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## **The influence of political leadership on the implementation of municipal consolidation in Greek Cities during the fiscal crisis**

### **Introduction**

Fiscal and economic crisis in Greece after 2010 was accompanied with massive austerity measures and strict fiscal rules for the whole public sector. Especially local government suffered from a huge decline of state grants (more than 50% reduction in the years 2010-2014), limiting their scope of action. During the same period and in the verge/in between the financial crisis, the implementation of a broad functional and territorial reform took place (Kallikratis plan 2010).

In 2010 a comprehensive statistical estimation of the debt of all 325 municipalities was conducted and the municipalities have been since obliged to implement strict consolidation measures.

Our main research question is how political leadership influences the implementation and the outcomes of municipal consolidation measures, being imposed hierarchically and comprehensively in Greece, the most centralistic country in Europe.

Based on empirical evidence from an ongoing research project (REPOS) on six Greek Cities (Patras, Athens, Volos, Piraius, Rentis/Nikaia, Maroussi) I intend to analyze the “political leadership-legitimation nexus” and explore the impact that urban political leadership can have in promoting legitimacy (input, throughput and output) in the process of implementation of ‘consolidation measures’ in a period of austerity.

Leadership style is dependent on the one hand on the opportunities and constrains caused by the contextual factors (the local government system, the horizontal and vertical power

relations, and the party system) and on the other hand on the personal traits and the perceptions of leaders exercising leadership.

The personal enactment/exercise of the leadership role may be changeable and may not remain fixed throughout the policy process, depending on individual orientation i.e. the way in which a leader envisages his role and his/her attitude towards the exercise of 'power over' or 'power-to' (Leach/Wilson 2000: 26-32). Based on these dimensions, the categorisation of John & Cole's four leadership styles is embraced in this respect, namely the 'visionary', the 'consensual facilitator', the 'city boss' and the 'caretaker' (see John 2001, John & Cole 1999 and Getimis & Grigoriadou 2005, Getimis & Hlepas 2006).

The main research hypothesis is the following:

Although fiscal consolidation measures are imposed comprehensively in all Greek cities, the implementation of municipal consolidation measures leads to different degrees of input, throughput and output legitimacy. This is caused not only from contextual factors but also from actor related factors. More precisely, the enactment of leadership style differs, especially concerning the decision making of the concrete "policy mix" of consolidation measures in each city (cutbacks, revenues), the involvement, or ignorance, of the opposition, the activation of the Council in the implementation process, the communication strategy to the broader public, et.al.

The paper consists of four parts:

**The first part** describes the problem of fiscal debt of the Greek municipalities and the launching of the consolidation measures introduced in the recent austerity period under the Troika supervision (2010-2014).

**The second part** refers to the criteria of selecting the six cities and comparatively presents the main socioeconomic data of the urban centers, the features of the fiscal problem and the specific institutional structures and political actor constellation in every city.

**The third part** assesses the degree of which legitimacy in its three dimensions, input, through put and output) is achieved in each city, during the period (2010-2014).

**The fourth part**, explores the different leadership styles exercised in each city and their influence on the different legitimation types.

The two main parts of the paper (third and fourth) are based on the qualitative evaluation of data, stemming from interviews of the main stakeholders (politicians, CEO's, CSO's

representatives) and from the analysis of documents in the local press, political parties programs, municipality press release, et. al. The empirical material provides us with fruitful information on the specificity of actors and their impact on outcomes.

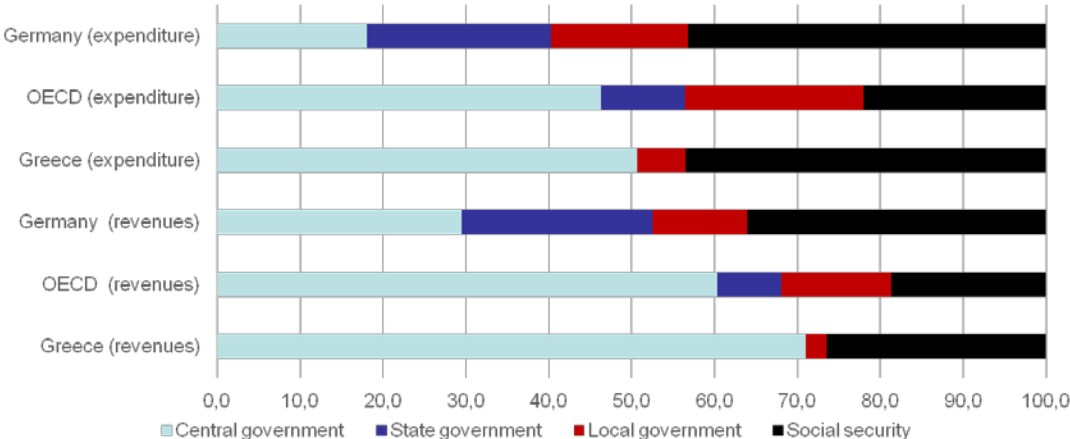
**In the conclusions**, we sum up the main findings, drawn from the comparative analysis of the leadership-legitimacy nexus in the six Greek cities.

**1. Fiscal challenges and municipal consolidation program in Greece in the era of austerity and Troika supervision (2010-2014).**

Greece is the most centralist state in Europe, with a very weak local government, both in terms of functions and in terms of financial autonomy (Getimis & Hlepas 2010). Despite a series of functional and territorial decentralization reforms in the past, the percentage of local public expenditure in GDP remains the lowest in Europe; local government is dependent on state grants while the municipal functions remain quite restricted.

As the OECD-statistics show the percentage of local government expenditure and revenues in Greece is much lower when compared to the average of the OECD countries (Table 1).

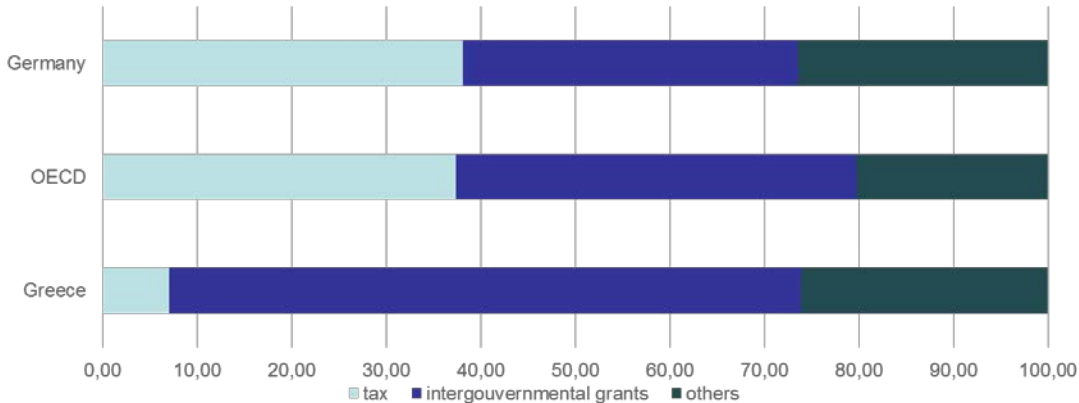
**Table 1: Distribution of general government revenues and expenditures across levels of government in 2011.**



Source: OECD National Accounts Database, (elaboration by Stolzenberg P.)

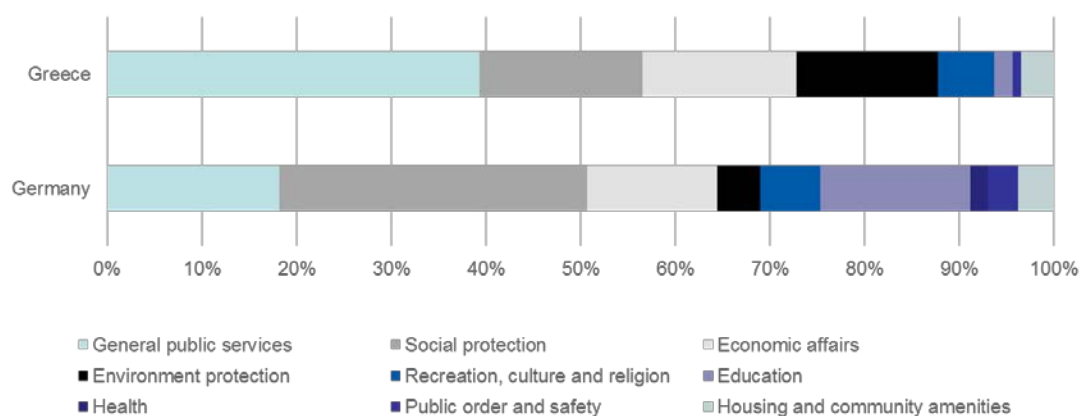
Moreover, the statistics of the OECD concerning the revenue and expenditure structure, show that Greek municipalities are much more dependent on state grants and they have very limited fiscal power (e.g. unable to tax enterprises and citizens). (Table 2, 3)

**Table 2: Revenue structure of local government, taxes and intergovernmental grants in percentage of total local government revenues in 2011.**



Source: OECD National Accounts Database, (elaboration by Stolzenberg P.)

**Table 3: Local government expenditure structure, expenditure by COFOG-Function in per cent of total expenditure in 2011**



Source: OECD National Accounts Database, (elaboration by Stolzenberg P.)

Despite the weak functions, the low financial autonomy and the limited fiscal scope of action, the Greek local government has an important political role. Local Government belongs to the “franco type”, with a “strong” mayor, who focuses on his access to the central government. The mayor has strong political power as a leader of the municipal fraction, and is usually supported by a party. He appoints the deputy mayors and the treasurer. The dominant model of “Pendulum Democracy” (Loughlin et. al 2011) (two party system, Westminster model,) and the clientelistic and conflictual/polarized political culture at the national level is being reproduced at the sub-national level. This model remains unchallenged up to nowadays, despite several decentralization reforms in the past (Sotiropoulos 2007, Spanou 1998, Spanou & Sotiropoulos 2011, Hlepas & Getimis 2011a, 2011 b).

While the decentralization reforms in the 80’s and the early 90’s focused on input and throughput legitimacy, since the late 90’s the shift that prevailed was towards efficiency, performance and competitiveness (output legitimation) (Getimis & Hlepas 2010, Egner & Terizakis 2009).

The recent radical territorial and functional reform “Kallikratis (2010)” aims at enhancing both democratic participatory institutions<sup>1</sup> and establishing more efficient and cost savings measures. In this framework, extended obligatory amalgamations were planned (reducing the number of municipalities from 1.034 to 325, abolishing the 50 prefectures and establishing 13

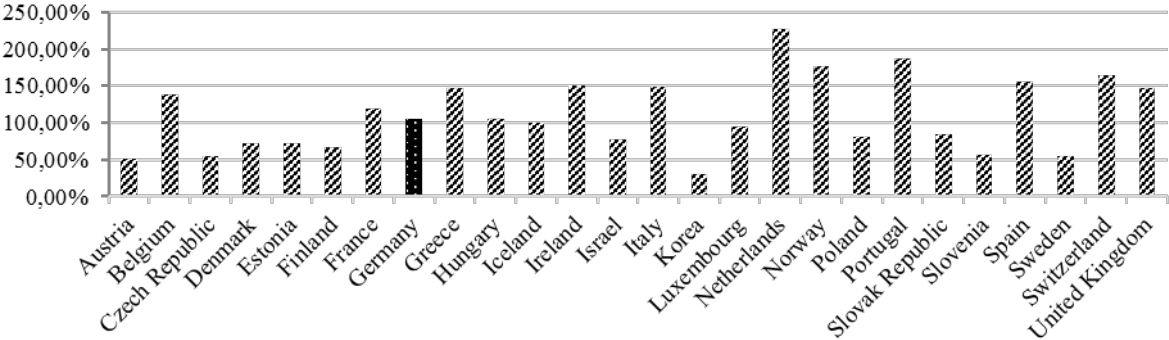
<sup>1</sup> These participatory institutions include: consultation committee, local Ombudsman, economic committee. It also includes the obligation for publication of all local decisions which should enhance transparency and accountability of local government

second tier local governments and merging the local government enterprises), while strict consolidation measures were imposed by the central state and the guidelines of the Troika.

A specific “Consolidation Program” has been planned (2010), under the guidelines of the Troika, offering bailout funds to the most problematic municipalities with very high debts, under very strict conditions (severe cut of expenses, obliged balanced budgets from 2013). The advantages included: pay back arrears to municipal contractors, decrease of interest rates, clear part of debt, extending the repayment period of debt, awards for successful fiscal adjustment. Local governments are expected to reduce 20 per cent of their expenditures mainly by decreasing personnel costs. Moreover, the Kallikratis plan strengthened the supervision (e.g. the role of the court of audit) and control mechanisms of the central state and the Troika. In this framework a new body, the “Observatory”, has being established, introducing a monthly control of the implementation of the municipal budget.

It should be mentioned that the share of local government debt is low compared to the upper levels of government, while the local government debt of Greece (as a percentage of yearly local government revenues) is lower than many other EU countries (like Netherlands, Portugal, Spain, Norway) (Figure 1).

**Figure 1: Local Government Debt in Percentage of Yearly Local Government Revenues in 2011**



Source: Stolzenberg, 2015, calculation based on {OECD op. 2013 #945

Nevertheless, Greek municipalities suffered from a huge decline of state grants (more than 50% reduction of state grants in the last four years of the crisis). Additionally, there are visible impacts of austerity policy in Greek municipalities: reduction of the salaries of all public servants by 20%, dismissal of staff (municipal police, security of schools).

These strict budget constrains have hit more these municipalities, that had high debt and high amount of liabilities to contractors.

It is questionable whether this comprehensive municipal consolidation program, leaves opportunities of different responses from the side of the localities.

## 2. Case studies: fiscal problems, socioeconomic and political specificities of the six cities

During the preparation of the Kallikratis plan (2009-2010), the Ministry of the Interior tried to estimate the municipal debt all 325 municipalities of Greece. The main indicator, measuring the significance of the municipal debt in each city, is the percentage of the municipal debt to the annual revenues in 2010/2011 – the so called “municipal over-debt” or “Kallikratis criterion 2”. According to this indicator, the Ministry of Interior categorized all municipalities in four groups: municipalities with very high “over-debt” (more than 150 percent), high “over-debt” (100 till 150 percent), moderate “over-debt” (50 till 100 percent) and low “over-debt” (less than 50 percent).

For the selection of our case studies (six cities) we considered the following criteria:

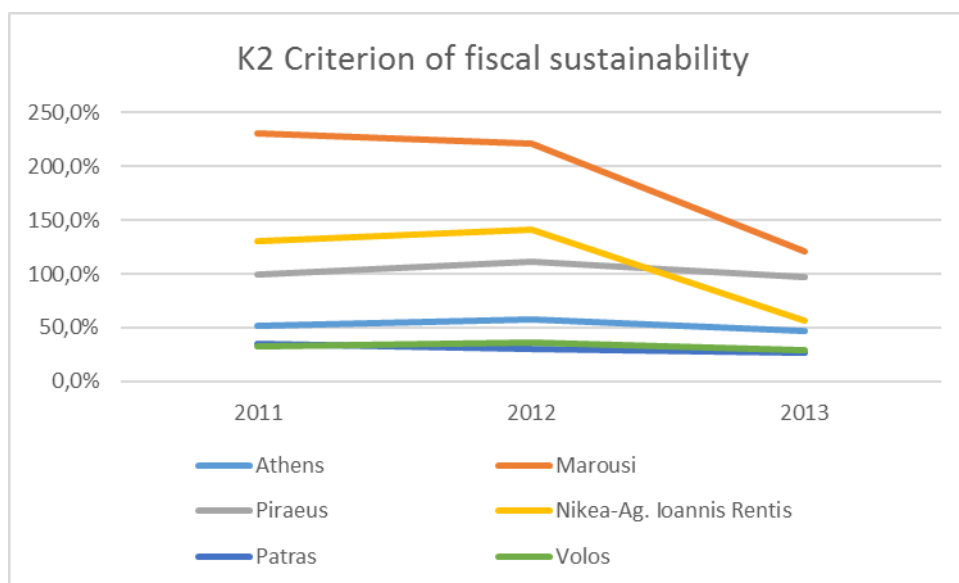
- different level of municipal “over-debt” (Kallikratis, criterion K2)
- relative reduction of the local government debt 2011-2013
- different regions (greater Attica area, periphery)
- medium size cities (except Athens)
- critical mass of publicity

Furthermore, given the fact that more than one third of all municipalities of all categories are located in the greater Attica region, we finally came to the selection of four municipalities in this region (Maroussi, Rentis/Nikaia, Athens, Piraeus) and two medium size cities in the periphery (Patras and Volos).

**Table 4: Fiscal sustainability K2 criterion of Kallikratis** (percentage of the total amount of debt to the annual municipal revenue)

	2011	2012	2013
Athens	52,1%	58,2%	47,3%
Maroussi	230,7%	220,6%	121,0%
Piraeus	99,4%	111,7%	97,2%
Nikaia/ Rentis	130,9%	141,0%	57,0%
Patras	35,0%	30,5%	26,6%
Volos	32,5%	36,4%	29,5%

Source: Hellenic Statistical Authority, Eurostat



As the above Table 4 shows there are variations among the fiscal problem of the selected six cities, concerning the size of municipal “over-debt” (2011) and its reduction in the period 2011-2013. While Maroussi, Nikaia-Rentis and Piraeus score high or very high rates (criterion 2), the other municipalities (Athens, Patras, Volos) show medium or low scores.

Referring to the socioeconomic and political specificities in each city, the following features are important:

- a. Athens, Piraeus and Nikaia-Rentis, all municipalities situated in the core of Athens metropolitan area, have lost a significant part of their population in the decade 2001-2011 (from 5-15%). In the other three municipalities (Maroussi at the north of Athens region, Patras and Volos, urban centres at the periphery) there is a stabilization or slight increase of the urban population (around 1%).
- b. All cities have been hit very strongly by the economic crisis, showing unemployment rates around 20%, above the country average (18,7% in 2011) (with the exception of Maroussi 12,3%)
- c. Piraeus and Patras, show the highest rates of unemployment, reflecting the negative impact of the manufacturing decline in these two cities.
- d. The employment distribution per sector shows the prevailing tertiary sector in all municipalities and especially in the Metropolitan region of Attica, while only in the



periphery urban centres of Volos and Patras is there (SOS) a very small percentage of employees in the primary sector.

- e. The declared income per municipality shows significant differences among the municipalities (e.g. the richest municipality is Maroussi with 24.690,2 euro/capita, the poorest is Nikaia-Rentis with 15.162,5 euro/capita, 2011)
- f. Finally the dramatic negative impact of the austerity policy is reflected on the average reduction (around 20%) of the declared income in all six municipalities.
- g. In the cities of Nikaia –Renti, Athens and Maroussi the mayors succeeded in the elections of 2014 to be re-elected, while in the other three cities (Patras, Volos, Piraeus) they failed. The independent candidates in these elections have gained more posts than candidates, who were supported by the two governing parties (ND, Pasok).

### Socio-economic data

**Table 5: Permanent population (2011 census)**

	2011	(%) 2001-2011
Athens	664.046	-15,85%
Marousi	72.333	1,09%
Piraeus	163.688	-5,21%
Nikaia/Rentis	105.430	-10,03%
Patras	213.984	1,66%
Volos	144.449	1,07%
<b>Greece</b>	<b>10.815.197</b>	<b>-1,09%</b>

Source: Hellenic Statistical Authority

**Table 6: Unemployment rate % 2011**

Athens	20,40%
Marousi	12,30%
Piraeus	21,90%
Nikaia/ Rentis	19,60%
Patras	21,60%
Volos	20,10%
<b>Greece</b>	<b>18,7%</b>

Source: Census 2011

**Table 7: Declared income per municipality at constant 2005 prices (euro/capita)**

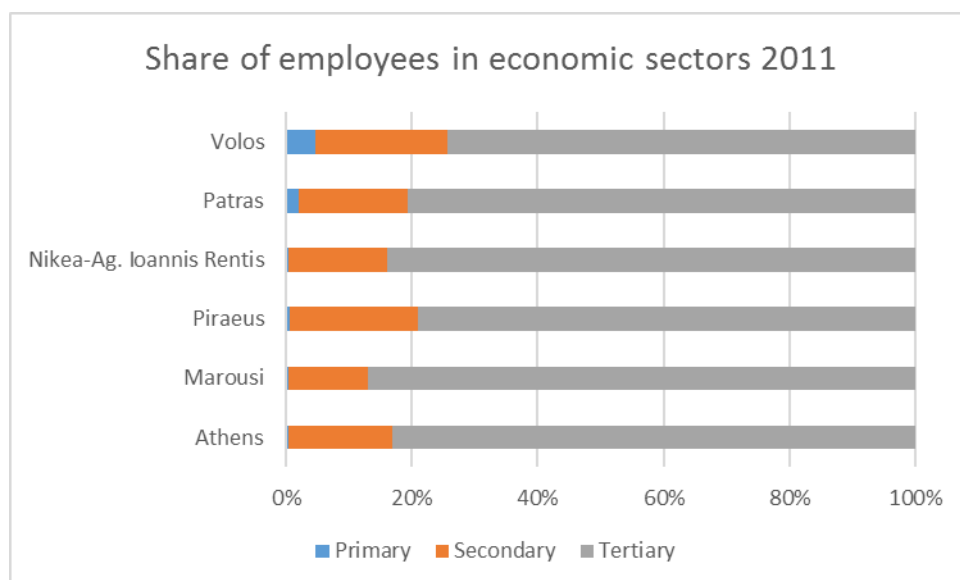
	2011	2012	2013	% 2011-2013
Athens	17.691,5	16.155,9	14.133,0	-20,11
Marousi	24.690,2	22.543,3	19.813,0	-19,75
Piraeus	17.309,6	15.934,2	14.159,3	-18,20
Nikaia/ Rentis	15.162,5	13.984,9	12.299,6	-18,88
Patras	16.806,3	15.133,4	12.940,4	-23,00
Volos	16.056,8	14.602,2	12.597,8	-21,54

Source: Ministry of Economics, elaboration by Psycharis Y.

**Table 8: Share of employees in economic sectors 2011 (% of employment)**

	Primary	Secondary	Tertiary
Athens	0,5%	16,4%	83,1%
Marousi	0,4%	12,7%	86,9%
Piraeus	0,6%	20,4%	79,0%
Nikaia/Rentis	0,5%	15,6%	83,9%
Patras	2,1%	17,3%	80,6%
Volos	4,7%	21,0%	74,3%

Source: Hellenic Statistical Authority



**Table 9: Political profile**

	mayor 2010-2014		mayor 2014-	
	Inauguration	Party support	Inauguration	Party support
Patras	2010	Independent (Syriza, DA)	2014	Communist Party
Volos	2010	LEFT (PASOK, DA,ECO)	2014	Independent (Populist fraction)
Nikaia/Rentis	1986	Independent (PASOK, DA,ECO)	1986	Independent (DA, ND).
Athens	2010	Independent (PASOK, DA,ECO)	2010	Independent
Maroussi	2010	ND	2010	ND
Piraeus	2010	ND	2014	Independent

### 3. Legitimacy of municipal fiscal consolidation

This part assesses the different degrees of achievement of the three dimensions of *legitimacy* (*input, through put, output*) in the policy process of deciding and implementing the consolidation measures in each city, during the period 2010-2014. The assessment is based on a qualitative evaluation of data, stemming from interviews with the main stakeholders ( mayors, treasures, councilors, CEO's, CSO's representatives) and on the analysis of documents published in the local press, the programs of the political parties, press release of the municipality, et. al.

Legitimacy and legitimation are perceived in the sense that it has been defined and elaborated initially by Scharpf (1997, 1999) and consequently by several other authors (Papadopoulos 2003, Haus & Heinelt 2005, Schmidt 2013). It is discerned in three dimensions/forms, namely input-legitimation, throughput legitimation and output-legitimation, thereby emphasizing respectively three distinct principles of legitimation, namely participation through voice and vote; transparency and effectiveness/efficiency (Haus & Heinelt 2005, Heinelt, et. al. 2006, Getimis et. al 2006:12).

*Input legitimacy* refers to the representative and participatory features of the political process (vote, voice) and the responsiveness of the political institutions to local demands. In order to evaluate this form of legitimacy we used the following operational variables:

- a1. the possibilities of local choices (the policy mixture, room for manoeuvre) against predetermined consolidation measures imposed from the upper tiers,
- a2. the opportunities given to the councilors and the head of the opposition parties in the council to influence decisions,
- a3. the opportunities given to societal actors, participating in the new established participatory bodies (municipal economic committee and consultation committee) to influence implementation processes and compensation measures

*Throughput legitimacy* is twofold and concerns:

- b1. transparency, fairness and accountability of decisions concerning the fiscal consolidation measures, including the justification of the local choices in the representative bodies and
- b2. the open access and uncensored flow of the information to the public of the hard and soft budget constraints, including their positive and negative effects (communication, publicity).

The synthesis of these variables reflects the degree of throughput legitimacy of the consolidation policy.

*Output legitimacy* refers to the capacity and performance of the local political system to solve problems (effectiveness). In our comparative research we focus on the achievement of the consolidation objectives in each city (indicators of fiscal consolidation). We are additionally assessing the broader reform framework (e.g. amalgamations) and the policy measures concerning local economic development and social policy, understood as “compensation measures” to cope with the negative impacts of the hard budget constraints of fiscal consolidation. The following variables will be used:

- c1. the achievement of fiscal consolidation goals in the period 2010-2014 (fiscal indicators),
- c2. the local economic development measures (compensation)
- c3. social policy measures (compensation)
- c4. broader reform framework (e.g. amalgamations, Kallikratis)

The variables used in this evaluation, refer to principles which lead to successful outcomes of legitimacy (participation, argumentation, bargaining, openness, transparency, accountability, effectiveness, sustainability). Simultaneously, multiple phenomena of crisis emerge by the implementation of consolidation measures, therein pointing at failing legitimation. Crisis symptoms refer to electoral turnout decrease, low participation of the opposition and

councilors in the representative bodies, low/absentee participation of societal actors in the deliberative bodies, opaque decisions, veto and blockades, absentee effectiveness, dysfunctional flow of information, non-transparency, etc.

Recent academic debate focuses on the changing forms and sources of »legitimacy« for local government, enriching the debate with empirical findings showing the enhancement of output legitimacy in relation to the other two forms of legitimacy (“performance” legitimacy, see Gustavsen, Roiseland, Pierre 2014, Haus 2014)

For our comparative research it is important to focus on all three forms of legitimacy, as an integrative explanatory framework of the trade-offs and the eventual shift towards performance (output legitimacy) at the expense of the other two types of legitimacy (throughput and input legitimacy). Our evaluation of the specific mixture of these three dimensions of “legitimacy” in the fiscal consolidation policy in each city is based on the ground that legitimacy of local government is not a “mirror” of the national political system’s legitimacy. Moreover, there can be “something like a genuine legitimacy of local government” (Haus 2014:124) formed and enacted by the different actor constellations at the local level. On one hand, historically developed institutional structures (e.g. vertical and horizontal power relations, constitutional and legal framework) prescribe routines and patterns of local actions, thus influencing the legitimacy expectations of local actors. On the other hand, it is of major importance to reflect on the different interplay of the legitimacy forms in each city, with reference to the municipal consolidation measures in times of austerity policies. The different actor constellations and interaction forms (unilateral decision, bargaining, arguing, majoritarian) among political, administrative and societal actors generate a specific mixture of the three dimensions of legitimacy in each municipality. The questions we want to answer are whether local actors, who are under the pressure of hierarchically imposed consolidation measures, have alternative choices implementing soft or hard budget constraints, how they gain legitimacy and in which dimension of legitimacy do they give priority. Do top down imposed hard budget constraints leave local actors any room for manoeuvre?

### **3.1. Input legitimacy**

According to the local government typologies concerning vertical power relations (Hesse and Sharpe 1991, Heinelt and Hlepas 2006) Greece belongs to the Franco group (“strong” mayor). Hesse and Sharpe introduced the input and output dimension of legitimacy in their analysis.

Countries of the Franco group are considered to give emphasis mainly to the input legitimacy (weak Local Government in competences and service delivery, but strong political representation function). These categorizations can be useful. However, they remain general and they homogenize varying properties and features, failing to highlight different local realities.

Indeed Greek mayors enjoy a very strong institutional position and input legitimacy. They are directly elected for a 5-year term (previously: 4 years) by popular vote through the absolute majority of the electorate (if necessary in two rounds) while they are heading a candidate list of councilors. Their winning list is receiving 3/5 of the council seats, which means that they enjoy the support of a strong majority in the Council.

In spite of this very strong institutional input legitimacy and the strong symbolism of mayoral office in Greece, empirical evidence stemming from the variables concerning the policy process of the implementation of the consolidation measures shows differences among the six cities. These differences reflect mainly the different opportunities of participation and influence, which are given to and exploited by the political and/or societal actors (variables a2, a3). Concerning the first variable (a1), there is no significant variation among municipalities, since the hierarchically imposed fiscal consolidation measures to all 325 Greek municipalities leave very little room for differentiation of local choices. We refer to the common rules being set by the Observatory (strict supervision, monthly reporting), the balanced budget, the horizontal measures by the central state (e.g. cutbacks in salaries of municipal personnel, dismissals, et. al.).

However, input legitimacy differs among the cities of Patras, Volos and Piraeus, where it is low and the cities of Athens, Maroussi and Nikaia-Rentis-Rentis, where is medium/high.

The lack of participation and systematic dialogue on the causes of fiscal problems and the appropriate consolidation measures among the political actors (majority and the opposition), prohibits strong input legitimacy and leads to conflicts and polarized situations. In the cases of Patras, Volos and Piraeus input legitimacy is very low, because the majority discouraged the active involvement of the Council, avoided to inform systematically the opposition on the need of the consolidation measures and thus, reduced the influence of the councilors in the decision and implementation procedures. In fact, fiscal consolidation measures have been incorporated in the general discussions on the decision about the annual balanced budget. “Pre-decisions” among the mayor, the treasurer (vice mayor of finance) and the CEOs of the

Municipal Fiscal Administration in “closed doors” and in disdain of the Council, (since councilors usually vote according to their party affiliation and their municipal list loyalties), restrain input legitimacy and create opposition in the long run. Especially in Patras and Piraeus they also disdained the important deliberative bodies introduced by the Kallikratis reform (Economic Committee, Consultation Committee). The attempts to activate the Consultation Committee in Volos by the majority (2011-1013), had limited outcomes (refuse or ignorance by the opposition and societal actors). In the case of Piraeus, it is worth mentioning the historical polarized political culture in the city, where competing local politicians and lists (one PASOK-supported and one Nea Dimokratia supported) have been rotating in municipal power during the previous decade. Each party accuse the other for fiscal mismanagement, deny their responsibility for the existence of the fiscal problem, while they shift the blame also to the central government and the Troika. Piraeus is a typical case where polarization rhetoric in local government is mobilized both against the local political competitor and against the central government (in this way, both the opposite party at the local level and even the affiliate party at the national level can be blamed).

The activation of the new institutions dictated by Kallikratis reform, such as the Economic Committee, the Consultation Committee, the Local Ombudsman was no priority for the majority in these cities. Under the current fiscal and economic crisis these new participatory local instruments are considered as “luxurious” democratic procedures. Public debate and open exchange of pro and contra arguments in several steps of the decision making procedure in the municipality, enhances input legitimacy (agenda setting by the mayor and the Executive Committee, policy formulation by the economic committee, public deliberation in the Deliberation Committee in the case of the budget and, finally, decision making in the municipal council).

The municipalities of Nikaia-Rentis, Maroussi and Athens are different cases. In these cities, there has been an open and lively debate about the municipal debt (causes, measures) both in the Council and in other deliberative bodies. The input legitimacy in fiscal policy measures in all three cities is assessed as medium/high, reflecting the opportunities that these actors have to influence decisions in the representative and deliberative bodies. In Nikaia-Rentis in particular, the majority of the decisions for consolidation measures are taken after systematic discussions in the representative bodies, about the positive and negative implications of hard budget constraints, the compensation measures and the mixture of policy measures (high input legitimacy). This does not mean that all decisions are taken without tensions and

conflicts. In Maroussi and Athens, the former mayors (and today’s opposition) accuse the municipal leadership of exaggerating the fiscal problem in order to mislead the public and receive political gains. Furthermore, opposition puts the picture of “successful” local consolidation policies under question. They argue that today’s “impression” of fiscal recovery is not due to local consolidation efforts, but are attributable to national policies (horizontal cutbacks of salaries, eliminating temporary employment, payoff for overdue obligations through the central state “loan”). There is also no consensus about the reasons and the appropriate measures (strong opposition against all measures by the communist party and the left party, “Syriza”). Nevertheless, both in Athens and Maroussi, the fact that municipal leadership tried to involve all opposition fractions into an open systematic debate, obviously had positive effects on input legitimacy (medium). Furthermore, Financial Directors and other public servants participated in these discussions while all responsible municipal bodies have been mobilized: Council, Executive Committee (the municipal “cabinet”, where all vice-mayors and also the CEO and sometimes the Heads of administrative units participate), Economic Committee. Less successful participation of societal actors emerged in the new established deliberative bodies, like the Consultation Committee.

**Table 10: Input legitimacy in six Greek cities**

	<b>Patras</b>	<b>Volos</b>	<b>Rentis-Nikaia</b>	<b>Maroussi</b>	<b>Athens</b>	<b>Piraeus</b>
<b>INPUT LEGITIMACY</b>	<b>low</b>	<b>low</b>	<b>medium/ high</b>	<b>medium</b>	<b>medium</b>	<b>low</b>
Possibility of local choices/bargaining with upper level	–	–	–	–	–	–
Involvement of the Council (opportunity for influence of the opposition, laymen/councilors)	–	–	++	+	+	–
Involvement of the Economic Committee, Consultation Committee	–	+	+	+	+	–



(opportunity for influence of societal groups)						
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Source: Own evaluation (low-, medium+, high++)

### 3.2. Throughput legitimacy

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

The accountability, fairness and transparency concerning the consolidation decisions in the three cities of Renti/Nikaia, Athens and Maroussi are evaluated with medium to high scores. Local decisions concerning the mixture of the means are taken through open procedures by the majorities in the Council, within clearly defined rules and with awareness of the effects of the consolidation measures (especially in Renti/Nikaia and Athens). Open and transparent discussions in the representative and deliberative bodies have taken place. Different opinions and arguments are reflected clearly in the proceedings, press release and other texts.

In the other three municipalities of Patras, Volos and Pireaus the transparency and accountability are low. Here decisions are taken in advance, in “closed” mayor’s trusted circles, while there is a lack of argumentation in the representative bodies that take only formal decisions. Opposition accuses the majority of total lack of transparency regarding the real size of the municipal “over-debt” (either exaggerating or hiding part of it) and there is a lack of justification of the implemented consolidation measures. Furthermore in one case (Volos) the lack of transparency is connected with transfers of money between the central Municipal Treasury and those of the Municipal enterprises. Those unorthodox and “unfair” practices have been used in the past in order to “hide” part of the high debt of the municipality, transferring it to other municipal legal entities.

Having regard to the second variable, which refers to the open access of information of the consolidation measures to the public and the role of local press, similar differences among the six examined cities have been detected.

Rentis-Nikaia, Athens and Marousi, follow a transparent communication strategy, not only in the internal municipal decision making bodies, but also in the external local publicity, disseminating information to all relevant stakeholders, participating in public debate and fora. The example of Athens, shows a good practice of on line application, publicizing data on budgeting and spending as well as revenues in real time (“uncensored data, “open Data base”). Every citizen can be informed about the actual financial situation and the fiscal management of the municipality in real time through the internet<sup>2</sup>.

Different attitudes to the local publicity were followed in the cities of Patras and Pireus (low throughput legitimacy). They ignored the importance of communication with the public and they have not been actively engaging in public debates in order to keep the citizenry permanently informed. In times of continuing fiscal and economic crisis and austerity measures it is important for local politicians not only to inform the citizenry on the necessity of hard budget constraints, but also on their negative impacts (e.g. risk of downgrading municipal services and ways and means of coping with them). Although it is difficult for local politicians to persuade the citizenry for their choices to implement hard budget constraints, ignorance and lack of communication lead to failure.

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

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<sup>2</sup> This application, which was established in 2012 is very popular among visitors of the municipal webpage and it has certainly contributed both to vitalization of fiscal matters in the city but also to self-restrain of decision makers and administrators concerning spending, since they know that everything is visible in the net.

government elections (2014). Quite often, this mutual dependence between media and politicians is personalized. Some local politicians foster networks of support with journalists offering them posts of publicity counselors in the municipality or hiring journalists (sometimes their friends and relatives) in jobs for political appointees in the municipality or in municipal enterprises. A prominent example has been the Athens radio station 98,4 that belongs to the municipality of Athens and used to include in its' payroll an impressive number of Athenian journalists (some of them being well-known and well-paid journalists). As the report on the case of Athens has shown, overspending in this radio station was an important source of municipal deficits at the cost of other municipal activities. In Athens, the case of the radio station has been publicized by the new mayor Kaminis since 2011 as a characteristic scandal of mutual dependence between politicians and journalists, both profiting from scandalous arrangements at the cost of the taxpayer.

In a city with an extremely rich and diverse media landscape like Athens, such a confrontation with the journalist establishment was less dangerous for municipal leadership, since there were enough competing media and especially national scale media at the local level that would be willing to support the mayor in his confrontation line with subsidized media and journalists. The picture is quite different in medium-sized cities of the province like Patras and Volos, where local media oligopolies exist and they have power over the municipalities, claiming subsidies from the municipality. In case of insufficient funding, the local media can influence the public with negative publicity, as they did systematically against the municipal leadership in the two cities, supporting their failure to be reelected. The lesson that could be drawn for municipalities in any case, would be to use all kinds of public deliberation, fora, citizen juries, inclusive social media, in order to reach the public and expose municipal arguments and choices to public dialogue and deliberation.

**Table 11: Throughput legitimacy in six Greek cities**

	<b>Patras</b>	<b>Volos</b>	<b>Rentis-Nikaia</b>	<b>Maroussi</b>	<b>Athens</b>	<b>Piraeus</b>
<b>Throughput Legitimacy</b>	<b>low</b>	<b>low</b>	<b>high</b>	<b>medium</b>	<b>high</b>	<b>low</b>
Transparency and accountability of choices/decisions, Justification of reasons in representative bodies	–	–	++	+	++	–
Communication Strategy, open access, Publicity	–	–	++	+	+	–

Source: Own evaluation (low-, medium+, high++)

### **3.3. Output legitimacy**

In our comparative research of the six cities, we focused on the achievement of fiscal consolidation goals (efficiency) in the period 2010-2014 (fiscal indicators). Furthermore, we examined if a broader reform (e.g. amalgamations, Kallikratis plan) has taken place in each city and whether additional local economic development and social policy measures have been implemented, as compensation to the negative impacts of the hard budget constrains of fiscal consolidation.

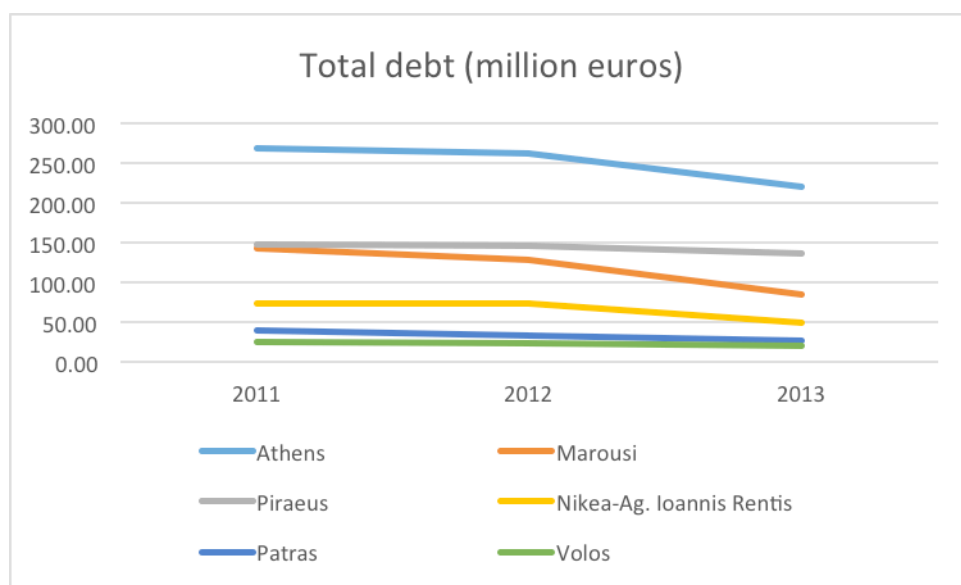
Concerning the achievement of the objectives to reduce public debt in the period 2011-2013, we used the following indicators:

- “total debt” (in million euro)
- “total debt per capita”
- “Kriterion 2 Kallikratis / “over-debt”

**Table 12: Total debt in million euro**

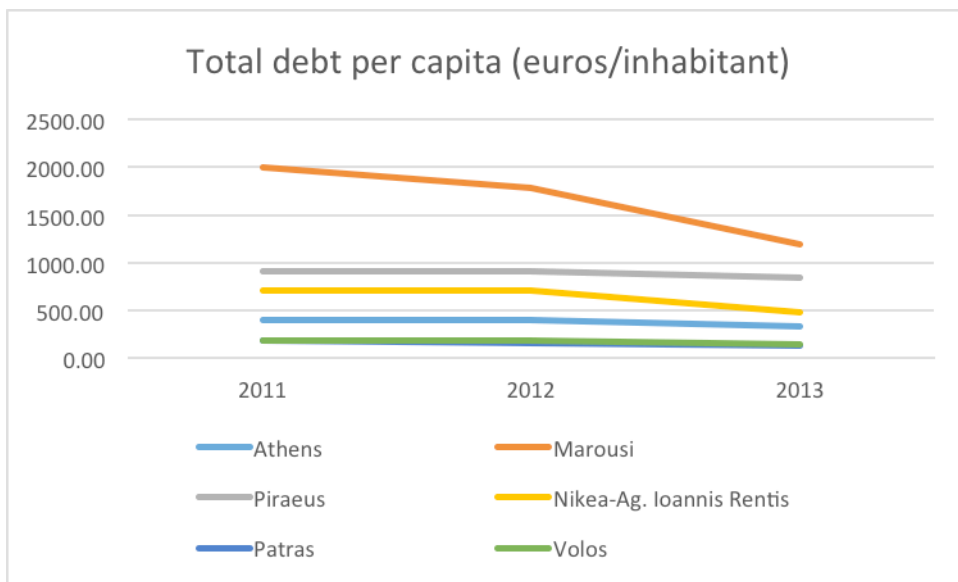
	2011	2012	2013
Athens	269,81	261,78	221,36
Marousi	143,30	127,49	85,23
Piraeus	148,04	146,17	135,74
Nikea-Ag. Ioannis Rentis	74,05	74,54	50,05
Patras	40,10	33,54	26,63
Volos	26,54	24,89	20,23

Source: Hellenic Statistical Authority, Eurostat

**Table 13: Total debt per capita (euros/inhabitant)**

	2011	2012	2013
Athens	406,00	393,90	333,10
Marousi	2007,50	1786,00	1194,00
Piraeus	913,40	901,80	837,50
Nikea-Ag. Ioannis Rentis	711,00	715,70	480,60
Patras	187,10	156,50	124,20
Volos	185,80	174,20	141,60

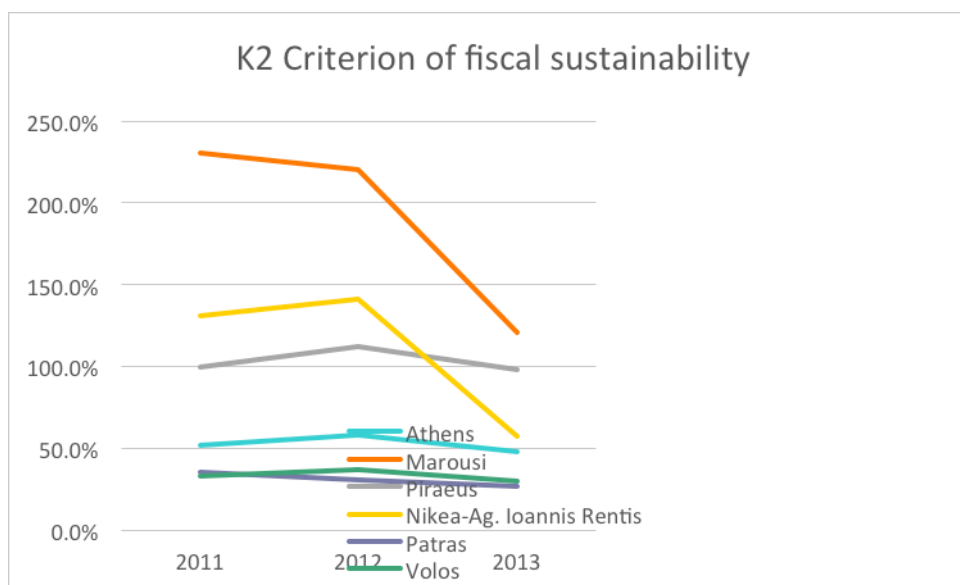
Source: Hellenic Statistical Authority, Eurostat



**Table 14: Fiscal sustainability K2 criterion of Kallikratis** (percentage of the total amount of debt to the annual municipal revenue)

	2011	2012	2013
Athens	52,1%	58,2%	47,3%
Marousi	230,7%	220,6%	121,0%
Piraeus	99,4%	111,7%	97,2%
Nikea-Ag. Ioannis Rentis	130,9%	141,0%	57,0%
Patras	35,0%	30,5%	26,6%
Volos	32,5%	36,4%	29,5%

Source: Hellenic Statistical Authority, Eurostat



As the above Tables and Diagrams show consolidation measures in all cities have achieved the initial aim, which was to stabilize and reduce incrementally the municipal debt. All fiscal indicators (total debt, total debt per capita, criterion 2 Kallikratis) show that there is a trend of debt reduction in the period 2011-2013.

Piraeus is the only city that performed less successfully (stabilization of the debt) while Nikaia-Rentis and Maroussi performed better than all other cities (significant decrease of all fiscal indicators). However, it is worth mentioning that although Piraeus has the second highest debt (total, debt/capita) in relation to the other cities, the municipality did not make any serious efforts to plan any broader administrative reform in order to reduce personal costs and administrative burdens. Furthermore, there is an absence of local development measures or social policy actions from the side of the municipality, that could contribute to reduce urban poverty and the very high unemployment in the city (21,9% in 2011). This under performance of Piraeus leads to low output legitimacy.

All other cities score medium to high output legitimacy, with Rentis-Nikaia achieving the best performance, followed by Maroussi, Athens, Patras and Volos. In the three cities of Rentis-Nikaia, Patras and Volos, the reduction of the debt was achieved parallel with the implementation of a broader territorial reform foreseen by Kallikratis, which foresees the merging of neighbouring municipalities, which had also high debts (2011). The obligatory amalgamations that took place in the year 2010, were the starting point of restructuring of the administrative structure gaining cost savings (merging of departments, decrease of the number of renting buildings for municipal offices et. al). Another important advantage for these municipalities was that they succeeded to payback arrears to municipal contractors, which have been accumulated in the former decade. On the other hand, the offered bailout funds by the central state, under the guidelines of the Troika, obliged these municipalities to severe cuts of expenses and balanced budgets from 2013.

Furthermore, local development programs and social actions together with a wide range of CSO's and the Church were implemented in all five cities (except Piraeus). Job creation projects and urban redevelopment, supported by European initiatives (National Strategic Reference Framework) were planned and implemented with the objective to reduce the negative impacts of the municipal consolidation policy (cutbacks) and the dramatic effects of the persistent austerity policy on the local markets: unemployment more than 30% (2014), close down of thousands of SME's, urban poverty, humanitarian crisis. These measures were much more extended and comprehensive in Rentis-Nikaia, and less in the other cities. In

Athens, Patras and Volos particular initiatives with the participation of CSO's, private sector actors and the Church have being implemented.) aiming at supporting citizens in urban poverty (e.g. "social pharmacy", "social super market", "free charge meals", "help at home" et. al.)

**Table 15: Output legitimacy in six Greek cities**

	<b>Patras</b>	<b>Volos</b>	<b>Rentis-Nikaia</b>	<b>Maroussi</b>	<b>Athens</b>	<b>Piraeus</b>
<b>Output Legitimacy</b>	<b>medium</b>	<b>medium</b>	<b>high</b>	<b>medium</b>	<b>medium</b>	<b>low</b>
Achievement of Goals (effectiveness)	+	+	++	++	++	-
Local Economic development measures (compensation)	+	+	++	+	+	-
Social policy measures (compensation)	+	+	++	+	+	-
Broader Reform Framework (e.g. amalgamations)	+	+	+	-	-	-

Source: Own evaluation (low-, medium+, high++)

#### **4. LEADERSHIP**

In this part we focus on the different leadership styles enacted in each city and their influence on the three dimensions of legitimacy (input, throughput, output).

Political and administrative leaders play crucial role in all phases of the decision making (agenda setting, decision, implementation). Concerning horizontal power relations at the municipal level Mouritzen & Svava (2002) distinguish four forms (ideal types) of municipal organization, and accordingly of political leadership, namely the strong-mayor form, the



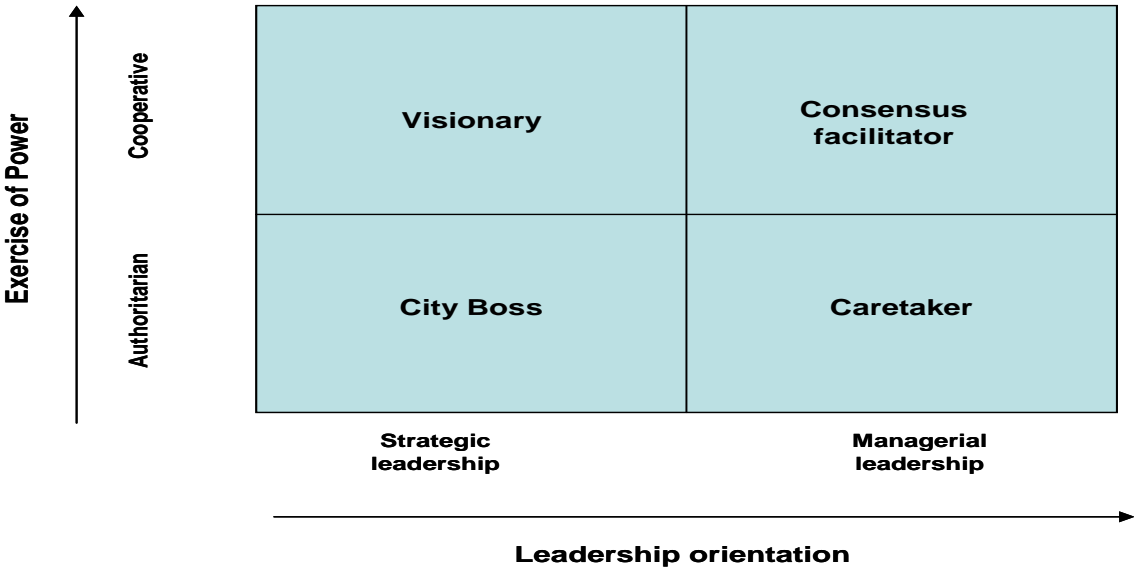
committee-leader form, the collective form and the council-manager form. Greece belongs to the »strong-mayor« type (the direct elected mayor). Our interest goes beyond the common leadership “form” and focuses on the leadership “style”.

Political leadership is more difficult to be effective in times of financial and economic crisis. City leaders have a long experience in governing cities in periods of fiscal stress and austerity policies (Wollmann 1986, Lowndes & Pratchett, 2012). The long standing fiscal crisis in Greece (since 2010) and the prevailing austerity policies under the Troika supervision still persists, while municipal leadership has to respond to new challenges. Different responses of political leaders to the acute fiscal stress are reflected in the enactment of the specific political leadership style.

Leadership style is dependent on the one hand on the opportunities and constraints caused by the contextual factors (the local government system, with its horizontal and vertical power relations, party system, political culture e.al.) and on the other hand on the personal traits and the perceptions of leaders exercising leadership, namely their attitude towards the exercise of ‘power over’ or ‘power-to’ (Leach & Wilson 2000: 26-32). Based on these dimensions, the categorisation of John & Cole’s four leadership styles is embraced in this respect, namely the ‘visionary’, the ‘consensual facilitator’, the ‘city boss’ and the ‘caretaker’ (see John 2001, John & Cole 1999:199, Getimis & Grigoriadou 2005, Getimis & Hlepas 2006):

- a) The *visionary* (strategic and cooperative) combines elements of pro-active, change-oriented, strategic long-term leadership with ability to generate capacities and cooperative spirit.
- b) The *consensus facilitator* (reproductive and cooperative) implies an open agenda, shares power with others, he is cooperative but he adopts agendas set by others, without setting strategic goals, reproducing the status quo with a managerial steering.
- c) The *city boss* (strategic and authoritarian) is a strong leader who does not promote capacity building neither participation of local actors but is he determined to put forward strategic choices using his authority.
- d) The *caretaker* (reproductive and authoritarian) is using the authority of his office in order to coordinate municipal action, avoiding participatory processes, since he is not willing to share his power, and prefers to manage day to day work, maintaining the status quo without changes.

**Fig. 2: Ideal leadership styles**



Source: adapted from John and Cole (1999) and elaborated by Getimis & Grigoriadou (2005), Getimis & Hlepas (2006)

In order to characterize the specific leadership style (as a combination of prevailing features of the enactment of leadership) of the political leaders involved in municipal fiscal consolidation actions, it is important to define specific attitudes and perceptions that leaders express about their own actions in the concrete situations of decision making. This will be analysed across the two dimensions of a. “leadership orientation” and b. “exercise of power”. In the ladder of “leadership orientation” we can define on the one side the “strategic” orientation (setting parallel to the consolidation measures strategic goals, reforms) and on the other side the “reproductive” orientation (status quo maintenance, no strategic goals, managerial implementation of consolidation objectives). In the ladder of “exercise of power” (“over” or “to”, Stone 1995) we can define the “cooperative” (sharing, “power to”) on the one side and the “authoritarian” (hierarchically, “power over”) exercise of power on the other side.

In our interviews with the mayors in the six cities and the vice mayors of Finance, who are appointed by the mayors, we focused on the following questions concerning the fiscal consolidation measures:

*Q1. Do you insist on procedural rules, enabling processes of participation and cooperation despite delays, or do you focus on getting things done effectively without delays, even exercising power hierarchically? How important are enabling processes and participation of*

*societal actors in comparison to prompt and effective solutions? (authoritarian vs. cooperative)*

*Q2: Are you able to set strategic goals (e.g. reforms, new visions) parallel to the soft/hard budget constrains in your municipality, or you were forced to adopt consolidation means, without having any room for strategic choices and reforms? (strategic vs. reproductive)*

Furthermore, concerning the local political culture (consensual, conflictual) and the decision making process (top down, bottom up) additional questions have been addressed to the main political and administrative actors (majority, opposition).

*Q3: How are decisions taken in different bodies of the municipality (council, committees), in a consensual or conflictual way? Are the councilors voting according to their party affiliation?*

*Q4: How are means decided and implemented by political bodies and the administration (top down, bottom up)? Do subordinated bureaucrats or politicians affiliated to specific policy sectors have a say?*

Although fiscal stress and austerity policy reduce the spectrum of feasible room for manoeuvre, political leadership can afford to promote legitimacy (input, throughput, output) in the implementation of 'consolidation measures'. The enactment of leadership style differs, especially concerning the decision making of the concrete »policy mix« of consolidation measures in each city (cutbacks, revenues), the involvement (or ignorance) of the opposition, the activation of the Council in the implementation process, the communication strategy to the broader public, et.al. Evidence from former comparative research suggests that the leadership style indeed constitutes an influencing factor in the promotion of input-, throughput- and output-legitimation (Baeck 2005, Getimis et.al. 2006: 286). Furthermore, it has been proven from research in the fields of economic competitiveness and social cohesion in sixteen European cities that particular leadership styles (e.g. visionary leader and the consensual facilitator leader) enable better outcomes, in terms of output-, throughput- and input-legitimacy. By contrast, the styles of the city boss and the caretaker leader, exercising authoritarian power, are prohibitive in that regard (especially concerning input and throughput legitimacy. (Baeck 2006: 241, Getimis et.al. 2006:299-300). Furthermore, there seem to be a trade-off among output legitimacy on the one hand and input and throughput legitimacy on the other.

Based on the answers of the above questions (from the mayors, the vice-mayor of Finance, CEO's, Director of Finance Dpt.), a qualitative assessment of the exercised political leadership style was possible. It should be mentioned that we did not expect that the real enacted leadership style would absolutely match absolutely with the four ideal leadership styles. However, as the empirical evidence shows, summarized in the six tables (see appendix) shows, there is a prevailing leadership style in policy decision and implementation of the consolidation measures in each city.

**Table 15: Enacted prevailing leadership style and legitimacy**

	<b>Patras</b>	<b>Volos</b>	<b>Rentis-Nikaia</b>	<b>Maroussi</b>	<b>Athens</b>	<b>Pireus</b>
Leadership style	“city boss”	“city boss”	“visionary”/ (“city boss”)	“care taker”	“consensus facilitator”	“care taker”
Input Legitimacy	low	low	high	medium	high	low
Throughput Legitimacy	low	low	high	medium	high	low
Output Legitimacy	medium	medium	high	Medium	Medium	low

Source: Own elaboration

In Patras and Volos the mayors determine unilaterally the municipal agenda and use their authority to implement consolidation goals. They exercise power in a command and control way. Few strategic goals have been set (e.g. restructuring and merging of administrative Departments due to amalgamations), while compensation measures for social policy and local development have being hierarchically imposed. This “*city boss*” leadership style, with its strong determination, succeeded in reducing the municipal debt (output legitimacy) and pay back arrears to municipal contractors (high liabilities, especially in Patras), without closing down social structures and worsening public services. However, the mayors in both cities totally failed in enhancing the participation of the opposition and of the councilors and even of the councilors of their own fraction. They did not seek consensus with the minority, but took all decisions in a “closed” circle (mayor, vice mayor of finance, CEO of financial department, trusted consultants). Afterwards, decisions were formally “validated” by the majority vote of the council. The fragmented and selective information the mayor and vice mayor gave to the council did not enable participation and transparency. In Patras the

“Memorandum” on consolidation measures between the municipality and the ministry was not even brought in the agenda and was not voted in the council. This lack of transparency refers also to the “societal” actors (business, societal, journalists), which received only selected information. The “city boss” leadership style in these two cities leads to low input and throughput legitimacy.

“*Care taker*” leadership style prevails in the cities of Piraeus and Maroussi, both having very high debt problem and a history of strong polarized politicization of the municipal politics. The mayors, with an inherent unwillingness to change, prefer the maintenance of the “status quo” in their day to day work without setting any strategic goal (reproductive). They implement the fiscal consolidation measures, because they are obliged to do so, avoiding changes in the processes and practices. They are mainly interested in: clientelism and patronage, they are responsive to lobbying and different influential pressure groups and focus on public relations and communication. The mayors exercise power in authoritative (command and control) and exclusive way. The achievement of the consolidation objectives is very low in Piraeus and medium in Maroussi. However, there are also differences among the attitude of the mayors concerning participation, accountability and transparency. While in Piraeus there is a total lack of transparency and fiscal policy measures are taken in “closed” doors, the mayor of Maroussi follows a more open communication strategy both in the representative bodies (formally discussions in the council) and to the public (using an extended network of local newspapers and social media, medium input and through put legitimacy).

The “*consensus facilitator*” and the “*visionary*” leadership styles, as expected, they have better outcomes, not only concerning the performance of consolidation policy (output), but particularly referring to the input and throughput legitimacy, as this has been shown in the cases of Athens and Nikaia-Renti.

Athens’ mayor, with an enacted *consensual* leadership style, in an extremely complex city and in a party politicised municipal environment, did manage to achieve satisfactory results of fiscal consolidation. His ability to establish a cooperative exercise of power in such a conflictual political environment is worth mentioning. The decision-making system is a combination of mayor’s initiatives and the participation of appointees and municipal councilors (council, committees). Many actors are involved in the decision making system (general secretary, mayor’s financial consultant, municipal councilors, director of financial services). Without having planned a comprehensive reform strategy for the biggest

municipality of the country, the mayor managed to streamline the municipal operational costs and proceed to structural changes in the field of personnel management and of the municipal legal entities (incremental small changes, reproductive). The mayor undertook initiatives to utilize resources from the European Union, in order to cover the increased social needs, but also motivated the civil society in order to strengthen social actions. The mayor finds compromises and resolves disputes and disagreements also inside the majority fraction, due to the fact that his fraction was a catch- all union of different ideological parts. Municipal leadership engaged transparency measures (“Open Access Data Base of Athens Municipality”) in the field of financial municipal management (high throughput legitimacy).

Similar actions reflecting the cooperative spirit are exhibited by the mayor of **Nikaia-Rentis**. However, his “*Visionary*” leadership style combines both strategic reform goals and proactive changes with capacity generation and cooperative actions. More specifically, the mayor has an extensive experience in local government, because he is continually elected as mayor of the municipality of Rentis since 1986. He gained broad acceptance by the citizens, being re-elected three times as a mayor of Renti and two times (2010, 2014) as mayor of the new amalgamated municipality of Nikaia/ Rentis. He “inherited” a very high debt from the former municipality of Nikaia and when he took office the municipal personnel was striking for not being paid. His Vision was to reduce the municipal debt without worsening the services to the citizens and parallel to reform the administration of the two amalgamated municipalities (merging administrative departments, unifying the system of public procurement, cutbacks of luxury expenses, without dismissal of personnel et. al). He was able to forge a powerful and effective coalition, bringing together different sides and establishing innovative policies (institutional reform due to amalgamation). He succeeded by promoting the effective coordination of key stakeholders and drastically reducing the debt (high output legitimacy). Furthermore, his strategic orientation focused on complementary compensation measures for local economic development (to combat local unemployment) and social policy (networking with CSO’s, the Church). He appointed as deputy mayor of Finance an experienced manager-economist and preferred to work in the implementation with a small and flexible team of collaborators. This is the reason why part of the opposition blames him that he acts hierarchically (top down) while crucial political decisions are taken by the mayor’s closed circle. The mayor has long experience and close ties to National and Regional Associations of Municipalities as well as to party networks and public sector syndicalists. He takes full

advantage of his easy access, his authority and reputation and his links in these powerful networks.

Although there is not enough evidence to characterize in general terms the mayors' exercise of power as authoritative, there is evidence that during the implementation of the hard budget constraints there are practices of hierarchical decisions and enactment of "city boss" leadership style (e.g. procedural techniques to overcome conflicts in Council meetings, lack of systematic dialogue, majority voting). However, the mayor (did marginally enhance throughput and input legitimacy by trying to involve the opposition in debates and activating the council and the deliberative new institutions: the "Economic Committee", the "Local Ombudsman" and the "Immigrant Council". The mayor personally plays a crucial role in the mobilization of local civil society through the reinforcement of existing procedural rules enabling actors to participate and interact. He also managed to achieve cooperation with the municipal employees of the former Municipality of Nikaia, who were in constant conflict with the previous mayor in the past - mainly on payroll.

Summing up, as the empirical evidence from the six cities in Greece shows that in most cases "city boss" and "caretaker" leadership style is enacted, while "consensus facilitator" and "visionary" leadership, is exercised less often, and not in all policy stages (only in the agenda setting and the decision making stage and not in the implementation stage, where "city boss" style is usually enacted). It is obvious that hard fiscal "consolidation" measures do not encourage participation and democratic debates, while leaders prefer top down, command and control management, on the cost of input and throughput legitimacy. Therefore, leadership styles of "city boss" and "care taker" exercising authoritarian power can achieve satisfactory outcomes only concerning output legitimacy (e.g. Patras, Volos), but very low input and throughput legitimacy. Whether this will be sustainable in the long run depends from a variety of contextual factors. On the other hand "visionary" and "consensus facilitator" leadership styles leads to better outcomes, in terms of a better mixture of output-, throughput- and input-legitimacy (e.g. Rentis-Nikaia, Athens).

## **5. Conclusions**

a. Fiscal consolidation policy is being hierarchically imposed in all 325 Greek municipalities from 2010 until today, in a period of a persisting dramatic economic and fiscal crisis and strict austerity policy measures implemented by the central government and the Troika. Despite this

comprehensive imposition of policy, evidence from the empirical research in six Greek cities has shown significant variations.

b. The implementation of municipal consolidation measures leads to different degrees of input, throughput and output legitimacy. Furthermore, there seems to be a tradeoff among output legitimacy on the one hand and input and throughput legitimacy on the other. The focus given to the performance of the consolidation measures often undermines participation, transparency and accountability. This is caused not only from contextual factors but also from actor related factors (leadership style matters).

c. It is shown that particular leadership styles (e.g. visionary leader and the consensual facilitator leader) often enable better outcomes, in terms of output-, throughput- and input-legitimacy. By contrast, the styles of the city boss and the caretaker leader, exercising authoritarian power, are prohibitive in that regard (especially concerning input and throughput legitimacy).

d. The recent municipal elections (May 2014) was a challenge for reaffirming the trust and support to the mayors, who all implemented hard measures of fiscal consolidation in the period 2010-2014.

It is characteristic, that in cities (like Patras and Volos), where the mayor did not make any effort to discuss with the opposition, but acted in a command and control “city boss” leadership style and systematically ignored the public debate or did not explain adequately the reasons of taking consolidation measures to the electorate, lost the last elections in May 2014 (electoral “disaster” of both mayors of the aforementioned cities, losing more than 50% of their former clientele). Hard local conflicts around the consolidation policy measures and austerity policy in general, brought a new “populist” fraction in the municipal leadership of Volos (President of the local football team), and the Fraction of the Communist Party in Patras. It is an open question how sustainable the “consolidation” policy can be and what will change, according to the populist promises of the winners in the electoral campaign. Similarly the mayor of Piraeus (“care taker”) with very low performance (input, throughput and output) has lost against a new “independent” candidate, promising “change”, better services, new jobs, and local development in the city (which is the biggest port of Mediterranean Sea).

On the other hand, both mayors of Athens and Maroussi have been re-elected in 2014, while the mayor of Nikaia-Rentis (“visionary”) succeeded a unique victory for the second time,



namely to be re-elected with the impressive percentage of 64% from the first round. Of course this can not only be explained by the high legitimacy (input, throughput, output) which particularly concerns the policy process of fiscal consolidation, but also by other factors as well. However, it is clear that mayors who persuaded the opposition to take part in discussions in the Council (especially in Rentis-Nikaia, but also in Maroussi and Athens) won at least the tolerance of the opposition in their decisions of strict budget constraints, while at the same time they did not ignore the public, informing with fairness and transparency their hard decisions and innovative compensation policy initiatives (local development and job creation, social policy).

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## Appendix

### PATRAS: Leadership orientation (strategic/reproductive) and exercise of power (authoritative/cooperative).

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

**VOLOS : Leadership orientation (strategic/reproductive) and exercise of power (authoritative/cooperative)**

strategic	reproductive
<ul style="list-style-type: none"> <li>• Only short- and medium- term actions; lack of long-term, strategic vision</li> <li>• Strategic Plans elaborated during the previous period and the previous Municipal Council are not adopted by the following</li> <li>• The mayor focuses on the achievement of fiscal consolidation objectives (output legitimacy)</li> </ul>	<ul style="list-style-type: none"> <li>• Clientelistic practices and patronage in order to gain votes and support</li> </ul>
authoritative	cooperative
<ul style="list-style-type: none"> <li>• mayor determines unilaterally the municipal agenda and uses his authority to implement consolidation goals (focus only on the output). Command and control exercise of power, hierarchical decisions</li> <li>• Mostly, voiceless and “noiseless” Municipal councilors and Municipal employees</li> <li>• Civil society and institutionalized “external” actors (e.g. business chambers, environmental organizations) do not take part in decision-making</li> </ul>	<ul style="list-style-type: none"> <li>• Consultation Committee (forecasted by Kallikratis) function superficially / ostensibly</li> <li>• Citizens and Neighborhood Councils have the ability to propose actions to the Municipal Committees, but only for minor issues</li> <li>• Clientelistic and Patronage networks are mobilized by pressure groups and individuals on their own interest</li> </ul>

**PIRAEUS: Leadership orientation (strategic/reproductive) and exercise of power (authoritative/cooperative).**

strategic	reproductive
<ul style="list-style-type: none"> <li>Lack of vision for Piraeus. Day to day politics dominate the local political scenery.</li> </ul>	<ul style="list-style-type: none"> <li>mayor uses the authority of his office in order to coordinate municipal action, and prefers to manage day to day work, maintaining the status quo without changes.</li> <li>Passive acceptance of the imposed consolidation measures by the central state, without active implementation (reproductive orientation)</li> <li>Clientelism and patronage</li> <li>Responsive to lobbying and different influential pressure groups</li> <li>Tradition of Strong Party Politicization of the Municipality</li> </ul>
authoritative	cooperative
<ul style="list-style-type: none"> <li>Exercise of power is authoritative and exclusive, avoiding participatory processes.</li> <li>The mayor governs with top down, command and control procedures. Fiscal policies are discussed in the municipal council but the decisions most of the times have been already taken in a closed mayor's circle (low input and through put legitimacy). councilors vote along party lines following the leader of their fraction, while the municipal administration has a weak influence.</li> <li>Civil society actors, local Chambers and journalists receive limited information on municipal decisions.</li> <li>"Municipalities are mayor-centric. So we have clearly top down styles. The appointed General Secretary, plays a very important institutional role, he is the mayor's alter ego, so all power stems de facto from the mayor" (Journalist "En Piraeus")</li> <li>"We need more democracy in the functioning of the municipality of Piraeus-not only in Piraeus but in every municipality." (Chief editor of the City radio station of Piraeus)</li> </ul>	<ul style="list-style-type: none"> <li>mayor of Piraeus claims to be open and cooperative, however, there is not enough evidence of corresponding actions in real life and all other actors claim the opposite: They describe the leadership style as closed and exclusive, often authoritarian and mostly reproductive in favor of existing power relations.</li> <li>"If you ask me, what was my biggest achievement, I would say that is an alliance among municipal authorities, workers and citizens." (mayor of Piraeus)</li> <li>"I followed a model that was not introverted but opened up to the community of Piraeus" (mayor of Piraeus)</li> <li>Civil society and lower ladders of municipal administration are excluded from decision making. Even the higher ranks of administration are powerless compared to a closed circle of the municipal leadership which includes vice mayors, the general secretary and various counselors and appointees. Bottom up efforts are rather weak and un-coordinated and mostly stem from citizens' initiatives.</li> </ul>

**NIKAIA - RENTIS: Leadership orientation (strategic/reproductive) and exercise**

**of power (authoritative/cooperative).**

strategic	reproductive
<ul style="list-style-type: none"> <li>• The mayor combines elements of proactive, change-oriented, strategic leadership with capacity generation.</li> <li>• His Vision is to reduce the municipal debt without worsening the services to the citizens and parallel reforming administration of the two amalgamated municipalities. He was able to forge a powerful and effective coalition, bringing together different sides and establishing innovative policies (institutional reform due to amalgamation). He succeeded an effective coordination of key stakeholders and drastic reduction of debt (high output legitimacy)</li> <li>• Strategic orientation focuses on complementary compensation measures for local economic development (to combat local unemployment) and social policy (networking with CSO’s, the Church)</li> <li>• The debt crisis has been addressed effectively because the mayor is fully aware of offered possibilities (has extensive experience in local government because he has been elected as mayor since 1986), he appointed as deputy mayor of Finance an experienced manager-economist and preferred to work with a small and flexible team of collaborators.</li> </ul>	<ul style="list-style-type: none"> <li>• Clientelism and patronage</li> <li>• Focus on Public Relations and Communication</li> <li>• Tradition of Strong Party Politicization of the Municipality</li> </ul>
authoritative	cooperative
<ul style="list-style-type: none"> <li>• The mayor is accused by the opposition that he acts hierarchically (top down) while crucial political decisions are taken by the mayor’s closed circle</li> <li>• “In the real decision- making process a small group of associates of the mayor are involved, the rest is just show time “(critics from the opposition).</li> <li>• Although there is not enough evidence of characterizing in general the mayor’s exercise of power as authoritative,</li> </ul>	<ul style="list-style-type: none"> <li>• The mayor tried to involve the opposition in debates, he activated the council and the deliberative new institutions (enhancing throughput and input legitimacy): the "Economic Committee", the “Local Ombudsman" and the "Immigrant Council" are efficiently operating and contributing to bottom-up policy. Activation of further participatory mechanisms (“Deliberation Committee” etc.) has been impeded by the controversial climate created by the crisis</li> </ul>



during the implementation of the hard budget constrains there are practices of “closed” and hierarchical decisions, and command and control policy style (e.g. procedural techniques to overcome conflicts in Council meetings, lack of systematic dialogue, majority voting)

and reduced revenue.

- mayor is a cooperative leader generates support from the community. He plays a crucial role in the mobilization of local civil society through the reinforcement of existing procedural rules enabling actors to participate and interact.
- mayor has long experience and close ties to National and Regional Associations of Municipalities as well as to party networks and public sector syndicalists. He takes full advantage of his easy access, his authority and reputation and his links in these powerful networks.
- He also managed to achieve cooperation with the municipal employees of the former Municipality of Nikea who were in constant conflict with the previous mayor in the past - mainly on payroll.

**MAROUSI: Leadership orientation (strategic/reproductive) and exercise of power (authoritative/cooperative).**

strategic	reproductive
<ul style="list-style-type: none"> <li>• Lack of strategic approach after the organization of the Olympic Games (2004).</li> <li>• Some disputed investments from Malls and settling down of a Ministry (Education).</li> <li>• Lack of innovative administrative reforms and compensation measures to fiscal consolidation</li> </ul>	<ul style="list-style-type: none"> <li>• The mayor uses the authority of his office avoiding participatory processes, since he is not willing to share his power, and prefers to manage day to day work, maintaining the status quo without changes. He implements fiscal consolidation measures, because he is obliged to do so, avoiding changes in the prevailing processes and practices</li> <li>• Clientelism and patronage</li> <li>• Responsive to lobbying and different influential pressure groups</li> <li>• Focus on Public Relations and Communication</li> <li>• Tradition of Strong Party Politicization of the Municipality</li> </ul>
authoritative	cooperative
<ul style="list-style-type: none"> <li>• Top down, hierarchical, command and control decisions by the mayor's closed entrusted circle (mayor, vice mayor of Finance, General Secretary).</li> <li>• The mayor enhances formal participation in the representative bodies, while he formally informs the public about municipal decisions (transparency, medium input and through put legitimacy).</li> <li>• But he is absent of systematic public debates on fiscal consolidation measures</li> </ul>	<ul style="list-style-type: none"> <li>• The exercise of power of the mayor does not call for substantial cooperation with relevant stakeholders.</li> <li>• procedural/administrative decisions, which concerns fiscal matters, are prepared by CEO's of the financial department</li> <li>• They often do not make decisions in a cooperative way because of the short deadlines</li> </ul>

**ATHENS: Leadership orientation (strategic/reproductive) and exercise of power (authoritative/cooperative)**

strategic	reproductive
<ul style="list-style-type: none"> <li>• Strategic goals regarding fiscal consolidation are not clearly formulated by the Municipality. Lack of vision and structural reform</li> <li>• The mayor undertook initiatives to utilize resources from the European Union, in order to cover the increased social needs, but also motivate the civil society in order to strengthen social actions.</li> </ul>	<ul style="list-style-type: none"> <li>• Regarding the implementation of economic stabilization the Municipal Authority is reproductive, and follows the faithful observance of financial rules imposed by the central government.</li> <li>• The mayor managed to streamline the municipal operational costs and proceed to structural changes in the field of personnel management and of the municipal legal entities.</li> <li>• Clientelism and patronage</li> <li>• Focus on Public Relations and Communication</li> <li>• Tradition of Strong Party Politicization of the Municipality</li> </ul>
authoritative	cooperative
	<ul style="list-style-type: none"> <li>• Cooperative exercise of power</li> <li>• Decision-making system is a combination of mayor's initiatives and the participation of appointees and municipal councilors ( Council, Committees)</li> <li>• Many actors are involved in the decision making system (General Secretary, mayor's Financial Consultant, Municipal councilors, Chief of Financial services)</li> <li>• Lack of consensus with the opposition in the Council</li> <li>• The mayor has confidence in the municipal financial services</li> <li>• In the Majority fraction there are disagreements due to the fact that it was a catch- all union of different ideological parts. These disagreements are usually dealt with through compromise</li> <li>• Municipal leadership engages transparency measures in the field of financial municipal management (high throughput legitimacy)</li> <li>• Municipal leadership has failed to integrate an active, vivid pluralistic Athenian Civil society into municipal policy- and decision making.</li> <li>• Municipal Politics in Athens are extremely party politicized and not attractive for active citizens</li> </ul>