



REPOS

Reformability of Political Systems in Times of Crisis: The Example of Financial Consolidation in German and Greek Municipalities



Municipality of Volos Case-Study Report

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--- REVISED VERSION ---

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Υπουργείο Παιδείας και Θρησκευμάτων



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1. Introduction

The Municipality of Volos case-study Report offers a provisional summary of the main findings on fiscal consolidation perceptions, causes and means of action in Municipality of Volos, focusing on the period 2010-2014. The Report is based on: (a) secondary statistical data, from established statistical sources, on the political, social and economic context of the Municipality, (b) municipal documents and press releases (c) articles and texts from the local Press about the Municipal fiscal problem, and (d) interviews with local actors, who have a deep knowledge of the Municipal fiscal problem. For a more holistic approach, the interviewees came from the political leadership, including the Mayor and the deputy Mayors, the Municipal administration, and representatives of the local productive organizations. The Report is an integral part of REPOS (Reformability of Political Systems in Times of Crisis: The Example of Financial Consolidation in German and Greek Municipalities) Programme, aiming at the elaboration and dissemination of specific strategies and operational policy measures for sustainable reforms of financial consolidation, and beyond, in Greek and German municipalities.

The structure of the Report is as follows: The first section is introductory. The second and the third section describe the socio-economic environment of the city of Volos, the actor constellation and the fiscal problem of Municipality of Volos. The fourth, the fifth, the sixth and the seventh section review the findings of the empirical analysis with respect to the perceptions and the causes of the Municipal fiscal problem, the corresponding scope and means of action as well as the corresponding public debate, and the transparency and legitimacy of the political system. These sections are illustrated with several MAXQDA-derived quotations. The eighth section offers the conclusions and the ninth section offers some policy recommendations.

2. Socio-economic context of the city of Volos

Volos, the capital of Magnesia, is a medium-sized city located in Central Greece, between Pagassitikos Gulf and Pelion Mountain. Currently, together with the neighboring, medium-sized, city of Larissa, Volos is, often, considered to be an alternative development pole (“the Larissa-Volos dipole”), next to the metropolitan poles of Athens and Thessaloniki. The “dipole” concept is based on the rationale that each city may specialize in complementary functions at an equivalent level in the urban hierarchy. However, Volos does not seem to make use of this “dipole” dynamic. To the extent that the “dipole” concept has worked, it has mainly availed Larissa (for instance, when multinational companies make investment location decisions). Yet, Volos is widely considered to have significant advantages which (may) equal to equivalent



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development perspectives. The city of Volos is located close to the main Greek transportation networks, it has an important port and an airport, and it is the administrative and the academic center of the University of Thessaly. The city of Volos, also, disposes a significant industrial tradition and a coastal hinterland of a well-recognized natural beauty, suitable for tourism development. Overall, Volos is a city that offers a high-level quality of living. Despite this remarkable multidimensionality of development prospects and living standards, however, Volos has not achieved yet a satisfactory level of economic development. Especially during the late 1970s, Volos experienced a strong de-industrialization wave, partially encountered with the foundation of the University of Thessaly, in the late 1980s, which offered employment opportunities and attracted specialized workforce. Currently, and after the eruption of the economic crisis (year 2008), Volos is under a new economic decline, experiencing an income decline and suffering from high unemployment rates.

After the Kallikratis administrative reform in 2010, which provided the amalgamation of several neighboring municipalities in 2011, the new Municipality of Volos now includes the former Municipalities of Volos, Nea Ionia, Iolkos, Agria, Nea Agxialos, Aisionia, Artemida, Portaria and Makrinitza. According to the recent population Census (year 2011), Municipality of Volos has 144,449 resident inhabitants (1.3% of the population in Greece) (see Table 1 and Graph 1). Comparing to the previous population Census (year 2001), Municipality of Volos exhibited a population increase of 2% (from 141,675 inhabitants), in contrast to the corresponding State, Regional and Prefectural trends. Comparing to the former Municipality of Volos, the new Municipality of Volos that now includes 9 former municipalities exhibited (period 2001-2011) an enormous population increase of 75.2%! This increase highlights the challenges that (the “current”) Municipality of Volos has to be dealt with, within a stressful fiscal situation, and this is the reason why Municipality of Volos has been selected as a REPOS case-study.

Table 1: Population ⚙️



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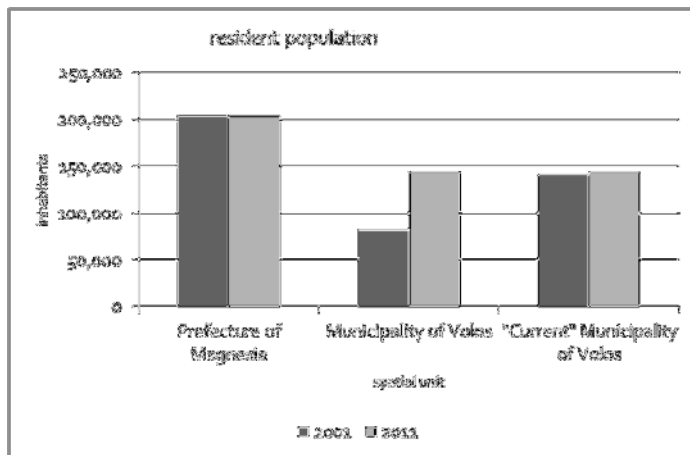
Spatial Unit	Population (inhabitants; resident population)	
	2001	2011
Greece	10,934,097	10,816,286
Region of Thessaly	740,165	732,762
Prefecture of Magnesia	205,055	203,808
Municipality of Volos	82,439	144,449
“Current” borders of Municipality of Volos	141,675	144,449

Resident (Permanent) Population: the total number of persons normally residing in a specified geographical area for a period of at least 12 months prior to the date of conduct of the Census, or who have arrived at the place of usual residence during the last 12 months, with the intention to reside in the area for at least 1 year.

⚙ “Current” Municipality of Volos includes the former Municipalities of Volos, Nea Ionia, Iolkos, Agria, Nea Agxialos, Aisonia, Artemida, Portaria and Makrinitisa.

Sources: Hellenic National Statistical Authority / Own elaboration

Graph 1: Population Development 2001-2011 # ⚙



Sources: Hellenic National Statistical Authority / Own elaboration

The allocation of population per age group in Municipality of Volos (year 2011) is rather balanced, and, definitely, more balanced comparing to the corresponding State, Regional and Prefectural allocations (see Table 2 and Graph 2). By and large, the allocation of population per age group in Municipality of Volos seems to follow a normal distribution (i.e. inverted-U or bell-shaped) pattern as the 20.6% of population

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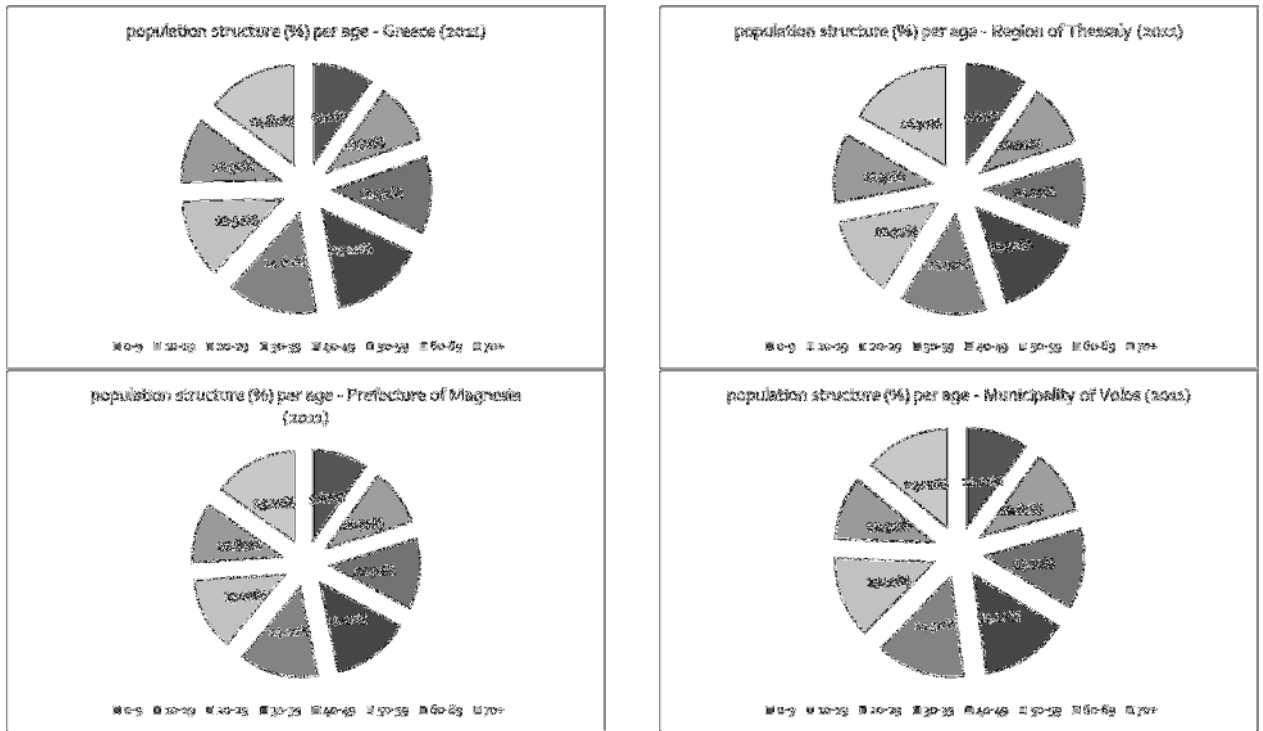
belongs to the age groups “0-9” and “10-19”, the 55.0% belongs to age groups from “20-29” to “50-59”, and the 24.4% belong to the age groups “60-69” and “70+”.

Table 2: Population structure per age

Spatial Unit	Population structure per age (% population)							
	2011							
	0-9	10-19	20-29	30-39	40-49	50-59	60-69	70+
Greece	9.7%	9.9%	12.5%	15.1%	14.6%	12.9%	10.5%	14.8%
Region of Thessaly	9.8%	10.2%	11.2%	13.9%	13.9%	12.9%	11.3%	16.7%
Prefecture of Magnesia	9.8%	10.3%	12.7%	14.0%	14.1%	13.0%	10.8%	15.2%
Municipality of Volos	10.0%	10.6%	13.1%	14.2%	14.5%	13.2%	10.4%	14.0%

Sources: Hellenic National Statistical Authority / Own elaboration

Graph 2: Population structure per age



Sources: Hellenic National Statistical Authority / Own elaboration

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The allocation of population per education level in Municipality of Volos (year 2011) is in line with the corresponding State, Regional and Prefectural allocations (see Table 3 and Graph 3). Overall, the population in Municipality of Volos is rather well-educated as the 68.5% has a secondary (i.e. lyceum) or a higher (i.e. university) education degree. Only, 12.7% of population in Municipality of Volos is non-educated, having no primary (i.e. elementary school) education degree.

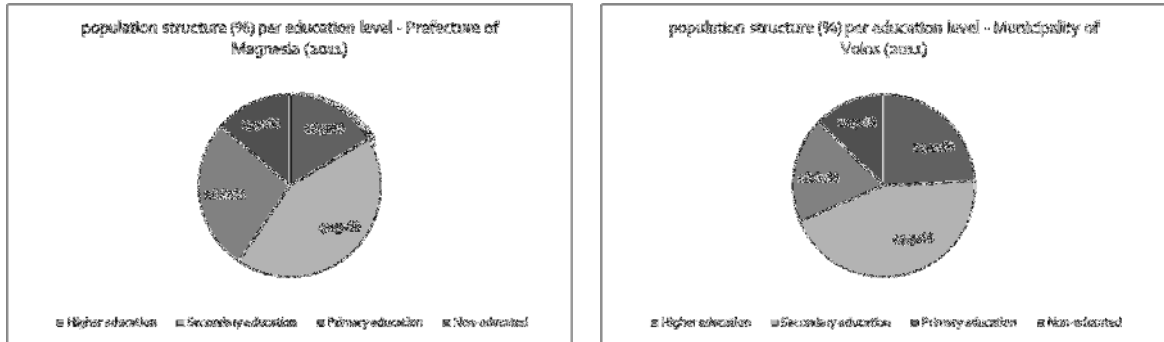
Table 3: Population structure per education level

Spatial Unit	Population structure per education level (% of population)			
	2011			
	Higher education	Secondary education	Primary education	Non-educated
Greece	24.9%	44.0%	17.8%	13.2%
Region of Thessaly	28.9%	38.7%	15.2%	17.2%
Prefecture of Magnesia	16.5%	42.9%	26.8%	13.7%
Municipality of Volos	24.2%	44.3%	18.8%	12.7%

Sources: Hellenic National Statistical Authority / Own elaboration

Graph 3: Population structure per education level





Sources: Hellenic National Statistical Authority / Own elaboration

Reaching the share of 51.6%, the vast majority of income declarations in Municipality of Volos (year 2012) come from either pensioners or rentiers, according to the allocation of declarations per profession (see Table 4 and Graph 4). Only the 48.4% of declarations come from “economically active” taxpayers that exercise a “working” profession (i.e. private or public sector employees, merchants, farmers, freelancers).

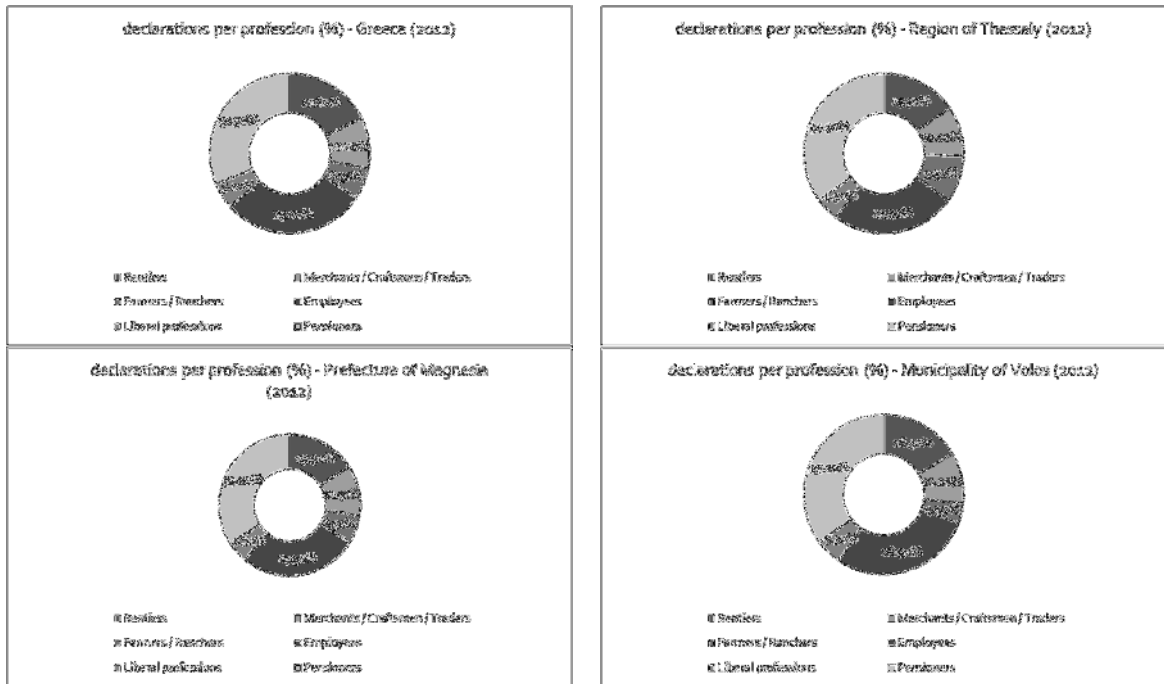
Table 4: Income Declarations per profession

Spatial Unit	Declarations per profession (% of declarations)					
	2012					
	Rentiers	Merchants / Craftsmen / Traders	Farmers / Ranchers	Employees	Liberal professions	Pensioners
Greece	17.8%	10.2%	6.3%	29.1%	5.2%	31.3%
Region of Thessaly	15.5%	10.0%	9.5%	25.3%	4.9%	34.9%
Prefecture of Magnesia	15.9%	11.4%	6.5%	27.3%	4.7%	34.2%
Municipality of Volos	16.5%	10.2%	4.0%	28.9%	5.3%	35.1%

Source: Hellenic Ministry of Economics – General Secretariat of Information Systems
/ Own elaboration



Graph 4: Income Declarations per profession



Source: Hellenic Ministry of Economics – General Secretariat of Information Systems / Own elaboration

Overall, the declared (stated) income in Municipality of Volos is below the corresponding State, Regional and Prefectural income (year 2012) (see Table 5 and Graph 5). After the eruption of the on-going economic crisis, Municipality of Volos has been experiencing a decline of 22.0% in terms of declared income! This decline is greater than the corresponding State, Regional and Prefectural ones. Added to the population trends, this decline provides another highlight with respect to the challenges that Municipality of Volos has to face.

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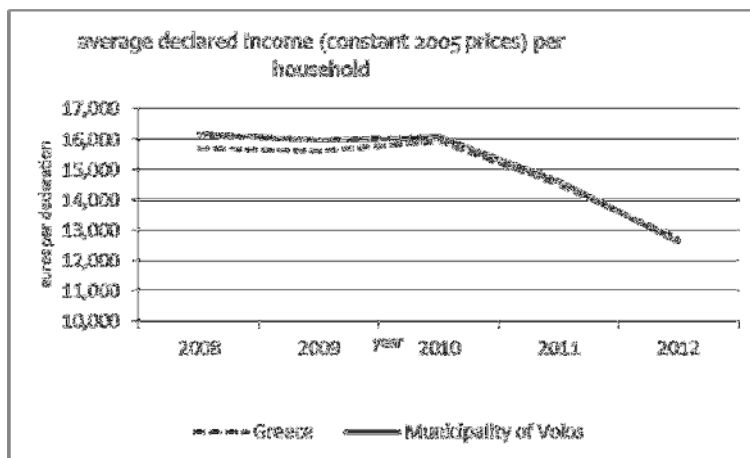
Table 5: Average declared income \diamond per household

Spatial Unit	Average declared income per household (euros per declaration; constant, year 2005, prices)				
	2008	2009	2010	2011	2012
Greece	15,697	15,591	15,919	14,490	12,705
Region of Thessaly	15,203	15,485	16,248	15,039	13,177
Prefecture of Magnesia	16,759	16,921	17,409	16,001	13,847
Municipality of Volos	16,151	15,954	16,057	14,602	12,598

\diamond Despite its shortcomings (i.e. inefficiencies in measurement, spatial mismatch between product and income), per capita GDP remains the most commonly-used measure of development. Having no (officially published) per capita GDP data at the municipal level, declared income data provides a reliable proxy. Usually, declared income presents a high degree of correlation with per capita GDP.

Source: Hellenic Ministry of Economics – General Secretariat of Information Systems / Own elaboration

Graph 5: Average declared income \diamond per household



Source: Hellenic Ministry of Economics – General Secretariat of Information Systems / Own elaboration

Pensioners declare 37.0% of income in Municipality of Volos (year 2012) (see Table 6 and Graph 6). Rentiers declare another 5.4%. Thus, only the 57.6% of income is



declared from taxpayers that exercise a “productive” profession. Similar is the situation with respect to State, Regional and Prefectural declared income, given the silent hypothesis that black economy (undeclared income) is similar (if not the same) across the country.

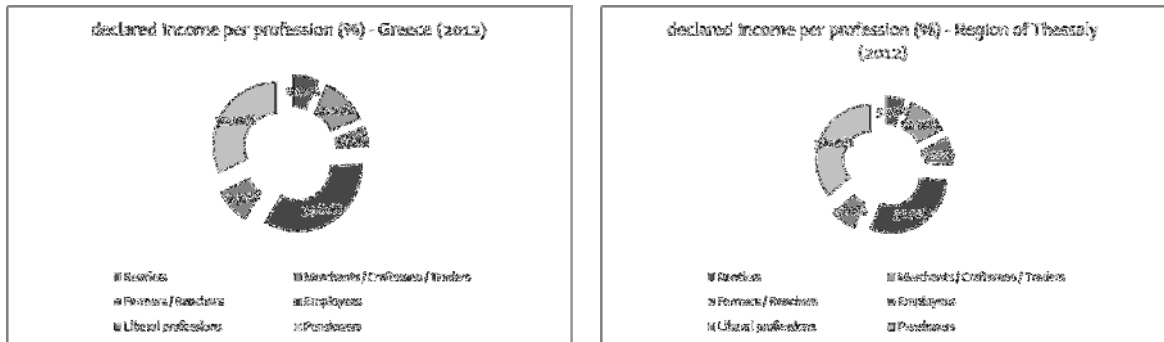
Table 6: Declared income per declaration per profession

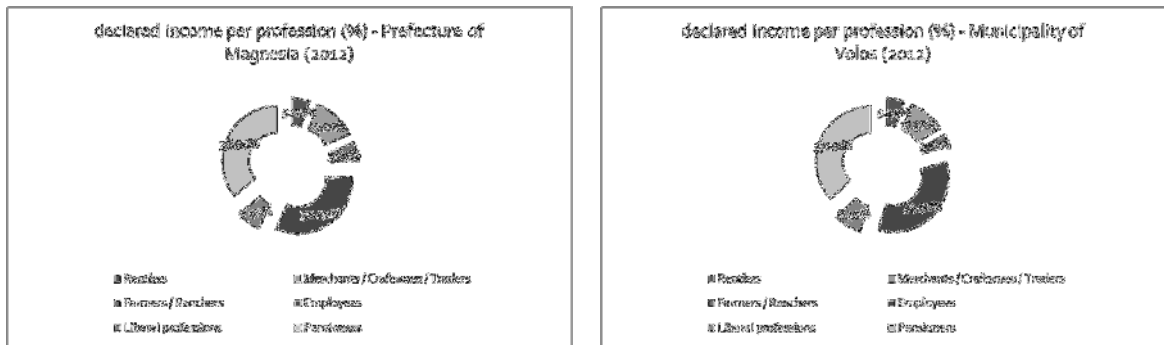
Spatial Unit	Declared income per profession (% of declared income)					
	2012					
	Rentiers	Merchants / Craftsmen / Traders	Farmers / Ranchers	Employees	Liberal professions	Pensioners
Greece	6.6%	12.2%	5.1%	34.8%	9.3%	32.0%
Region of Thessaly	5.3%	12.1%	8.2%	30.7%	7.6%	36.1%
Prefecture of Magnesia	5.2%	13.2%	5.8%	32.4%	7.4%	36.0%
Municipality of Volos	5.4%	11.3%	3.7%	34.3%	8.3%	37.0%

Source: Hellenic Ministry of Economics – General Secretariat of Information Systems

/ Own elaboration

Graph 6: Declared income per profession





Source: Hellenic Ministry of Economics – General Secretariat of Information Systems / Own elaboration

Municipality of Volos numbers 46,120 employed persons (year 2011) (see Table 7 and Graph 7). This number represents the 63.2% of employment in Prefecture of Magnesia.

Table 7: Employment

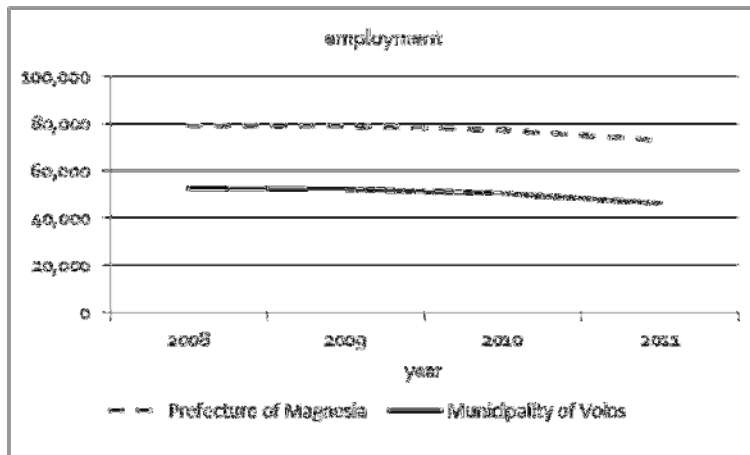
Spatial Unit	Employment (employed persons)			
	2008	2009	2010	2011
Greece	4,865,800	4,836,220	4,711,690	4,446,770
Region of Thessaly	318,281	314,993	305,673	287,376
Prefecture of Magnesia	79,393	78,991	77,105	73,001
Municipality of Volos	52,512	52,110	50,224	46,120

Sources: Hellenic National Statistical Authority / Own elaboration

Graph 7: Employment



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Sources: Hellenic National Statistical Authority / Own elaboration

Unemployment rate in Prefecture of Magnesia (there is no data available at the Municipal level) reached the level of 37.4% (year 2013) (see Table 8 and Graph 8). This share is well above the corresponding State and Regional shares. After the eruption of the on-going economic crisis, Prefecture of Magnesia experienced an increase of 29.3 percentage points in terms of unemployment rate. This increase is higher than the corresponding State and Regional ones.

Table 8: Registered unemployment rate

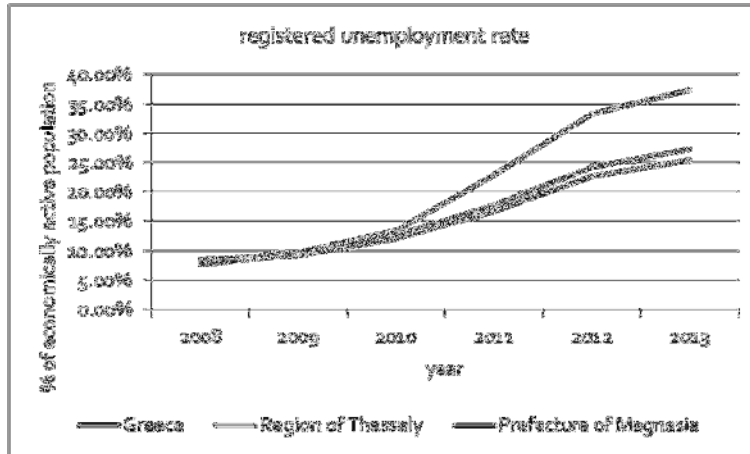
Spatial Unit	Registered Unemployment Rate (% of economically active population)					
	2008	2009	2010	2011	2012	2013
Greece	7.6%	9.5%	12.5%	17.7%	24.2%	27.3%
Region of Thessaly	8.4%	9.2%	12.1%	16.7%	22.6%	25.4%
Prefecture of Magnesia	8.1%	9.6%	13.4%	22.9%	33.3%	37.4%
Municipality of Volos	n/a	n/a	n/a	n/a	n/a	n/a

n/a: not available

Sources: Hellenic National Statistical Authority / Own elaboration

Graph 8: Registered unemployment rate





Sources: Hellenic National Statistical Authority / Own elaboration

Overall, the main economic sector in Volos (year 2011) is the tertiary sector, with a share that represents 74.3% of employment (see Table 9 and Graph 9). The secondary sector is rather small, representing 21.0% of employment, and the primary sector is extremely small, representing just 4.7% of employment. This extremely small share of the primary sector is quite logical as Municipality of Volos mostly contains urban areas. Comparing to the corresponding sectoral allocation of employment in Prefecture of Magnesia, it comes that the shares of the secondary sector are almost equal, the Prefectural share in the primary sector is higher, by 6.8 percentage points, and the Prefectural share in the tertiary sector is lower, by 8.2 percentage points.

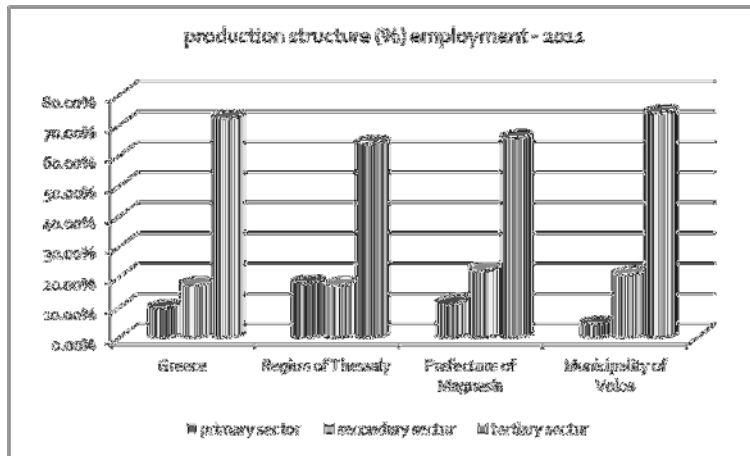
Table 9: Sectoral allocation of employment



Spatial Units	Production Structure (% employment)		
	2011		
	primary sector	secondary sector	tertiary sector
Greece	10.0%	17.6%	72.5%
Region of Thessaly	18.2%	17.5%	64.3%
Prefecture of Magnesia	11.5%	22.4%	66.1%
Municipality of Volos	4.7%	21.0%	74.3%

Sources: Hellenic National Statistical Authority / Own elaboration

Graph 9: Sectoral allocation of employment



Sources: Hellenic National Statistical Authority / Own elaboration

3. Municipality of Volos: Political leadership and the fiscal problem

Until the recent reform of the Greek local administration structure, which took place in 2010 under the name “Kallikratis”, the greater Volos area has always been divided into several municipalities and local communities, among which Municipality of Volos was always the dominant one. The previous territorial reform of the year 1997 (named “Kapodistrias”) had brought minor changes in the administration scheme of Volos (even though this reform was, also, based on compulsory amalgamations). In particular, only some local communities at the city’s outskirts had joined together, forming a new municipality, named “Iolkos”. From 1997 until 2010 the greater Volos area included 7





municipalities: Volos, Nea Ionia, Iolkos, Aisonia, Agria, Artemida and Nea Aghialos. After the “Kallikratis” implementation, all the previous municipalities joined together, forming the current Municipality of Volos, together with the Portaria former mountainous Municipality and the mountainous Community of Makrinitisa. Compared to the rest of the Greek big- and medium-sized cities, Volos was, certainly, the one to be mostly affected by the “Kallikratis” Programme. Although the current administration structure is more sequent to the city’s real population, including both the city’s center and the city’s outskirts, the area of the city has expanded dramatically, covering literally mountains, lowlands and coastal areas. Characteristically, the administrative limits of Municipality of Volos enclose a winter ski resort on an altitude of 1500 meters and at least 12 different beaches altogether.

It is well understood that this “sudden” change in the city’s administration scheme, combined with a fall (instead of a raise) of the municipality’s financing from the Central Government (due to the handling of the economic crisis), led to a series of major problems, encumbering the management of the city. Leaving out the debt issue, the previous Municipal authority (from 2010 until 2014), faced significant difficulties with several issues reflected in every-day life, such as the waste management, the water supply, the lighting and the maintenance of public spaces. It seems that the registered citizens perceived the previous difficulties as a failure of the previous Mayor and his team. In the Municipal elections of 2014, the party of the previous Mayor received an unexpected (disastrous) 15%, which is considered to be extremely low for an outgoing Mayor.

Starting from the Olympic year 2004 and until the consecutive National elections in 2012, voters in Municipality of Volos exhibited, on average, the same voting behavior with voters in the whole country (see Tables A1.1, A1.2 and A1.3, and Graphs A1.1, A1.2 and A1.3 in Appendix). In 2004, New Democracy (ND; conservative right) won the elections having gathered the 45.36% of the (valid and non-blank) votes. Pan-Hellenic Socialist Movement (PASOK; social democracy) was elected as the major opposition party having gathered the 40.55% of the votes. The corresponding shares of



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ND and PASOK in Municipality of Volos were 42.70% and 39.85%, respectively. In 2007, ND won, again, the elections having gathered the 41.84% of the votes. PASOK was elected, again, as the major opposition party having gathered the 38.10% of the votes. The corresponding shares of ND and PASOK in Municipality of Volos were 39.72% and 36.30%, respectively. In 2009, PASOK won the elections having gathered the 43.92% of the votes. ND was elected as the major opposition party having gathered the 33.47% of the votes. The corresponding shares of PASOK and ND in Municipality of Volos were 40.24% and 31.49%, respectively. In the “double” elections (May and following June) held in 2012, voters in Municipality of Volos exhibited, on average, different voting behavior with voters in the whole country (see Tables A1.4, and A1.5, and Graphs A1.4, and A1.5 in Appendix). In May 2012, ND was the strongest party, having gathered the 18.85% of the votes. Coalition of the Radical Left (SYRIZA; radical left) was elected as the major opposition party having gathered the 16.78% of the votes. In contrast, in Municipality of Volos SYRIZA was the first party and ND was the second party having gathered the 20.69% and the 16.29% of the votes, respectively. In June 2012, ND won, again, the elections having gathered 29.66% of the votes. SYRIZA was elected, again, as the major opposition party having gathered 26.89% of the votes. In contrast, in Municipality of Volos SYRIZA was the first party and ND was the second party having gathered the 34.33% and the 24.30% of the votes, respectively. In 2015, SYRIZA won the elections, having gathered the 36.34% of the votes (see Table A1.6 and Graph A1.6 in Appendix). SYRIZA was, also, the first party in Municipality of Volos, having gathered 43.29% of the votes.

With respect to the European elections, voters in Municipality of Volos exhibited, on average, the same voting behavior with voters in (entire) Greece (see Tables A1.7, A1.8 and A1.9, and Graphs A1.7, A1.8 and A1.9 in Appendix). In year 2004, ND won the elections having gathered the 43.01% of the votes. ND was, also, the first party in Municipality of Volos having gathered the 39.73% of the votes. In year 2009, PASOK won the elections having gathered the 36.65% of the votes. PASOK was, also, the first party in Municipality of Volos having gathered the 33.68% of the votes. In year 2014,



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SYRIZA won the elections having gathered the 26.57% of the votes. SYRIZA was, also, the first party in Municipality of Volos having gathered the 32.49% of the votes. Focusing on Municipal elections, in year 2006, Mr. Alexandros Voulgaris, supported by PASOK, was elected (from the first round) Mayor of Volos (see Table A1.10 and Graph A1.10 in Appendix). Given that in the National elections of the years 2004 and 2007 ND was the first party in Municipality of Volos, this result provides an indication that partisan origin was not the only voting criterion of the citizens of Volos. In 2010, Mr. Panayotis Skotiniotis, supported by PASOK, Democratic Left (DHMAR; reformatory left), Green Ecologists (OP; ecologists), was elected Mayor of Volos (see Table A1.11 and Graph A1.11 in Appendix). Noteworthy is the fact that the outgoing Mayor, Mr. Alexandros Voulgaris, was not a candidate, as his party (PASOK) had expressed the willingness to support the multi-political electoral combination of Mr. Skotiniotis. In the Municipal elections of 2014, Mr. Achilleas Mpeos, an independent candidate, was elected Mayor of Volos (see Table A1.12 and Graph A1.12 in Appendix). Noteworthy is the fact that even though SYRIZA was the strongest party in the Municipality of Volos in the National elections of 2012 and 2015 as well as in the European elections of 2014, Mr. Margaritis Patsiantas, who supported by SYRIZA, did not manage to win the Municipal elections. At the same time, Mr. Panayotis Skotiniotis, the former Mayor that had managed to consolidate the financial situation of the Municipality of Volos, experienced a (disastrous) defeat (15.3%).

Currently (year 2015), Municipality of Volos personnel counts for 765 employees, of which 435 are permanent staff, 236 work with contracts of indefinite duration, 89 are temporary staff and 5 are seconded staff. Among the 89 temporary employees, 16 have signed contracts for 5 months, according to the imperatives of the National Strategic Reference Framework which allows only for fixed short-term contracts. It has to be noted that after the implementation of the Kallikratis reform, there have been strict restraints of the staff, and numerous contracts of temporary staff were not novated after their expiry (as expected by the employees). At the same time, the closing of the



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supernumerary small and bigger Municipal enterprises (75 in the case of Volos) also led to the dismissal of their staff.

Currently (year 2014), the debt of Municipality of Volos is around €17,000,000 in constant (year 2005) prices (see Table 10 and Graph 10). The debt of Municipality of Volos represents the 0.87% of the Greek municipal debt (i.e. the total debt of all municipalities in Greece). Noteworthy is the fact that even though, during the period 2011-2014, the debt of Municipality of Volos is getting decreased in absolute terms, its relative share with respect to the Greek municipal debt is getting increased. Noteworthy is also the fact that even though, during the period 2010-2011, the debt of Municipality of Volos is getting increased in absolute terms, its relative share with respect to the Greek municipal debt is getting decreased.

Table 10: Volos Municipal debt

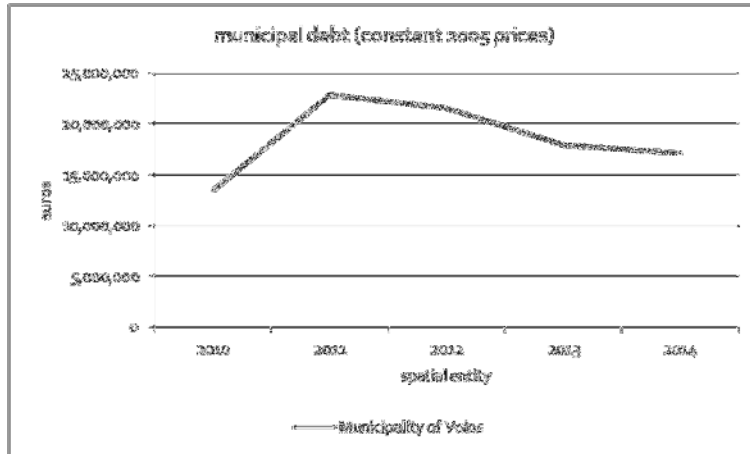
Spatial Unit	Municipal debt (euros; constant, year 2005, prices)				
	2010	2011	2012	2013	2014
Greece (Greek Municipalities)	1,614,993,57	3,039,394,22	2,857,538,51	2,233,031,80	1,955,145,11
Municipality of Volos	13,428,071	22,895,992	21,546,242	17,884,957	17,096,334

Debt values are deflated (World Bank deflators). Deflator is a value that allows data to be measured over time in terms of some base period, usually through a price index, in order to distinguish between a changes in the money value of a gross national product (GNP) that come from a change in prices, and changes from a change in physical output.

Sources: Hellenic National Statistical Authority / World Bank / Own elaboration

Graph 10: Volos Municipal debt





Sources: Hellenic National Statistical Authority / World Bank / Own elaboration

In per capita terms, the debt of Municipality of Volos is around 120 euros per inhabitant (year 2014) (see Table 11 and Graph 11). This amount is 0.67 times as much as the corresponding amount of the Greek municipal debt per capita.

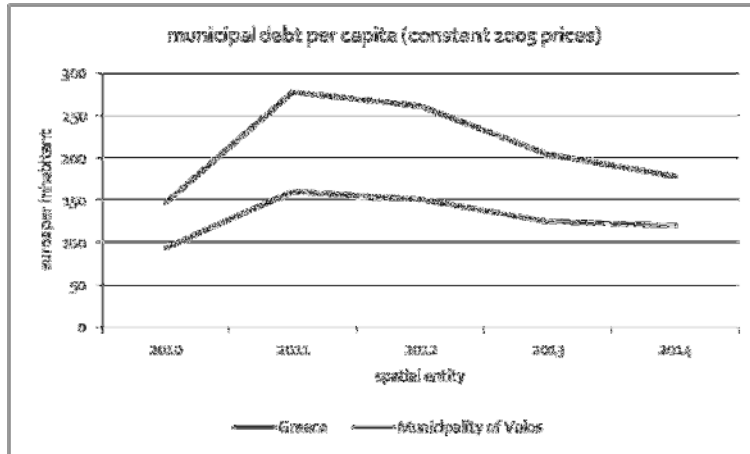
Table 11: Municipal debt per capita

Spatial Unit	Municipal debt per capita (euros per inhabitant; constant, year 2005, prices)				
	2010	2011	2012	2013	2014
Greece (Greek Municipalities)	147.7	277.9	261.3	204.2	178.8
Municipality of Volos	94.0	160.3	150.8	125.2	119.7

Sources: Hellenic National Statistical Authority / World Bank / Own elaboration

Graph 11: Municipal debt per capita





Sources: Hellenic National Statistical Authority / World Bank / Own elaboration

In May 2011, the list with the Greek Municipalities that were included in the “Memorandum of the Local Administration” was published and Municipality of Volos was not among the over-indebted municipalities. In particular, according to Kallikratis criterion 2 (i.e. legal criterion for characterizing a municipality as over-indebted), a municipality’s total amount of debt should not exceed 60% of its annual revenues. Thus, with respect to the aforementioned criterion, Municipality of Volos is in a relatively good position (see Table 12 and Graph 12). Yet, especially during the period 2013-2014 this share is getting increased (even though the figure for 2014 is estimated). Given that the debt of Municipality of Volos is getting decreased in absolute terms, the aforementioned trend indicates that the problem that Municipality of Volos faces is mainly on the side of revenues.

Table 12: Municipal debt as a percentage of Municipal revenues*

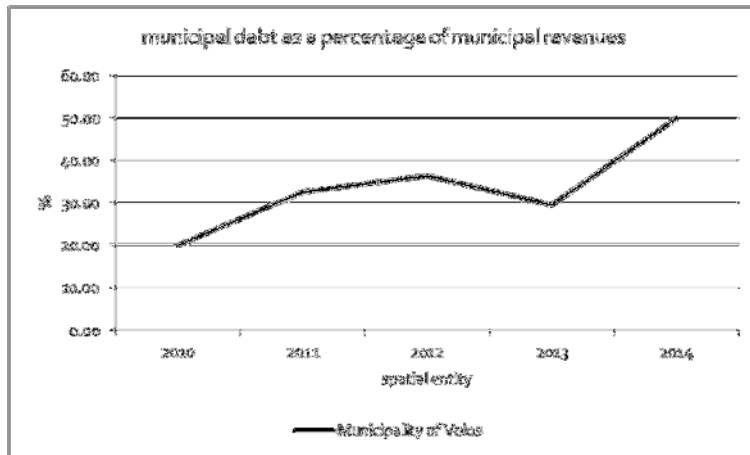
Spatial Unit	Municipal debt (% of Municipal revenues)				
	2010	2011	2012	2013	2014
Municipality of Volos	20.1%	32.5%	36.4%	29.5%	49.8%

* estimated figure for year 2014

Sources: Hellenic Ministry of Interior / Own elaboration



Graph 12: Municipal debt as a percentage of Municipal revenues*



* estimated figure for year 2014

Sources: Hellenic Ministry of Interior / Own elaboration

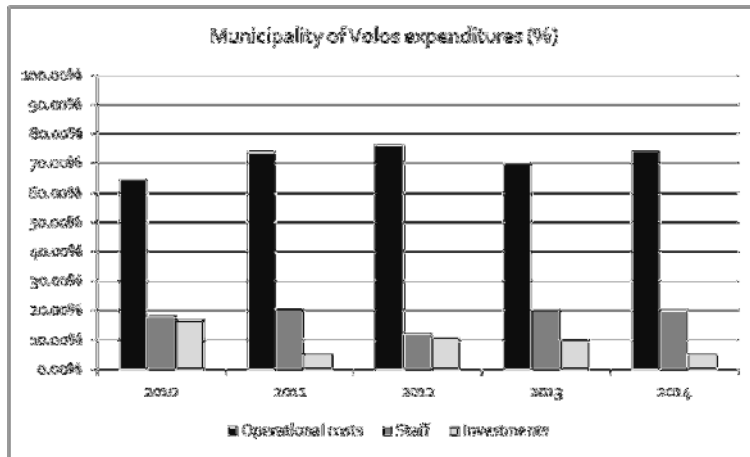
The expenditures of the Municipality of Volos are, mostly, associated with operational costs and staff payment (see Table 13 and Graph 13). Only a small fraction of the expenditures is allocated for investment purposes.

Table 13: Allocation of Volos Municipal expenditures

Spatial Unit	Municipal expenditures (%)			
	Operational costs	Staff	Investments	
Municipality of Volos	2010	64.8%	18.4%	16.8%
	2011	74.0%	20.7%	5.3%
	2012	76.4%	12.5%	11.2%
	2013	70.1%	19.9%	10.1%
	2014	74.4%	20.4%	5.2%

Sources: Hellenic Ministry of Interior / Own elaboration

Graph 13: Allocation of Volos Municipal expenditures



Sources: Hellenic Ministry of Interior / Own elaboration

With respect to the revenues of Municipality of Volos, the vast majority comes from general grants (see Table 14 and Graph 14). A significant part comes from taxes and fees.

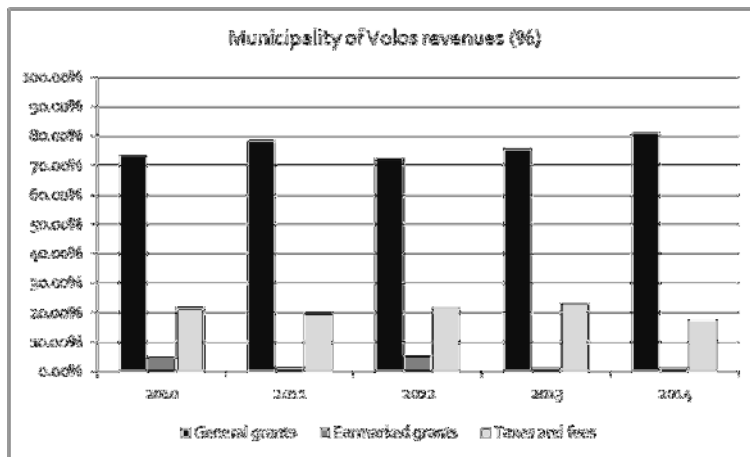
Table 14: Allocation of Volos Municipal revenues

Spatial Unit	Municipal revenues (%)			
	General grants	Earmarked grants	Taxes and fees	
Municipality of Volos	2010	73.4%	4.9%	21.7%
	2011	78.7%	1.4%	19.9%
	2012	72.5%	5.3%	22.2%
	2013	75.8%	1.0%	23.2%
	2014	81.2%	1.1%	17.7%

Sources: Hellenic Ministry of Interior / Own elaboration



Graph 14: Allocation of Volos Municipal revenues



Sources: Hellenic Ministry of Interior / Own elaboration

4. Problem Perceptions and causes

Table 15: Endogenous and exogenous causes

Endogenous causes				
	Corruption and lack of transparency			7
	Large number of municipal enterprises			2
	Immature local government			1
	Hiring employees			2
	Mismanagement of finances			13
	Loans			3
	Failure of collecting revenues			6
	Local government's dependence on state			2
Exogenous causes				
	Upper level government			1
		European level		0
		National/federal level		0
			Cutting of central grants	9
			Kallikratis plan	7
		Federal state level		0
	Socio economic conditions			0
		unemployment		2



		financial crisis		5
		economic restructuring		0

Source: Own elaboration

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

Citations from the majority:

- *The causes of the high-level debt of the Municipality may be summarized in the reproduction of wrong practices – clientelism and nepotism – encountered in the Central Government, and in the misconception that Central Government has to ability and the willingness to finance municipalities... the effort of the (former) Municipal Authority to reduce the level of debt was not communicated properly to the registered citizens. (Mayor)*
- *The basic priority of the Municipal Authority was to rearrange the finances of the Municipality. Achieving this goal required capability, on behalf of the elected and the municipal officials, but also a mentality change, on behalf of the municipal officials and the residents. Mentality change is the most important parameter... (Deputy Mayor of Finance 2010-12)*
- *The main cause for the accumulation of debt in Volos Municipality was the generalized dependence of the local administration on the central government, due to which municipalities were feeling free to spend over their budget, waiting for the central government to cover the difference... In the case of Volos, another reason for the municipal debt was the intentional inclusion of uncollectible dues in the budget, for which there wasn't any intention to be collected because of the 'client relationships'. (Deputy Mayor of Finance 2012-14)*
- *All mayors from the smallest town to the city of Athens used to form plasmatic budgets, overestimating the revenues. More correctly they used to overestimate the costs. At the end they had to invent plasmatic revenues to balance the budget. (Deputy Mayor of Development 2010-14)*

Citations from the opposition:

- *The main cause of the high-level debt of the Municipality of Volos is the suspiciousness of the "State of Athens". Due to this suspiciousness, the Central Government provided a small amount of revenues to the Municipality. (Councilor of the Opposition and Candidate Mayor, SYRIZA)*

Citations from the administration:





- *The problem of debt in Volos was caused by 3 major factors: the cost of expropriations (needed for the city plan to be implemented), the fact that before Kallikratis the municipal budgets were not followed properly and the municipal enterprises which were used as a tool to plunk down money and to make recruitments. Although the procedures were legal there have been totally un-transparent. (Director of Dept. of Finance)*

Citations from the Chamber of Commerce and Association of Industries

- *In Volos, the most significant diachronic problem is the lack of a long-term commonly accepted developmental vision, which leads to the application of fragmented and short term plans, depriving the city from development. (President of the Executive Committee of the Association of Industries in Thessaly and Central Greece)*
- *In the case of Volos the municipal debt is caused both by the limited revenues and by the un-rational management of resources. Especially after 2010 there have been no efforts for alternative sources of funding to be found, although the municipality holds significant estates which remain unexploited. (President of the Commercial Chamber of Magnesia)*

Remarks/Explanations:

The causes of the high-level debt of Municipality of Volos may summarize in the reproduction of wrong practices (i.e. clientelism, nepotism) encountered in the Central Government, and in the misconception that Central Government has to ability and the willingness to finance municipalities. On the one hand, a reason for the Municipal debt was the intentional inclusion of uncollectible dues in the budget (as revenues), for which there wasn't any intention to be collected because of "client relationships"; on the other hand, a reason for the Municipal debt was the lack of a clear demarcation between Central and Municipal competencies, magnified by the lack of a rational costing of the services offered by the Municipality. There is also the argument that the debt is caused not only by the limited revenues but also by the un-rational management of resources. While the previous perceptions, more or less, concern most of the Greek cities, in the case of Volos a remarkable cause for the debt has also been the undervalued cost of the expropriations needed for the city plan to be implemented. This view of the problem was mostly stressed by the representatives of the Municipal administration, indicating the different (and more 'accounting') perception of the problem's causes.



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Another interesting view of the problem is the allegation that the main cause of the high-level debt of the Municipality of Volos is the suspiciousness of the Central Government (“the State of Athens”), which provided a small amount of revenues to the Municipality.

In any case, it seems that the majority of registered citizens of Municipality of Volos do not perceive the financial situation of the Municipality as its own problem. In contrast, both the residents and the Municipal parties of the opposition usually think that the Municipality should, obviously, fulfil some specific functions (such as cleanliness, welfare, sports, culture), without being worried regarding how to fulfil these functions. There is also the opinion that the problem caused by the Municipal debt, is not comparable to the real socio-economic problems that citizens of Volos face (such as income decline and unemployment). Probably, in Volos the most significant diachronic problem is the lack of a long-term commonly accepted developmental vision, which leads to the application of fragmented and short-term plans, depriving the city from development.

5. Scope and means of actions: Evaluation, performance, impact

Table 16: Implemented and proposed means – codes and number of codes

parent code	code		all coded segments	all coded segments %	documents
means	Staff reduction		1	0.33	1
	Prioritization of expenses		1	0.33	1
	Management reforms		7	2.28	5
		Recording and monitoring of finances	2		



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	Revenues increase		4	1.30	4
	Cutbacks		6	1.95	5
	Loans		4	1.30	4
	Utilization of municipal estate		7	2.28	5
	NSRF		7	2.28	4

Source: Own elaboration

Selected statements of the different groups of actors assessing the implemented measures, their performance and impact: (local politicians of the majority, the opposition, the administration, others):

Citations from the majority:

- *The downwards trend of the municipal debt is mainly due to the reduction of debt to third parties. This was made possible with the proper financial management despite the fact that, after the eruption of the crisis, municipal revenues are significantly lower... Municipalities themselves can contribute to the solution of the problem through “zero base” budgeting. Yet, it is important for the Central Government to improve the macroeconomic conditions of the country, because municipalities are not “isolated islands”. (Mayor)*
- *Trying to mitigate the problem, and adjusting to the reality emerged in the light of the on-going economic crisis, the (former) Municipal Authority of Volos reduced the number of Municipal Enterprises from 65 to 2! Yet, municipalities themselves cannot solve the problem. Without the assistance from Central Government, municipalities are going to deal with significant functional problems... the vast majority of registered citizens – as well as the municipal parties of opposition – think that the Municipality should, obviously, fulfil some specific functions (such as cleanliness, welfare, sports, culture) without being worried regarding how to fulfil these functions. (Deputy Mayor of Finance 2010-12)*
- *The most significant measure of the Municipal Authority to deal with the debt was the zero-base budgeting. This measure lead to a general reviewing of the way municipal services used to be offered to the citizens and finally to the restraint of municipal spending... The limitation of the municipal resources, due to the dramatic cutback of the central funding, lead to major malfunctions and to the inability of the municipality to cover obligations to third parties (Deputy Mayor of Finance 2012-14).*
- *The results of the new way of budgeting were more obvious in the municipality itself rather than in the city. The number of personnel was cut significantly.*



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Social services were not significantly downgraded because they use European funds to function. But other services, especially the cleanliness, were influenced dramatically. That had a major political cost to the party. (Deputy Mayor of Development 2010-14)

Citations from the opposition:

- *The Municipal Authority supported that it has managed to reduce the level of debt. It did not mention the side-effects of a “strategy” imposed from the country lenders. These side-effects are personnel lay-off, early retirements and wage cut-off, and the, consequent, inability to fulfill basic functions, such as welfare and cleanliness. (Councilor of the Opposition and Candidate Mayor, SYRIZA)*
- *Municipalities themselves cannot contribute to the solution of the problem. Solution is feasible with the rise of a progressive government in power. Even in this case, however, municipalities should vindicate their right to set strategic visions without being limited to operational roles. (Councilor of the Opposition and Candidate Mayor, SYRIZA)*

Citations from the administration:

- *In order to solve the economic problems the Municipality of Volos should exploit the municipal estate with transparency, as it happens in other European cities. A permanent obstacle is that the “selling of public property” has a negative dimension. (Director of Dept. of Finance)*
- *The methods towards the sanitization of the municipal economics were all implemented by the Central Government. Municipalities which do not comply with the centrally set targets are punished by a further cutting in the funds. To achieve the revenues provisioned, in most municipalities now there is the will (and the obligation) to claim the uncollectible dues. (Director of Dept. of Finance)*

Citations from the Chamber of Commerce and Association of Industries

- *Although local governments in Greece do not have the ability to induce taxes (excluding municipal fees), funding from the central government to the municipalities has been cut and municipal debts are used as an excuse for this cutting... The attempts to manage the municipal debt have brought a noteworthy downgrading of the municipal services’ level. This consequence could have been avoided if the Municipality had been interested to exploit the remarkable real property that has ‘inherited’ from the former municipalities ...The whole fiscal crisis of Volos has not influenced the business climate in the city, because the Municipality does not play a vital role in it. (President of the Executive Committee of the Association of Industries in Thessaly and Central Greece)*
- *The Kallikratis Programme brought to light the significant problems of mismanagement in the municipalities and could have worked perfectly if the resources had not been cut so dramatically. Instead, the cut of funding caused*



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major dysfunction problems in the city and a remarkable reduce of the social services level. (President of the Commercial Chamber of Magnesia)

Remarks/Explanations:

The basic priority of the former (2011-2014) Municipal Authority of Volos was to rearrange the finances of the Municipality. Achieving this goal required both capability, on behalf of the elected and Municipal officials, and a shift in mentality, on behalf of the Municipal officials and the registered citizens. The downwards trend of the Municipal debt was made possible with the proper financial management despite the fact that, after the eruption of the on-going economic crisis, Municipal revenues are significantly low(er). “Kallikratis” administrative reform contributed significantly to this end, as it led to centralized services (i.e. unification of the former Municipalities) with lower functional costs (i.e. closing of the supernumerary Municipal enterprises affiliated to the former Municipalities).

Overall, “Kallikratis” led to a general reviewing of the way Municipal services used to be offered to the citizens, allowing for the restraint of Municipal spending (e.g. the later introduced “Observatory” contributed to the cultivation of a new rationale towards transparency and to the attainment of economies of scale). Under such a framework, the former Municipal Authority of Volos implemented a “zero-base” budgeting. Yet, this strategy, even though it had a positive impact with respect to the management of Municipal debt, created major malfunctions.

The side-effects of a rigid austerity strategy – top-down imposed from upper levels – were personnel lay-off, early retirements and wage cut-off, and the, consequent, inability on behalf of Municipality of Volos to fulfill its basic functions (such as welfare and cleanliness as well as infrastructure maintenance). Overall, the Municipality could not serve its institutional role (perhaps, this could have been avoided, to some extent, if the Municipality had been interested to exploit the remarkable real property that has “inherited” from the former Municipalities having constituted the new unified one). In any case, both the supporters and the opponents of “zero-base” budgeting agree that municipalities themselves cannot solve (without side-effects) the municipal fiscal



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problem, without the assistance of Central Government (e.g. through the improvement of the macro-economic conditions of the country). Of course, the involvement of Municipal administration with the business sector, cultivating a positive climate towards the attraction of investments and the facilitation of business activities, may be beneficial for the amelioration of the socio-economic conditions in the city.

6. Public discussion / debate

Table 17: Actors

code	documents	all coded segments	all coded segments %	actor group	opposition/majority
Journalist	19	35	11.40	journalist	
Journalist	1	2	0.65	journalist	
Councilor	1	1	0.33	local politicians	opposition
Councilor	1	1	0.33	local politicians	opposition
Councilor	1	1	0.33	local politicians	opposition
Leader of major minority	2	2	0.65	local politicians	opposition
Former Mayor 2010-2014	9	15	4.89	local politicians	majority
Deputy-Mayor	10	14	4.56	local politicians	majority
Deputy-Mayor	4	4	1.30	local politicians	majority

Source: Own elaboration

Citations from the majority:

- *The effort of the Municipal Authority to reduce the level of debt was not communicated properly to the registered citizens, probably because of the confrontation with the local media. (Mayor)*
- *The vast majority of registered citizens do not perceive the financial situation of the Municipality as its own problem. (Deputy Mayor of Finance 2010-12)*



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- *The Municipal Authority was the only to highlight the problem of the debt. Although it was often brought to the Council, it remains unknown to the public (Deputy Mayor of Finance 2012-14).*
- *The problem, for reasons of political rivalry, was always overstressed by each opposition. Thus an image was brought that the city was heavily in debt and could not cover its obligations, which was not actually true. (Deputy Mayor of Development 2010-14).*

Citations from the opposition:

- *The subject of the debt was discussed mainly in 2011, after the publication of the inventory. At that time it was covered by the media all the time. But the causes of the problem were never discussed. (Councilor of the Opposition and Candidate Mayor, SYRIZA)*

Citations from the administration:

- *The local mass media are mostly interested to bring in sight what the readers want. Thus, they have not covered efficiently the matter of the municipal debt and most of the inhabitants are still unaware of what is happening. (Director of Dept. of Finance)*

Citations from the Chamber of Commerce and Association of Industries

- *When addressing the matter of debt, the Mayor's team should have asked for the contribution of the opposition. However, this culture of cooperation is not established in the Greek cities. Especially with the Commercial Chamber the Municipality has signed in the past memorandums of cooperation and local growth pacts, which have not been implemented, because their purpose proved to be simply communicative. (President of the Commercial Chamber of Magnesia)*

Remarks/Explanation

The former Mayor of Volos, Mr. P. Skotiniotis, did not manage to get into the second round of the Municipal elections (year 2014) gathering just the 15.27% of the votes. To some extent, this result has to do with the fact that the effort of the former Municipal Authority to reduce the level of debt was not communicated properly to the registered citizens (probably because of the confrontation with the local media).

After the elections of 2010, several Press reports came to light, with headings such as “the debts strangle Municipality of Volos”, which underlined the problem of increased Municipal payables, especially to the employees of the Municipal enterprises. At these reports, the emerging risk of a dramatic reduce in the resources (which, really, took



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place later on) is, also, emphasized, focusing on the problems that would be caused in the maintenance of the Municipal infrastructures (which, also, took place). In the late 2010, Press publications were talking about a €12 million debt, inherited to the new Municipality from the former Municipal Bodies abolished by Kallikratis. As clarified by the Press reports, the previous amount did not include the claims of the suppliers or the debts of the various municipal enterprises, which were to be estimated later on by conducting an economic inventory. In the early 2011, Press reports brought in publicity the economic openings which were revealed during the economic inventory. Moreover, Press reports focused on the lawsuits of contractors against the Municipality of Volos for uncovered payables which were accumulated after 2008 (i.e. the year when the economic crisis began). When the economic inventory was completed (in March 2011), Municipality of Volos announced that the level of debt was estimated to €48 million (or to €55 million if economic openings of the Municipal enterprises were to be included). Announcing the level of the Municipal debt, Municipality of Volos stressed the facts that the latter was manageable and that Volos could not be considered as an over-indebted city (even though the then Deputy of Economics stated, according to the media, that “if the Municipality was a private enterprise, it would have to close”). In May 2011, when the list with the Greek Municipalities that were included in the “Memorandum of the Local Administration” was published, the local media covered the fact that Volos was not among the over-indebted municipalities, putting up statements of the Mayor about the efforts to balance the Municipal budget (a decision which, actually, implied dramatic cutbacks). After the economic inventory, the issue of debt comes into publicity only occasionally, when a relevant subject emerges, like when it was proved that significant insurance payouts were still outstanding. On the sidelines of the economic inventory, however, a significant deficit in the Treasury of Municipality of Volos came into light. Although in such cases the responsible person towards the law is the Treasurer, the Press highlighted the lack of transparency, which dominated in the financial procedures of the Municipality for many years, with transfers of money between the central Municipal Treasure and those of the Municipal



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enterprises. As underlined by the Press, the causation for these unorthodox practices used to be the contracts with various contractors undertaking works. Although this particular deficit concerned only a small part of the overall debt, this subject has been reproduced several times by the local media, because it seemed to be about a scandal, which is always more “exciting” for the audience than the actual economic data. In contrast, the decision on behalf of the Municipality for a €5 million loan, for paying suppliers and contractors which had been adjudicated with payables, was not covered extensively by the local media (in fact, it was mentioned after various other Municipal decisions which were considered to be more important). In the late 2011, when the 2012 Municipal budget was released, the Municipal debt issue comes to light again, called upon by the Authorities in order to rationalize the high expenditures. Yet in 2012, except for the approval by the Deposits and Loans Fund of a loan for the old payables to be covered, the debt issue is not discussed in the local Press. In May 2013, the Press commented on the bureaucratic and complicated procedures, imposed by the Ministry of Economics, for the disbursement of the funds aiming to cover Municipal payables. Specifically, the Press underlined that these delays have implications to the local market. The implementation of the Municipal budget is covered occasionally. In 2014, however, in the prospect of the Municipal elections, the Municipal debt issue comes again to the forefront. The outgoing Mayor and his team use the debt management as a significant argument during the electoral campaign. The other candidates, however, simply use the degradation of the Municipal services and infrastructures, with no reference to the debt.

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

The following part focuses on the local political system and our interpretation of how local actors take decisions and implement actions concerning fiscal consolidation measures in Volos. Based on various sources (qualitative evaluation of different actor’s perceptions, behaviors and logics and the MAXQDA analysis of relevant texts) we





analyze the main features of legitimacy and transparency, the political culture and policy style as well as the knowledge and leadership style prevailing in the urban context of Volos.

Input legitimacy

The degree of input legitimacy in Volos corresponds to the involvement of the Municipal Council and the influence of the opposition in the decision-making process as well as to the activation of deliberative bodies (e.g. Economic and Consultation Committees) and the influence of societal groups. Input legitimacy is extremely low in the case of Municipality of Volos. This is so as the Municipal majority seems to avoid informing, in a systematic way, the Municipal opposition and to discourage the active involvement of the Municipal Council (i.e. a systematic and argumentative discussion in the Municipal Council is missing). With respect to fiscal issues and, particularly, the implementation of the “zero-base” budgeting – within a restrictive framework imposed by the Central Government (i.e. the country lenders) – decisive is the power of the Mayor and the Municipal Authority (i.e. a core team, actually). The Municipal Authority seems not to cooperate properly and efficiently with the Municipal Administration (i.e. the Municipality executive employees). At the same time, the role of the deliberative bodies introduced by the Kallikratis reform (such as the Economic Committee, the Consultation Committee, the Local Ombudsman) is, practically, non-existent.

Throughput legitimacy

The degree of throughput legitimacy of the consolidation policy in Volos has been assessed in terms of the transparency, fairness and accountability of local decisions concerning the means of fiscal consolidations and with respect to the open access and uncensored flow of the information to the public and the role of local press. Throughput legitimacy is, also, extremely low in the case of Municipality of Volos as transparency





and accountability are extremely low. Local democracy does not function properly in the Municipality of Volos. This is so as the Municipal Administration does not act as an “interplay hub” between the Municipal Authority and the registered citizen. The responsibility rests not only to the Municipal Authority, which takes decisions in a centralized and conflictual way, but also to the civil society which shows a lack of interest for the Municipal issues. Yet, (especially) in times of crises, democracy is the cornerstone of a functioning society. At this point it is important to stress out the role of the local media and their relation with the Municipal parties. According to the previous Mayor of Volos, local media stopped their support to the Municipal Authority, immediately after the radical cutbacks of municipal subsidies to local press.

Output legitimacy

Output legitimacy in the case of the Municipality of Volos reflects the effort of the Municipal Authorities to balance between the harsh fiscal demands on behalf of the Central Government (and the country lenders, in particular) and the populist demands on behalf of the Municipality Opposition and the vast majority of the civil society. Such an effort has been taking place within the Kallikratis administrative framework, which foresaw the merging of neighboring (and indebted) Municipalities and the merging (or closure) of Municipal enterprises. The debt of the Municipality of Volos is getting decreased. Yet, consensus has not been achieved.

Political culture

Overall, the policy style in the Municipality of Volos, especially with the current Municipal Authority, is command-and-control. The Mayor of Volos exerts a “city-boss” leadership, determining unilateral the Municipal Agenda and using his Authority to implement consolidation goals. There seems to be an under-utilization of the Municipal Administration even though the latter has expertise to diffuse its knowledge and the Mayor and the Municipal Authority, and to propose realistic solutions. There, also, seems to be an under-estimation of local knowledge as local actors (such as the



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University of Thessaly, local business community, Chambers, civic society organizations) do not take part, at least not in an essential way, in the decision-making processes.

Knowledge

The employees of Municipality of Volos have the expertise to diffuse their knowledge to the Mayor and the Municipal Council, proposing realistic solutions. The same holds for the local actors (local business community, chambers, NGOs). Yet, both the Municipality employees and the local actors abstain from participating in decision-making.

Leadership

Command-and-control, “city-boss”, kind (type) of leadership, even though it may achieve satisfactory outcomes concerning output legitimacy, is not, definitely, not able to achieve satisfactory outcomes with respect to input and throughput legitimacy.

Table 18: Leadership orientation (strategic/reproductive) and exercise of power (authoritative/cooperative)

strategic	reproductive
<ul style="list-style-type: none"> ○ only short- and medium-terms actions; lack of long-term, strategic, vision ○ Strategic Plans elaborated during the period of one Municipal Council are not adopted by the following 	<ul style="list-style-type: none"> ○ clientelistic practices / patronage in order to gain votes
authoritative	cooperative
<ul style="list-style-type: none"> ○ centralized exercise of power; non-participation in local networks / coalitions 	<ul style="list-style-type: none"> ○ Consultation Committees (forecasted by Kallikratis) function superficially / ostensibly

Source: Own elaboration

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8. Conclusions

Volos is a city that exhibits a remarkable multidimensionality of development prospects and living standards. Yet, Volos has been experiencing an income decline and an unemployment increase. Probably, in Volos the most significant diachronic problem is the lack of a long-term commonly accepted developmental vision, which leads to the application of fragmented and short-term plans, depriving the city from development. Definitely, for the adoption and the implementation of such a vision, the high-level Municipal debt is an important limiting factor. Currently (year 2014), the debt of Municipality of Volos is around €17,000,000 in constant prices. Yet, the financial situation of Municipality of Volos did not communicate properly to the registered citizens. Thus, the vast majority of the latter does not perceive the financial situation of the Municipality as its own problem, thinking – together with the Municipal parties of the opposition - that the Municipality should, obviously, fulfil some specific functions (such as cleanliness, welfare, sports, culture), without being worried regarding how to fulfil these functions. The Municipality of Volos case-study Report reveals that there is a variety of perceptions, among the variety of actors, with respect to the causes of Municipal debt as well as the corresponding scope and means of action. The former Municipal Authority as well as the Municipality Executives argue (admit) that the causes of the high-level debt of the Municipality of Volos may summarize in the reproduction of wrong practices (i.e. clientelism, nepotism) encountered in the Central Government, and in the misconception that Central Government has to ability and the willingness to finance municipalities. In contrast, the current opposition supports that the main cause of the high-level debt of the Municipality of Volos is the suspiciousness of the Central Government (“the State of Athens”), which provided a small amount of revenues to the Municipality. The former Municipal Authority adopted a “zero-base” budgeting rationale – with decisions usually taken in a conflictual, top-down, way – in order to mitigate the Municipal financial problem. Even though this rationale proved to be successful, with respect to the management of Municipal debt, there were important side-effects such as personnel lay-off, early retirements and wage cut-off, and the,



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consequent, inability on behalf of Municipality of Volos to fulfill its basic functions. Both the supporters and the opponents of “zero-base” budgeting agree that municipalities themselves cannot solve the municipal fiscal problem (without these significant side-effects), without the assistance of Central Government (e.g. through the improvement of the macro-economic conditions of the country).

9. Policy recommendations

The Municipality of Volos case-study Report provides valuable insight with respect to policy-making. At the macro-level, the policy recommendations are: a) legal adoption of a Development Clause: debt repayment provided that Municipal exceeds a certain threshold; combination of consolidation with development measures, b) promotion of fiscal decentralization: competencies transfer should be accompanied by respective transfer of funds (e.g. Law 4223/2012 amendment for transfer of real estate taxation revenue to municipalities) or by fiscal autonomy, c) promotion of accountability, transparency and public awareness with respect to the management of Municipal debt, d) taxation motivations to the existing local industries to continue their productive activities and to new industries to locate in the greater Volos area, e) better human resources management, and f) better cooperation with the local actors and stakeholders. At the micro-level, the policy recommendations are: a) enhancement of local democracy, b) enhancement of cooperation between the Municipal Authorities and the Municipal bodies, c) avoidance of unrealistic promises, d) awareness, participation and knowledge-input on behalf of the civil society, and e) utilization of local experts.



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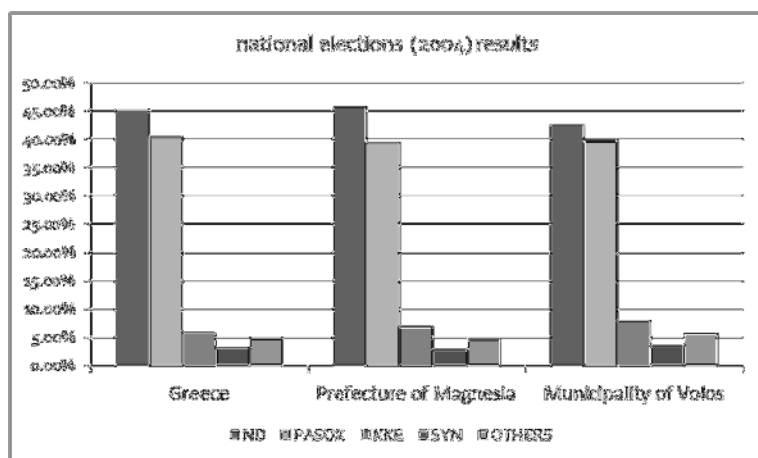
Appendix

Table A1.1: National elections results (2004)

NATIONAL ELECTIONS RESULTS 2004	GREECE	PREFECTURE OF MAGNESIA	MUNICIPALITY OF VOLOS
Electoral Departments	20,348	327	95
Registered Voters	9,897,626	178,094	60,059
Votes Cast	7,571,601	142,682	47,526
Valid	7,404,934	139,320	46,140
Invalid / Blank	166,667	3,362	1,386
1 st party	ND (45.36%)	ND (45.88%)	ND (42.70%)
2 nd party	PASOK (40.55%)	PASOK (39.51%)	PASOK (39.85%)
3 rd party	KKE (5.90%)	KKE (7.06%)	KKE (8.09%)
4 th party	SYN (3.26%)	SYN (2.85%)	SYN (3.69%)
other parties	others (4.93%)	others (4.70%)	others (5.67%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.1: National elections results (2004)



Source: Hellenic Ministry of Interior / Own elaboration

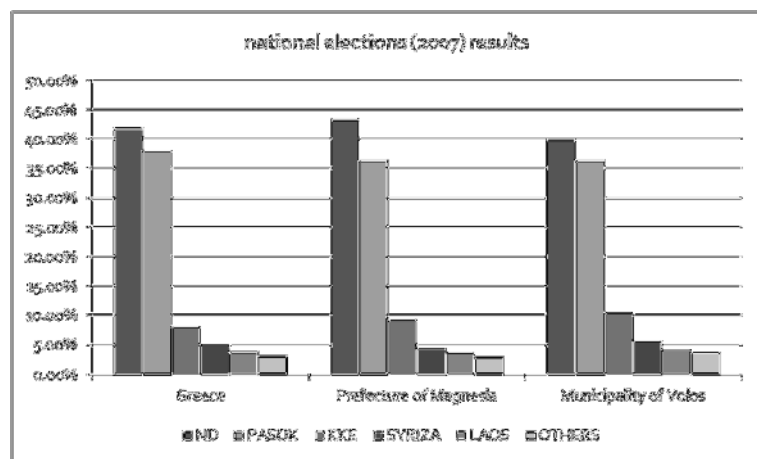


Table A1.2: National elections results (2007)

NATIONAL ELECTIONS RESULTS 2007	GREECE	PREFECTURE OF MAGNESIA	MUNICIPALITY OF VOLOS
Electoral Departments	20,623	336	99
Registered Voters	9,918,917	178,623	57,776
Votes Cast	7,355,026	139,216	45,621
Valid	7,159,006	135,036	43,997
Invalid / Blank	196,020	4,180	1,624
1 st party	ND (41.84%)	ND (43.32%)	ND (39.72%)
2 nd party	PASOK (38.10%)	PASOK (36.39%)	PASOK (36.30%)
3 rd party	KKE (8.15%)	KKE (9.36%)	KKE (10.44%)
4 th party	SYRIZA (5.04%)	SYRIZA (4.31%)	SYRIZA (5.71%)
5 th party	LAOS (3.80%)	LAOS (3.63%)	LAOS (4.11%)
other parties	others (3.07%)	others (2.99%)	others (3.72%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.2: National elections results (2007)



Source: Hellenic Ministry of Interior / Own elaboration

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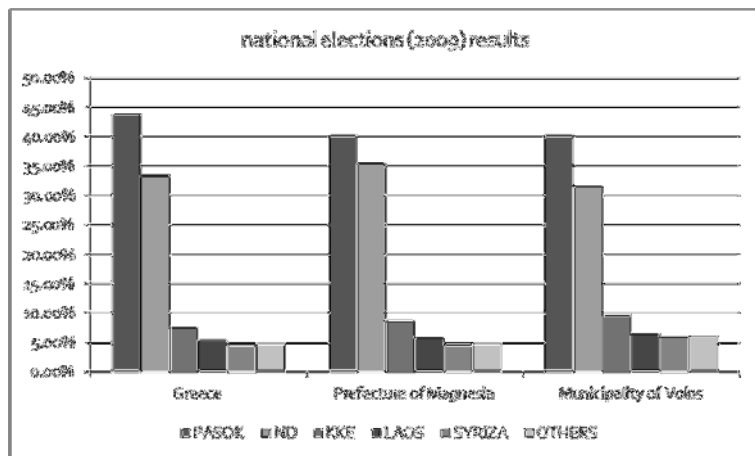
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Table A1.3: National elections results (2009)

NATIONAL ELECTIONS RESULTS 2009	GREECE	PREFECTURE OF MAGNESIA	MUNICIPALITY OF VOLOS
Electoral Departments	20,937	344	103
Registered Voters	9,926,065	178,601	59,907
Votes Cast	7,044,606	132,843	43,844
Valid	6,858,421	128,824	42,323
Invalid / Blank	186,185	4,019	1,521
1 st party	PASOK (43.92%)	PASOK (40.39%)	PASOK (40.24%)
2 nd party	ND (33.47%)	ND (35.55%)	ND (31.49%)
3 rd party	KKE (7.54)	KKE (8.79%)	KKE (9.61%)
4 th party	LAOS (5.63%)	LAOS (5.82%)	LAOS (6.49%)
5 th party	SYRIZA (4.60%)	SYRIZA (4.66%)	SYRIZA (6.09%)
other parties	others (4.84%)	others (4.79%)	others (6.08%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.3: National elections results (2009)



Source: Hellenic Ministry of Interior / Own elaboration

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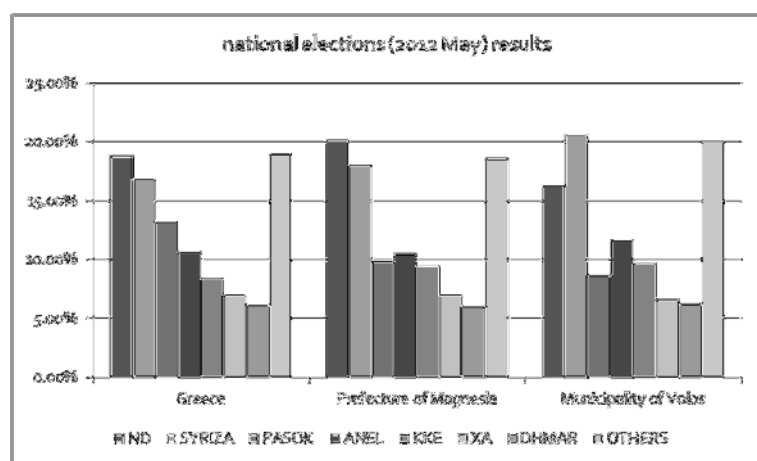
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Table A1.4: National elections results (May 2012)

NATIONAL ELECTIONS RESULTS 2012M	GREECE	PREFECTURE OF MAGNESIA	MUNICIPALITY OF VOLOS
Electoral Departments	20,605	342	197
Registered Voters	9,945,859	177,706	110,802
Votes Cast	6,476,818	121,295	77,485
Valid	6,324,136	118,218	75,483
Invalid / Blank	152,682	3,077	2,002
1 st party	ND (18.85%)	ND (20.12%)	SYRIZA (20.69%)
2 nd party	SYRIZA (16.78%)	SYRIZA (18.00%)	ND (16.29%)
3 rd party	PASOK (13.18%)	ANEL (10.75%)	ANEL (11.64%)
4 th party	ANEL (10.61%)	PASOK (9.92%)	KKE (9.69%)
5 th party	KKE (8.42%)	KKE (9.57%)	PASOK (8.72%)
6 th party	XA (6.97%)	XA (7.01%)	XA (6.62%)
7 th party	DHMAR (6.11%)	DHMAR (5.99%)	DHMAR (6.30%)
other parties	others (19.08%)	others (18.64%)	others (20.05%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.4: National elections results (May 2012)



Source: Hellenic Ministry of Interior / Own elaboration

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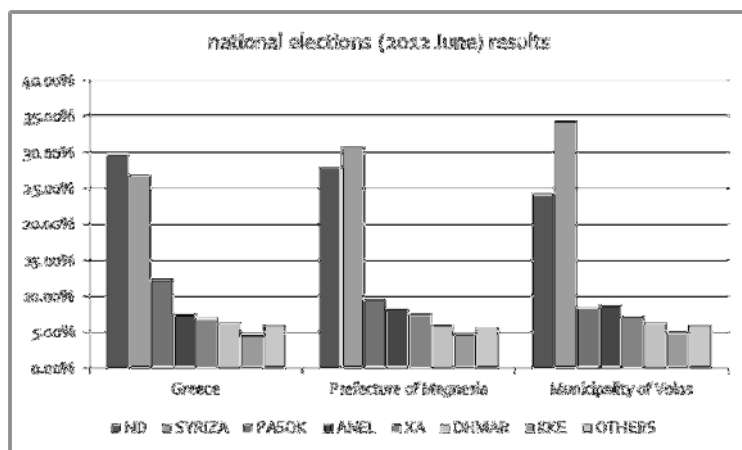
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Table A1.5: National elections results (June 2012)

NATIONAL ELECTIONS RESULTS 2012J	GREECE	PREFECTURE OF MAGNESIA	MUNICIPALITY OF VOLOS
Electoral Departments	20,604	342	197
Registered Voters	9,947,876	178,118	110,982
Votes Cast	6,216,798	116,641	74,344
Valid	6,155,464	115,404	73,532
Invalid / Blank	61,334	1,237	812
1 st party	ND (29.66%)	SYRIZA (30.69%)	SYRIZA (34.33%)
2 nd party	SYRIZA (26.89%)	ND (27.78%)	ND (24.30%)
3 rd party	PASOK (12.28%)	PASOK (9.58%)	ANEL (8.73%)
4 th party	ANEL (7.51%)	ANEL (8.14%)	PASOK (8.50%)
5 th party	XA (6.92%)	XA (7.43%)	XA (7.18%)
6 th party	DHMAR (6.25%)	DHMAR (5.96%)	DHMAR (6.20%)
7 th party	KKE (4.50%)	KKE (4.80%)	KKE (4.81%)
other parties	others (5.99%)	others (5.62%)	others (5.95%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.5: National elections results (June 2012)



Source: Hellenic Ministry of Interior / Own elaboration

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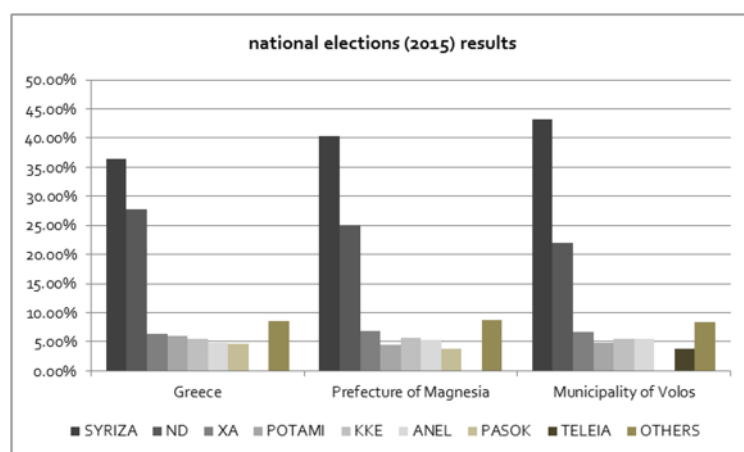
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Table A1.6: National elections results (2015)

NATIONAL ELECTIONS RESULTS 2015	GREECE	PREFECTURE OF MAGNESIA	MUNICIPALITY OF VOLOS
Electoral Departments	19,509	322	184
Registered Voters	9,949,684	175,784	110,180
Votes Cast	6,329,989	118,294	76,327
Valid	6,180,601	115,400	74,344
Invalid / Blank	149,388	2,894	1,983
1 st party	SYRIZA (36.34%)	SYRIZA (40.28%)	SYRIZA (43.29%)
2 nd party	ND (27.81%)	ND (24.97%)	ND (22.00%)
3 rd party	XA (6.28%)	XA (6.90%)	XA (6.68%)
4 th party	POTAMI (6.05%)	KKE (5.63%)	ANEL (5.56%)
5 th party	KKE (5.47%)	ANEL (5.27%)	KKE (5.48%)
6 th party	ANEL (4.75%)	POTAMI (4.43%)	POTAMI (4.79%)
7 th party	PASOK (4.68%)	PASOK (3.76%)	TELEIA (3.73%)
other parties	others (8.62%)	others (8.76%)	others (8.47%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.6: National elections results (2015)



Source: Hellenic Ministry of Interior / Own elaboration

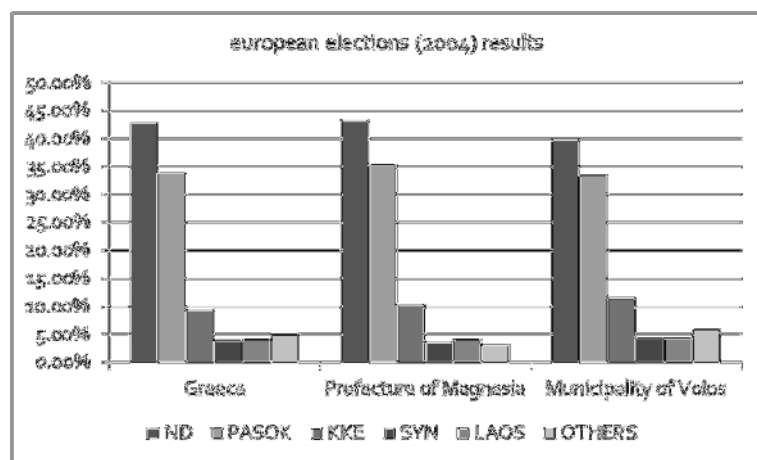


Table A1.7: European elections results (2004)

EUROPEAN ELECTIONS RESULTS 2004	GREECE	PREFECTURE OF MAGNESIA	MUNICIPALITY OF VOLOS
Electoral Departments	19,646	323	95
Registered Voters	9,938,863	177,826	59,820
Votes Cast	6,283,637	121,818	40,412
Valid	6,122,632	118,705	39,213
Invalid / Blank	161,005	3,113	1,199
1 st party	ND (43.01%)	ND (43.32%)	ND (39.73%)
2 nd party	PASOK (34.03%)	PASOK (35.32%)	PASOK (33.56%)
3 rd party	KKE (9.48%)	KKE (10.44%)	KKE (11.64%)
4 th party	SYN (4.16%)	LAOS (3.99%)	SYN (4.49%)
5 th party	LAOS (4.12%)	SYN (3.69%)	LAOS (4.44%)
other parties	others (5.20%)	others (3.24%)	others (6.14%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.7: European elections results (2004)



Source: Hellenic Ministry of Interior / Own elaboration

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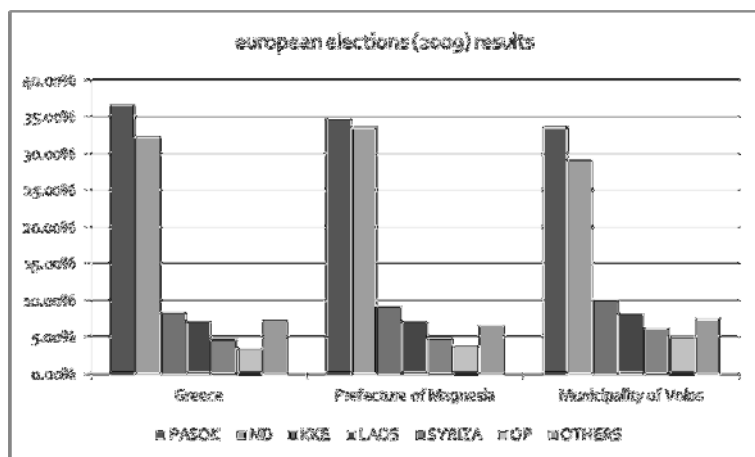
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Table A1.8: European elections results (2009)

EUROPEAN ELECTIONS RESULTS 2009	GREECE	PREFECTURE OF MAGNESIA	MUNICIPALITY OF VOLOS
Electoral Departments	20,532	337	103
Registered Voters	10,014,795	178,668	60,298
Votes Cast	5,261,749	99,088	31,563
Valid	5,127,896	96,616	30,683
Invalid / Blank	133,853	2,472	880
1 st party	PASOK (36.65%)	PASOK (34.66%)	PASOK (33.68%)
2 nd party	ND (32.30%)	ND (33.59%)	ND (29.15%)
3 rd party	KKE (8.35%)	KKE (9.25%)	KKE (10.08%)
4 th party	LAOS (7.15%)	LAOS (7.22%)	LAOS (8.10%)
5 th party	SYRIZA (4.70%)	SYRIZA (4.84%)	SYRIZA (6.25%)
6 th party	OP (3.49%)	OP (3.82%)	OP (5.10%)
other parties	others (7.36%)	others (6.62%)	others (7.64%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.8: European elections results (2009)



Source: Hellenic Ministry of Interior / Own elaboration

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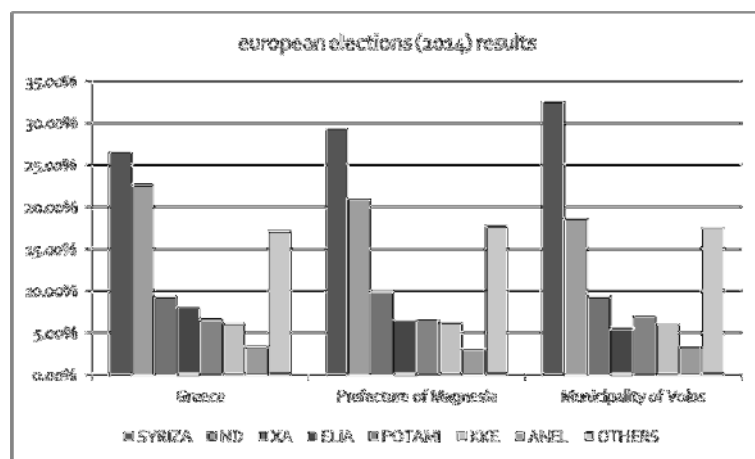
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Table A1.9: European elections results (2014)

EUROPEAN ELECTIONS RESULTS 2014	GREECE	PREFECTURE OF MAGNESIA	MUNICIPALITY OF VOLOS
Electoral Departments	22,612	418	247
Registered Voters	9,907,995	175,942	110,833
Votes Cast	5,942,196	114,693	70,826
Valid	5,716,472	109,507	67,916
Invalid / Blank	225,724	5,186	2,910
1 st party	SYRIZA (26.57%)	SYRIZA (29.25%)	SYRIZA (32.49%)
2 nd party	ND (22.72%)	ND (20.92%)	ND (18.57%)
3 rd party	XA (9.39%)	XA (9.82%)	XA (9.37%)
4 th party	ELIA (8.02%)	POTAMI (6.53%)	POTAMI (7.04%)
5 th party	POTAMI (6.60%)	ELIA (6.46%)	KKE (6.08%)
6 th party	KKE (6.11%)	KKE (6.26%)	ELIA (5.59%)
7 th party	ANEL (3.46%)	ANEL (3.02%)	ANEL (3.30%)
other parties	others (17.13%)	others (17.74%)	others (17.56%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.9: European elections results (2014)



Source: Hellenic Ministry of Interior / Own elaboration

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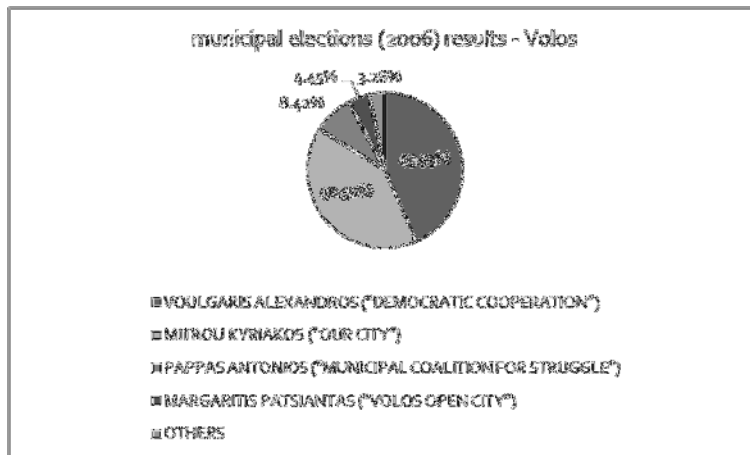
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Table A1.10: Municipal elections results (2006 – first round)

MUNICIPAL ELECTIONS RESULTS 2006A	MUNICIPALITY OF VOLOS
1 st party	VOULGARIS ALEXANDROS (“DEMOCRATIC COOPERATION”) / PASOK (43.35%)
2 nd party	MITROU KYRIAKOS (“OUR CITY”) / ND (40.50%)
3 rd party	PAPPAS ANTONIOS (“MUNICIPAL COALITION FOR STRUGGLE”) / KKE (8.42%)
4 th party	MARGARITIS PATSIANTAS (“VOLOS OPEN CITY”) / SYRIZA (4.45%)
other parties	others (3.28%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.10: Municipal elections results (2006 – first round)



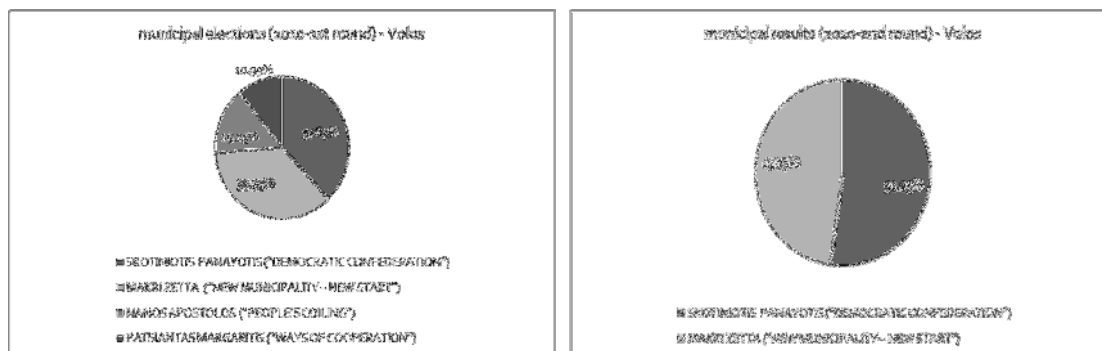
Source: Hellenic Ministry of Interior / Own elaboration

Table A1.11: Municipal elections results (2010 – first and second round)

MUNICIPAL ELECTIONS RESULTS 2010A	MUNICIPALITY OF VOLOS
First Round	
1 st party	SKOTINIOTIS PANAYOTIS (“DEMOCRATIC CONFEDERATION”) / PASOK – DHMAR – OP (37.85%)
2 nd party	MAKRI ZETTA (“NEW MUNICIPALITY – NEW START”) / ND (35.93%)
3 rd party	NANOS APOSTOLOS (“PEOPLE’S COILING”) / KKE (15.23%)
4 th party	PATSIANTAS MARGARITIS (“WAYS OF COOPERATION”) / SYRIZA (10.99%)
Second round	
1 st party	SKOTINIOTIS PANAYOTIS (“DEMOCRATIC CONFEDERATION”) / PASOK – DHMAR – OP (52.25%)
2 nd party	MAKRI ZETTA (“NEW MUNICIPALITY – NEW START”) / ND (47.75%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.11: Municipal elections results (2010 – first and second round)



Source: Hellenic Ministry of Interior / Own elaboration

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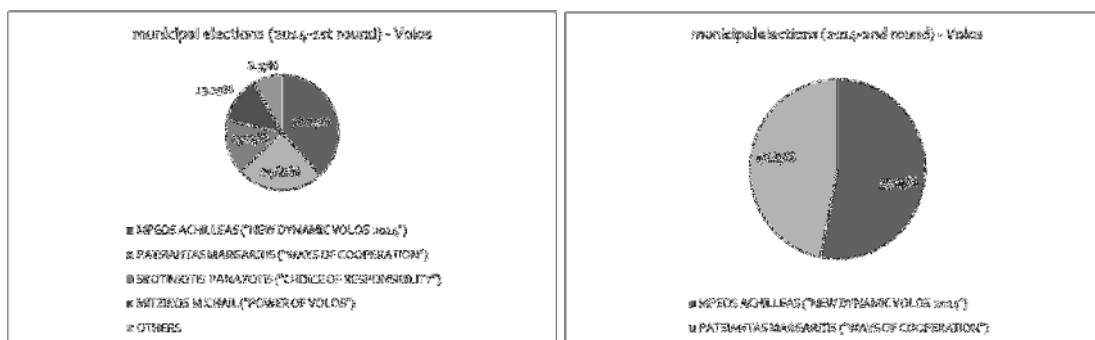
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Table A1.12: Municipal elections results (2014 – first and second round)

MUNICIPAL ELECTIONS RESULTS 2014A	MUNICIPALITY OF VOLOS
First round	
1 st party	MPEOS ACHILLEAS (“NEW DYNAMIC VOLOS 2014”) / INDEPENDENT (38.29%)
2 nd party	PATSIANTAS MARGARITIS (“WAYS OF COOPERATION”) / SYRIZA – OP (24.82%)
3 rd party	SKOTINIOTIS PANAYOTIS (“CHOICE OF RESPONSIBILITY”) / DHMAR (15.27%)
4 th party	MITZIKOS MICHAEL (“POWER OF VOLOS”) / ND (13.25%)
other parties	others (8.37%)
Second round	
1 st party	MPEOS ACHILLEAS (“NEW DYNAMIC VOLOS 2014”) / INDEPENDENT (53.13%)
2 nd party	PATSIANTAS MARGARITIS (“WAYS OF COOPERATION”) / SYRIZA – OP (46.87%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.12: Municipal elections results (2014 – first and second round)



Source: Hellenic Ministry of Interior / Own elaboration

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REPOS

Reformability of Political Systems in Times of Crisis: The Example of Financial Consolidation in German and Greek Municipalities



Municipality of Volos Case-Study Report

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--- REVISED VERSION ---

Volos, 8th April 2015



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1. Introduction

The Municipality of Volos case-study Report offers a provisional summary of the main findings on fiscal consolidation perceptions, causes and means of action in Municipality of Volos, focusing on the period 2010-2014. The Report is based on: (a) secondary statistical data, from established statistical sources, on the political, social and economic context of the Municipality, (b) municipal documents and press releases (c) articles and texts from the local Press about the Municipal fiscal problem, and (d) interviews with local actors, who have a deep knowledge of the Municipal fiscal problem. For a more holistic approach, the interviewees came from the political leadership, including the Mayor and the deputy Mayors, the Municipal administration, and representatives of the local productive organizations. The Report is an integral part of REPOS (Reformability of Political Systems in Times of Crisis: The Example of Financial Consolidation in German and Greek Municipalities) Programme, aiming at the elaboration and dissemination of specific strategies and operational policy measures for sustainable reforms of financial consolidation, and beyond, in Greek and German municipalities.

The structure of the Report is as follows: The first section is introductory. The second and the third section describe the socio-economic environment of the city of Volos, the actor constellation and the fiscal problem of Municipality of Volos. The fourth, the fifth, the sixth and the seventh section review the findings of the empirical analysis with respect to the perceptions and the causes of the Municipal fiscal problem, the corresponding scope and means of action as well as the corresponding public debate, and the transparency and legitimacy of the political system. These sections are illustrated with several MAXQDA-derived quotations. The eighth section offers the conclusions and the ninth section offers some policy recommendations.

2. Socio-economic context of the city of Volos

Volos, the capital of Magnesia, is a medium-sized city located in Central Greece, between Pagassitikos Gulf and Pelion Mountain. Currently, together with the neighboring, medium-sized, city of Larissa, Volos is, often, considered to be an alternative development pole (“the Larissa-Volos dipole”), next to the metropolitan poles of Athens and Thessaloniki. The “dipole” concept is based on the rationale that each city may specialize in complementary functions at an equivalent level in the urban hierarchy. However, Volos does not seem to make use of this “dipole” dynamic. To the extent that the “dipole” concept has worked, it has mainly availed Larissa (for instance, when multinational companies make investment location decisions). Yet, Volos is widely considered to have significant advantages which (may) equal to equivalent



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development perspectives. The city of Volos is located close to the main Greek transportation networks, it has an important port and an airport, and it is the administrative and the academic center of the University of Thessaly. The city of Volos, also, disposes a significant industrial tradition and a coastal hinterland of a well-recognized natural beauty, suitable for tourism development. Overall, Volos is a city that offers a high-level quality of living. Despite this remarkable multidimensionality of development prospects and living standards, however, Volos has not achieved yet a satisfactory level of economic development. Especially during the late 1970s, Volos experienced a strong de-industrialization wave, partially encountered with the foundation of the University of Thessaly, in the late 1980s, which offered employment opportunities and attracted specialized workforce. Currently, and after the eruption of the economic crisis (year 2008), Volos is under a new economic decline, experiencing an income decline and suffering from high unemployment rates.

After the Kallikratis administrative reform in 2010, which provided the amalgamation of several neighboring municipalities in 2011, the new Municipality of Volos now includes the former Municipalities of Volos, Nea Ionia, Iolkos, Agria, Nea Agxialos, Aisionia, Artemida, Portaria and Makrinitza. According to the recent population Census (year 2011), Municipality of Volos has 144,449 resident inhabitants (1.3% of the population in Greece) (see Table 1 and Graph 1). Comparing to the previous population Census (year 2001), Municipality of Volos exhibited a population increase of 2% (from 141,675 inhabitants), in contrast to the corresponding State, Regional and Prefectural trends. Comparing to the former Municipality of Volos, the new Municipality of Volos that now includes 9 former municipalities exhibited (period 2001-2011) an enormous population increase of 75.2%! This increase highlights the challenges that (the “current”) Municipality of Volos has to be dealt with, within a stressful fiscal situation, and this is the reason why Municipality of Volos has been selected as a REPOS case-study.

Table 1: Population ⚙️



Ε. Π. Ανταγωνιστικότητα και Επιχειρηματικότητα (ΕΠΑΝ ΙΙ), ΠΕΠ Μακεδονίας – Θράκης, ΠΕΠ Κρήτης και Νήσων Αιγαίου, ΠΕΠ Θεσσαλίας – Στερεάς Ελλάδας – Ηπείρου, ΠΕΠ Αττικής

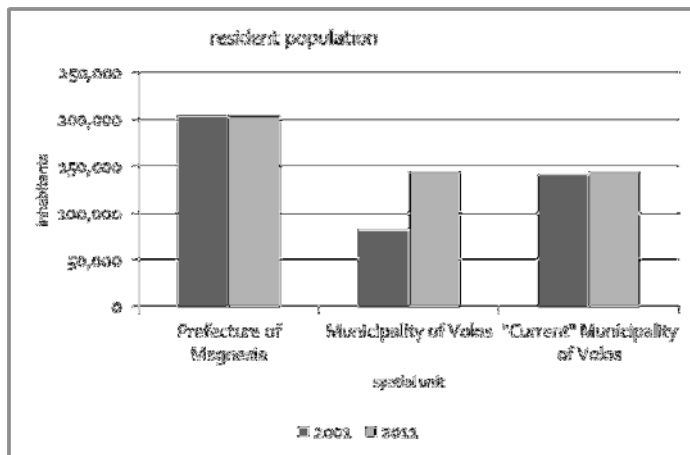
Spatial Unit	Population (inhabitants; resident population)	
	2001	2011
Greece	10,934,097	10,816,286
Region of Thessaly	740,165	732,762
Prefecture of Magnesia	205,055	203,808
Municipality of Volos	82,439	144,449
“Current” borders of Municipality of Volos	141,675	144,449

Resident (Permanent) Population: the total number of persons normally residing in a specified geographical area for a period of at least 12 months prior to the date of conduct of the Census, or who have arrived at the place of usual residence during the last 12 months, with the intention to reside in the area for at least 1 year.

⚙ “Current” Municipality of Volos includes the former Municipalities of Volos, Nea Ionia, Iolkos, Agria, Nea Agxialos, Aisonia, Artemida, Portaria and Makrinitisa.

Sources: Hellenic National Statistical Authority / Own elaboration

Graph 1: Population Development 2001-2011 # ⚙



Sources: Hellenic National Statistical Authority / Own elaboration

The allocation of population per age group in Municipality of Volos (year 2011) is rather balanced, and, definitely, more balanced comparing to the corresponding State, Regional and Prefectural allocations (see Table 2 and Graph 2). By and large, the allocation of population per age group in Municipality of Volos seems to follow a normal distribution (i.e. inverted-U or bell-shaped) pattern as the 20.6% of population

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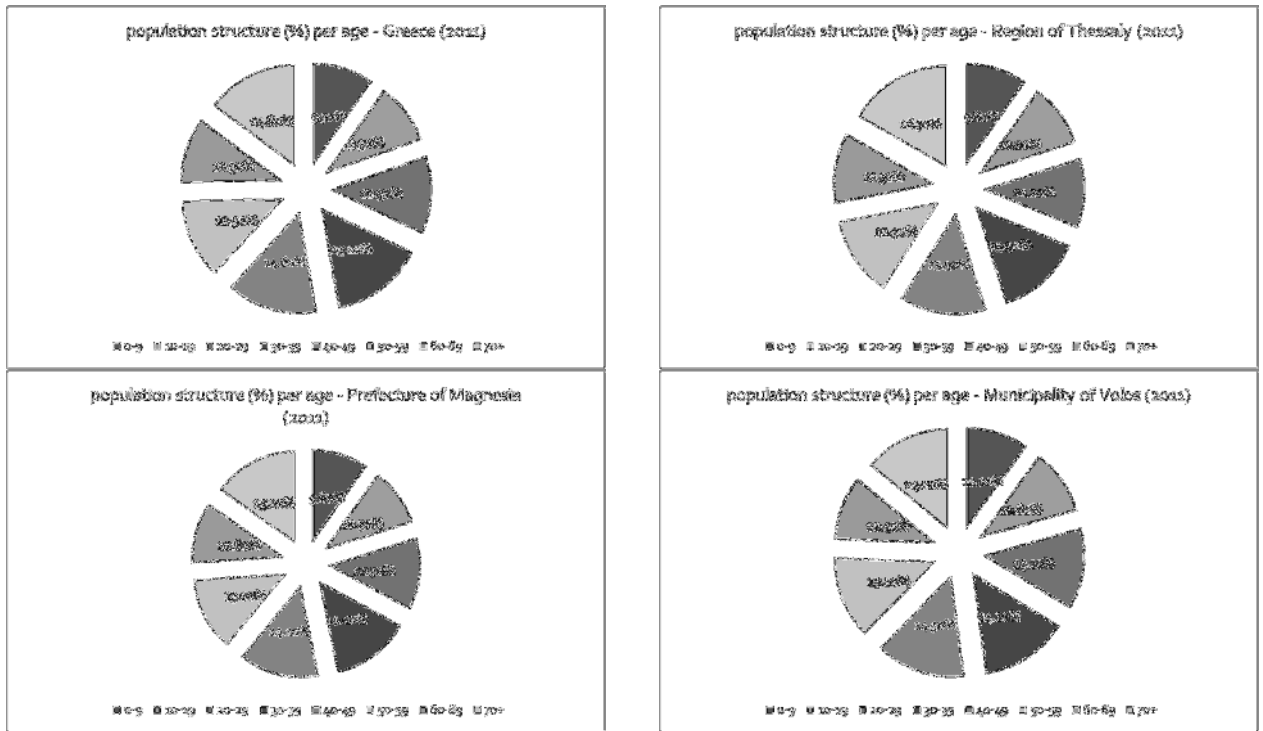
belongs to the age groups “0-9” and “10-19”, the 55.0% belongs to age groups from “20-29” to “50-59”, and the 24.4% belong to the age groups “60-69” and “70+”.

Table 2: Population structure per age

Spatial Unit	Population structure per age (% population)							
	2011							
	0-9	10-19	20-29	30-39	40-49	50-59	60-69	70+
Greece	9.7%	9.9%	12.5%	15.1%	14.6%	12.9%	10.5%	14.8%
Region of Thessaly	9.8%	10.2%	11.2%	13.9%	13.9%	12.9%	11.3%	16.7%
Prefecture of Magnesia	9.8%	10.3%	12.7%	14.0%	14.1%	13.0%	10.8%	15.2%
Municipality of Volos	10.0%	10.6%	13.1%	14.2%	14.5%	13.2%	10.4%	14.0%

Sources: Hellenic National Statistical Authority / Own elaboration

Graph 2: Population structure per age



Sources: Hellenic National Statistical Authority / Own elaboration

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The allocation of population per education level in Municipality of Volos (year 2011) is in line with the corresponding State, Regional and Prefectural allocations (see Table 3 and Graph 3). Overall, the population in Municipality of Volos is rather well-educated as the 68.5% has a secondary (i.e. lyceum) or a higher (i.e. university) education degree. Only, 12.7% of population in Municipality of Volos is non-educated, having no primary (i.e. elementary school) education degree.

Table 3: Population structure per education level

Spatial Unit	Population structure per education level (% of population)			
	2011			
	Higher education	Secondary education	Primary education	Non-educated
Greece	24.9%	44.0%	17.8%	13.2%
Region of Thessaly	28.9%	38.7%	15.2%	17.2%
Prefecture of Magnesia	16.5%	42.9%	26.8%	13.7%
Municipality of Volos	24.2%	44.3%	18.8%	12.7%

Sources: Hellenic National Statistical Authority / Own elaboration

Graph 3: Population structure per education level

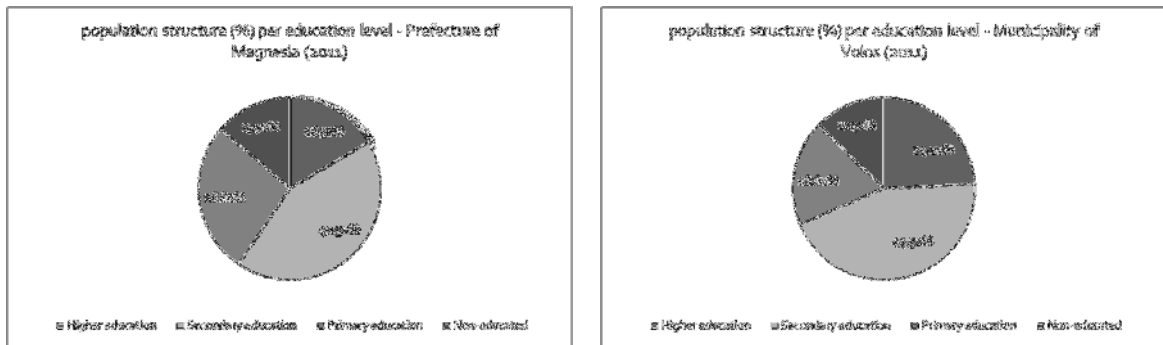


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Sources: Hellenic National Statistical Authority / Own elaboration

Reaching the share of 51.6%, the vast majority of income declarations in Municipality of Volos (year 2012) come from either pensioners or rentiers, according to the allocation of declarations per profession (see Table 4 and Graph 4). Only the 48.4% of declarations come from “economically active” taxpayers that exercise a “working” profession (i.e. private or public sector employees, merchants, farmers, freelancers).

Table 4: Income Declarations per profession

Spatial Unit	Declarations per profession (% of declarations)					
	2012					
	Rentiers	Merchants / Craftsmen / Traders	Farmers / Ranchers	Employees	Liberal professions	Pensioners
Greece	17.8%	10.2%	6.3%	29.1%	5.2%	31.3%
Region of Thessaly	15.5%	10.0%	9.5%	25.3%	4.9%	34.9%
Prefecture of Magnesia	15.9%	11.4%	6.5%	27.3%	4.7%	34.2%
Municipality of Volos	16.5%	10.2%	4.0%	28.9%	5.3%	35.1%

Source: Hellenic Ministry of Economics – General Secretariat of Information Systems
/ Own elaboration

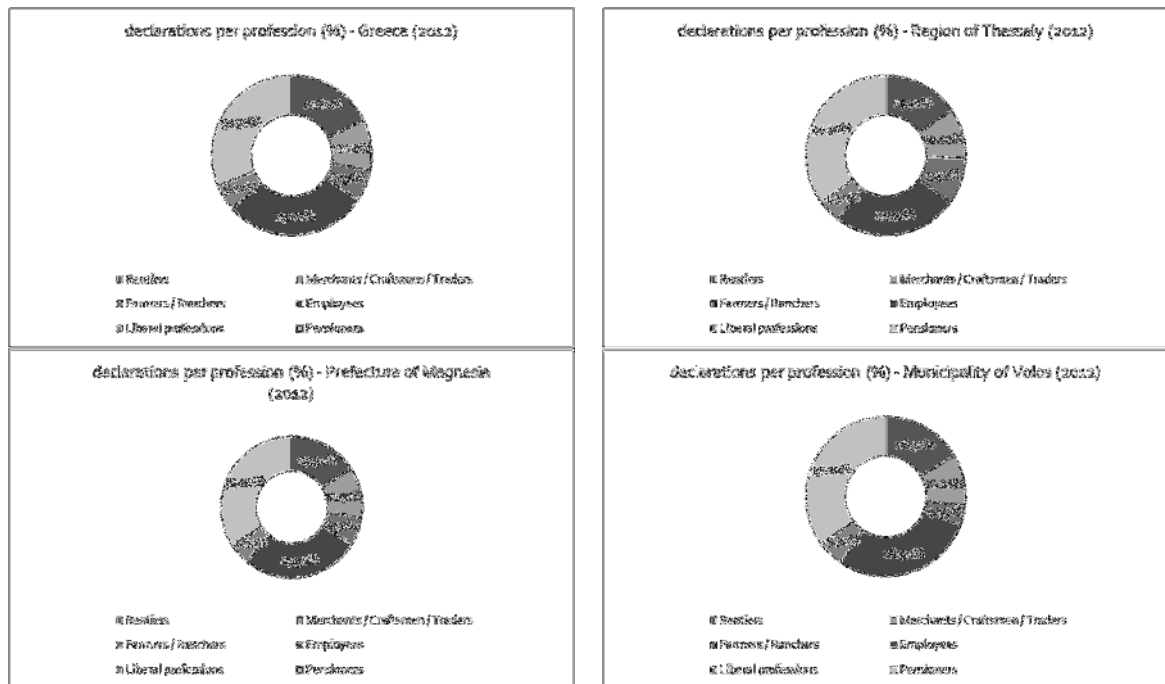
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Graph 4: Income Declarations per profession



Source: Hellenic Ministry of Economics – General Secretariat of Information Systems / Own elaboration

Overall, the declared (stated) income in Municipality of Volos is below the corresponding State, Regional and Prefectural income (year 2012) (see Table 5 and Graph 5). After the eruption of the on-going economic crisis, Municipality of Volos has been experiencing a decline of 22.0% in terms of declared income! This decline is greater than the corresponding State, Regional and Prefectural ones. Added to the population trends, this decline provides another highlight with respect to the challenges that Municipality of Volos has to face.

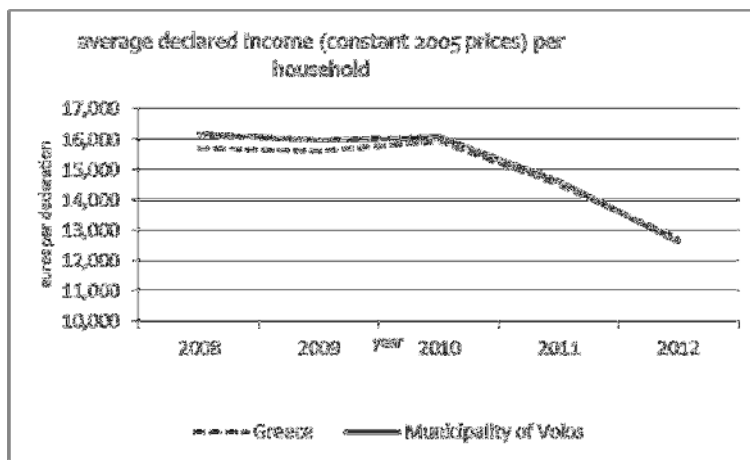
Table 5: Average declared income \diamond per household

Spatial Unit	Average declared income per household (euros per declaration; constant, year 2005, prices)				
	2008	2009	2010	2011	2012
Greece	15,697	15,591	15,919	14,490	12,705
Region of Thessaly	15,203	15,485	16,248	15,039	13,177
Prefecture of Magnesia	16,759	16,921	17,409	16,001	13,847
Municipality of Volos	16,151	15,954	16,057	14,602	12,598

\diamond Despite its shortcomings (i.e. inefficiencies in measurement, spatial mismatch between product and income), per capita GDP remains the most commonly-used measure of development. Having no (officially published) per capita GDP data at the municipal level, declared income data provides a reliable proxy. Usually, declared income presents a high degree of correlation with per capita GDP.

Source: Hellenic Ministry of Economics – General Secretariat of Information Systems / Own elaboration

Graph 5: Average declared income \diamond per household



Source: Hellenic Ministry of Economics – General Secretariat of Information Systems / Own elaboration

Pensioners declare 37.0% of income in Municipality of Volos (year 2012) (see Table 6 and Graph 6). Rentiers declare another 5.4%. Thus, only the 57.6% of income is



declared from taxpayers that exercise a “productive” profession. Similar is the situation with respect to State, Regional and Prefectural declared income, given the silent hypothesis that black economy (undeclared income) is similar (if not the same) across the country.

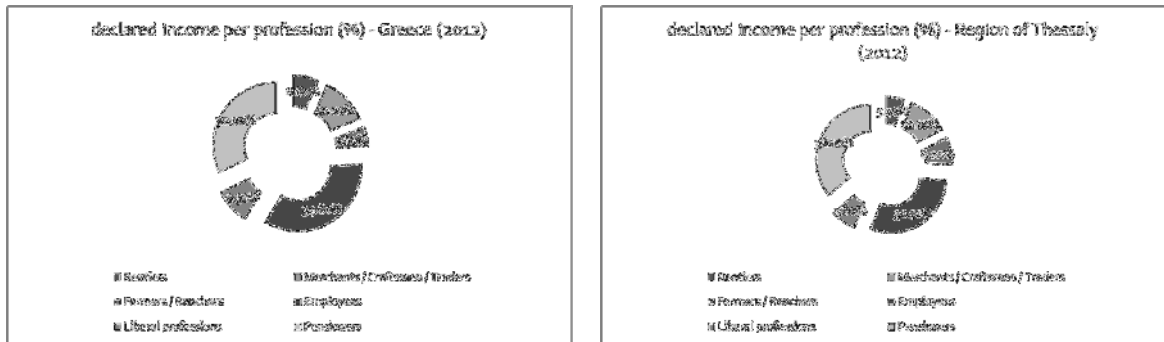
Table 6: Declared income per declaration per profession

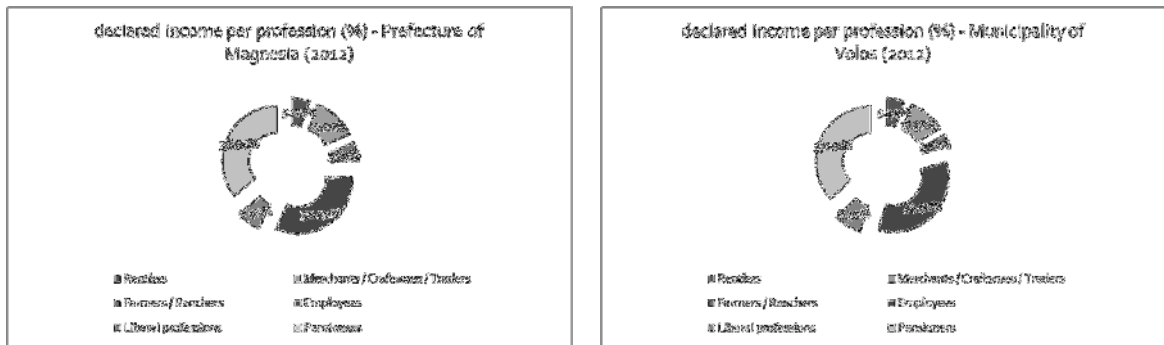
Spatial Unit	Declared income per profession (% of declared income)					
	2012					
	Rentiers	Merchants / Craftsmen / Traders	Farmers / Ranchers	Employees	Liberal professions	Pensioners
Greece	6.6%	12.2%	5.1%	34.8%	9.3%	32.0%
Region of Thessaly	5.3%	12.1%	8.2%	30.7%	7.6%	36.1%
Prefecture of Magnesia	5.2%	13.2%	5.8%	32.4%	7.4%	36.0%
Municipality of Volos	5.4%	11.3%	3.7%	34.3%	8.3%	37.0%

Source: Hellenic Ministry of Economics – General Secretariat of Information Systems

/ Own elaboration

Graph 6: Declared income per profession





Source: Hellenic Ministry of Economics – General Secretariat of Information Systems / Own elaboration

Municipality of Volos numbers 46,120 employed persons (year 2011) (see Table 7 and Graph 7). This number represents the 63.2% of employment in Prefecture of Magnesia.

Table 7: Employment

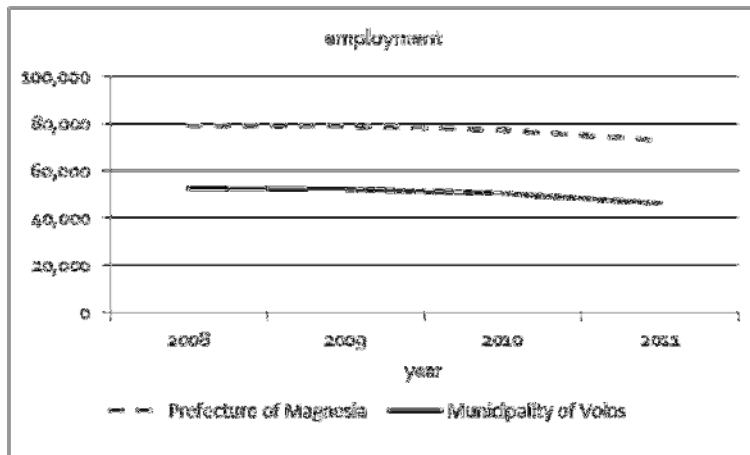
Spatial Unit	Employment (employed persons)			
	2008	2009	2010	2011
Greece	4,865,800	4,836,220	4,711,690	4,446,770
Region of Thessaly	318,281	314,993	305,673	287,376
Prefecture of Magnesia	79,393	78,991	77,105	73,001
Municipality of Volos	52,512	52,110	50,224	46,120

Sources: Hellenic National Statistical Authority / Own elaboration

Graph 7: Employment



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Sources: Hellenic National Statistical Authority / Own elaboration

Unemployment rate in Prefecture of Magnesia (there is no data available at the Municipal level) reached the level of 37.4% (year 2013) (see Table 8 and Graph 8). This share is well above the corresponding State and Regional shares. After the eruption of the on-going economic crisis, Prefecture of Magnesia experienced an increase of 29.3 percentage points in terms of unemployment rate. This increase is higher than the corresponding State and Regional ones.

Table 8: Registered unemployment rate

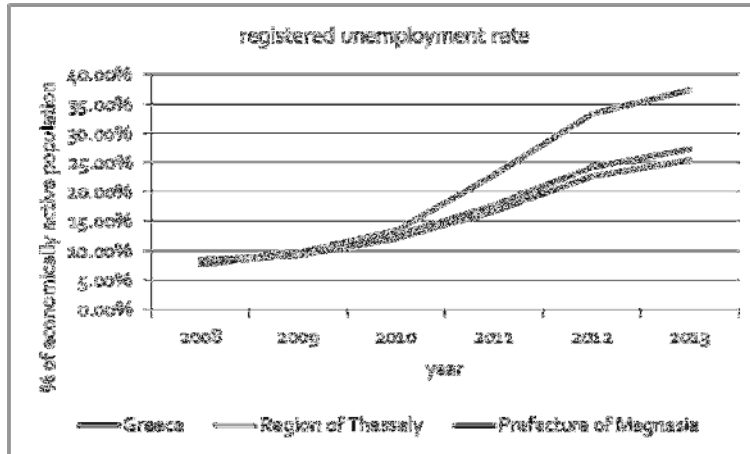
Spatial Unit	Registered Unemployment Rate (% of economically active population)					
	2008	2009	2010	2011	2012	2013
Greece	7.6%	9.5%	12.5%	17.7%	24.2%	27.3%
Region of Thessaly	8.4%	9.2%	12.1%	16.7%	22.6%	25.4%
Prefecture of Magnesia	8.1%	9.6%	13.4%	22.9%	33.3%	37.4%
Municipality of Volos	n/a	n/a	n/a	n/a	n/a	n/a

n/a: not available

Sources: Hellenic National Statistical Authority / Own elaboration

Graph 8: Registered unemployment rate





Sources: Hellenic National Statistical Authority / Own elaboration

Overall, the main economic sector in Volos (year 2011) is the tertiary sector, with a share that represents 74.3% of employment (see Table 9 and Graph 9). The secondary sector is rather small, representing 21.0% of employment, and the primary sector is extremely small, representing just 4.7% of employment. This extremely small share of the primary sector is quite logical as Municipality of Volos mostly contains urban areas. Comparing to the corresponding sectoral allocation of employment in Prefecture of Magnesia, it comes that the shares of the secondary sector are almost equal, the Prefectural share in the primary sector is higher, by 6.8 percentage points, and the Prefectural share in the tertiary sector is lower, by 8.2 percentage points.

Table 9: Sectoral allocation of employment

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Spatial Units	Production Structure (% employment)		
	2011		
	primary sector	secondary sector	tertiary sector
Greece	10.0%	17.6%	72.5%
Region of Thessaly	18.2%	17.5%	64.3%
Prefecture of Magnesia	11.5%	22.4%	66.1%
Municipality of Volos	4.7%	21.0%	74.3%

Sources: Hellenic National Statistical Authority / Own elaboration

Graph 9: Sectoral allocation of employment



Sources: Hellenic National Statistical Authority / Own elaboration

3. Municipality of Volos: Political leadership and the fiscal problem

Until the recent reform of the Greek local administration structure, which took place in 2010 under the name “Kallikratis”, the greater Volos area has always been divided into several municipalities and local communities, among which Municipality of Volos was always the dominant one. The previous territorial reform of the year 1997 (named “Kapodistrias”) had brought minor changes in the administration scheme of Volos (even though this reform was, also, based on compulsory amalgamations). In particular, only some local communities at the city’s outskirts had joined together, forming a new municipality, named “Iolkos”. From 1997 until 2010 the greater Volos area included 7





municipalities: Volos, Nea Ionia, Iolkos, Aisonia, Agria, Artemida and Nea Aghialos. After the “Kallikratis” implementation, all the previous municipalities joined together, forming the current Municipality of Volos, together with the Portaria former mountainous Municipality and the mountainous Community of Makrinitza. Compared to the rest of the Greek big- and medium-sized cities, Volos was, certainly, the one to be mostly affected by the “Kallikratis” Programme. Although the current administration structure is more sequent to the city’s real population, including both the city’s center and the city’s outskirts, the area of the city has expanded dramatically, covering literally mountains, lowlands and coastal areas. Characteristically, the administrative limits of Municipality of Volos enclose a winter ski resort on an altitude of 1500 meters and at least 12 different beaches altogether.

It is well understood that this “sudden” change in the city’s administration scheme, combined with a fall (instead of a raise) of the municipality’s financing from the Central Government (due to the handling of the economic crisis), led to a series of major problems, encumbering the management of the city. Leaving out the debt issue, the previous Municipal authority (from 2010 until 2014), faced significant difficulties with several issues reflected in every-day life, such as the waste management, the water supply, the lighting and the maintenance of public spaces. It seems that the registered citizens perceived the previous difficulties as a failure of the previous Mayor and his team. In the Municipal elections of 2014, the party of the previous Mayor received an unexpected (disastrous) 15%, which is considered to be extremely low for an outgoing Mayor.

Starting from the Olympic year 2004 and until the consecutive National elections in 2012, voters in Municipality of Volos exhibited, on average, the same voting behavior with voters in the whole country (see Tables A1.1, A1.2 and A1.3, and Graphs A1.1, A1.2 and A1.3 in Appendix). In 2004, New Democracy (ND; conservative right) won the elections having gathered the 45.36% of the (valid and non-blank) votes. Pan-Hellenic Socialistic Movement (PASOK; social democracy) was elected as the major opposition party having gathered the 40.55% of the votes. The corresponding shares of





ND and PASOK in Municipality of Volos were 42.70% and 39.85%, respectively. In 2007, ND won, again, the elections having gathered the 41.84% of the votes. PASOK was elected, again, as the major opposition party having gathered the 38.10% of the votes. The corresponding shares of ND and PASOK in Municipality of Volos were 39.72% and 36.30%, respectively. In 2009, PASOK won the elections having gathered the 43.92% of the votes. ND was elected as the major opposition party having gathered the 33.47% of the votes. The corresponding shares of PASOK and ND in Municipality of Volos were 40.24% and 31.49%, respectively. In the “double” elections (May and following June) held in 2012, voters in Municipality of Volos exhibited, on average, different voting behavior with voters in the whole country (see Tables A1.4, and A1.5, and Graphs A1.4, and A1.5 in Appendix). In May 2012, ND was the strongest party, having gathered the 18.85% of the votes. Coalition of the Radical Left (SYRIZA; radical left) was elected as the major opposition party having gathered the 16.78% of the votes. In contrast, in Municipality of Volos SYRIZA was the first party and ND was the second party having gathered the 20.69% and the 16.29% of the votes, respectively. In June 2012, ND won, again, the elections having gathered 29.66% of the votes. SYRIZA was elected, again, as the major opposition party having gathered 26.89% of the votes. In contrast, in Municipality of Volos SYRIZA was the first party and ND was the second party having gathered the 34.33% and the 24.30% of the votes, respectively. In 2015, SYRIZA won the elections, having gathered the 36.34% of the votes (see Table A1.6 and Graph A1.6 in Appendix). SYRIZA was, also, the first party in Municipality of Volos, having gathered 43.29% of the votes.

With respect to the European elections, voters in Municipality of Volos exhibited, on average, the same voting behavior with voters in (entire) Greece (see Tables A1.7, A1.8 and A1.9, and Graphs A1.7, A1.8 and A1.9 in Appendix). In year 2004, ND won the elections having gathered the 43.01% of the votes. ND was, also, the first party in Municipality of Volos having gathered the 39.73% of the votes. In year 2009, PASOK won the elections having gathered the 36.65% of the votes. PASOK was, also, the first party in Municipality of Volos having gathered the 33.68% of the votes. In year 2014,



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SYRIZA won the elections having gathered the 26.57% of the votes. SYRIZA was, also, the first party in Municipality of Volos having gathered the 32.49% of the votes. Focusing on Municipal elections, in year 2006, Mr. Alexandros Voulgaris, supported by PASOK, was elected (from the first round) Mayor of Volos (see Table A1.10 and Graph A1.10 in Appendix). Given that in the National elections of the years 2004 and 2007 ND was the first party in Municipality of Volos, this result provides an indication that partisan origin was not the only voting criterion of the citizens of Volos. In 2010, Mr. Panayotis Skotiniotis, supported by PASOK, Democratic Left (DHMAR; reformatory left), Green Ecologists (OP; ecologists), was elected Mayor of Volos (see Table A1.11 and Graph A1.11 in Appendix). Noteworthy is the fact that the outgoing Mayor, Mr. Alexandros Voulgaris, was not a candidate, as his party (PASOK) had expressed the willingness to support the multi-political electoral combination of Mr. Skotiniotis. In the Municipal elections of 2014, Mr. Achilleas Mpeos, an independent candidate, was elected Mayor of Volos (see Table A1.12 and Graph A1.12 in Appendix). Noteworthy is the fact that even though SYRIZA was the strongest party in the Municipality of Volos in the National elections of 2012 and 2015 as well as in the European elections of 2014, Mr. Margaritis Patsiantas, who supported by SYRIZA, did not manage to win the Municipal elections. At the same time, Mr. Panayotis Skotiniotis, the former Mayor that had managed to consolidate the financial situation of the Municipality of Volos, experienced a (disastrous) defeat (15.3%).

Currently (year 2015), Municipality of Volos personnel counts for 765 employees, of which 435 are permanent staff, 236 work with contracts of indefinite duration, 89 are temporary staff and 5 are seconded staff. Among the 89 temporary employees, 16 have signed contracts for 5 months, according to the imperatives of the National Strategic Reference Framework which allows only for fixed short-term contracts. It has to be noted that after the implementation of the Kallikratis reform, there have been strict restraints of the staff, and numerous contracts of temporary staff were not novated after their expiry (as expected by the employees). At the same time, the closing of the



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supernumerary small and bigger Municipal enterprises (75 in the case of Volos) also led to the dismissal of their staff.

Currently (year 2014), the debt of Municipality of Volos is around €17,000,000 in constant (year 2005) prices (see Table 10 and Graph 10). The debt of Municipality of Volos represents the 0.87% of the Greek municipal debt (i.e. the total debt of all municipalities in Greece). Noteworthy is the fact that even though, during the period 2011-2014, the debt of Municipality of Volos is getting decreased in absolute terms, its relative share with respect to the Greek municipal debt is getting increased. Noteworthy is also the fact that even though, during the period 2010-2011, the debt of Municipality of Volos is getting increased in absolute terms, its relative share with respect to the Greek municipal debt is getting decreased.

Table 10: Volos Municipal debt

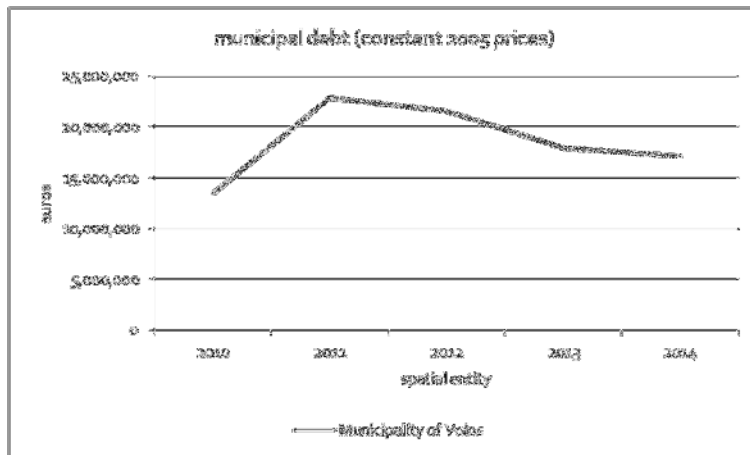
Spatial Unit	Municipal debt (euros; constant, year 2005, prices)				
	2010	2011	2012	2013	2014
Greece (Greek Municipalities)	1,614,993,57	3,039,394,22	2,857,538,51	2,233,031,80	1,955,145,11
Municipality of Volos	13,428,071	22,895,992	21,546,242	17,884,957	17,096,334

Debt values are deflated (World Bank deflators). Deflator is a value that allows data to be measured over time in terms of some base period, usually through a price index, in order to distinguish between a changes in the money value of a gross national product (GNP) that come from a change in prices, and changes from a change in physical output.

Sources: Hellenic National Statistical Authority / World Bank / Own elaboration

Graph 10: Volos Municipal debt





Sources: Hellenic National Statistical Authority / World Bank / Own elaboration

In per capita terms, the debt of Municipality of Volos is around 120 euros per inhabitant (year 2014) (see Table 11 and Graph 11). This amount is 0.67 times as much as the corresponding amount of the Greek municipal debt per capita.

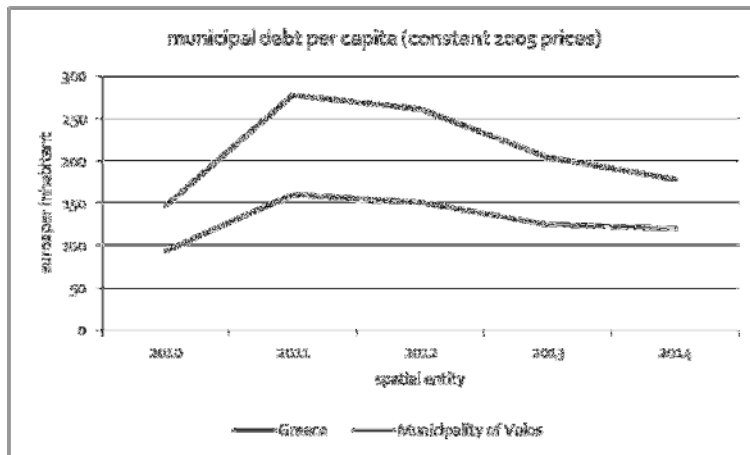
Table 11: Municipal debt per capita

Spatial Unit	Municipal debt per capita (euros per inhabitant; constant, year 2005, prices)				
	2010	2011	2012	2013	2014
Greece (Greek Municipalities)	147.7	277.9	261.3	204.2	178.8
Municipality of Volos	94.0	160.3	150.8	125.2	119.7

Sources: Hellenic National Statistical Authority / World Bank / Own elaboration

Graph 11: Municipal debt per capita





Sources: Hellenic National Statistical Authority / World Bank / Own elaboration

In May 2011, the list with the Greek Municipalities that were included in the “Memorandum of the Local Administration” was published and Municipality of Volos was not among the over-indebted municipalities. In particular, according to Kallikratis criterion 2 (i.e. legal criterion for characterizing a municipality as over-indebted), a municipality’s total amount of debt should not exceed 60% of its annual revenues. Thus, with respect to the aforementioned criterion, Municipality of Volos is in a relatively good position (see Table 12 and Graph 12). Yet, especially during the period 2013-2014 this share is getting increased (even though the figure for 2014 is estimated). Given that the debt of Municipality of Volos is getting decreased in absolute terms, the aforementioned trend indicates that the problem that Municipality of Volos faces is mainly on the side of revenues.

Table 12: Municipal debt as a percentage of Municipal revenues*

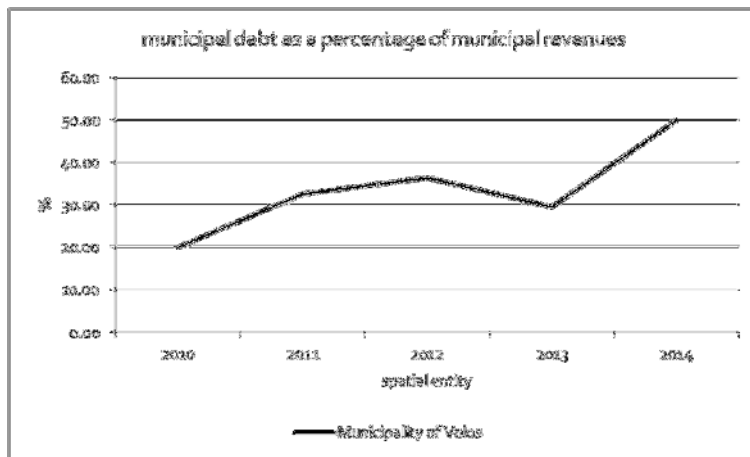
Spatial Unit	Municipal debt (% of Municipal revenues)				
	2010	2011	2012	2013	2014
Municipality of Volos	20.1%	32.5%	36.4%	29.5%	49.8%

* estimated figure for year 2014

Sources: Hellenic Ministry of Interior / Own elaboration



Graph 12: Municipal debt as a percentage of Municipal revenues*



* estimated figure for year 2014

Sources: Hellenic Ministry of Interior / Own elaboration

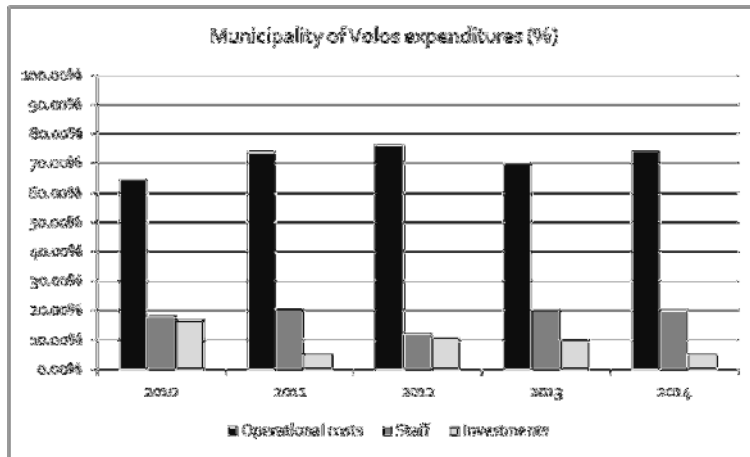
The expenditures of the Municipality of Volos are, mostly, associated with operational costs and staff payment (see Table 13 and Graph 13). Only a small fraction of the expenditures is allocated for investment purposes.

Table 13: Allocation of Volos Municipal expenditures

Spatial Unit	Municipal expenditures (%)			
	Operational costs	Staff	Investments	
Municipality of Volos	2010	64.8%	18.4%	16.8%
	2011	74.0%	20.7%	5.3%
	2012	76.4%	12.5%	11.2%
	2013	70.1%	19.9%	10.1%
	2014	74.4%	20.4%	5.2%

Sources: Hellenic Ministry of Interior / Own elaboration

Graph 13: Allocation of Volos Municipal expenditures



Sources: Hellenic Ministry of Interior / Own elaboration

With respect to the revenues of Municipality of Volos, the vast majority comes from general grants (see Table 14 and Graph 14). A significant part comes from taxes and fees.

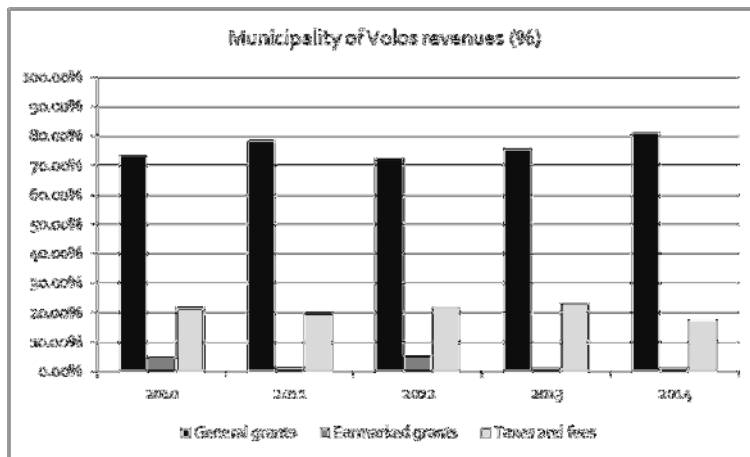
Table 14: Allocation of Volos Municipal revenues

Spatial Unit	Municipal revenues (%)			
	General grants	Earmarked grants	Taxes and fees	
Municipality of Volos	2010	73.4%	4.9%	21.7%
	2011	78.7%	1.4%	19.9%
	2012	72.5%	5.3%	22.2%
	2013	75.8%	1.0%	23.2%
	2014	81.2%	1.1%	17.7%

Sources: Hellenic Ministry of Interior / Own elaboration



Graph 14: Allocation of Volos Municipal revenues



Sources: Hellenic Ministry of Interior / Own elaboration

4. Problem Perceptions and causes

Table 15: Endogenous and exogenous causes

Endogenous causes				
	Corruption and lack of transparency			7
	Large number of municipal enterprises			2
	Immature local government			1
	Hiring employees			2
	Mismanagement of finances			13
	Loans			3
	Failure of collecting revenues			6
	Local government's dependence on state			2
Exogenous causes				
	Upper level government			1
		European level		0
		National/federal level		0
			Cutting of central grants	9
			Kallikratis plan	7
		Federal state level		0
	Socio economic conditions			0
		unemployment		2



		financial crisis		5
		economic restructuring		0

Source: Own elaboration

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

Citations from the majority:

- *The causes of the high-level debt of the Municipality may be summarized in the reproduction of wrong practices – clientelism and nepotism – encountered in the Central Government, and in the misconception that Central Government has to ability and the willingness to finance municipalities... the effort of the (former) Municipal Authority to reduce the level of debt was not communicated properly to the registered citizens. (Mayor)*
- *The basic priority of the Municipal Authority was to rearrange the finances of the Municipality. Achieving this goal required capability, on behalf of the elected and the municipal officials, but also a mentality change, on behalf of the municipal officials and the residents. Mentality change is the most important parameter... (Deputy Mayor of Finance 2010-12)*
- *The main cause for the accumulation of debt in Volos Municipality was the generalized dependence of the local administration on the central government, due to which municipalities were feeling free to spend over their budget, waiting for the central government to cover the difference... In the case of Volos, another reason for the municipal debt was the intentional inclusion of uncollectible dues in the budget, for which there wasn't any intention to be collected because of the 'client relationships'. (Deputy Mayor of Finance 2012-14)*
- *All mayors from the smallest town to the city of Athens used to form plasmatic budgets, overestimating the revenues. More correctly they used to overestimate the costs. At the end they had to invent plasmatic revenues to balance the budget. (Deputy Mayor of Development 2010-14)*

Citations from the opposition:

- *The main cause of the high-level debt of the Municipality of Volos is the suspiciousness of the "State of Athens". Due to this suspiciousness, the Central Government provided a small amount of revenues to the Municipality. (Councilor of the Opposition and Candidate Mayor, SYRIZA)*

Citations from the administration:



- *The problem of debt in Volos was caused by 3 major factors: the cost of expropriations (needed for the city plan to be implemented), the fact that before Kallikratis the municipal budgets were not followed properly and the municipal enterprises which were used as a tool to plunk down money and to make recruitments. Although the procedures were legal there have been totally un-transparent. (Director of Dept. of Finance)*

Citations from the Chamber of Commerce and Association of Industries

- *In Volos, the most significant diachronic problem is the lack of a long-term commonly accepted developmental vision, which leads to the application of fragmented and short term plans, depriving the city from development. (President of the Executive Committee of the Association of Industries in Thessaly and Central Greece)*
- *In the case of Volos the municipal debt is caused both by the limited revenues and by the un-rational management of resources. Especially after 2010 there have been no efforts for alternative sources of funding to be found, although the municipality holds significant estates which remain unexploited. (President of the Commercial Chamber of Magnesia)*

Remarks/Explanations:

The causes of the high-level debt of Municipality of Volos may summarize in the reproduction of wrong practices (i.e. clientelism, nepotism) encountered in the Central Government, and in the misconception that Central Government has to ability and the willingness to finance municipalities. On the one hand, a reason for the Municipal debt was the intentional inclusion of uncollectible dues in the budget (as revenues), for which there wasn't any intention to be collected because of "client relationships"; on the other hand, a reason for the Municipal debt was the lack of a clear demarcation between Central and Municipal competencies, magnified by the lack of a rational costing of the services offered by the Municipality. There is also the argument that the debt is caused not only by the limited revenues but also by the un-rational management of resources. While the previous perceptions, more or less, concern most of the Greek cities, in the case of Volos a remarkable cause for the debt has also been the undervalued cost of the expropriations needed for the city plan to be implemented. This view of the problem was mostly stressed by the representatives of the Municipal administration, indicating the different (and more 'accounting') perception of the problem's causes.



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Another interesting view of the problem is the allegation that the main cause of the high-level debt of the Municipality of Volos is the suspiciousness of the Central Government (“the State of Athens”), which provided a small amount of revenues to the Municipality.

In any case, it seems that the majority of registered citizens of Municipality of Volos do not perceive the financial situation of the Municipality as its own problem. In contrast, both the residents and the Municipal parties of the opposition usually think that the Municipality should, obviously, fulfil some specific functions (such as cleanliness, welfare, sports, culture), without being worried regarding how to fulfil these functions. There is also the opinion that the problem caused by the Municipal debt, is not comparable to the real socio-economic problems that citizens of Volos face (such as income decline and unemployment). Probably, in Volos the most significant diachronic problem is the lack of a long-term commonly accepted developmental vision, which leads to the application of fragmented and short-term plans, depriving the city from development.

5. Scope and means of actions: Evaluation, performance, impact

Table 16: Implemented and proposed means – codes and number of codes

parent code	code		all coded segments	all coded segments %	documents
means	Staff reduction		1	0.33	1
	Prioritization of expenses		1	0.33	1
	Management reforms		7	2.28	5
		Recording and monitoring of finances	2		



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	Revenues increase		4	1.30	4
	Cutbacks		6	1.95	5
	Loans		4	1.30	4
	Utilization of municipal estate		7	2.28	5
	NSRF		7	2.28	4

Source: Own elaboration

Selected statements of the different groups of actors assessing the implemented measures, their performance and impact: (local politicians of the majority, the opposition, the administration, others):

Citations from the majority:

- *The downwards trend of the municipal debt is mainly due to the reduction of debt to third parties. This was made possible with the proper financial management despite the fact that, after the eruption of the crisis, municipal revenues are significantly lower... Municipalities themselves can contribute to the solution of the problem through “zero base” budgeting. Yet, it is important for the Central Government to improve the macroeconomic conditions of the country, because municipalities are not “isolated islands”. (Mayor)*
- *Trying to mitigate the problem, and adjusting to the reality emerged in the light of the on-going economic crisis, the (former) Municipal Authority of Volos reduced the number of Municipal Enterprises from 65 to 2! Yet, municipalities themselves cannot solve the problem. Without the assistance from Central Government, municipalities are going to deal with significant functional problems... the vast majority of registered citizens – as well as the municipal parties of opposition – think that the Municipality should, obviously, fulfil some specific functions (such as cleanliness, welfare, sports, culture) without being worried regarding how to fulfil these functions. (Deputy Mayor of Finance 2010-12)*
- *The most significant measure of the Municipal Authority to deal with the debt was the zero-base budgeting. This measure lead to a general reviewing of the way municipal services used to be offered to the citizens and finally to the restraint of municipal spending... The limitation of the municipal resources, due to the dramatic cutback of the central funding, lead to major malfunctions and to the inability of the municipality to cover obligations to third parties (Deputy Mayor of Finance 2012-14).*
- *The results of the new way of budgeting were more obvious in the municipality itself rather than in the city. The number of personnel was cut significantly.*



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Social services were not significantly downgraded because they use European funds to function. But other services, especially the cleanliness, were influenced dramatically. That had a major political cost to the party. (Deputy Mayor of Development 2010-14)

Citations from the opposition:

- *The Municipal Authority supported that it has managed to reduce the level of debt. It did not mention the side-effects of a “strategy” imposed from the country lenders. These side-effects are personnel lay-off, early retirements and wage cut-off, and the, consequent, inability to fulfill basic functions, such as welfare and cleanliness. (Councilor of the Opposition and Candidate Mayor, SYRIZA)*
- *Municipalities themselves cannot contribute to the solution of the problem. Solution is feasible with the rise of a progressive government in power. Even in this case, however, municipalities should vindicate their right to set strategic visions without being limited to operational roles. (Councilor of the Opposition and Candidate Mayor, SYRIZA)*

Citations from the administration:

- *In order to solve the economic problems the Municipality of Volos should exploit the municipal estate with transparency, as it happens in other European cities. A permanent obstacle is that the “selling of public property” has a negative dimension. (Director of Dept. of Finance)*
- *The methods towards the sanitization of the municipal economics were all implemented by the Central Government. Municipalities which do not comply with the centrally set targets are punished by a further cutting in the funds. To achieve the revenues provisioned, in most municipalities now there is the will (and the obligation) to claim the uncollectible dues. (Director of Dept. of Finance)*

Citations from the Chamber of Commerce and Association of Industries

- *Although local governments in Greece do not have the ability to induce taxes (excluding municipal fees), funding from the central government to the municipalities has been cut and municipal debts are used as an excuse for this cutting... The attempts to manage the municipal debt have brought a noteworthy downgrading of the municipal services’ level. This consequence could have been avoided if the Municipality had been interested to exploit the remarkable real property that has ‘inherited’ from the former municipalities ...The whole fiscal crisis of Volos has not influenced the business climate in the city, because the Municipality does not play a vital role in it. (President of the Executive Committee of the Association of Industries in Thessaly and Central Greece)*
- *The Kallikratis Programme brought to light the significant problems of mismanagement in the municipalities and could have worked perfectly if the resources had not been cut so dramatically. Instead, the cut of funding caused*



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major dysfunction problems in the city and a remarkable reduce of the social services level. (President of the Commercial Chamber of Magnesia)

Remarks/Explanations:

The basic priority of the former (2011-2014) Municipal Authority of Volos was to rearrange the finances of the Municipality. Achieving this goal required both capability, on behalf of the elected and Municipal officials, and a shift in mentality, on behalf of the Municipal officials and the registered citizens. The downwards trend of the Municipal debt was made possible with the proper financial management despite the fact that, after the eruption of the on-going economic crisis, Municipal revenues are significantly low(er). “Kallikratis” administrative reform contributed significantly to this end, as it led to centralized services (i.e. unification of the former Municipalities) with lower functional costs (i.e. closing of the supernumerary Municipal enterprises affiliated to the former Municipalities).

Overall, “Kallikratis” led to a general reviewing of the way Municipal services used to be offered to the citizens, allowing for the restraint of Municipal spending (e.g. the later introduced “Observatory” contributed to the cultivation of a new rationale towards transparency and to the attainment of economies of scale). Under such a framework, the former Municipal Authority of Volos implemented a “zero-base” budgeting. Yet, this strategy, even though it had a positive impact with respect to the management of Municipal debt, created major malfunctions.

The side-effects of a rigid austerity strategy – top-down imposed from upper levels – were personnel lay-off, early retirements and wage cut-off, and the, consequent, inability on behalf of Municipality of Volos to fulfill its basic functions (such as welfare and cleanliness as well as infrastructure maintenance). Overall, the Municipality could not serve its institutional role (perhaps, this could have been avoided, to some extent, if the Municipality had been interested to exploit the remarkable real property that has “inherited” from the former Municipalities having constituted the new unified one). In any case, both the supporters and the opponents of “zero-base” budgeting agree that municipalities themselves cannot solve (without side-effects) the municipal fiscal



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problem, without the assistance of Central Government (e.g. through the improvement of the macro-economic conditions of the country). Of course, the involvement of Municipal administration with the business sector, cultivating a positive climate towards the attraction of investments and the facilitation of business activities, may be beneficial for the amelioration of the socio-economic conditions in the city.

6. Public discussion / debate

Table 17: Actors

code	documents	all coded segments	all coded segments %	actor group	opposition/majority
Journalist	19	35	11.40	journalist	
Journalist	1	2	0.65	journalist	
Councilor	1	1	0.33	local politicians	opposition
Councilor	1	1	0.33	local politicians	opposition
Councilor	1	1	0.33	local politicians	opposition
Leader of major minority	2	2	0.65	local politicians	opposition
Former Mayor 2010-2014	9	15	4.89	local politicians	majority
Deputy-Mayor	10	14	4.56	local politicians	majority
Deputy-Mayor	4	4	1.30	local politicians	majority

Source: Own elaboration

Citations from the majority:

- *The effort of the Municipal Authority to reduce the level of debt was not communicated properly to the registered citizens, probably because of the confrontation with the local media. (Mayor)*
- *The vast majority of registered citizens do not perceive the financial situation of the Municipality as its own problem. (Deputy Mayor of Finance 2010-12)*



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- *The Municipal Authority was the only to highlight the problem of the debt. Although it was often brought to the Council, it remains unknown to the public (Deputy Mayor of Finance 2012-14).*
- *The problem, for reasons of political rivalry, was always overstressed by each opposition. Thus an image was brought that the city was heavily in debt and could not cover its obligations, which was not actually true. (Deputy Mayor of Development 2010-14).*

Citations from the opposition:

- *The subject of the debt was discussed mainly in 2011, after the publication of the inventory. At that time it was covered by the media all the time. But the causes of the problem were never discussed. (Councilor of the Opposition and Candidate Mayor, SYRIZA)*

Citations from the administration:

- *The local mass media are mostly interested to bring in sight what the readers want. Thus, they have not covered efficiently the matter of the municipal debt and most of the inhabitants are still unaware of what is happening. (Director of Dept. of Finance)*

Citations from the Chamber of Commerce and Association of Industries

- *When addressing the matter of debt, the Mayor's team should have asked for the contribution of the opposition. However, this culture of cooperation is not established in the Greek cities. Especially with the Commercial Chamber the Municipality has signed in the past memorandums of cooperation and local growth pacts, which have not been implemented, because their purpose proved to be simply communicative. (President of the Commercial Chamber of Magnesia)*

Remarks/Explanation

The former Mayor of Volos, Mr. P. Skotiniotis, did not manage to get into the second round of the Municipal elections (year 2014) gathering just the 15.27% of the votes. To some extent, this result has to do with the fact that the effort of the former Municipal Authority to reduce the level of debt was not communicated properly to the registered citizens (probably because of the confrontation with the local media).

After the elections of 2010, several Press reports came to light, with headings such as “the debts strangle Municipality of Volos”, which underlined the problem of increased Municipal payables, especially to the employees of the Municipal enterprises. At these reports, the emerging risk of a dramatic reduce in the resources (which, really, took



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place later on) is, also, emphasized, focusing on the problems that would be caused in the maintenance of the Municipal infrastructures (which, also, took place). In the late 2010, Press publications were talking about a €12 million debt, inherited to the new Municipality from the former Municipal Bodies abolished by Kallikratis. As clarified by the Press reports, the previous amount did not include the claims of the suppliers or the debts of the various municipal enterprises, which were to be estimated later on by conducting an economic inventory. In the early 2011, Press reports brought in publicity the economic openings which were revealed during the economic inventory. Moreover, Press reports focused on the lawsuits of contractors against the Municipality of Volos for uncovered payables which were accumulated after 2008 (i.e. the year when the economic crisis began). When the economic inventory was completed (in March 2011), Municipality of Volos announced that the level of debt was estimated to €48 million (or to €55 million if economic openings of the Municipal enterprises were to be included). Announcing the level of the Municipal debt, Municipality of Volos stressed the facts that the latter was manageable and that Volos could not be considered as an over-indebted city (even though the then Deputy of Economics stated, according to the media, that “if the Municipality was a private enterprise, it would have to close”). In May 2011, when the list with the Greek Municipalities that were included in the “Memorandum of the Local Administration” was published, the local media covered the fact that Volos was not among the over-indebted municipalities, putting up statements of the Mayor about the efforts to balance the Municipal budget (a decision which, actually, implied dramatic cutbacks). After the economic inventory, the issue of debt comes into publicity only occasionally, when a relevant subject emerges, like when it was proved that significant insurance payouts were still outstanding. On the sidelines of the economic inventory, however, a significant deficit in the Treasury of Municipality of Volos came into light. Although in such cases the responsible person towards the law is the Treasurer, the Press highlighted the lack of transparency, which dominated in the financial procedures of the Municipality for many years, with transfers of money between the central Municipal Treasure and those of the Municipal



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enterprises. As underlined by the Press, the causation for these unorthodox practices used to be the contracts with various contractors undertaking works. Although this particular deficit concerned only a small part of the overall debt, this subject has been reproduced several times by the local media, because it seemed to be about a scandal, which is always more “exciting” for the audience than the actual economic data. In contrast, the decision on behalf of the Municipality for a €5 million loan, for paying suppliers and contractors which had been adjudicated with payables, was not covered extensively by the local media (in fact, it was mentioned after various other Municipal decisions which were considered to be more important). In the late 2011, when the 2012 Municipal budget was released, the Municipal debt issue comes to light again, called upon by the Authorities in order to rationalize the high expenditures. Yet in 2012, except for the approval by the Deposits and Loans Fund of a loan for the old payables to be covered, the debt issue is not discussed in the local Press. In May 2013, the Press commented on the bureaucratic and complicated procedures, imposed by the Ministry of Economics, for the disbursement of the funds aiming to cover Municipal payables. Specifically, the Press underlined that these delays have implications to the local market. The implementation of the Municipal budget is covered occasionally. In 2014, however, in the prospect of the Municipal elections, the Municipal debt issue comes again to the forefront. The outgoing Mayor and his team use the debt management as a significant argument during the electoral campaign. The other candidates, however, simply use the degradation of the Municipal services and infrastructures, with no reference to the debt.

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

The following part focuses on the local political system and our interpretation of how local actors take decisions and implement actions concerning fiscal consolidation measures in Volos. Based on various sources (qualitative evaluation of different actor’s perceptions, behaviors and logics and the MAXQDA analysis of relevant texts) we





analyze the main features of legitimacy and transparency, the political culture and policy style as well as the knowledge and leadership style prevailing in the urban context of Volos.

Input legitimacy

The degree of input legitimacy in Volos corresponds to the involvement of the Municipal Council and the influence of the opposition in the decision-making process as well as to the activation of deliberative bodies (e.g. Economic and Consultation Committees) and the influence of societal groups. Input legitimacy is extremely low in the case of Municipality of Volos. This is so as the Municipal majority seems to avoid informing, in a systematic way, the Municipal opposition and to discourage the active involvement of the Municipal Council (i.e. a systematic and argumentative discussion in the Municipal Council is missing). With respect to fiscal issues and, particularly, the implementation of the “zero-base” budgeting – within a restrictive framework imposed by the Central Government (i.e. the country lenders) – decisive is the power of the Mayor and the Municipal Authority (i.e. a core team, actually). The Municipal Authority seems not to cooperate properly and efficiently with the Municipal Administration (i.e. the Municipality executive employees). At the same time, the role of the deliberative bodies introduced by the Kallikratis reform (such as the Economic Committee, the Consultation Committee, the Local Ombudsman) is, practically, non-existent.

Throughput legitimacy

The degree of throughput legitimacy of the consolidation policy in Volos has been assessed in terms of the transparency, fairness and accountability of local decisions concerning the means of fiscal consolidations and with respect to the open access and uncensored flow of the information to the public and the role of local press. Throughput legitimacy is, also, extremely low in the case of Municipality of Volos as transparency





and accountability are extremely low. Local democracy does not function properly in the Municipality of Volos. This is so as the Municipal Administration does not act as an “interplay hub” between the Municipal Authority and the registered citizen. The responsibility rests not only to the Municipal Authority, which takes decisions in a centralized and conflictual way, but also to the civil society which shows a lack of interest for the Municipal issues. Yet, (especially) in times of crises, democracy is the cornerstone of a functioning society. At this point it is important to stress out the role of the local media and their relation with the Municipal parties. According to the previous Mayor of Volos, local media stopped their support to the Municipal Authority, immediately after the radical cutbacks of municipal subsidies to local press.

Output legitimacy

Output legitimacy in the case of the Municipality of Volos reflects the effort of the Municipal Authorities to balance between the harsh fiscal demands on behalf of the Central Government (and the country lenders, in particular) and the populist demands on behalf of the Municipality Opposition and the vast majority of the civil society. Such an effort has been taking place within the Kallikratis administrative framework, which foresaw the merging of neighboring (and indebted) Municipalities and the merging (or closure) of Municipal enterprises. The debt of the Municipality of Volos is getting decreased. Yet, consensus has not been achieved.

Political culture

Overall, the policy style in the Municipality of Volos, especially with the current Municipal Authority, is command-and-control. The Mayor of Volos exerts a “city-boss” leadership, determining unilateral the Municipal Agenda and using his Authority to implement consolidation goals. There seems to be an under-utilization of the Municipal Administration even though the latter has expertise to diffuse its knowledge and the Mayor and the Municipal Authority, and to propose realistic solutions. There, also, seems to be an under-estimation of local knowledge as local actors (such as the



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University of Thessaly, local business community, Chambers, civic society organizations) do not take part, at least not in an essential way, in the decision-making processes.

Knowledge

The employees of Municipality of Volos have the expertise to diffuse their knowledge to the Mayor and the Municipal Council, proposing realistic solutions. The same holds for the local actors (local business community, chambers, NGOs). Yet, both the Municipality employees and the local actors abstain from participating in decision-making.

Leadership

Command-and-control, “city-boss”, kind (type) of leadership, even though it may achieve satisfactory outcomes concerning output legitimacy, is not, definitely, not able to achieve satisfactory outcomes with respect to input and throughput legitimacy.

Table 18: Leadership orientation (strategic/reproductive) and exercise of power (authoritative/cooperative)

strategic	reproductive
<ul style="list-style-type: none"> ○ only short- and medium-terms actions; lack of long-term, strategic, vision ○ Strategic Plans elaborated during the period of one Municipal Council are not adopted by the following 	<ul style="list-style-type: none"> ○ clientelistic practices / patronage in order to gain votes
authoritative	cooperative
<ul style="list-style-type: none"> ○ centralized exercise of power; non-participation in local networks / coalitions 	<ul style="list-style-type: none"> ○ Consultation Committees (forecasted by Kallikratis) function superficially / ostensibly

Source: Own elaboration





8. Conclusions

Volos is a city that exhibits a remarkable multidimensionality of development prospects and living standards. Yet, Volos has been experiencing an income decline and an unemployment increase. Probably, in Volos the most significant diachronic problem is the lack of a long-term commonly accepted developmental vision, which leads to the application of fragmented and short-term plans, depriving the city from development. Definitely, for the adoption and the implementation of such a vision, the high-level Municipal debt is an important limiting factor. Currently (year 2014), the debt of Municipality of Volos is around €17,000,000 in constant prices. Yet, the financial situation of Municipality of Volos did not communicate properly to the registered citizens. Thus, the vast majority of the latter does not perceive the financial situation of the Municipality as its own problem, thinking – together with the Municipal parties of the opposition - that the Municipality should, obviously, fulfil some specific functions (such as cleanliness, welfare, sports, culture), without being worried regarding how to fulfil these functions. The Municipality of Volos case-study Report reveals that there is a variety of perceptions, among the variety of actors, with respect to the causes of Municipal debt as well as the corresponding scope and means of action. The former Municipal Authority as well as the Municipality Executives argue (admit) that the causes of the high-level debt of the Municipality of Volos may summarize in the reproduction of wrong practices (i.e. clientelism, nepotism) encountered in the Central Government, and in the misconception that Central Government has to ability and the willingness to finance municipalities. In contrast, the current opposition supports that the main cause of the high-level debt of the Municipality of Volos is the suspiciousness of the Central Government (“the State of Athens”), which provided a small amount of revenues to the Municipality. The former Municipal Authority adopted a “zero-base” budgeting rationale – with decisions usually taken in a conflictual, top-down, way – in order to mitigate the Municipal financial problem. Even though this rationale proved to be successful, with respect to the management of Municipal debt, there were important side-effects such as personnel lay-off, early retirements and wage cut-off, and the,



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consequent, inability on behalf of Municipality of Volos to fulfill its basic functions. Both the supporters and the opponents of “zero-base” budgeting agree that municipalities themselves cannot solve the municipal fiscal problem (without these significant side-effects), without the assistance of Central Government (e.g. through the improvement of the macro-economic conditions of the country).

9. Policy recommendations

The Municipality of Volos case-study Report provides valuable insight with respect to policy-making. At the macro-level, the policy recommendations are: a) legal adoption of a Development Clause: debt repayment provided that Municipal exceeds a certain threshold; combination of consolidation with development measures, b) promotion of fiscal decentralization: competencies transfer should be accompanied by respective transfer of funds (e.g. Law 4223/2012 amendment for transfer of real estate taxation revenue to municipalities) or by fiscal autonomy, c) promotion of accountability, transparency and public awareness with respect to the management of Municipal debt, d) taxation motivations to the existing local industries to continue their productive activities and to new industries to locate in the greater Volos area, e) better human resources management, and f) better cooperation with the local actors and stakeholders. At the micro-level, the policy recommendations are: a) enhancement of local democracy, b) enhancement of cooperation between the Municipal Authorities and the Municipal bodies, c) avoidance of unrealistic promises, d) awareness, participation and knowledge-input on behalf of the civil society, and e) utilization of local experts.



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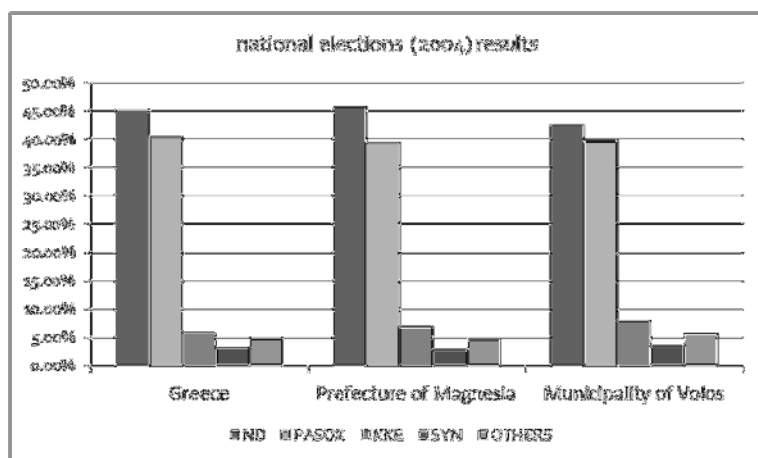
Appendix

Table A1.1: National elections results (2004)

NATIONAL ELECTIONS RESULTS 2004	GREECE	PREFECTURE OF MAGNESIA	MUNICIPALITY OF VOLOS
Electoral Departments	20,348	327	95
Registered Voters	9,897,626	178,094	60,059
Votes Cast	7,571,601	142,682	47,526
Valid	7,404,934	139,320	46,140
Invalid / Blank	166,667	3,362	1,386
1 st party	ND (45.36%)	ND (45.88%)	ND (42.70%)
2 nd party	PASOK (40.55%)	PASOK (39.51%)	PASOK (39.85%)
3 rd party	KKE (5.90%)	KKE (7.06%)	KKE (8.09%)
4 th party	SYN (3.26%)	SYN (2.85%)	SYN (3.69%)
other parties	others (4.93%)	others (4.70%)	others (5.67%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.1: National elections results (2004)



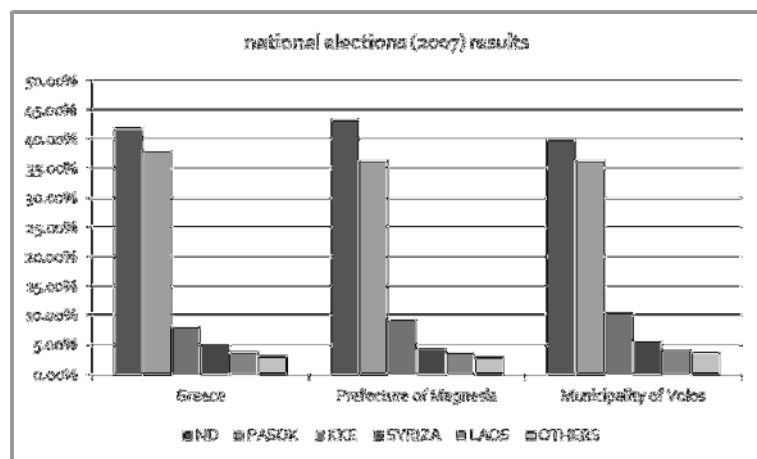
Source: Hellenic Ministry of Interior / Own elaboration

Table A1.2: National elections results (2007)

NATIONAL ELECTIONS RESULTS 2007	GREECE	PREFECTURE OF MAGNESIA	MUNICIPALITY OF VOLOS
Electoral Departments	20,623	336	99
Registered Voters	9,918,917	178,623	57,776
Votes Cast	7,355,026	139,216	45,621
Valid	7,159,006	135,036	43,997
Invalid / Blank	196,020	4,180	1,624
1 st party	ND (41.84%)	ND (43.32%)	ND (39.72%)
2 nd party	PASOK (38.10%)	PASOK (36.39%)	PASOK (36.30%)
3 rd party	KKE (8.15%)	KKE (9.36%)	KKE (10.44%)
4 th party	SYRIZA (5.04%)	SYRIZA (4.31%)	SYRIZA (5.71%)
5 th party	LAOS (3.80%)	LAOS (3.63%)	LAOS (4.11%)
other parties	others (3.07%)	others (2.99%)	others (3.72%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.2: National elections results (2007)



Source: Hellenic Ministry of Interior / Own elaboration

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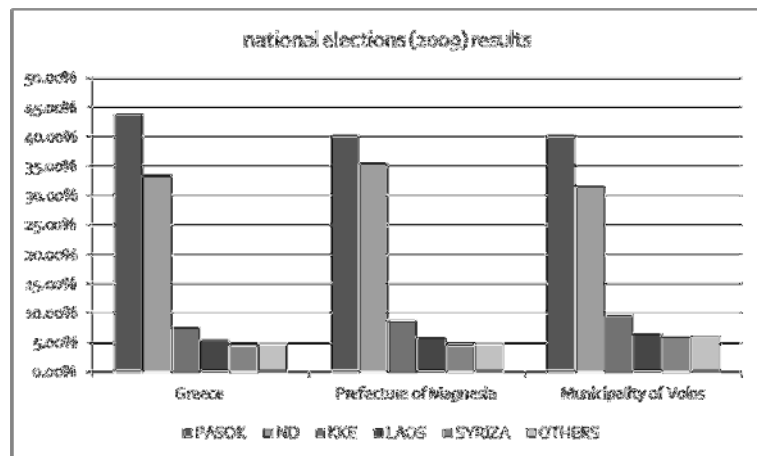
Υπουργείο Παιδείας και Θρησκευμάτων

Table A1.3: National elections results (2009)

NATIONAL ELECTIONS RESULTS 2009	GREECE	PREFECTURE OF MAGNESIA	MUNICIPALITY OF VOLOS
Electoral Departments	20,937	344	103
Registered Voters	9,926,065	178,601	59,907
Votes Cast	7,044,606	132,843	43,844
Valid	6,858,421	128,824	42,323
Invalid / Blank	186,185	4,019	1,521
1 st party	PASOK (43.92%)	PASOK (40.39%)	PASOK (40.24%)
2 nd party	ND (33.47%)	ND (35.55%)	ND (31.49%)
3 rd party	KKE (7.54)	KKE (8.79%)	KKE (9.61%)
4 th party	LAOS (5.63%)	LAOS (5.82%)	LAOS (6.49%)
5 th party	SYRIZA (4.60%)	SYRIZA (4.66%)	SYRIZA (6.09%)
other parties	others (4.84%)	others (4.79%)	others (6.08%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.3: National elections results (2009)



Source: Hellenic Ministry of Interior / Own elaboration

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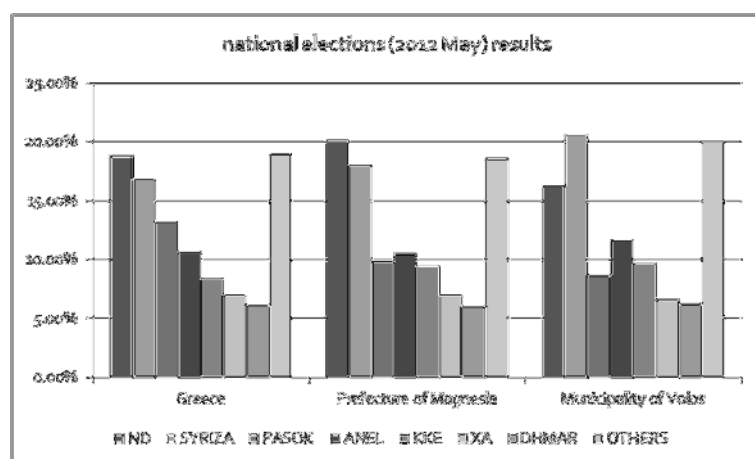
Υπουργείο Παιδείας και Θρησκευμάτων

Table A1.4: National elections results (May 2012)

NATIONAL ELECTIONS RESULTS 2012M	GREECE	PREFECTURE OF MAGNESIA	MUNICIPALITY OF VOLOS
Electoral Departments	20,605	342	197
Registered Voters	9,945,859	177,706	110,802
Votes Cast	6,476,818	121,295	77,485
Valid	6,324,136	118,218	75,483
Invalid / Blank	152,682	3,077	2,002
1 st party	ND (18.85%)	ND (20.12%)	SYRIZA (20.69%)
2 nd party	SYRIZA (16.78%)	SYRIZA (18.00%)	ND (16.29%)
3 rd party	PASOK (13.18%)	ANEL (10.75%)	ANEL (11.64%)
4 th party	ANEL (10.61%)	PASOK (9.92%)	KKE (9.69%)
5 th party	KKE (8.42%)	KKE (9.57%)	PASOK (8.72%)
6 th party	XA (6.97%)	XA (7.01%)	XA (6.62%)
7 th party	DHMAR (6.11%)	DHMAR (5.99%)	DHMAR (6.30%)
other parties	others (19.08%)	others (18.64%)	others (20.05%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.4: National elections results (May 2012)



Source: Hellenic Ministry of Interior / Own elaboration

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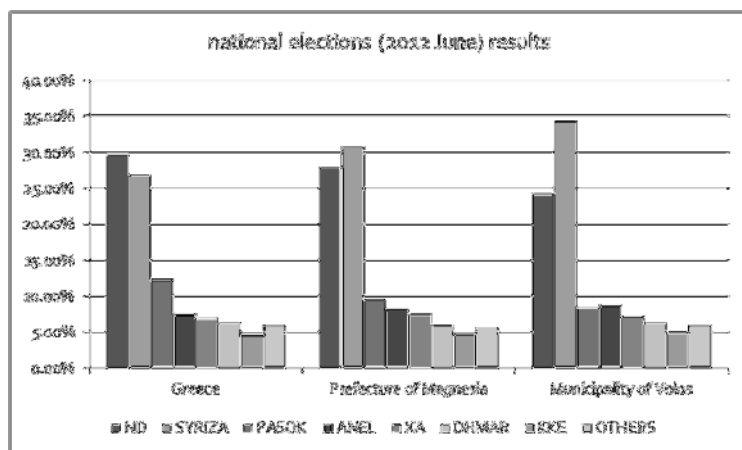
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Table A1.5: National elections results (June 2012)

NATIONAL ELECTIONS RESULTS 2012J	GREECE	PREFECTURE OF MAGNESIA	MUNICIPALITY OF VOLOS
Electoral Departments	20,604	342	197
Registered Voters	9,947,876	178,118	110,982
Votes Cast	6,216,798	116,641	74,344
Valid	6,155,464	115,404	73,532
Invalid / Blank	61,334	1,237	812
1 st party	ND (29.66%)	SYRIZA (30.69%)	SYRIZA (34.33%)
2 nd party	SYRIZA (26.89%)	ND (27.78%)	ND (24.30%)
3 rd party	PASOK (12.28%)	PASOK (9.58%)	ANEL (8.73%)
4 th party	ANEL (7.51%)	ANEL (8.14%)	PASOK (8.50%)
5 th party	XA (6.92%)	XA (7.43%)	XA (7.18%)
6 th party	DHMAR (6.25%)	DHMAR (5.96%)	DHMAR (6.20%)
7 th party	KKE (4.50%)	KKE (4.80%)	KKE (4.81%)
other parties	others (5.99%)	others (5.62%)	others (5.95%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.5: National elections results (June 2012)



Source: Hellenic Ministry of Interior / Own elaboration

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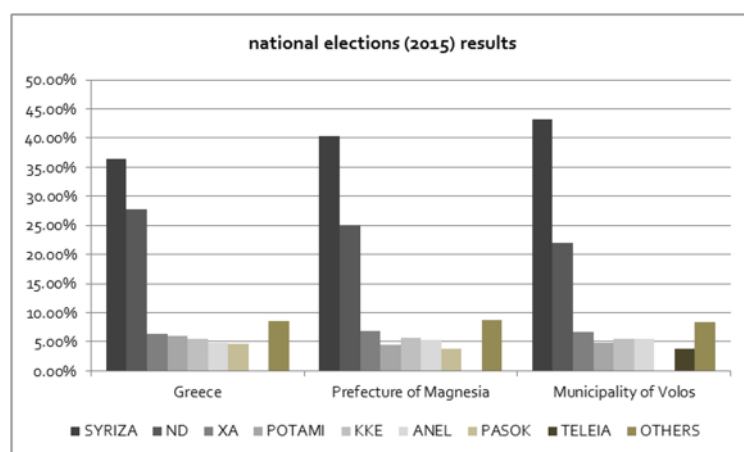
Υπουργείο Παιδείας και Θρησκευμάτων

Table A1.6: National elections results (2015)

NATIONAL ELECTIONS RESULTS 2015	GREECE	PREFECTURE OF MAGNESIA	MUNICIPALITY OF VOLOS
Electoral Departments	19,509	322	184
Registered Voters	9,949,684	175,784	110,180
Votes Cast	6,329,989	118,294	76,327
Valid	6,180,601	115,400	74,344
Invalid / Blank	149,388	2,894	1,983
1 st party	SYRIZA (36.34%)	SYRIZA (40.28%)	SYRIZA (43.29%)
2 nd party	ND (27.81%)	ND (24.97%)	ND (22.00%)
3 rd party	XA (6.28%)	XA (6.90%)	XA (6.68%)
4 th party	POTAMI (6.05%)	KKE (5.63%)	ANEL (5.56%)
5 th party	KKE (5.47%)	ANEL (5.27%)	KKE (5.48%)
6 th party	ANEL (4.75%)	POTAMI (4.43%)	POTAMI (4.79%)
7 th party	PASOK (4.68%)	PASOK (3.76%)	TELEIA (3.73%)
other parties	others (8.62%)	others (8.76%)	others (8.47%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.6: National elections results (2015)



Source: Hellenic Ministry of Interior / Own elaboration

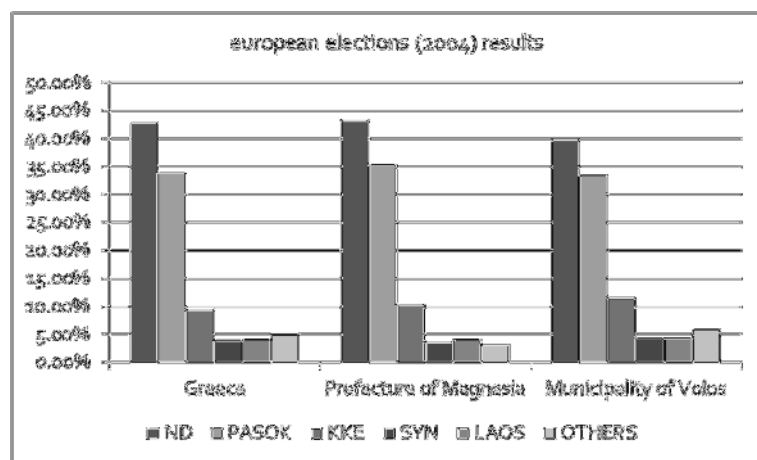


Table A1.7: European elections results (2004)

EUROPEAN ELECTIONS RESULTS 2004	GREECE	PREFECTURE OF MAGNESIA	MUNICIPALITY OF VOLOS
Electoral Departments	19,646	323	95
Registered Voters	9,938,863	177,826	59,820
Votes Cast	6,283,637	121,818	40,412
Valid	6,122,632	118,705	39,213
Invalid / Blank	161,005	3,113	1,199
1 st party	ND (43.01%)	ND (43.32%)	ND (39.73%)
2 nd party	PASOK (34.03%)	PASOK (35.32%)	PASOK (33.56%)
3 rd party	KKE (9.48%)	KKE (10.44%)	KKE (11.64%)
4 th party	SYN (4.16%)	LAOS (3.99%)	SYN (4.49%)
5 th party	LAOS (4.12%)	SYN (3.69%)	LAOS (4.44%)
other parties	others (5.20%)	others (3.24%)	others (6.14%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.7: European elections results (2004)



Source: Hellenic Ministry of Interior / Own elaboration

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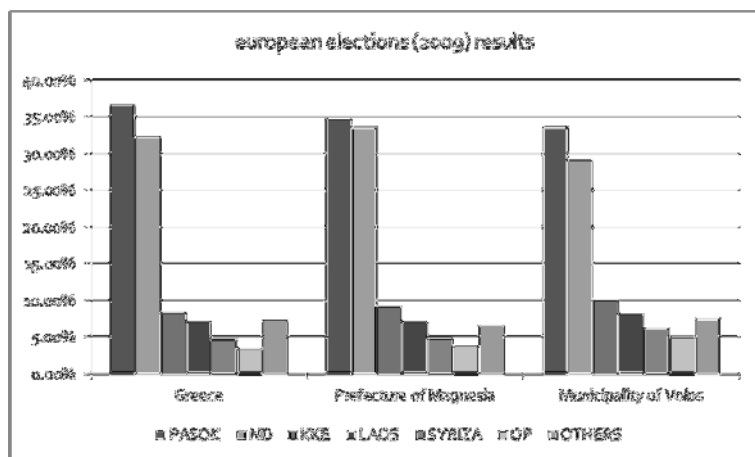
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Table A1.8: European elections results (2009)

EUROPEAN ELECTIONS RESULTS 2009	GREECE	PREFECTURE OF MAGNESIA	MUNICIPALITY OF VOLOS
Electoral Departments	20,532	337	103
Registered Voters	10,014,795	178,668	60,298
Votes Cast	5,261,749	99,088	31,563
Valid	5,127,896	96,616	30,683
Invalid / Blank	133,853	2,472	880
1 st party	PASOK (36.65%)	PASOK (34.66%)	PASOK (33.68%)
2 nd party	ND (32.30%)	ND (33.59%)	ND (29.15%)
3 rd party	KKE (8.35%)	KKE (9.25%)	KKE (10.08%)
4 th party	LAOS (7.15%)	LAOS (7.22%)	LAOS (8.10%)
5 th party	SYRIZA (4.70%)	SYRIZA (4.84%)	SYRIZA (6.25%)
6 th party	OP (3.49%)	OP (3.82%)	OP (5.10%)
other parties	others (7.36%)	others (6.62%)	others (7.64%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.8: European elections results (2009)



Source: Hellenic Ministry of Interior / Own elaboration

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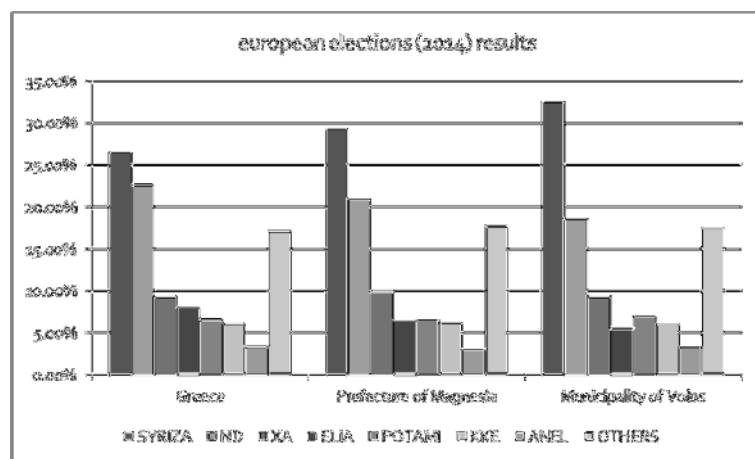
Υπουργείο Παιδείας και Θρησκευμάτων

Table A1.9: European elections results (2014)

EUROPEAN ELECTIONS RESULTS 2014	GREECE	PREFECTURE OF MAGNESIA	MUNICIPALITY OF VOLOS
Electoral Departments	22,612	418	247
Registered Voters	9,907,995	175,942	110,833
Votes Cast	5,942,196	114,693	70,826
Valid	5,716,472	109,507	67,916
Invalid / Blank	225,724	5,186	2,910
1 st party	SYRIZA (26.57%)	SYRIZA (29.25%)	SYRIZA (32.49%)
2 nd party	ND (22.72%)	ND (20.92%)	ND (18.57%)
3 rd party	XA (9.39%)	XA (9.82%)	XA (9.37%)
4 th party	ELIA (8.02%)	POTAMI (6.53%)	POTAMI (7.04%)
5 th party	POTAMI (6.60%)	ELIA (6.46%)	KKE (6.08%)
6 th party	KKE (6.11%)	KKE (6.26%)	ELIA (5.59%)
7 th party	ANEL (3.46%)	ANEL (3.02%)	ANEL (3.30%)
other parties	others (17.13%)	others (17.74%)	others (17.56%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.9: European elections results (2014)



Source: Hellenic Ministry of Interior / Own elaboration

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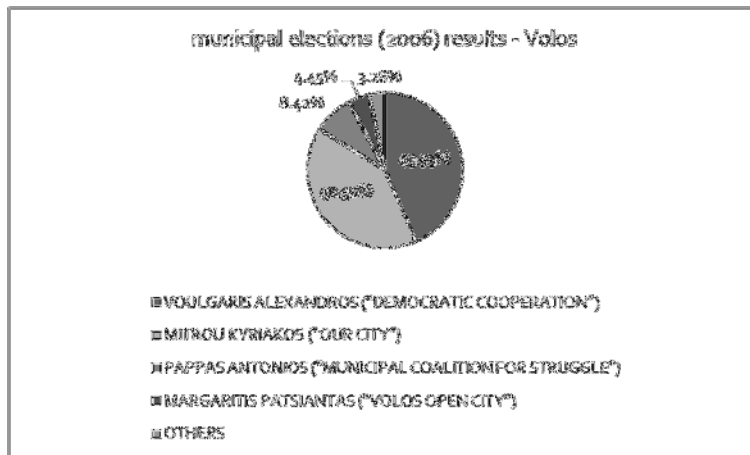
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Table A1.10: Municipal elections results (2006 – first round)

MUNICIPAL ELECTIONS RESULTS 2006A	MUNICIPALITY OF VOLOS
1 st party	VOULGARIS ALEXANDROS (“DEMOCRATIC COOPERATION”) / PASOK (43.35%)
2 nd party	MITROU KYRIAKOS (“OUR CITY”) / ND (40.50%)
3 rd party	PAPPAS ANTONIOS (“MUNICIPAL COALITION FOR STRUGGLE”) / KKE (8.42%)
4 th party	MARGARITIS PATSIANTAS (“VOLOS OPEN CITY”) / SYRIZA (4.45%)
other parties	others (3.28%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.10: Municipal elections results (2006 – first round)



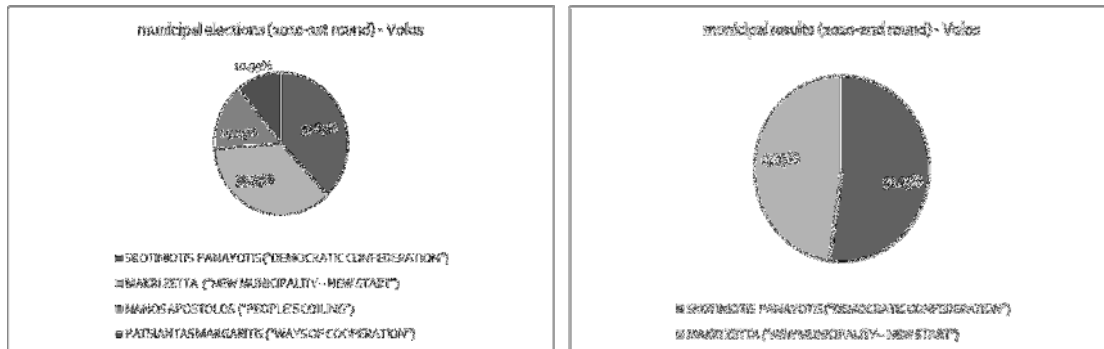
Source: Hellenic Ministry of Interior / Own elaboration

Table A1.11: Municipal elections results (2010 – first and second round)

MUNICIPAL ELECTIONS RESULTS 2010A	MUNICIPALITY OF VOLOS
First Round	
1 st party	SKOTINIOTIS PANAYOTIS (“DEMOCRATIC CONFEDERATION”) / PASOK – DHMAR – OP (37.85%)
2 nd party	MAKRI ZETTA (“NEW MUNICIPALITY – NEW START”) / ND (35.93%)
3 rd party	NANOS APOSTOLOS (“PEOPLE’S COILING”) / KKE (15.23%)
4 th party	PATSIANTAS MARGARITIS (“WAYS OF COOPERATION”) / SYRIZA (10.99%)
Second round	
1 st party	SKOTINIOTIS PANAYOTIS (“DEMOCRATIC CONFEDERATION”) / PASOK – DHMAR – OP (52.25%)
2 nd party	MAKRI ZETTA (“NEW MUNICIPALITY – NEW START”) / ND (47.75%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.11: Municipal elections results (2010 – first and second round)



Source: Hellenic Ministry of Interior / Own elaboration



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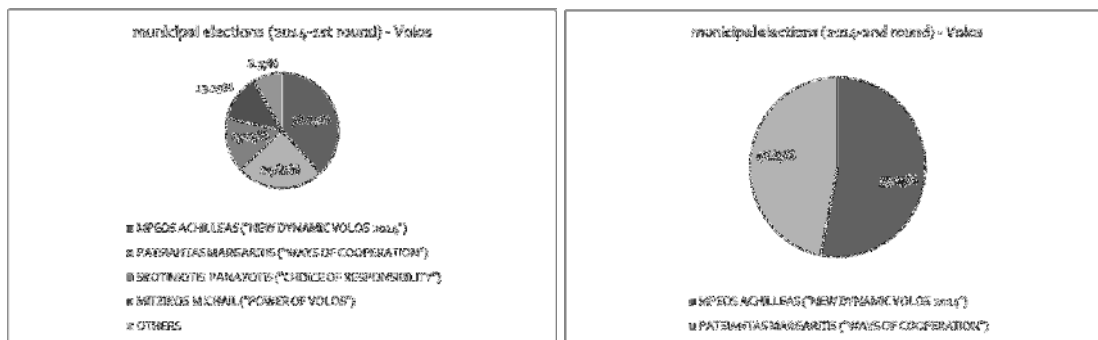
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Table A1.12: Municipal elections results (2014 – first and second round)

MUNICIPAL ELECTIONS RESULTS 2014A	MUNICIPALITY OF VOLOS
First round	
1 st party	MPEOS ACHILLEAS (“NEW DYNAMIC VOLOS 2014”) / INDEPENDENT (38.29%)
2 nd party	PATSIANTAS MARGARITIS (“WAYS OF COOPERATION”) / SYRIZA – OP (24.82%)
3 rd party	SKOTINIOTIS PANAYOTIS (“CHOICE OF RESPONSIBILITY”) / DHMAR (15.27%)
4 th party	MITZIKOS MICHAEL (“POWER OF VOLOS”) / ND (13.25%)
other parties	others (8.37%)
Second round	
1 st party	MPEOS ACHILLEAS (“NEW DYNAMIC VOLOS 2014”) / INDEPENDENT (53.13%)
2 nd party	PATSIANTAS MARGARITIS (“WAYS OF COOPERATION”) / SYRIZA – OP (46.87%)

Source: Hellenic Ministry of Interior / Own elaboration

Graph A1.12: Municipal elections results (2014 – first and second round)



Source: Hellenic Ministry of Interior / Own elaboration

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