

Thessaloniki municipality case report

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1. Introduction

The Thessaloniki case study report provides a provisional summary of the main empirical findings on discussions of the challenges facing the municipality of Thessaloniki and the new actions carried out in both the field of social cohesion and the field of economic development. This case study was selected as an example of a municipality which, as opposed to the other REPOS case studies, is not categorized as being among the over-indebted municipalities. In 2011, Thessaloniki was not a municipality heavily burdened by debt, which means that it does not number among the so-called “red” municipalities. Thus, the decision was made to scrutinize the extent to which the fiscal and social policies of a municipality which in principle does not face fiscal challenges have been affected by other exogenous or endogenous factors and the actions which have been taken to face such challenges. The report is based on four kinds of source:

- i. Statistical data of the Hellenic National Statistical Authority and the Ministry of Interior concerning the socioeconomic and political context of the city,
- ii. Primary sources of review in annual reports, balance sheets and budgets (2011–2013),
- iii. Seven interviews with local actors from Thessaloniki municipality (period of interviews: July 2016). Some of the interviews were conducted in collaboration with Dr. Georgios Terizakis. The actors interviewed were: the Deputy Mayor for Finance, the Deputy Mayor for Social Policy, the Director of Social Policy of the municipality of Thessaloniki, the Appointed municipal councilor for innovative city practices, a former municipal councilor (Ecologist party: “Neighborhoods in Action”) and chairperson of the Migrant Integration Council of Thessaloniki, the Head of Solidarity Now in Thessaloniki, and a social worker in NGO Arsis in Thessaloniki.
- iv. 428 texts published in the local and national press, the Master Plan of Thessaloniki, documents from administration and interest groups, party manifestos and council minutes, KEDE minutes, the MTFFS Report for the draft law “Medium Term Fiscal Strategy Framework 2012–2015” (June 2011), the explanatory report for the draft law “Medium Term Fiscal Strategy Framework 2013–2016” (October 2012), Law 3852/2010 (“Kallikratis program”), Law 4093/2012 (Approval of Midterm Fiscal Strategy Framework 2013–2016), the official census of the Hellenic National Statistical Authority and academic studies for the period 2011–2013.

For the organization and classification of the 7 interviews and 428 documents, I used the MAXQDA software.

The theoretical framework of this study is based on the ‘actor-centered institutionalism’ as it has been approached by Scharpf and Mayntz¹ and the interpretative approach. From the

¹ See Mayntz and Scharpf 1995, Scharpf 2000.

perspective of ‘actor-centered institutionalism’, fiscal policies and local choices are affected by institutional factors, non-institutional and actor-centered factors. In our study, the non-institutional factors refer mainly to socio-economic features and the political culture of the municipalities. Institutions refer mainly to ‘rules’; in these terms, ‘rules’ without firmly specifying the actors’ actions, they “enable or restrict” their leeway.² The actors-centered features concern individual actors such as mayors, municipal councilors and administrators on the one hand, and complex actors such as supervisory authorities and municipal enterprises.³ Actors’ actions are guided by their skills, such as their knowledge, and at the same time how they use such skills is affected by their orientations. In ‘actor-centered institutionalism’ approach, actor’s orientation is classified into preferences on the one hand and problem perceptions or cognitive orientations on the other hand. This study focuses on the problem perceptions, namely how actors explain and define political problems and how they evaluate the impact of actions.⁴

However, opposed to ‘actor-centered institutionalism’, this study is not seeking to find “explanations”, but the objective of our study is to identify ‘stories’ or ‘narratives’ of actors, ‘counter-stories’ and ‘non-stories’ of the actors, constructing a ‘meta-narrative’. In these terms, this study adopts also an interpretative approach that conceives problems as social constructions, not as right or wrong problem perceptions.⁵ This study also adopts the approach of Heinelt and Lamping (2015) and their concept of ‘knowledge orders’; in these terms, our role as researchers is not to identify “objectively true causalities”, but our role is “to identify the actors’ perceptions of causalities, normative appropriateness and mechanisms which guide” their actions.⁶ From this perspective, a ‘process of knowledge selection’ influences problem perceptions, policies and actor orientations. Thus, actions are not directly and exclusively affected by the so-called ‘non-institutional’ or ‘institutional’ factors (i.e. rules, attributes of the community); on the contrary, “actors have to be aware of constraints and opportunities for them to become relevant for actions”.⁷ Nevertheless, this study does not adopt a radical constructivist theoretical framework, for it accepts that institutional and non-institutional factors influence somehow the actions. In these terms, a researcher cannot overlook the intense impact of institutional factors (e.g. ‘rules’, legal framework) on the actions, actors’ decisions and policies at the local level.

² Stolzenberg et al., *Cities in Times of Crisis...*, p 20. See Mayntz and Scharpf 1995, pp 43-45.

³ *ibid*, p 21. See Scharpf 2000, pp 101-107

⁴ *ibid*, p 21.

⁵ *ibid*, p 31. See Saretzki 2009, pp 442-443.

⁶ *ibid*, p 32. See Heinelt and Lamping 2015, p 39.

⁷ *ibid*, p 32. See Heinelt and Lamping 2015, p 36.

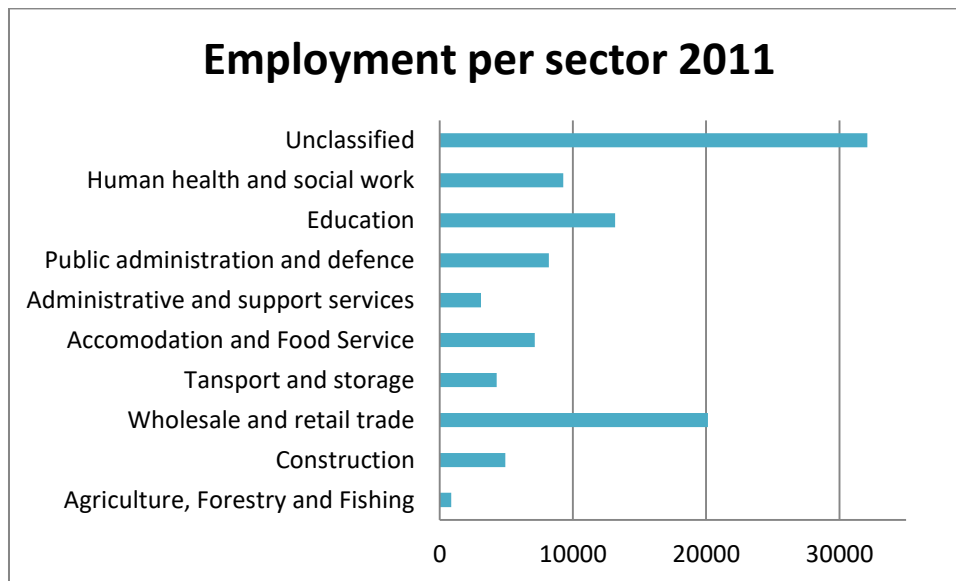
2. Socioeconomic features of the municipality of Thessaloniki

Thessaloniki is a middle-sized port city and the second largest city in Greece. The history of Thessaloniki began in 315 BC. During its history, it has been part of the Hellenistic, Roman, Byzantine and Ottoman empires. The presence of the Jewish community and refugees from Asia minor was also quite strong in the city. Nowadays various activities are organized in the city, such as the annual commercial exhibition Thessaloniki International Fair (TIF/ΔΕΘ) which is organized by the TIF HELEXPO and the Thessaloniki International Film Festival. The city has four public academic institutions, as well as private and vocational training schools. Thessaloniki was nominated as the European Youth Capital 2014.

Thessaloniki is situated in the geographical area of Northern Greece, on Thermaikos Gulf which is part of the Aegean Sea. Administratively, the municipality of Thessaloniki is part of the Central Macedonia Region (Periferia Kentrikis Makedonias) which has 1,882,108 permanent residents (2011 census) and of the Thessaloniki regional unit (Periferiaki Enotita Thessalonikis). In 2011, according to the official census of the Hellenic National Statistical Authority, the permanent population of the municipality of Thessaloniki was 325,182 residents. Within the municipality of Thessaloniki there are six municipal communities; the 1st municipal community, the 2nd municipal community, the 3rd municipal community, the 4th municipal community, the 5th municipal community, and the municipal community of Triandrias.

In 2011, according to the official census of the Hellenic National Statistical Authority, a total of 103,243 persons were employed in the Thessaloniki municipality. In 2011, employment by economic sector was: 877 in the agriculture, forestry and fishing sector, 4,926 in the construction sector, 20,139 in wholesale and retail trade – repair of motor vehicles and motorcycles, 4,282 in transport and storage, 7,132 in the accommodation and food services sector, 3,107 in the administrative and support services sector, 8,207 in the public administration and defense sector, 13,173 in education, 9,290 in human health and social work, and 32,110 in unclassified occupations.

Figure 1: Employment per sector, Thessaloniki municipality, 2011



Source: Hellenic National Statistical Authority; overview by M.A. Kolliniati

Administrative structure

The administrative structure of Thessaloniki municipality consists of: (a) the General Directorate of Administration and Financial Services, which includes 12 Directorates and 1 Independent Department, (b) services falling directly under the Mayor's office, which include 3 Directorates and 6 Independent Departments, (c) the General Directorate of Technical Services, which consists of 7 Directorates and 2 Departments, (d) Municipal Enterprises, Legal Entities of Public Law and other Legal Entities: the Music and Dance Municipal Center of Thessaloniki (former Municipal Conservatory), the Cooperative Organization of the Municipality of Thessaloniki (K.E.DI.TH./K.E.ΔH.Θ.), the Infant, Child and Family Welfare Organization (O.VRE.P.O.M/O.BPE.II.O.M.) of the Municipality of Thessaloniki, Municipal Institution, the Municipal Nursery of Thessaloniki "Agios Stylianos," the Care Center for the Elderly (K.A.P.I./K.A.II.H.), Europe Direct – European Center for Information, and the Municipal Company of Information Society, Performing & Communication, which includes one TV channel, TV100, and two radio programs, namely FM100 and FM100.6, and the Municipal Cooperative Organization for Arts and Sports of the Municipality of Thessaloniki (K.E.T.A.).

Table 1: Legal Entities of the Thessaloniki municipality

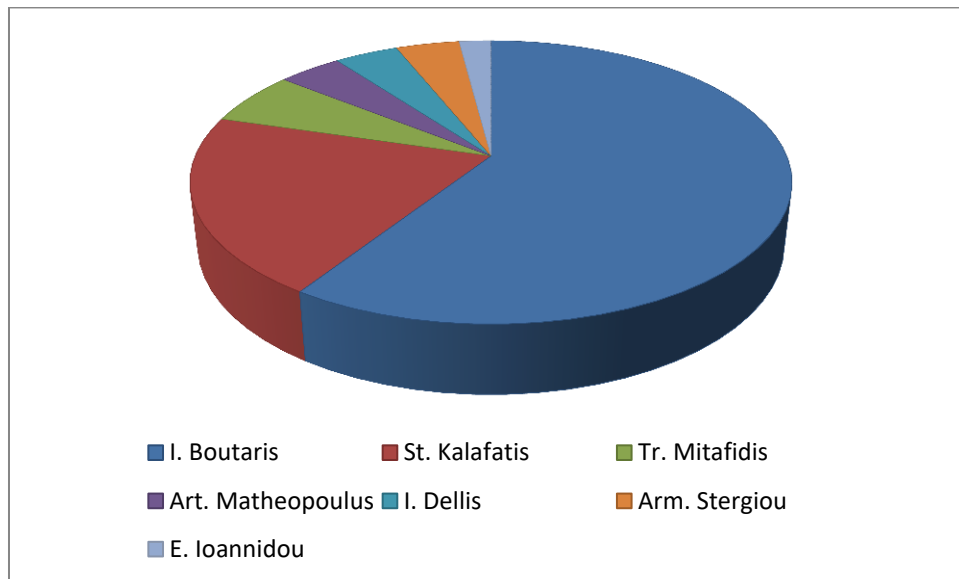
Municipal Enterprises, Legal Entities of Public Law and other Legal Entities
Municipal Company of Information Society, Performing Arts and Communication (DEPTHE/ΔΕΠΠΘΕ)
TV Channel TV100
Radio Channel FM100
Radio Channel FM100.6
Music and Dance Municipal Center of Thessaloniki (former Municipal Conservatory)
Municipal Cooperative Organization for Arts and Sports of the Municipality of Thessaloniki (K.E.T.A.)
Cooperative Organization of the Municipality of Thessaloniki (K.E.DI.TH. / K.E.ΔΗ.Θ.)
Infant, Child and Family Welfare Organization (O.VRE.P.O.M / O.BPE.II.O.M.) of Municipality of Thessaloniki
Municipal Institution, Municipal Nursery of Thessaloniki “Agios Stylianos”
Care Center for Elderly (K.A.P.I. / K.A.II.H.)
Other
Europe Direct – European Center for Information

Source: Municipality of Thessaloniki; overview by M.A. Kolliniati

3. Municipality of Thessaloniki: Political leadership and fiscal problems

Since 2010, Thessaloniki municipality has been governed by the “Initiative for Thessaloniki” and the mayor Ioannis Boutaris, who was supported by the social-democratic party PASOK, by the Democratic Left party (DIM.AR) and by the right-wing party Drasi. In the municipal elections in 2014, Ioannis Boutaris was re-elected mayor for the second time. In 2014, I. Boutaris secured 29 seats (36.04 percent), Stavros Kalafatis (“Entaksei”), who was supported by the right-wing party Nea Dimokratia, secured 10 seats (26.16 percent), Triantafyllos Mitafidis (“Thessaloniki – Open City”), who was supported by the left-wing party SYRIZA, secured 3 seats (10.57 percent), Artemis Matheopoulos (“Greek Dawn for Thessaloniki”), who was supported by the nationalist party Golden Dawn, secured 2 seats (7.71 percent), Ioannis Dellis (“Laiki Syspirosi”), who was supported by the Greek Communist party KKE, secured 2 seats (6.23 percent), Armodios (Makis) Stergiou (“Citizens” Alliance”) secured 2 seats (3.15 percent) and Eleanna Ioannidou (“Neighborhoods in Action – Ecology, Solidarity, Culture“), who was supported by the Ecologists Greens party, secured 1 seat (3.13 percent).

Figure 2: Election results for 2014, Thessaloniki municipality



Source: Hellenic National Statistical Authority; overview by M.A. Kolliniati

4. Problem Perceptions and Causes

The discourse on the “problem” by the actors

The Municipality of Thessaloniki is not among the so-called over-indebted municipalities. According to the Ministry of the Interior, the evaluation of 2011 shows that Thessaloniki municipality was a “green” municipality, for Thessaloniki’s total debt was 46 percent of annual municipal income (including *Earmarked Investment Grants* (SATA/ΣATA) funding). Nevertheless, the empirical study shows that austerity measures by the central government and the memoranda signed have been implemented not only by the over-indebted, i.e. the so-called “red” municipalities, but also by “healthy” municipalities, the so-called “green” ones. The challenges faced by the Thessaloniki municipality are mainly related to exogenous causes: the measures implemented by the central government and imposed by the Memoranda signed, namely the horizontal cutbacks in employees’ salaries and citizens’ pensions, cutbacks in *Earmarked Investment Grants* (SATA/ΣATA) and the cutbacks in the *Central Autonomous Grants* (KAP/KΑΠ) by the central government.

Since 2011–2013, the municipality has been faced with eight main challenges which affect the economic development of the municipality and are related to exogenous causes: (a) the newly transferred tasks (under Law 3852/2010 – the Kallikratis law) and the cutbacks in KAP and SATA. In 2013, the *Central Autonomous Grants* (KΑΠ), which finances regular expenses

such as salaries, were reduced by 58 percent (compared with 2009); in 2013 there was also a reduction by 53 percent in *Earmarked Investment Grants* (SATA/ΣATA), which is funded by the central government and concerns investment expenses, (b) the increasing demands that are being faced by the municipality and are related to the emergence of two new groups of people in need; namely the “neo-homeless” and the “neo-destitute,” (c) a decrease in the number of job vacancies in the municipality of Thessaloniki, (d) uncollected tax revenues from citizens in need (e.g., the unemployed, low income employees, low income pensioners), (e) bureaucracy, delays in KAP and European funding and multiple control levels (characterized as excessive and stringent control conditions which may lead to cancellation of implementation objectives), (f) cutbacks in European funding, (g) the negotiations for planning privatization of the port in Thessaloniki, (h) the brain drain. Nowadays, in addition to these challenges, the refugees crisis has been added to the challenges which must be faced by the municipality. According to the people interviewed, the municipality of Thessaloniki faced one challenge related to endogenous causes: an embezzlement scandal involving the former mayor before 2010 and was first revealed in the period between 2010–2011. The final adjudication of the embezzlement scandal is still pending.

According to the actors, the municipality was given new responsibilities/tasks, without two main requirements for their implementation: On the one hand, the crucial decisions for local government are still being made by the central government, and on the other hand, the central government implemented horizontal cutbacks in funds to the municipalities.

“The state transferred responsibilities to municipalities, but two very important things were not transferred: 1. Decision making – someone else decides what should be run locally, and 2. Extra funding for the implementation of these new responsibilities. These are the main challenges.” Interview 5

“One of the challenges is that state funding has been dramatically reduced.” Interview 4

The empirical findings of this research indicate that such cutbacks and the simultaneous austerity measures implemented by the multi-level governance had several side effects on local government and in particular in the area of social policy. On the one hand, because of the Memoranda implemented, since the period 2011–2013 the needs of citizens have increased tremendously, and as a result demand in the field of social policy has increased. On the other hand, at the same time the municipality’s sources of revenue have decreased, namely the funding by the central government, as was described above. According to a social worker in the NGO Arsis in the municipality of Thessaloniki who was interviewed, as a result of Memoranda policies which have been implemented which, among other things caused unemployment, cutbacks in already low salaries and cutbacks in already low pensions, the number of inhabitants living below the poverty line has increased. As a result, since 2010–2011, the NGO Arsis, has had to face a new category of people in need: the so-called “neo-homeless.” The term “neo-homeless” describes the group of people who used to be wealthy but are now facing increasing needs in food, shelter and clothes.

“I personally think that memorandum policies tremendously strengthen the financial crisis. As a result the proportion of the population who live on the border of poverty or well below the

poverty line, has dramatically increased. [...] There is a very large increase of a new type of homeless people named -as we call it- "newly-homeless people". This definition actually refers to people who until recently were enjoying economic prosperity but are now homeless for economic reasons. They used to be wealthy people, like for example ex businessmen whose business bankrupted, and now they may eat at the soup kitchen or sleep in dormitories for the homeless without having any support network to get help from. Our role is to provide them all the psychosocial support they need." Interview 7

The Deputy Mayor of Social Policy pointed out that one of the greatest challenges in Thessaloniki is people in need. Their numbers have increased because of the financial crisis and unemployment, and a new category of people in need has appeared, the so-called "neo-destitute." The demands on social policy have increased dramatically; people who used to belong to the middle class now live below the poverty line. The municipality has to face these increasing needs, but without having the right to hire new employees and despite the fact that the municipality's revenues have shrunk.

"Nowadays, a challenge is the 'neo-destitute'. I think that a challenge is whether we can effectively meet their needs and if we are able to cover a large social group's needs. Due to the financial crisis, this social group is not only unemployed, but is also experiencing a full reversal of the entire income situation of its households. [...] Saying 'neo-destitute' should not bring to mind the classic image of someone who is obviously indigent or poor; the 'neo-destitute' are people who used to belong to the middle class, but suddenly they find themselves either without money at all or in a position that they cannot cope with their meeting their daily needs or those of their wives and children. [...] On the one hand the demands of the citizens are increasing, on the other hand there is the challenge that first new vacancies have been dramatically reduced and second, the resources/revenues of the municipality have decreased." Interview 2

According to the Director of Social Policy, one of the challenges is to pay social contributions to beneficiaries on time. At the same time, she points out that homelessness has increased, while the number of free meals offered by the municipality has increased too.

"Soup kitchens have been increased, but the numbers of beneficiaries and homeless people who use our structures have increased too. The social structures of the municipality must be enhanced." Interview 1

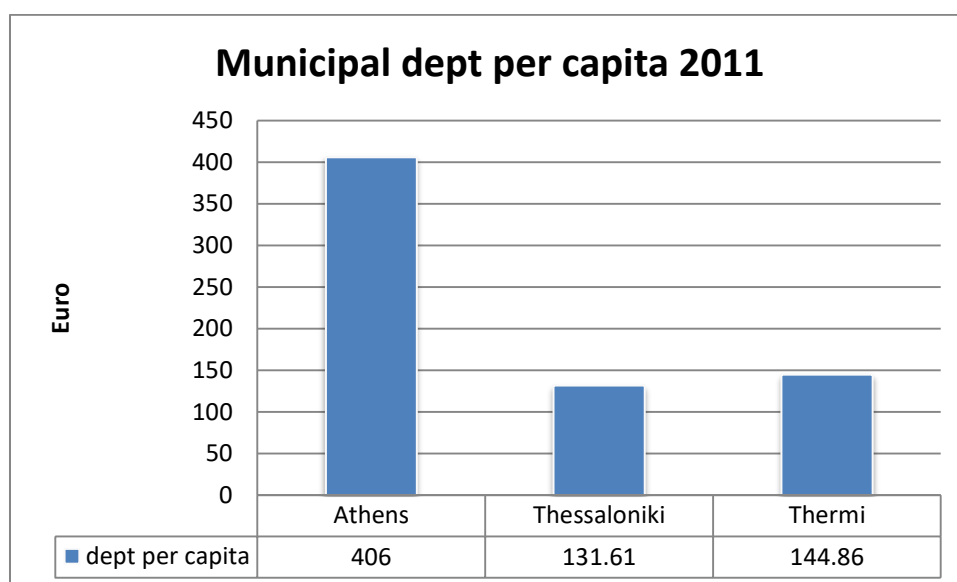
At the same time, the same exogenous cause, namely the austerity measures, have caused cutbacks in the revenues of the municipality of Thessaloniki. The fees which are paid through the electricity bills of the Public Power Corporation (PPC /ΔΕΗ) are hardly collected, because the inhabitants are unable to pay the electricity bills.

"There is great difficulty in collecting revenues; not only the revenues related to state funding, but we can hardly collect our own revenues either. In particular, it is very difficult to collect municipal taxes because citizens are unable to pay their electricity bills in DEH." Interview 4

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

According to the statistical data of the Hellenic National Statistical Authority, in 2011 the municipality of Thessaloniki had 325,182 permanent inhabitants. According to the Bank of Greece, in 2011 the debt of the Thessaloniki municipality was €42,794,931. In 2011, the debt per capita in Thessaloniki municipality was €131.61. In 2011 the debt per capita in Athens municipality was €406.00 and in the municipality of Thessaloniki the same period the debt per capita was €131.61.

Figure 3: Municipal debt. Athens, Thessaloniki and Themi (2011, euros per capita)



Source: Published and audited financial statements of the Municipality of Athens/
Hellenic Statistic Authority and Bank of Greece / compilation M.-A. Kolliniati

In the period between 2011–2013 the budget of the municipality of Thessaloniki was between €464,327,689.29 and €448,667,429.62.

Expenditure

Financial year 2011, total expenditures: €464,327,689.29

In 2011, 86.1 percent of total expenditures involved recurring expenditures and 13.9 percent investments.

In 2011, recurring expenditures involved: 42.7 percent payments to third parties, allowances/benefits, subsidies, etc., 42.1 percent salaries and expenses for employees, 5.0

percent third-party allowances, 3.0 percent expenditures for annuities, 2.9 percent expenses of the leadership of local administration and third parties, 2.8 percent consumable supplies costs, 1.5 percent other general expenses, 0.1 percent other expenses, 0.1 percent taxes and fees.

Financial year 2012, total expenditures: €437,345,435.54

In 2012, 84.9 percent of total expenditures involved recurrent expenditures and 15.1 percent investments.

In 2012, recurrent expenditures involved: 48 percent expenses to third parties, allowances, subsidies, etc., 35.1 percent salaries and expenses of employees, 6.0 percent allowances to third parties, 2.6 percent expenditures for annuities, 2.6 percent expenses of the leadership/political administration and third parties, 3.2 percent commissions on costs of supplies, 2.4 percent other general expenses, 0.1 percent other expenses, 0.1 percent taxes and fees.

Financial year 2013, total expenditures: €448,667,429.62

In 2013 50.4 percent of total expenditures involved recurrent expenditures, and 11.8 percent investments, and 37.9 percent expenses related to debt from previous financial years (ΠΟΕ) and other expenses.

In 2013, recurrent expenditures involved: 41.0 percent expenses to third parties, allowances, subsidies, etc., 39.1 percent salaries and expenses for employees, 7.7 percent allowances to third parties, 2.3 percent expenditures for annuities, 2.1 percent expenses for the leadership/political administration and third parties, 4.4 percent commissions on the cost of supplies, 1.9 percent other general expenses, 0.4 percent other expenses, 0.2 percent taxes and fees.

Revenues

Financial year 2011, total revenue: €464,327,689.29

In 2011, 53.7 percent of total revenue came from recurrent revenues, 10.2 percent from extraordinary revenues, 13.8 percent from loans and claims related to debt in previous financial years (ΠΟΕ), 15.7 percent from the public sector and third parties and refunds, 4.7 percent from revenues in previous financial years (ΠΟΕ) which were taken account of for the first time, and 2.0 percent from the cash balance.

In 2011, recurrent revenues came from: 66.0 percent income from grants for operating costs, 19.7 percent revenues from state fees and charges, 8.8 percent income from other duties rights and services, 2.9 percent from taxes and contributions 1.3 percent from real estate, 0.3 percent from movable property, and 1.0 percent from other regular income.

Financial year 2012, total revenues: €437,345,435.54

In 2012, 52.2 percent of total revenues came from recurrent revenues, 10.1 percent from extraordinary revenues, 14.5 percent from loans and claims arising from debt in previous financial years (ΠΟΕ), 15.7 percent from the public sector and third parties and refunds, 5.3 percent from previous financial years (ΠΟΕ) which have been booked for the first time, and 2.1 percent cash balance.

In 2012, recurrent revenues came from: 68.1 percent income from grants for operating expenses, 20.1 percent from state fees and charges, 6.9 percent from other duties rights and services, 2.8 percent from taxes and contributions 1.4 percent from real estate, 0. 2 percent from movable property, and 0.6 percent from other regular income.

Financial year 2013, total revenues: €448,667,429.62

In 2013 42.7 percent of the total revenues came from recurring revenues, 22.1 percent from extraordinary revenues, 16.0 percent from loans and claims from debt in previous financial years (ΠΟΕ), 10.1 percent from the public sector and third parties and refunds, 5.8 percent from previous financial years (ΠΟΕ) which have been booked for the first time, and 3.3 percent cash balance.

In 2013, the recurrent revenues came from: 62.1 percent income from grants for operating expenses, 23.5 percent s from state fees and charges, 7.8 percent from other duties rights and services, 3.9 percent from taxes and contributions 1.5 percent from real estate, 0.3 percent income from movable property, 0.9 percent other regular income.

Figure 4: Expenditure/Revenues, Thessaloniki (2011, 2012, 2013 million euros)



Source: Municipality of Thessaloniki; overview by M.A. Kolliniati

The horizontal measures implemented by the central government and imposed by the Memoranda, as they have been described above, had an impact in the municipality and its performance, which was characterized by the majority of the actors interviewed as “unsuccessful.” A form of action which was characterized as both successful and unsuccessful by different actors in the public debate, is the redeployment of employees of the Municipal Mass Media and in general the structural changes within the Municipal Company of Information, Broadcasting and Communications (DEPTHE/ΔΕΠΘΕ). In 2015, Chartered Accountants scrutinized the accounts of the Municipal Company of Information, Broadcasting and Communications (DEPTHE/ΔΕΠΘΕ) for fiscal 2010, 2011, 2012 and 2013. In 2011, the municipality of Thessaloniki set DEPTHE’s restructuring and consolidation goals; according to the actors in the municipality such goals were achieved and in 2015 there was a cutback in DEPTHE’s annual funding of €3.3 million euros compared with €9 million in funding in 2009.

6. Public debate

The public debate concerning the municipality of Thessaloniki is vivid. The empirical findings of this research, based on 428 different documents, show that during the period 2011–2013 in the local public debate the discourse is mainly shaped by eleven topics: (a) the horizontal measures implemented, i.e., cutbacks in salaries, employee suspensions and cuts in opening new job vacancies, cutbacks in funding from the central government (both in *Earmarked Investment Grants* (SATA/ΣΑΤΑ) and in the *Central Autonomous Grants* (ΚΑΡ/ΚΑΠ)), (b) the embezzlement scandal which took place in the period between 1999–2010, (c) cutbacks and dismissals in the Municipal Mass Media and in general in the Municipal Company for Information, Broadcasting and Communications (DEPTHE/ΔΕΠΘΕ), (d) increased unemployment, poverty and social aid actions, such as a continuous problem with waste disposal and the fear of privatization of the waste disposal services, (f) the debate concerning the privatization of the port of Thessaloniki (ΟΛΘ/ΟΛΘ) which is a public organization; nevertheless, in the event of the port’s privatization on the one hand, the interests of the citizens of Thessaloniki who work there will be affected and on the other hand, the municipality may not be allowed to use the two docks of the port any more. (g) There was questioning of the legitimacy of the general authority transferred to ministers concerning the abolishment of job positions in public and local government. (h) The legitimacy of the Economic Independence Observatory for local government was also questioned, because it indirectly cancelled some municipalities’ jurisdiction over the presumption of competence in local affairs which is secured through the Greek Constitutional law, (i) Law 4093/2012 and similar Acts of the Legislative Content and ministerial circulars which are all related to abolition of jobs and staff availability, (j) a debate on the privatization of the National Conservatory of Thessaloniki and cutbacks in its funding, long delays in

payments of its employees, (k) the intention to privatize the public Water and Sewerage Company of Thessaloniki S.A. (EYATH /EYAΘ).

The discourse in the mass media

Table 2: Segments; documents

Actor	Segment	Document group
Journalist	“According to a report of the Scientific Council of the Greek Parliament, the multi-legislative law contains illegal provisions, such as the provision which gives ministers the general authority to abolish positions in the public sector and local government. [...] As far as Article 76 of the multi-legislative law is concerned – which concerns the Economic Independence Observatory for local government – the report of the Scientific Council notes that the proposed regulation raises concerns about whether it would have the effect of restricting or distorting the administrative and financial independence of local authorities. The member of the Scientific Council adds that Local Government has a ‘presumption of competence’ in local affairs, which is directly guaranteed by the Greek Constitution. Moreover, according to the Constitution, local authorities enjoy independence and are supervised by the central government only in terms of the legality of their acts or omissions, and not on the basis of their feasibility. The report points out explicitly that: ‘Such regulations do not comply with the guarantees of Article 102 of the Greek Constitution.’”	D1
Journalist	“Municipality of Thessaloniki: We will use legal means in order to prevent the suspension of employees. We will take any legal action in order to prevent the violation of human rights and constitutional provisions which will be caused by the application of the provisions for abolishing positions and availability contained in the Law 4093/2012 and the relevant legislative acts and ministerial circulars.”	D2
Journalist	“The rationalization of the Municipal Company of Information Society, Performing Arts and Communication (DEPTHE/ ΔΕΠΙΘΕ) began. It began the effort to reduce the lack of efficiency that had been recorded in the municipal media (which are financed by public funds). This is the positive aspect of the case. The negative side of the story is the fact that the reorganization of DEPTHE was arranged just yesterday.”	D3
Journalist	“Soup kitchens in the municipalities of Thessaloniki: The municipalities of Thessaloniki are now bearing the burden of the citizens’ poverty. They have to face a government which does everything it can in order to reduce the citizens to bankruptcy.”	D4
Journalist	“The head of the port of Thessaloniki S.A. (OLTH/OAΘ) made it clear that so far no proposal for privatization of the port has been received, and estimated that the publicly owned status of the port will not be lost; the state will hold a minimum of 51 percent of shares in the company.”	D5
Journalist	“They sell profitable businesses on the pretext of crisis: The Deputy Mayor of Paris, Anne Le Strat, reveals that ‘When water was privatized in Paris, its price was increased by 200 percent.’ The thorny issue of water privatisation was discussed yesterday in a conference organized at the Thessaloniki City Hall by the	D6

	‘SOS8 the water’ movement and the ‘Nikos Poulantzas’ Institute. [...] The Deputy Mayor of Paris, Anne Le Strat pointed out that the price of water, which is again publicly owned in the municipality of Paris, is 40 percent cheaper compared with other municipalities in France which have sold their water to private companies.”	
Journalist	“‘No’ to privatization. Citizens’ unification and ‘Movement 136’ are asking the government to remove from the Medium-Term Program the regulation concerning the privatization of EYATH (EYAΘ) and to cancel the concession tender of 51 percent of the Company.”	D7
Press release	“The position expressed by the Regional Association of Municipalities of Central Macedonia (RAM-CM/ΠΕΔ-ΚΜ) against the privatization of the Thessaloniki Water Supply & Sewerage Co. S.A. (EYATH /EYAΘ) and against water commercialization as a public and social good, and the parallel proposal for intermunicipal water management, were the main topics of the special seminar workshop organized by the RAM-CM and the Citizens Coordinating Bodies and SOS8 the WATER bodies, in the Town Hall in the Municipal Council room of Thessaloniki municipality. ... the Mayor of Thessaloniki, Yiannis Boutaris, stated five elements of the issue of water management. ‘The sources of water (wells, natural resources, lakes, etc.) should belong to municipalities. Who determines the final price of water and by what criteria? Because water is a public good, investments which need to be made should be included in the public budget or forecast by the municipalities using corresponding figures. The water is sold and not simply privatized. An intermunicipal enterprise should be made, but based strictly on European standards,’ he said. He also pointed out that personally he does not reject assigning water management to an experienced administrator, and concluded by saying that the government in Greece is ‘castrated’ and that its potential is not constitutionally entrenched.”	D8
Journalist	“Garbage: fights under the danger of privatizing the waste disposal services. A new round of harsh controversy came up in the last session of the municipal council of Thessaloniki for the smelly ... case of waste disposal management. Amid strong resistance from representatives of the opposition, but also from employees and workers, it was decided to implement “car leasing” to deal with emerging cases. However, Mayor Boutaris argued that they do not intend to privatize the waste disposal service.”	D9
Journalist	“Discussion of ‘Kallikratis’ stressed that it was neither reform nor a large project; instead it caused huge problems for municipalities, weakening their finances. “The cost savings via the municipal amalgamation were nothing but institutionalized looting of the resources of local government, which this year will be reduced by 53 percent.”	D10

7. Political system: Legitimacy and transparency, political culture, policy style, knowledge, leadership

In Thessaloniki municipality decision-making is top-down. Social actors, such as the Deliberation Committee, in some cases take part in decision-making, but their role is not

decisive and can hardly influence the crucial decisions of political leaders. Since 2011, cooperative actions have been taken, mainly in order to face the socio-economic problems which appeared after the horizontal austerity measures and signed Memoranda. At the same time, cooperative actions have recently taken place in order to address the refugees crisis. In these terms, there is cooperation between the municipality of Thessaloniki and organizations such as Solidarity Now, NGO Arsis, the UN Refugee Agency (UNHCR) in Thessaloniki, and the NGO Praksis, and other institutions such as the Aristotle University of Thessaloniki, and environmental organizations such as Arcturos. In the municipal councils, decision-making is often divisive and politicized along party lines, for council members mainly vote in accordance with their political party. In many cases, decisions are not taken unanimously. In the municipality of Thessaloniki, a “city boss” leadership style prevails. There is a relatively low level of input and throughput legitimacy and top-down hierarchical management. The leadership style can be characterized as strategic, for the municipality sets long-term strategic plans aimed at economic development and social cohesion; for example, management in the field of tourism and provision of aid in the refugees crisis.

Table 3: Segments; documents and interviews

Actor	Segment	Document group
Journalist	“The budget of Thessaloniki Municipality for the financial year 2011 was approved by the majority, during a special session held last Monday. The municipal councilors of the Communist Party elected by ‘Democratic Clustering’ voted against the budget. They pointed out that this budget is against the interests of citizens, is imposing taxes which are too high and is opening the way for further involvement of private companies in the operation of municipal services. [...] Other parties that voted against the Budget are: ‘Ultra-Party Municipal Movement of Thessaloniki’, ‘Thessaloniki Open City’, and ‘Active Citizens, Ecology in Practice.’”	D11
Chamber of Commerce	“Why we did not sign the memorandum for the underground metro station: Despite the fact that we, as the Chamber of Commerce, were never invited to any of the municipal councils. We should be tolerant towards the new administration and expect them to deliver what they promised. However we will be critical of any actions that are against professional people and small and medium sized enterprises in our city.”	D12
Interview 1	“Nowadays, we have a social partnership with the UNHCR United Nations program for refugees. In this program we are also collaborating with the municipality of Neapolis-Sykies and the municipality of Kalamaria; we are also collaborating with the Prefecture of Central Macedonia, and with the NGOs: Arsis, Praksis, and YMCA (XANΘ).”	Interview

8. New actions and innovation

8.1 Social cohesion (and social policy): New actions, innovation

New actions: the actors are presenting the new actions which took place in Thessaloniki in the period from 2010 until 2016 and are related to social cohesion and social policy.

According to those interviewed, the new actions in Thessaloniki Municipality concerning social cohesion are adopting a philosophy of solidarity and tending to avoid a philosophy of charity.

“I am addressing most vulnerable groups of people and aim to support them to avoid becoming homeless, or in any event we are trying to support them as well as possible. These actions do not simply constitute welfare, but they are actions of solidarity. These actions do not have a charity character. These actions adopt the philosophy of solidarity and support.”
Interview 2

In Thessaloniki Municipality, new actions related to social cohesion are mainly divided among 18 social structures; the main new actions which have appeared since 2011 or earlier are: (a) eight actions within the “Confrontation Poverty Network” program; in particular, such actions include a “time bank,” a municipal “vegetable garden,” a “dormitory for homeless people” (providing a place to sleep to homeless people), a “homeless center” (primary health care, hygiene, psychosocial support to homeless people, between 9 a.m. and 9 p.m.), a “soup kitchen,” a “social mini-market,” a “mediation office”, (b) housing/accommodation and reintegration program for homeless people, (c) a shelter for abused women (since 2011), (d) social dispensary and social pharmacy, (e) street work, (f) mobile school, (g) refugee support programs, (h) special entertainment center for people with special needs, (j) psychological support programs, (k) Portocalian socio-cultural center/social tutorial school, offering remedial teaching by volunteer teachers, (l) division of Protection and Promotion of Public Health staffed by a radiologist and a cardiologist who are permanent employees and by a pediatrician, a gynecologist and a pulmonologist, who are all offering their services free of charge as a community service.

Table 4: Segments; interviews

Actor	Segment	Document group
Interview 1	“We are running the Department of Protection and Promotion of Public Health, which is an advisory center for medical care. We have, of course, permanent staff, but this consists only of a radiologist and a cardiologist. We also have volunteer doctors, such as a pediatrician, a gynecologist and a pulmonologist. We may also have a nutritionist. They are all volunteers, as this center is set up for and serves economically weak people; during the year several individuals may have been served in the various health care programs and primary health care.”	Interview
Interview 7	“The ‘Social structures for the combat of poverty’ is a program which was initially funded in July 2013, by the National Strategic Reference Framework (NSRF), but is now funded only by the Central Government. Implementing this program as coordinator, ARSIS is	Interview

	collaborating with Municipality of Thessaloniki and NGO Praksis.”	
Interview 1	“We are taking part in the ‘nutrition program’ funded by the European aid fund for the needy with the social partnership of Thermis Municipality, Thermaikos Municipality, Kalamarias Municipality and Palaias-Chortiati Municipality. Coordinators of this program are NGOs such as Arsis, Praksis, and SOS Children’s Villages,. In this program, Thessaloniki Municipality is the chief coordinator and beneficiary.”	Interview
Interview 6	“We have 18 social structures, the Thessaloniki Municipality is using all the available social structures and is funding opportunities such as dormitory homeless, the day care center for the homeless, the battered women’s shelter, and social groceries. But many more measures are still needed, such as social surgeries, or municipal transportation. We are fighting in favor of that as we are from municipalities that have not succeeded in establishing municipal transportation. I have seen that there is an emphasis mainly on social policy.”	Interview
Interview 2	“Asking me about the actions which concern social cohesion, as an interview subject from the field of social policy, I can say that social cohesion actions are related to the structures we have set up as a municipality. Namely, the homeless dormitory and the daycare center for the homeless are two structures which are very important, because they are facing a very acute issue, and providing shelter for sleeping, but daycare also involves cleanliness, hygiene, and psychosocial support that did not exist and have only been running since 2012; of course, with the partnership of NGOs, and above all through a program of the Ministry of Labor.”	Interview
Interview 4	“We are feeding needy people, we have the daycare center for the homeless, the battered women’s shelter. All these policies are, for the first time, run by us – by our administration.”	Interview
Interview 3	“In the municipality of Thessaloniki there is a social dispensary. And generally all municipalities in Greece have established a social dispensary or social pharmacy in recent years. Social pharmacies were more a part of poverty structures programs. The program against poverty had some problems in connection with renewing its funding. Now I think it is funded by the national resources of the national central government and will be run for one more year. We had such problems.”	Interview
Interview 7	“The ‘streetwork’ is an action that is not so innovative, but it has been innovative in the last 10 years; namely, the intervention in the street. We are used to serving people in need who come to our structures. ‘Streetwork’ is the exact opposite; in other words, we go to where there is a problem.”	Interview
Interview 7	“Lately the work of ARSIS in connection with refugees has expanded. There has been an increase in programs involving support of unaccompanied children, victims of trafficking, exploitation, trafficking of children, as well as for families who are highly vulnerable, and housing is provided.”	Interview
Interview 1	“I think that these actions, and actions which focus on refugees and the homeless, etc., and actions which concern the housing and reintegration of refugees and homeless people are all new social policies that appeared due to the economic crisis, from 2012 onwards. All these phenomena have intensified to a great extent.”	Interview
Interview 6	“We experienced the refugee crisis and we realized that we needed to develop hosting structures for these people. If we had begun to build a building to accommodate refugees, on the one hand this would have been too expensive, and it would also have been time-consuming. The need was urgent. Thus, we hit on the idea that hotels could be involved in the action to host refugees; hotels are structures which already exist, and can provide everything which is necessary for a	Interview

	human being, and of course it was a way to fight against the exploitation of refugees; up to that time, hotels were charging refugees as much as they wanted to, and there were many refugees who could not cope with the expensive prices of the hotels and used to sleep in parks. So, we decided that a collaboration with hotels would be the solution.”	
Interview 4	“We are running a program for refugees in collaboration with UNHCR. It is a program of UNHCR and its aim is the integration of refugees into the society, into the city where the refugees live. We do not want them to be isolated and ghettoized in the camps.”	Interview
Interview 3	“The ‘React’ program is a new project which involves refugee housing. It began as a citizens’ initiative and Thessaloniki Municipality supports it. Generally speaking, the municipality supports initiatives.”	Interview

One of the questions posed to actors who were interviewed was whether they think that some of the “new actions” which are related to social cohesion and are run by the Social Policy section of Thessaloniki Municipality are innovative. According to these people the social cohesion actions can hardly be characterized as innovative, for they mainly aim to serve basic needs.

“I believe that the element of ‘innovation’ must not be seen at the social policy level. Social policy, apart from innovative actions, must also be conceived as a field which involves actions that are day-to-day and serve people.” Interview 1

According to the people interviewed, in the field of social cohesion and social policy, ideally, actions should not be based on a welfare system limited to social benefits. On the contrary, social policy should develop actions which promote the active participation of beneficiaries in such a way that in the future the former beneficiaries will in turn help other people in need. Moreover, innovation must be conceived as the ability to be ready to make a rapid change in order to face a new urgent challenge that may arise.

“Innovation in the field of social cohesion is a combination of powers in such a way that the beneficiary can later on help someone else in need. For me this is innovation and this philosophy must be adopted both at the central and at the local level.” Interview 2

“Innovation is about being able to change, prior to the change which is about to occur.” Interview 6

Nevertheless, in a broader sense, some of the new actions may be conceived as innovative. For example, in the social cohesion field, new actions which may be innovative are: (a) ‘housing/accommodation and reintegration’ programs for homeless people, (b) an open call to citizens who want to hand over their homes to refugees and to those who want to

accommodate refugees in their own houses, (c) “time banks” and municipal “vegetable gardens,” (e) mobile school, (f) the dormitory for homeless people.

Table 5: Segments; interviews

Actor	Segment	Document group
Interview 1	The ‘housing and reintegration’ program is a project for renting housing for six months to homeless people who used to sleep in the municipality’s dormitories, or used to visit the daycare center for the homeless. The aim of this program is to help these people to reintegrate into society. It is innovative in that it is an action that we had never experienced before and could never imagine that such an action could be implemented. ... This program is funded by the Ministry of Labor and will continue until the end of 2016 – in other words, it has been extended.”	Interview
Interview 2	“I believe that the ‘housing and reintegration’ program is innovative. It concerns people who have been homeless for a while whom we support until they find a job and their own housing. This is also a very important program.”	Interview
Interview 6	“I believe that in refugee programs we were innovative. We asked for and have received funding for hosting refugees since 2014 and because of this funding we were able to cope with the difficulties of the winter 2015–2016 – we use this funding to deal with very urgent, sensitive, surrounding circumstances. It is innovative because only the municipality of Thessaloniki got this program and Tilos Municipality which also has a similar program. We are the only ones who initiated it. All the other programs are run by all the Greek municipalities.”	Interview
Interview 3	“The projects for refugees are mainly innovative, because it is something new in general.”	Interview
Interview 3	“I believe that the main benefit that someone gets from these actions is not the financial one. It is the experience of ‘living together,’ and the chance to exchange experiences, new ways of life.”	Interview
Interview 7	““The ‘Time Bank’ is an exchange economy service ... I believe that this is innovative.”	Interview
Interview 7	“I believe the municipal vegetable garden is an original and innovative action, and the Time Bank is also innovative. The municipal vegetable garden involves land cultivation, and serves the beneficiaries who receive the vegetables at home for their own consumption.”	Interview
Interview 7	““The mobile school is also innovative. The mobile school that we run, is active in Roma settlements, and not only there, for it is also active in the city center. It is, in fact, a mobile school. We run this program in collaboration with Praxis.”	Interview
Interview 7	““Innovative is an open call to citizens who want to make their homes available to refugees, as well as the call to people who want to share their houses with refugees by hosting them.”	Interview
Interview 7	““The dormitory for homeless people is also innovative – despite the fact that it has been running for more than three years. ...Such an action was developed because of the needs of the society.”	Interview

The discourse in the local press concerning the new actions that took place in Thessaloniki in the period between 2010 and 2013 related to social cohesion is mainly focused on these new actions: (a) social dispensary, (b) social grocery, (c) soup kitchen, (d) strengthening of social policy.

Table 6: Segments; documents

Actor	Segment	Document group
Journalist	“Social dispensary. [...] without any financial cost for the beneficiaries, the social dispensary will provide on a permanent basis primary health care to everyone – Greeks and foreigners – who is uninsured and socially excluded. [...] the next aim is to press the state to provide without cost to needy people the necessary secondary and tertiary care, hospitalization and rehabilitation.”	D13
Journalist	“Social groceries, clothes banks and food banks, but also the soup kitchens are in full development, in order to meet the increased needs [...] It is estimated that more than 3,000 people are being served at these soup kitchens, and hundreds of families are served by the local social groceries and the clothes banks, which are run either by the municipalities, or individually by volunteers. In the municipality of Thessaloniki the waiting list for the social grocery is growing; every six months about 200 families are served by such a social grocery which is situated at Monastiriou Street.”	D14
Journalist	“For social policy, expenditures and revenues have been increased, and tax reductions implemented relating to social policy. [...] In particular, tax reduction: The municipal fees for cleaning and electric lighting have been reduced by 10 percent for households and by 6 percent for business premises, resulting in an increase in disposable income to businesses and households. [...] Maximum absorption of funds from investment programs, ultimately amounting to €21,099,917.32, as shown in the technical program. [...] Social protection for residents in need has been increased. Expenditure on social policy increased by €3.2 million compared with last year's budget, i.e. by 97 percent.”	D15
Journalist	“In practice, municipalities today are giving the kiss of life to social policy program, actions and policies in the wider field of social policy, since projects run by local government are currently the only programs that continue to be implemented for the care of the elderly, the indigent, the homeless, the disabled, children, infants and generally individuals or groups in need who want special care.”	D16

New (innovative) actions that benefit both social cohesion and economic development

According to some actors, there are interactions between social cohesion and economic development and they should be conceived as related factors. Social policy and social cohesion actions may contribute to confronting unemployment and thus to economic development.

“Economic development and economic policy are related to social policy, to the extent that they open vacancies and ensure social peace.” Interview 6

“We are running a program in collaboration with UNHCR, through which apartments are rented to asylum seekers. In this way, this social program is also indirectly supporting the owners of these apartments for, because of these program, the owners who used to face difficulties in renting their property now have a chance to rent it. ...the same applies to programs concerning soup kitchens, because we are also aiming to strengthen the economy.”

Interview 1

“We are trying, together with the Deputy Mayor for Entrepreneurship, to develop programs which will not have the classical status of S.A. etc., but might be social enterprises. In these programs we aim at promoting the participation of people who cannot find work easily.”

Interview 2

According to the Deputy Mayor for Social Policy, social cooperative enterprises⁸ may have positive effects on both social policy and economic development.

“We may develop something through social cooperative enterprises. [...] However, it is an institution that was not successful, not only here in Thessaloniki, but also in Greece in general.” Interview 2

8.2 Economic development, new actions and innovation

New actions: the people being quoted are presenting the new actions which took place in Thessaloniki in the period between 2010 and 2016 and are related to economic development.

In the region of Thessaloniki many private companies closed down after the year 2008. In particular, in the Metropolitan Region of Thessaloniki, throughout 2003–2008 there were 51,475 newly registered companies and 46,794 company closures. During 2009–2014 there were 33,895 newly registered companies (34 percent decrease) and 49,281 company closures (5 percent increase)⁹.

According to the persons who were interviewed, the new actions which are related to economic development are: (a) A strategic plan which includes development of the seafronts, (b) tourism development, (c) Masterplan Thessaloniki 2030, (d) five-year cycle municipal operational plans, (e) three enterprise incubators, (f) partnerships with foreign municipalities, e.g., Tel Aviv Municipality, (g) replacement of all city lights with LED lamps, (h) planned public and private partnerships (PPP/ΣΔΙΤ).

⁸ For the legal framework for “social cooperative enterprises,” see Law 4019/2011.

⁹ Municipality of Thessaloniki, Office of Urban Resilience of the Metropolitan Development Agency of Thessaloniki (June 2016), “Thessaloniki: Preliminary Resilience Assessment”, p. 19.

Table 7: Segments; interviews

Actor	Segment	Document group
Interview 4	“Thessaloniki is virgin territory. It is a city in which many things can be developed. Thessaloniki is an innovation hub and an innovative city. The development of the seafronts is part of our strategic plan. ... We are planning to build a marina on the seafront of the concert hall. The port, which is about to be privatized, will enhance the development of the city. Our goal is to increase cruises. All these actions will bring in money.”	Interview
Interview 5	“For example, currently the municipality has obtained ownership of the bay from the Ministry for 50 years. Until now, the bay has not belonged to the municipality of Thessaloniki. Thus, the municipality would like to develop marinas, and other things here.”	Interview
Interview 5	“As long as development is part of our policies, the city must benefit from its own resources. One of the most important resources is the sea.”	Interview
Interview 5	“We are talking about tourism; we have taken great strides in the tourism field. Thessaloniki used to be introverted and tourists were not visiting the city. However, nowadays Thessaloniki is full of tourists from all over the world – Turks, Israelis, Russians – these are the three new nationalities of tourists in the city.”	Interview
Interview 6	“In the field of tourism, I believe that an important and serious job has been done; in the sense that, at last, Thessaloniki is investing in its culture, its multiculturalism, the diversity of its history, etc., which has of course been organized and structured more and more. The fact that we attract tourists such as Jews, Turks, etc. is an achievement of Boutari’s administration, and I think that to a great extent it has succeeded.”	Interview
Interview 6	“For the urban seafront there is a collaboration that must continue.”	Interview
Interview 5	“It is the first time that the municipality has indirectly engaged in the fight against unemployment.”	Interview
Interview 5	“The enterprise incubators provide an accelerator, a very intensive course in teaching someone to start up an enterprise. ... There is also the concept of mentor; this is for example a great difference from “Innovathens.” The concept of a mentor in “Innovathens,” and in most incubators, is that you have someone who knows business very well and helps you start up your own business. We say, “No. In our enterprise incubators there are two things: There is a coach who is the one who knows and helps you – and there is also the mentor, who is a specialist in your field. ... so, if people do not succeed in their own enterprise something may come up. Thus, we have to be flexible and to create systems which have potential, not systems with a predictable course.”	Interview
Interview 5	“As far as innovation is concerned, nowadays we have set up a pre-incubator of innovation; this endeavor is being carried out in collaboration with the most important institutions in the city. Namely, in collaboration with the four universities, the Association of Exporters of Northern Greece, the Federation of Industries of Northern Greece and the Alexander Innovation Zone.”	Interview
Interview 5	“Something that we offer, or try to offer, is international networking. There is one thing I always say to them, ‘Your competitor is not the person next to you. ... Your antagonist may be located in Peru. ... Well, international networking is essential.”	Interview

Interview 5	“We send people to Tel Aviv for a week to attend the DLD Tel Aviv, which is an innovation festival where hundreds of investors are present, to network these people internationally; all expenses are paid, except air tickets, everything is paid by the municipality of Tel Aviv ... We intend to organize several events that reflect international networking.”	Interview
Interview 4	“We replaced all the city lights with LED lamps. We want to carry out energy upgrading in schools, to install photovoltaic roofs, to invest in energy schools to reduce our costs in heating, and achieve reductions in our own, let us say, ‘financial burden.’ This is the perspective.”	Interview
Interview 5	“‘Thessaloniki 2030,’ which is the long-term goal of the municipality, and has about 10 priorities ... for example it includes infrastructures and social issues; certainly we are setting long term goals, we have a long-term vision.”	Interview
Interview 4	“We also have the 5-year master plan. We are planning to complete its implementation by the end of our incumbency.”	Interview
Interview 5	“We would like to carry out several actions through public and private partnerships (PPP/SDIT). There are many things which could be done using PPP.”	Interview

Innovative and new actions related to economic development: The discourse in the press

A new action which, in a broader sense, is related to the economic development of Thessaloniki involves the research project “Smart Thessaloniki: Design of a Pilot Innovative Plan of Entrepreneurship Development in the framework of OPCE (EIIAE) 2007–2013”. This action is not restricted to the narrow borders of the municipality and was drafted after consultation among the different actors in the metropolitan area of Thessaloniki. This research involves the planning of a pilot project for the development of networks, applications and services of the “smart city”, in fields such as the port of Thessaloniki, the shopping center of the city, the campus of Aristotle University of Thessaloniki, the technological district of Eastern Thessaloniki, and the Macedonia Airport ¹⁰.

Concerning the innovative and new actions related to economic development, the discourse which derives from the local press is focused on seven main topics: (a) the Master Plan 2030 of Thessaloniki and the Strategic Plan “Thessaloniki 2012”, (b) the Innovation Zone of Thessaloniki (IZT / ZKΘ), (c) Tourism development in Thessaloniki and cruise development, (d) Marine transportation, (e). privatization of the Thessaloniki Port Organization (OLTH), (f) Completion of the underground train station (metro) in Thessaloniki, (g) the European

¹⁰ See Tsarchopoulos, Panagiotis, (2013). *Intelligent cities: Technologies, architecture and governance of digital space*, (Eufyeis poleis: Technologies, archirectonikes kai diakyvernisi tou psifiakou xorou – in Greek), doctoral thesis: Aristotle University of Thessaloniki, pp. 272–290

Programme INTERREG for the management of organic waste in the municipality of Thessaloniki and the involvement of citizens in alternative waste management.

The master plans and strategic plans are divided either in terms of their level of influence or in terms of their type. Thus, the influence of a plan may be related to the European, national, regional, metropolitan, or local level; the plans are mainly of four types, namely European strategies and instruments, spatial planning, operational plans and thematic action plans. The planning cycle of the municipal and regional operational plans is 5 years, the EU Development Frameworks have 6-year planning cycles, and there are also long term master plans.

The first long term master plan of the Thessaloniki Municipality was enacted and implemented in 1985, by Law 1561/1985. The new long term master plan of Thessaloniki was drafted during the period 2007–2009 by researchers and academics of the Aristotle University of Thessaloniki under the supervision of the Organization of Thessaloniki (ORTHE/OPΘE). After the enactment of the new master plan and the Law 3883/2010 a Council of the Organization of Thessaloniki (ORTHE/OPΘE) would act as an advisory institution responsible for supervision of the achievement of the goals of the new master plan. In 2012 the municipality of Thessaloniki and the Organization of Thessaloniki (ORTHE/OPΘE) signed a memorandum aiming their collaboration at the implementation of mutual goals¹¹. The Organization of Thessaloniki (ORTHE/OPΘE) was abolished and, in 2014, the tasks of the new Master Plan 2030, which used to be under the jurisdiction of ORTHE, were transferred to the Ministry of Environment and Energy, in the Directorate of Planning of the General Secretariat Planning and Urban Environment of the ministry. During 2011 there was a vivid debate in the local and national press about the new Master Plan 2030 of Thessaloniki and the Strategic Plan “Thessaloniki 2012”; according to the discourse of this period, such a master plan is an apparatus which will contribute to the economic development of Thessaloniki. Finally, the strategic plan “Thessaloniki 2012” has not been implemented and the Master Plan 2030 was not approved by the central government and is still pending.

Table 8: Segments; documents

Actor	Segment	Document group
Journalist	“‘Creative cities’ come back to the center, claiming in particular energy, economic and social benefits. In any case, this view permeates the general philosophy of the new Master Plan of Thessaloniki, as presented by the Ministry of Environment and Climate Change.”	D17
Journalist	“There are four development axes in the new Master Plan. ... the establishment of new businesses, expansion of old businesses related to agricultural production, and the relocation of other companies from congested areas near Thessaloniki, strengthening of competitiveness and enterprise extroversion, and promoting innovation through the Innovation Zone of Thessaloniki.”	D18

¹¹ “New Master Plan of Thessaloniki,” (2009). Ministry of Environment, Energy and Climate Change, Organization of Thessaloniki, pp. 5–7.

Journalist	“The program ‘Thessaloniki 2012’ [...] aims at internationalization and economic development of Thessaloniki, at promoting equal opportunities and social cohesion, at improving residents’ quality of life. [...] The Ministry and the Organization of Thessaloniki (ORTHE/OPΘE) points out that the program ‘Thessaloniki 2012’ is a specialization of the master plan for the city level and includes structural interventions, urban regeneration and other actions. The structural interventions sector includes, inter alia, the creation of a fixed rail tram network, marine transportation. [...] Urban regeneration includes the promotion of Thessaloniki’s historical identity [...] At the same time, the municipality of Thessaloniki will be funded for a study that will involve the regeneration of Tsimiski Street, and after the mayor’s request the “THESSALONIKI X 4” will be implemented, corresponding with “ATHENS X 4,” which aims to create new green spaces, playgrounds and recreational areas in neighborhoods.”	D19
Journalist	“The master plan for the waterfront will be completed by the French by Michaniona, and the program “Thessaloniki × 4” will be implemented. This is related to the implementation of the cross-conversion idea forming the intermediate streets of four blocks.”	D20
dental surgeon	“The Innovation Zone of Thessaloniki (IZT/ ZKΘ) [...] IZT is a modern and multifaceted project, which has the objective of both attracting business from Greece and abroad on the one hand while also strengthening existing business potential, and creating a favorable environment for further endogenous and exogenous growth, on the other hand. However, it is regrettable that its development has been almost frozen since the beginning. [...] On June 30, 2011 the Ministry of Development, Competitiveness and Shipping announced a call for an open consultation on the subject, certainly in view of the Thessaloniki International Fair (TIF/ΔΕΘ). In this consultation the citizens discussed the establishment of the zone, the amendment of the original statutes, and incentives and conditions for participation. Of course, we must not stop at this move, even a few months before the TIF. Instead, we must focus all our attention on the implementation of the program.”	D21
Journalist	“It is worth noting that in 2010 the arrival of Israeli visitors to Thessaloniki increased by 236 percent compared with the previous year. This trend is expected to intensify due to agreements made with cruise companies and the program ‘Thessaloniki: crossroads of cultures’.”	D22
Journalist	“According to data from the Thessaloniki Port Organization (OLTH), the Golden Iris was only the beginning, since during the summer season it is expected that 25 cruise ships will drop anchor in the port of Thessaloniki, which means 19 cruise ships more than last year, while there will be four to seven off routes. As a result 18,000 tourists will visit the streets of the city, an increase of 25 percent compared to last year.”	D23
Journalist	“The ‘opening’ in the tourism sector, with the personal signature of the mayor Yiannis Boutaris and his visits to Israel and Istanbul.”	D24
Journalist	“This year a 50 percent increase in cruises has been recorded. In 2012 it is estimated there will be an increase of 100 percent compared with this year, while the aim of the administration of the organization is that in 2013 Thessaloniki port will become the starting port for cruises and that the number of passengers handled will rise to 300,000—400,000 for that year.”	D25
Journalist	“Marine transportation in Thessaloniki will serve hundreds of city residents daily and is expected to contribute to reducing the number of cars, at least in the center, by thousands.”	D26
Journalist	“€1.2 billion in funding from the European Investment Bank for the underground (metro). All procedures required in order within the next week to begin the disbursement of the loan agreement for the basic task of Thessaloniki Metro, completed by the company Attiko Metro	D27

	SA.”	
Journalist	“A memorandum of cooperation (MOC) for the project Thessaloniki Metro was signed today between the Athens Metro SA and 23 city agencies. ... The memorandum involves the promotion and faster completion of the Thessaloniki Metro, but also the cooperation of city agencies in order to solve financial and operational issues and enhancement of archaeological issues on worksites.”	D28
Journalist	“The cooperation of Thessaloniki with the second largest city in Korea, Busan, was announced by the mayors of the two cities, Yiannis Boutaris and Namsik Ho, after their meeting yesterday in the new town hall, to mark the completion of one year since the twinning of the two cities.”	D29
Journalist	“The actions developed by the municipality of Thessaloniki for the reconstruction of the city, as Mayor Boutaris explained, cover three areas: financial and administrative streamlining, new ways of encouraging institutions in the city to collaborate, and the development of tourism policy. As to the first axis, the mayor of Thessaloniki pointed out that there was a primary surplus in the financial years 2011 and 2012, despite the deficit of €50 million, which – as he said – were achieved despite the fact that he had reduced municipal taxes. ‘The development of tourism does not require investment, but promotion’ He also stressed that s an activity ‘that does not need investment, but promotion" tourism can be a vehicle for new tourism markets (mainly Israel, Turkey and Russia) and a key priority of the municipality of Thessaloniki.”	D30
Journalist	“The European Programme INTERREG for the management of organic waste has been approved in the municipality of Thessaloniki, along with the involvement of citizens in alternative waste management; its budget is €800,000. The program will last 18 months. This is the first time that the municipality of Thessaloniki has participated in organic waste management. The project aims to recycle organic waste from businesses in the city center and encourage citizens to actually participate in alternative waste management.”	D31
Journalist	“The approval of the signing of the contract between the municipality of Thessaloniki and the Hellenic Recovery Recycling Corporation (HE.R.R.Co) for the recovery of recyclable waste was decided by the majority of the Municipal Council. The contract will last six years and HE.R.R.Co is given authority to allocate to the municipality between 10 to 15 garbage trucks and 5,000 blue bins.”	D32
Journalist	“Mr. Boutaris spoke about the actions of the municipality of Thessaloniki which are aiming at promoting economic reconstruction of the city ... According to him, in 2011 Thessaloniki had increased the number of tourists from Israel by 331 percent, tourists from Egypt by 286 percent, tourists from Russia by 96 percent, tourists from Skopje by 72 percent, and tourists from Turkey by 63 percent.”	D33

9. Conclusions

The empirical findings of this research show that Thessaloniki Municipality faces challenges which are mainly related to exogenous causes. The horizontal fiscal measures implemented by upper level government had two effects. On the one hand, the needs of citizens who require the aid of the municipality have been dramatically increasing and on the other hand, the municipality had to face this challenge while under fiscal pressure because of the cutbacks in state funding (KAP and SATA).

As a result of the above challenges, social cohesion has been strengthening in the city. Citizens are contributing voluntarily to several actions run by NGOs or by the social policy division of the municipality; for example, to mention only a few, actions related to a “social pharmacy,” a “social grocery” and “social tutorial school” are mainly supported by volunteers. Parallel to these in the field of social cohesion, the division of Social Policy of the municipality of Thessaloniki is running several projects. The view expressed by the persons who were interviewed is that such new actions related to social cohesion should mainly have a ‘solidarity’ character, not a ‘charity’ one. According to the people interviewed, social cohesion actions cannot be characterized as innovative, for they mainly aim to serve basic needs and fill gaps created by the exogenous cause originating with the upper level government.

The public debate focusing on the municipality of Thessaloniki is vivid. The empirical findings of this research, based on 428 different documents from the years 2011 to 2013, indicate that the challenges of the municipality are mainly related to exogenous causes. However, there are exceptions to this rule; on the one hand, the embezzlement scandal which is related to the former mayor before 2010 and on the other hand the challenge of waste disposal during the period 2011–2013. These challenges have been related to endogenous causes in the public debate. In particular, in the years between 2011–2013 there was a prominent public debate concerning mismanagement in waste disposal and a fear that the waste disposal services of the municipality were about to be privatized.

According to those interviewed, the main new actions which are related to economic development are the Master Plan Thessaloniki 2030, the planning of three enterprise incubators, cooperation with foreign municipalities such as Tel Aviv municipality, the planning of marine transportation, and the promotion and management of tourism. All the people interviewed agreed that as long as social cohesion and economic development are interrelated, social cohesion action and stronger social policy may make a positive contribution to economic development.

However, the new Master Plan 2030 is awaiting approval by the central government, the Master Plan of Thessaloniki of 1986, the Regional Framework for Spatial Planning and Sustainable Development of 1999, the Strategic Plan of 2002 and the Strategic Plan “Thessaloniki 2012”, mentioned above, have not been implemented.¹²

10. Policy recommendations

Recommendations for Local Level Actors (Micro-level)

- Drafting and implementation of municipal operational programs (5-year planning cycle).

¹² Municipality of Thessaloniki, Office of Urban Resilience of the Metropolitan Development Agency of Thessaloniki (June 2016), “Thessaloniki: Preliminary Resilience Assessment”, p. 24.

- Pressure by local government for the implementation of the Master Plan 2030 which is awaiting approval at the upper level.
- Active participation of local government in setting rational and coherent strategic goals in the Regional Operational Programs (5-year planning cycle).
- Municipal' initiatives to attract international suppliers to take part in 'open calls for tenders in municipal procurement.
- Control of open calls and tendering processes. Proper comparisons with prices among other municipalities.

Recommendations for Central State Level Actors (Macro-level)

- Strengthening of control mechanisms through the implementation of the institution of "Legality Controller" secured in Law 3852/2010 (Kallikrates law), Art. 216, para 1, as revised by Law 4257/2014, Art. 20.
- Efficient and well-organized control mechanisms, avoiding delays in resolutions being passed. Acceleration of processes.
- Acceleration in the payment process, avoiding delays.
- Reconciliation of the role of the municipality of Thessaloniki in coastal areas and Thermaikos Gulf; as far as the natural resources of the city are concerned, the main tasks of the municipality are currently restricted to responsibilities concerning parks or recreational facilities.
- Negotiations between the Thessaloniki Port Organization and the municipality of Thessaloniki on the first and second docks of the port.
- Introduction of electronic payments at the municipal level. Revision of the relevant legislation which, indirectly, restricts e-payments.

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Interviews

Thessaloniki Municipality, July 2016

1	M. Spyridou	Administration. Director of Social Policy - Directorate Social Policy and Public Health
2	Kalypso Goula	Deputy Mayor for Social Policy
3	Ioanna Fourkioti	Head of Solidarity Now in Thessaloniki
4	Georgia Ranella	Deputy Mayor for Finance
5	Simon Bessanson	Appointed municipal councilor for innovative city practices
6	Anonymou s	Former municipal councilor (Ecologist party: “Neighborhoods in Action”) and chairperson of the Migrant Integration Council of Thessaloniki
7	Sofia Kralidou	Social Worker in NGO Arsis in Thessaloniki

List of documents, Thessaloniki municipality

	Source/Actor	Group
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D2	Τυπος tis Thessalonikis: Δήμος Θεσσαλονίκης: Θα βοηθήσουμε νομικά τους σε διαθεσιμότητα εργαζομένων. December 11, 2012	Press and media
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D4	Αυριανι Μakedonias Thrakis: Η τοπική αυτοδιοίκηση σηκώνει το βόρος της φτώχειας των πολιτών. December 8, 2011	Press and media
D5	Giorgos Mitrakis: 8 βήματα ανάπτυξης για το λιμάνι μέσα στο 2011. In: Angelioforos. May 5, 2011	Press and media
D6	Vassilis Panagiotidis: Πουλάνε κερδοφόρες επιχειρήσεις με πρόσχημα την κρίση. In: Τυπος tis Thessalonikis. October 21, 2013	Press and media
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D9	Makedonia: Σκουπίδια: Καβγάς υπό τον κίνδυνο της ιδιωτικοποίησης. May 29, 2012	Press and media
D10	Fani Sovitsli: Ο «Καλλικράτης» έμεινε από χρήματα. In: Makedonia. January 25, 2012	Press and media
D11	Rizospastis: Προϋπολογισμός. April 12, 2011	Press and media
D12	Karfitsa Weekend: Chamber of Commerce; Why we did not sign the memorandum for the underground metro station. April 21, 2011	Press and media/ Interest groups
D13	Thessaloniki: Κοινωνικό ιατρείο. April 17, 2011	Press and media
D14	Eutychia Vatali: Χιλιάδες αιτήσεις για βοήθεια: Σε συσσίτια και κοινωνικές υπηρεσίες των δήμων της Θεσσαλονίκης. In: Angelioforos tis Kyriakis. April 13, 2012	Press and media
D15	Georgia Skondrani: Αύξηση κοινωνικών δαπανών και μείωση των τελών μας. In: Typos tis Thessalonikis. December 17, 2012	Press and media
D16	Δανηλίδης: «Οι δημοί δίνουν φιλή της ζωής στην κοινωνική συνοχή που διαλύεται». (In English, Danielidis: Municipalities give 'the kiss of life' in social cohesion which is being destroyed). In: Avriani Makedonias Thrakis. December 17, 2012	Press and media
D17	Press time: Θεσσαλονίκη, «συμπαγής πόλη». April 21, 2011	Press and media
D18	Angelioforos: Οι χρήσεις γης στην Κεντρική Μακεδονία. April 21, 2011	Press and media
D19	In Journal: Thessaloniki. October 2, 2011	Press and media
D20	Kerdos: Πυλώνας ανάπτυξης για τη θεσσαλονίκη το νέο ρυθμιστικό. April 12, 2011	Press and media
D21	Christos Cholevas: Η ζώνη καινοτομίας ως κινητήριο δύναμη της οικονομικής ανάπτυξης της Θεσσαλονίκης και κατ' επέκταση της Ελλάδας. In: Makedonia. September 16, 2011	Press and media
D22	Makedonika nea tis Imathias: Ελληνοϊσραηλινή σύμπραξη April 29, 2011	Press and media
D23	Vassilis Panagiotidis: Ενθαρρυντικά μηνύματα για τον τουρισμό στη Βόρεια Ελλάδα. Typos tis Thessalonikis. May 20, 2011	Press and media
D24	Angelioforos tis Kuriakis: 100 μέρες Μπουτάρης. April 16, 2011	Press and media
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D27	Typos tis Thessalonikis: Κεφάλαια 1,2 δις. ευρώ από την Ευρωπαϊκή Τράπεζα Επενδύσεων για το Μετρό. December 4, 2012	Press and media
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D29	Tania Mylona: Συνεργασία της Θεσσαλονίκης με πόλη της Κορέας. In: Adesmeutos typos, April 28, 2011	Press and media
D30	In Journal: Typos tis Thessalonikis. December 4, 2012	Press and media
D31	Auriani Makedonias Thrakis: Εγκρίθηκε το πρόγραμμα Interreg του δήμου θεσσαλονίκης. October 15, 2012	Press and media

D32	Angelioforos tis Kyriakis: Το δημοτικό συμβούλιο Θεσσαλονίκης ενέκρινε... April 22. 2011	Press and media
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