposition A)**

### **Citations from the administration**

*"I do not think that the decisions are taken in accordance with the lines of fiscal policy set by the state. They are trying to do so but they are unable for objective reasons"*

**(Director of financial Dpt. of municipal administration)**

*"They never submit suggestions, opinions ... and if they do so they are of a very low level."*

*“The problem is the ignorance of the majority of the councilors.. It is not sure if the councilors know anything on matters of fiscal adjustment or something else. Another problem is that they don’t have the ability, as the central government does to have scientific collaborators or anything else to support their projects”*

*(Advisor of the Mayor for fiscal and growth affairs)*

**In this question ,the General Secretary of the Municipality: (CEO, political appointee) did not understand the subject of the question (even if we tried at least twice to explain it to him ) and kept answering to another question that had to do with funding resources..**

### **Citations from the Civil Society Actors, Local Chambers, Journalists**

*At this point, we are to blame, too. It is not only the mayor’s fault . The members of the business community, like us ,do not have the luxury of time to attend the meeting of the municipal councils, to monitor the municipal councils or watch the happenings of the municipality. The municipality often invites us to the meetings of the municipal council and unfortunately , we are not able to join the meeting. If we were consistent and we participated in the new consultation institutions, because I said before bad things about Kalikratis, now I will say good things about Kalikratis that it made all these consultation groups and all that , we could have very positive results in many matters.*

*(President of the local Chamber of Crafts )*

*“I believe that councilors and municipal officials specialized for local issues are well aware of the situation, this is their job anyway.”*

*(Journalist A / Chief editor of the City radio station)*

*“Unfortunately there is imperfect knowledge”*

*(President of the local Chamber of Commerce)*

*“The contribution of the business community or social organizations has remained at a theoretical level, in Piraeus and in other municipalities*

*(Journalist B / Journalist in local newspaper “En Piraeus*

## **Leadership**

*In Piraeus Municipality, the prevailing leadership style is reproductive and often authoritative and exclusive. There is lack of vision for the municipality while day to day politics and power plays dominate the local political scenery. Mayor of Piraeus claims to be open and cooperative, however, there is not enough evidence of corresponding actions in real life and all other actors claim the opposite: They describe the leadership style as closed and exclusive, often authoritarian and mostly reproductive in favor of existing power relations.*

### Citations from the majority

*“ They citizens had to see a Scavenger for at least 20 years, they knew that there were people from the municipality that they never worked –now the Scavenger works, they saw the mayor, they were seeing him every day.”*

*“ Nowadays, the institutional actors do not represent even the half of society. The other half is angry, is against of us, the other half do not believe in anyone”*

*“If you ask me, what was my biggest achievement ,I would say that is an alliance among municipal authorities, workers and citizens.”*

*“Yes, but anthropocentric. And the claim of the interests of the municipality. What can I say, that the city had the fortune to be left to the mercy of abusers? I got it all back.”*

**(Incumbent Mayor)**

### Citations from the opposition

*“Effective solutions to management ... yes, speed plays a role when the subject is one that requires immediate adjustment. But planning cannot be a matter of speed, it is an issue of effectiveness and effectiveness requires exhaustion of all margins of consensus, of participation, of consultation . It would be very prosperous for the municipal authority if she could gain from this process, and it loses because it doesn't choose it.”*

*“Everything is made to ensure that the municipality is just an accessory of the central power. So the margins are increasingly dwindling. There are mayors with vision who are trying to expand these narrow limits, sometimes they manage it, sometimes they don't , but the frame is tight.”*

**(Left / SYRIZA-friendly Councilor of the opposition A)**

### Citations from the administration:

*“Basically, the municipality and the state manages its majority in elections ..*

*“Pure management. We make choices – at least we as a municipality, I do not know what others are doing - we have mainly NSRF”*

**(General Secretary of the Municipality (CEO, political appointee)**

*“We have some strategic goals but unfortunately the economic measures lead us to be very limited and to think only of the consolidation program of the municipality.”*

**(Director of financial Dpt. of municipal administration )**

*“This unfortunately exceeds the limits of the municipality and the mayor. This means that all the actions needed fall under the jurisdiction of the central government, of the Ministry of Finance and of the Prime Minister regarding the*

*debt restructuring and the performance of OLP. But we want a financial management, the same as the state does by asking its creditors, in order to have a sustainable municipal debt”*

**(Advisor of the Mayor for fiscal and growth affairs)**

### **Citations from the Civil Society Actors, Local Chambers, Journalists**

*“In this period we live in, unfortunately the options are limited.”*

**(Journalist C / Journalist – owner of local online newspaper)**

*“A vision, a goal, always can be taken into consideration even if there are not sufficient resources. If there is will and motivation, you can slowly find the resources”.*

**(President of the local Trade Association)**

*“Municipal authorities neither previously nor nowadays have the ability to plan. There was the problem of the crisis, the world was looking desperately to find a job, there was a huge percentage of unemployment, pressure on mayors to work. I believe that there was not a time for visions, I think now if the climate improves a bit, we could begin to re-plan and organize”*

**(President of the local Chamber of Crafts)**

*“I think that the municipality of Piraeus has strategic goals .The question is whether these objectives can be implemented, because the implementation requires resources, and the municipality doesn’t have them.”.*

**(Journalist A / Chief Editor of the City radio station )**

*“We are able to set strategic goals, but we cannot achieve them.”*

**(President of the local Chamber of Commerce)**

*“They do have the ability to set strategic goals. No one denies them this opportunity. The excuse usually in these cases is that they don’t have the infrastructure services needed to promote such proposals etc. For me this is an excuse. We are more than 30 years in the EU so it is impossible not to have such structures within municipalities to enforce programs, submit documented proposals etc. Programs are many. There has to be political will and design to create that something extra, something new. . So I think that, especially Piraeus could have achieved more things, could have done it better if there was another strategy and another vision*

**(Journalist B / Journalist in local newspaper “En Piraeus)**

## **Conclusions**

Above we exhibited how the fiscal problem of Piraeus Municipality was created and evolved throughout the years. Firstly, we presented socioeconomic features of the municipality and we provided the political context in which the fiscal problem of Piraeus was generated. Features, that play a significant role in the fiscal consolidation process. Typical example, the educational level of municipal personnel : As already mentioned the Municipality of Piraeus employs low educational level personnel and



this results to an accumulated poorly-skilled – compared to the emerging needs of a complex organization such as the Municipality- workforce. Up to an extent, the bad fiscal situation of Piraeus could be attributed to the above mentioned lack of university graduates working in the municipality.

Secondly, we elaborated the views and thoughts of all the actors involved, through personalized interviews and several reliable references on the Greek media. More specifically, all actors from all categories agree on the description – definition of the problem: Municipality of Piraeus is on the verge of default while its fiscal situation is even worse than the average of Municipalities. Its huge debt was created due to previous loans accumulated by the municipal authorities, due to new loans taken to meet current obligation while bad fiscal management, failure to collect realized revenues and lack of a solid mechanism for monitoring the revenues of the municipality fuelled even more the problem. The fact that all the actors share the same thoughts is indicative of how prominent and undeniable the problem of municipal debt is in Piraeus.

Moreover, there is no consensus concerning the success or not of the implemented actions in order the fiscal bad situation to be addressed. The majority considers that the implemented measures had a positive effect on the bad fiscal situation of Piraeus and they ( the majority ) have achieved a substantial improvement of the terms concerning the debt and the fiscal environment is stabilized. On the contrary,, opposition, administration and the actors coming from the Civil Society Actors, Local Chambers, Journalists agreed that the actions taken were either a failure or insufficient. A very interesting finding here was that two out of three Presidents of the local Chamber plead ignorance on the specific topics. Although all of them were aware of the fiscal situation and the significant debt of Piraeus, they were not informed of the already implemented actions. This fact stresses the lack of sincere dialogue and cooperation between the municipality and the actors coming from Civil Society. It also shows clearly the importance of the political affiliations within the municipal authority.

In Piraeus Municipality, the mayor governs and the prevailing policy style is command and control. As a general rule, the majority is the one that decides through not so transparent procedures, while the opposition has less chance to intervene to the procedure of the decision-making. Moreover, the councilors vote according to their party affiliation while the civil society actors, the local Chambers and the journalists have limited influence in municipal decisions.

The prevailing leadership style is reproductive and often authoritative and exclusive. There is lack of vision for the municipality while day to day politics and power plays dominate the local political scenery.

## Recommendations

*Recommendations address all types of practitioners who have been involved in the processes of municipal fiscal consolidation of Piraeus. There are 4 main categories of practitioners:*

- ✓ *Elected politicians (e.g. Mayor, Vice-Mayors, municipal councilors etc.)*
- ✓ *Municipal administration*
- ✓ *Actors of the upper level (e.g. Deconcentrated Administration, Central State, Ministries, et.al.)*
- ✓ *Others (local chambers, NGOs, Banks, local journalists etc.)*

### Recommendations to elected politicians:

- *All the municipal actors should make considerable attempts to enhance the local democracy, through public debate and more open and more transparent decision- making procedures.*
- *Mayors should take advantage of the knowledge of external experts and social actors in order to develop evidence-based policies. On one hand, external experts could provide them with a summary of useful concepts, with different project types, with supportive organizational structures, with effective “technologies” in order to be more efficient, too. Social actors, on the other hand, could contribute to the opening up of the municipality of Piraeus to the ever changing municipal landscape.*
- *Proper and stricter management of finances is more than necessary; otherwise, the municipality of Piraeus will face huge problems in the future in terms of fiscal consolidation.*
- *Politicians should take advantage of unrealized resources of the municipality in order to carry out useful projects for the municipal good. An example of unrealized resources could be the Community resources for Cohesion Policy of period 2007-2013 ,namely the NSRF (National Strategic Reference Framework) 2007–2013.*
- *Politicians should shape macroeconomic policies in order to secure the economic stability of Piraeus and raise employment and growth potential of the municipality.*
- *Elected politicians should promote a growth- and employment-orientated and efficient allocation of resources and not a type of resource allocation based on clientism.*
- *Mayors should promote social and economic development of the municipality of Piraeus*
- *Mayors should be responsible for ensuring the coordination among the municipal actors and municipal relations.*
- *Mayors should act as facilitators, assisting all the parties in the municipal council to settle a possible dispute regarding the budget for the sake of municipal good.*



## Recommendations to municipal administration

- *Municipal administration should act as a mechanism that promotes and ensures the efficient implementation of the declared goals of the municipal authority regarding the fiscal consolidation and not act as a hindrance to the implementation process.*
- *Municipal administration should act as a mediator between the municipal authority and the citizens of Piraeus working always for the municipal good.*
- *Municipal administration structures should not be rigid and stiff but remain flexible and open to the ever changing reality.*
- *Municipal administration should think of itself as an integral part of the municipality for the attainment of fiscal consolidation and not as an independent part that acts on its own. Coordination and cooperation.*

## Recommendations to Civil Society Actors, Local Chambers, Journalists

- *More active engagement on behalf of the civil society actors with the municipal affairs. The involvement/participation of the citizens of Piraeus and of the municipal organizations in the matters of local organization should be encouraged in order to trigger off more political performance and more accountability.*
- *Civil society actors and the wider public should develop awareness about their own responsibility for the bad fiscal situation of Piraeus and demand open procedures of public deliberation.*
- *Need for participatory process that will facilitate the implementation of fiscal consolidation and the effectiveness of the policies towards the fiscal goals.*
- *Journalists, local press and the local chambers should be truly independent.*

## Recommendations to Actors of the upper level

*Give higher fiscal autonomy of the municipalities.* Financial goals cannot be met without financing, which is essential to implementing state and local programs. Knowledge about how to fund these programs is often limited, especially at the local level.

- *Less state interference in local communities, when it is possible and stricter management, when this is necessary.*
- *Alignment of the central state with local government concerning critical decisions about fiscal consolidation*
- *Upper authorities should act cooperatively and not suspiciously regarding local government issues. Upper authorities should act only for the local interest*

- *Legislation should establish rules for drawing up, approving and implementing local and regional budgets and for the supervision of their implementation, as well as for their healthy, balanced management in the long term.*
- *Regular checks should be made by the central authority to gauge whether the limitations are necessary and effective.*