

LOCAL SELF GOVERNMENT

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Local self-government has a long tradition in Greece that can be traced back to the late Middle Ages. During the long period of foreign domination, the “Greek communitarian spirit” contributed strongly to the survival of the nation. By the beginning of the nineteenth century, the Greek communes, which had been tolerated -if not supported- by the Ottoman occupants for their own interest, had reached a high level of autonomy. In most cases, quasi-democratic structures were familiar to them and every year general elections for the head of the community took place.

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However, these “precursors of Greek statehood” that instructed the occupied people in politics and the secular elite in administration, presented a major handicap for the consolidation of a unitary national state during the French-influenced struggle for independence, as the so-called first Greek Republic (1821-1832) was established. Governor Ioannis Kapodistrias tried to unite the country under revolt but failed. In a country used to numerous centers of power, none of them could accept the rule of a national government. The iron hand of the Bavarian regents was the one that managed to abolish these thousands of historical communes (1833) and unify them in 750 Demoi (municipalities). These new Demoi had many fewer responsibilities than the old communes and were obliged to engage in a process of state affairs in their district. Furthermore, the territory of the newborn state had been divided, according to the French model, into 10 prefectures (“nomoi”). The prefects were appointed by the King and were responsible for the supervision of municipalities.

MPs vs mayors

Although the Demoi never managed to obtain a significant part of administrative power, their political importance has been constantly growing. Being already during the period of absolute monarchy (1833-1843) an institution based on the vote of the people, they gradually won a key-role in the political system of the country, especially after the introduction - for the first time in the world - of universal suffrage (1864). Using the techniques of clientelism, the mayors became so powerful that members of Parliament (MPs) would hardly dare to ignore mayors of

their constituency. In 1912 the innovative statesman Eleftherios Venizelos, trying to oppose clientelism and corruption but also following a current ideology that demanded the return “back to the roots of Hellenism”, ordered the revival of the communes. The MPs were, in this manner, liberated from the mayors, but local government was fragmented into 6,000 units of demoï (i.e. cities and towns of more than 10,000 inhabitants) and communes (in smaller towns and villages) - the latter depending on state grants. Venizelos originally planned to “municipalize” the prefectures and remove the core of local government to this higher level. Due to political circumstances, but also the lack of resources, these plans fell through although the republican constitutions of the twenties (1925, 1927) foresaw “at least two tiers of local government”. For the next decades, the municipalities had been constantly losing competence. Most of them were much too small and were depending on central government grants in order to be able to survive. On the other hand, the prefectures and several state quangos took over the main functions of local administration.

Decentralization

Starting since the fifties, a so-called “decentralization-system” has been substantially strengthened. As understood in Greece, such a system is established when the central state creates non-central administrative units and entitles them to decide about a considerable part of public affairs within their district. These decentralized units are to be distinguished from municipalities since their heads – contrary to mayors- were appointed by the gov-

ernment. The latter was usually much more willing to hand over competence to the politically faithful “decentralized” prefects than to the mayors. Local government declined into a useful protest platform for political parties in opposition and a provider of elementary services. Furthermore, municipalities were subjugated to numerous and intensive controls from central and prefectural bureaucracies.

Third Republic

The fall of the military junta (1974) marked the beginning of an overall effort to democratize and reform the authoritarian, highly centralized state. The new constitution (1975) consolidated the “decentralization system” (art. 101), while the local governmental bodies became solely responsible for local affairs (art. 102) and the central government was supposed to maintain only the competence for national affairs, such as defence, monetary policy and industrial development. In spite of all that, the state of local government during the seventies was hardly different than during the pre-dictatorship era. Limited functions, poor financial resources but strong political influence continued to characterize Greek local government.

The reform era

1980 was the starting point for several reform efforts. The municipalities have been proclaimed to be an institution intending to promote local economic and social development and were allowed to create profit-making enterprises. The management of water and sewage was handed over to flexibly organized, specially created enterprises called Municipal Enterprises of Water and Sewage. Several functions (urban transportation,

nurseries, maintenance of schools) were transferred from the central state to the local government, new institutions for inter-municipal co-operation were introduced and the discretionary power of municipalities was enlarged through abolition of a priori prefectural and other state controls. Nonetheless, the revenues of the municipalities remained inadequate for their tasks, so that they still depended on grants from the state. In 1989, the system of municipal revenue has been reformed. Most of the state grants have been abolished and substituted by a new system based on the so-called “central autonomous funds”. The latter comprised a proportion of certain government revenues (such as 20% of income tax, 50% of traffic duties etc.), which would be distributed among the municipalities according to objective criteria (such as the population), thus nearly eliminating government capabilities to instrumentalize state grants. Furthermore, a growing number of municipalities were becoming familiar with the chances offered by European initiatives and programs, international networking and public-private partnership, so that traditional dependence on government funds could further be reduced.

New ways of participation

During the eighties, a traditional attitude was supposed to change through new institutions that would promote the - sometimes even direct - participation of citizens in municipal affairs. In the big cities, neighborhood or “departmental”, i.e., directly elected, councils have been established.. In 2006, the new Municipal Code introduced new participatory institutions, such as local referenda, participatory deliberation,

petitions, inquiry and information rights. Furthermore, every year in June there is a special public hearing, where the mayor is presenting a report in front of the Council and the citizens about his work during the previous months. Some other, special laws foresee the local citizens' right to be informed about new building projects, urban development and planning, environmental impact assessments and environmental projects concerning their district. Furthermore, every citizen can refer to the council and present his opinion or ask for information about local affairs. Access to environmental information of all sorts is even easier and encouraged by special ministerial decisions, also implementing European directives.

New responsibilities, new structures

Up to the late nineties, the overwhelming majority of local authorities were not substantially affected by reforms: A constantly expanding, wide spectrum of competence could only be assumed by a small minority of the country's 5,775 municipalities. Out of the 5,318 communes (smaller towns and villages) some 85% had less than 1,001 inhabitants. They could only survive through state grants and were not able to offer modern services.

Venizelos, the regenerator of these communes, had already anticipated these problems in 1912. As compensation, municipal syndicates, according to the French model, were foreseen at that time. By the beginning of the eighties, about 200 such syndicates, mostly for irrigation and litter disposal, were in operation, but the institution as a whole was poles apart from resolving the

problems caused by this extreme fragmentation of local government. By 1984, it was decided to deal with this problem in two ways: By encouraging through grants and other incentives free-willing unifications of smaller communes to *Demoi* on one hand, and by creating new, "stronger" types of municipal syndicates ("development syndicates" replaced by "district councils" in 1994) on the other hand.

The results of these efforts were not considered as satisfactory. Thirteen years later, only 367 small communes (less than 10% of the target group) corresponded to the state incentives and transformed themselves into 108 *Demoi*, while the new types of syndicates did not live up to expectations. Furthermore, the absence of a higher (second) tier of local government deprived the municipalities of an important supporting institution, since the 54 state prefectures had proven incapable to fill this gap. In the cities, no important changes in internal administration and staffing were introduced, the new system of state grants ("autonomous funds") did not encourage local political accountability, while many mayors neglected strategic policy-making in favor of day-to-day actionism and clientelistic networking. By the early nineties, disappointment about such practices sometimes led to disillusionment about local government, but this turned to be the point of a second reform era.

The "municipalization" of prefectures

Efforts to establish a directly-elected representative body next to the prefect are more than a hundred years old. In 1887, the enlightened



statesman Charilaos Trikoupis established “prefectural councils”, considering them a vehicle for liberty in the province and a “first step for the democratization of the whole administration system”. Just three years later, the opposition party that came into power abolished these councils. Several laws targeting the transformation of the prefectures into local government units were passed later (1887, 1899, 1923) but none of them has been enforced in fact. In 1982, an indirectly elected “prefectural council” was established but the prefectures remained “decentralized” state institutions. New attempts at “municipalization” failed twice (1986 and 1990), until finally in 1994 the 164-years-old state institution was transformed into a second tier of local government. The country's “decentralization system” should, from now on, get gradually orientated towards the 13 state regions, which have been established since 1987.

In October 1994 prefectural councils and prefects were elected directly by the people. In most cases, each for-

mer “decentralized” prefecture has been simply transformed into a local government unit. In the metropolitan area of Athens, however, the “major prefecture Athens-Piraeus” has been created and then subdivided into two “prefectural departments.” Major prefectures have also been established in east Macedonia and Thrace - one of the country's poorest regions - embodying five former prefectures as “prefectural departments”. On the other hand, some other communalized prefectures have been subdivided into “provinces” (“eparchies”) for geographical reasons. These provinces should ensure equal standard services also for the population of islands (where most of them exist) or highlands. In every province, a member of the prefectural council (called “eparchos”) becomes the head of the local administration unit while a committee of members of the prefectural council constitutes the local, “provincial council”.

Unique in southern Europe

The “Capodistrias Program” of amalgamations: Based on the experi-

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ence of previous ineffectual attempts, the government decided to proceed with obligatory unifications of communes and reduce the number of communes from 5,318 down to 1,000 units. The Ministry of the Interior presented in February 1997 its plans for a final solution of the problems caused by the extreme fragmentation of local government in Greece. These plans constituted the subject of an animated public debate. Those being against this particular program insisted on putting forward the idea of co-operation contracts among small communes as an alternative to obligatory unifications, while expressing their worries about the future of Greek rural culture.

The mandatory unification of municipalities in 1998, gives a unique, up to now, example of a radical reform through amalgamations in southern Europe. In 1997 the government plan for the re-organization of the first tier of local government has been approved, in its general prin-

ciples, by an extraordinary congress of the National Union of Municipalities. The so-called "Capodistrias Program" was not just a plan to merge municipalities, but also a national and regional development and works program, with a time scope of five years (1997-2001). The new local authorities would obtain the financial resources and the qualified staff they needed in order to set up a "modern and effective" unit of local administration that would act as an "instrument and a pole of development" for its district. At the same time, continued representation of the old rural municipalities was provided through local, directly elected community councils.

The total number of municipalities has been cut by 80%, a percentage that would be even higher if the metropolitan areas of Athens and Thessaloniki, which were exempted from the amalgamations program and include more than 150 municipalities, were not taken into account. The average population of

TABLE 1 Distribution of municipalities by orders of magnitude and as a percentage of total population before (1996) and after (1999) the implementation of the "Capodistrias" Program

MAGNITUDE	MUNICIPALITIES (1996)	%	MUNICIPALITIES (1999)	%
Up to 300	2,043	35.10	33	3.20
Up to 500	1,180	20.20	14	1.30
Up to 1,000	1,357	23.30	46	4.50
Up to 2,000	672	11.50	93	9.00
Up to 5,000	337	5.80	380	36.80
Up to 10,000	102	1.80	281	27.20
Up to 20,000	48	0.90	95	9.20
Up to 50,000	54	0.90	56	5.40
Up to 100,000	24	0.40	27	2.60
Up to 200,000	6	0.10	6	0.60
Bigger	2	0.03	2	0.02
TOTALS	5,825	100.00	1,033	100.00

Source: Ministry of Interior, Public Administration and Decentralization

municipalities climbed up from about 1,600 to more than 11,000, while the average number of municipalities in each prefecture was reduced from about 120 (116.5) to a little over 20 (20.66) units. From this perspective, “prefectural local governments”, especially outside the metropolitan regions, now seem to be too small to handle as a higher tier of local governance for the larger municipalities. On the other hand, quite a few of the new municipalities now seem to be too small to exercise several additional responsibilities (local police, minor harbors etc.) which have been transferred to the first tier of local government.

Despite those difficulties and several protests that the “Capodistrias Program” would not run as initially declared, there is no doubt that this major reform has already changed the landscape of local government in Greece. There is a new generation of politicians in the “Capodistrias municipalities”. Most of them do not simply (as their predecessors used to do) stand for interests of their local community in higher levels of politics and administration, but they also try to manage their own resources and cope with local problems. This type of mayors and councilors reflects the deep demographic, economic, communicative and cultural changes of the last decades that tend to “urbanize” styles and views of life in the Greek countryside. Nowadays, local communities in “rural” areas would expect much more from public administration than they used to do in the past. Consequently, the amalgamations of the nineties responded to an altering social environment.

Municipal enterprises

This new, demanding social environment stimulated several local politicians to use the possibilities offered by law for creating municipal enterprises: Twenty-two years ago, less than a dozen such enterprises existed. Today, more than 1,200 units are spread all over the country, including among them even high-tech producers. The early eighties marked the starting point of this impressive process. This –sometimes difficult– jump into entrepreneurial activities has been made easier through state investment incentives with a higher percentage than that of private enterprises and through several tax exemptions. Furthermore, municipal enterprises could hire personnel without taking into account the strict limitations affecting the rest of the widespread public sector.

The latter, but also some new regulations allowing municipalities to assign public works directly to their own enterprises, led to the increasing use of municipal enterprises in order to by-pass local bureaucracies and several kinds of restrictions affecting public services. Municipal functions that required specialized staff and flexible administrations, such as cultural and social services have been moved from the local government organizations themselves to more efficient municipal enterprises. Several municipalities founded so-called “Development Companies” which did not simply provide consultancy services and promote entrepreneurial activities of local government but were used as a flexible alternative for organizing and offering any kind of municipal services.

Multifarious municipal actions and administrative flexibility on one

side, organizational fragmentation and diffusion of political responsibility on the other side, were the results of this process.

The new municipal code (law 3463/2006) radically changed the status and the type of municipal enterprises. Up to now, the legal form of municipal enterprises was not really linked to the purpose of their actions. According to the new law two main types of municipal enterprises are established: “Municipal public welfare enterprises” and “Municipal Anonymous Companies”. The first type of enterprises can overtake municipal functions and responsibilities, especially concerning social services. The second type includes more sub-categories: Development companies where only local government entities can participate, commercial anonymous companies according to common commercial law, anonymous companies specialized on management of municipal real estate. It is worth mentioning that the new municipal code also foresees the establishment of non-profit private companies by municipalities.

Public-Private-Partnerships

Law 3389/2005 created a new framework for public-private partnerships (PPP). Furthermore, the new special development framework of the Ministry of the Interior, the so-called “Thiseas-Program” (www.ypes.gr/thiseas), is financially encouraging PPP’s of municipalities. According to the municipal code, PPPs should aim at public works or offering services. “Thiseas” will run for five years, offering at least 4.000 million Euros to Local Governments (first tier). The total sum of this program is more than twice as high as the one of the

previous development program ran by the Ministry of the Interior (called “EPTA” 1998-2004, with a total sum of 1.700 million Euros). Distribution of “Thiseas” is made according to a set of criteria (GDP, declining areas, unemployment rate etc.). In this way local governments in “wealthy” Regions like the one’s of Attika or the metropolitan area of Thessaloniki are receiving less funds than one would expect in view of their population. Up to now, hundreds of projects with a total cost of approximately 1.770 million Euros are in progress. Out of this sum, nearly 700 million Euros refer to PPPs. The new football stadium of “Panathinaikos” (the oldest football team in the city of Athens) is a famous example of PPP, while car parking facilities (more than 20), hotels and tourist infrastructure (7 cases), real estate (6 cases), Electricity (4), Spa-facilities (6), new municipal buildings (7), master plans for PPP possibilities (7), waste management (2) are some further examples of implied PPPs.

The citizen and local government

Demoi and communes have traditionally been the smallest cells in the Greek political system and are seen as the keystone of democracy. Since 1994, the municipalization of prefectures added one more level of participation, where the local community can conduct its own affairs independently. The councils of demoi, communes and prefectures, but also the mayors and the prefects are elected directly by the citizens of their district. Their term in office is precisely four years, beginning with the first of January after the elections (which always take place during the first Sunday after the tenth of October). Political parties per se are not

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candidates, but in many cases (mostly in urban areas) they announce in public their support for certain candidates, while in the biggest cities (Athens, Piraeus, Thessaloniki) top cadres of the parties are often using a mayor's career in order to promote larger ambitions.

Mayors and prefects are both political masters and administrative directors of municipal bureaucracies. In the communes and the smaller *demoi* this dual role makes it possible for the citizens -who usually have quite easy access to their mayor- to resolve several bureaucratic problems through his agency. Furthermore, a special, rapid system of legal protection enables the local citizen to challenge any measure of the municipalities that has affected him and violated his rights in front of an independent body -before appealing to the courts.

Since the early nineties, co-operation with NGOs and other private initiatives in order to cope with various social problems and help the less privileged groups of people emerged as an important challenge. The traditional, extremely homogeneous Greek society has been dramatically changing. Self-helping groups of persons addicted to drugs and organizations that assist alien refugees and migrants are typical examples of partners, which work together with municipalities (especially in the big cities) that gradually turn their attention to social minorities and try to assist them.

A strong constitutional position

The amended (in April 2001) version of Art. 102 of the Greek Constitution provides that there are two tiers of local government (without identifying

them). Furthermore, for the first time in modern Greek history, it is foreseen (Art. 102 par. 5) that local authorities should be able to impose local taxes, while the state will have to transfer the necessary funds whenever local authorities are obliged by law to overtake a new responsibility.

The Constitution ensures the twofold incorporation of local government agencies (LGA) into the democratic system of government: on the one hand, democratic procedures and rules for implementing sovereignty of the people at the local level are introduced (Article 102, par. 2.); on the other, the Constitution itself defines, directly, a significant part of the executive function, that is, the "administration" of local affairs as the field of responsibility of the LGAs (Article 102, par. 1). Thus, local government could be described as a junction of local policy and local administration. The Constitution clearly presupposes a balanced relation between these two fundamental constituents of the institution. The decision-making competences and the actual conditions for action on the part of the LGAs as to "local affairs" should, consequently, render possible the formation of an individual "local political will" and its transformation into acts of management of common (public) local interests.

The notion of "local affairs," in conjunction with a two-tier system of local government is supposed to restrict the competence of state administration, *stricto sensu*, and therefore the share of the executive power, which this possesses. In view, moreover, of today's identification of the parliamentary majority with central government, and of

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the magnitude of the resources and activities controlled by it, such restrictions on the power of the national state and, by extension, on the governing party are obviously useful for a smooth and balanced running of the democratic political system. Local Government can distribute important shares of the executive power to a wide spectrum of political forces, thus creating new mechanisms of “checks and balances” within the unitarian state and ensuring local implementation of alternative proposals for the management of political power.

Pending reforms in the metropolitan areas

Although the time and scope of a metropolitan reform were far from being clear, a paragraph in the Constitution concerning municipal associations was amended in 2001, in order to facilitate the establishment of multi-purpose metropolitan associations of municipalities, which would be, in the future, one of the options coming into question.

For the time being, ministries or state-controlled quangos exercise quite a few functions of metropolitan administration, while local government structures remain fragmented. But in the face of the challenges due to the city's nomination for the Olympic Games of 2004, one could avoid some necessary reforms of metropolitan governance. A new entity, named “Athens 2004”, assumed the main responsibility for the coordination and promotion of several projects. Due to “Olympic pressures”, several issue- and project-based mechanisms of coordination have been established, in most cases including social and private organizations as partners. Public

awareness about metropolitan problems in Athens has grown a lot, compared to the past. This is not only due to the Olympics as a mobilizing mega-project, but also results from the fact that the implemented modes of metropolitan governance, although structured by single issues and projects associated with the Olympics, did promote ties among sectors and agencies as well as between them and citizens. The public debate about the Olympics revitalized the public debate about reforms and long-term strategies for the metropolitan area of Athens/Attica, while it initiated a kind of “reflex-debate” on reforms for the metropolitan area of Thessaloniki.

A new scheme of metropolitan governance is to be set up, that would promote effectiveness and efficiency and at the same time foster citizens' participation as well as the accountability of decision makers. The role of local government within this new system of metropolitan governance is expected to be very important.

In conclusion, it should be borne in mind that, in connection with any option for reforms, the main challenge for the future of local government remains the same: How will it be possible to preserve the democratic core of the institution inside an environment which is always asking for more and better services?

USEFUL LINKS

Ministry of Internal Affairs,
Public Administration and Decentralisation
www.ypes.gr/nomarxiakh_aut.htm
www.ypes.gr/topiki.htm

Union of Prefectural Governments of Greece
www.enae.gr

Central Union of Municipalities
and Communities of Greece
www.kedke.gr