

1. Political Resilience in Times of Economic Crisis and Local Government Reforms

The case of the Municipality of Volos

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Abstract

Economic crisis and fiscal consolidation policy in Greece had a tremendous impact on local government finances and the provision of services and local public goods to citizens and localities. The implementation of these policies resulted in deterioration of service delivery and caused serious discontent towards the local representatives. As a result, the local political system and the representatives were unable to sustain the political discontent of the local people who voted against them. The chapter presents the implemented policy, the political discontent and the voting outcomes for the case of the Municipality of Volos and examines the resilience of the local political system under the pressures for reforms and the implementation of restrictive policies during the period 2010-2014.

Introduction

The departure for the present research endeavor stems, mainly, from the interdisciplinary concept of resilience. According to the literature the term resilience denotes: (i) the capacity of ecosystems, individuals, organizations or material to cope with disruption and stress and retain (regain) functional capacity and form, ; (ii) the capacity of a system to adjust and respond in ways that do no damage or jeopardize effective functioning, remaining on an existing developmental trajectory or making the transition to a new one; and (iii) the capacity of a system to absorb disturbance and recognize while undergoing change, so as to still retain essentially the same function, structure and feedbacks (MARU 2010, SIMMIE & MARTIN 2010, PSYCHARIS et al. 2014). This indicates that examining for resilience requires the consideration of: (i) the amount of change that a system can undergo, while retaining its structure and functions; and (ii) the degree to which a system can create, sustain or reorganize its capacity to learn and adapt (CHRISTOPHERSON et al. 2010, PENDALL et al. 2010, PSYCHARIS et al. 2014). Apparently, the greater resilience is related to less dependence upon globally footloose activities, with a greater economic diversity and/or with a determination for more significant structural changes (BRISTOW 2010, MARTIN et al. 2016, TSIAPA et al. 2018). It is thus no surprise that the concept of resilience has attracted a lot of interest, which is, arguably, emanated from the extent, the depth and, in many cases, the duration of the recent (year 2008) economic crisis. Indeed, the economic crisis has exposed (regional) economies to (external) shocks, drawing attention to differences regarding their capacity to adapt accordingly (BRISTOW & HEALEY 2015, ERAYDIN 2016, TSIAPA et al. 2018). Yet, despite this fact, the dimension of political resilience still remains in an embryonic stage in the literature. The aim of this chapter is to contribute to the literature of resilience by focusing on resilience of local political systems during the period of economic crisis and fiscal reform in Greece.

The economic crisis in Greece coincided with the “Kallikratis” administrative reform, which made provision for an extensive administrative merger of municipalities and communities (L. 3852/2010). The number of Municipalities was reduced to 325 from 1034 and new fiscal rules were introduced for local government budgets.

Although the Kallikratis Programme aimed to simplify local administrative procedures, its implementation was at a time of a dramatic cut – reaching 50% – in the municipal funds (L. 4093/2012). In most cases, the previous policies resulted in an inability to maintain common and green spaces, school buildings and municipal infrastructures efficiently, while cleanliness visibly deteriorated and plans for new works were abandoned.

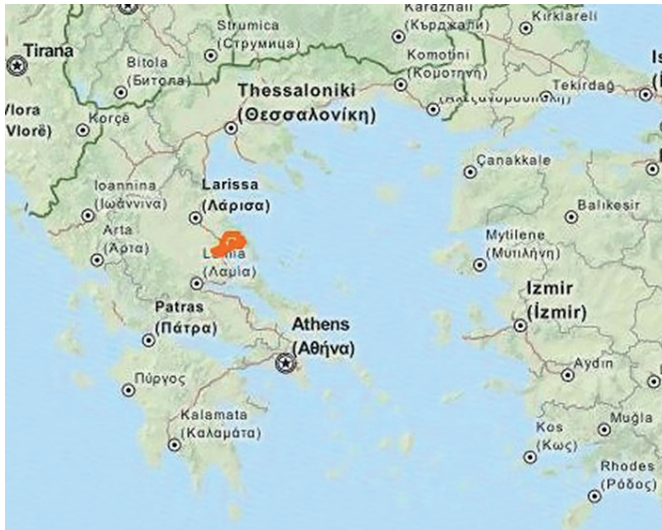


Fig. 1. The location of Volos. Source: Author's elaboration

In the case of Volos, which is a medium-sized city located in Central Greece (see Fig. 1), after the “Kallikratis” administrative reform, which provided the amalgamation of several neighboring municipalities, the new Municipality of Volos included nine Municipalities; the former Municipalities of Volos, Nea Ionia, Iolkos, Agria, Nea Agxialos, Aisonia, Artemida, Portaria and the former Community of Makrinitisa (see Fig. 2). According to the recent population Census (year 2011), Municipality of Volos has 144,449 inhabitants (1.3% of the population in Greece). Comparing to the penultimate population Census (year 2001), Municipality of Volos exhibited a population increase of 2% (from 141,675 inhabitants). Comparing to the former Municipality of Volos, the “current” Municipality of Volos, that now includes 9 former municipalities, exhibited (period 2001-2011) an enormous population increase of 75.2%! This increase highlights the challenges that (the “current”) Municipality of Volos has to

be dealt with, within a stressful fiscal situation. This is why the Municipality of Volos constitutes a representative case-study to examine the resilience of local political system.



Fig. 2. The municipality of Volos and its constituent parts. Source: Author's elaboration

The analysis of the chapter is based on: (a) secondary statistical data, from established statistical sources, on the political, social and economic context of the Municipality, (b) municipal documents and press releases (c) articles and texts from the local Press about the Municipal fiscal problem, and (d) interviews with local actors, who have a deep knowledge of the Municipal fiscal problem. The interviewees came from the political leadership, including the Mayor and the deputy Mayors, the Municipal administration, and representatives of the local productive organizations.

The structure of the chapter is as follows: After this concise introductory section, the second section of the chapter presents the socio-economic context of the city of Volos. The third section provides the fiscal profile of the Municipality of Volos. The fourth section presents the perceptions and causes of the fiscal problem in the Municipality of Volos and the corresponding public debate. The fifth section discusses the resilience of local political system to economic pressures. The sixth section pre-

sents some conclusions. In the Study Boxes A1 and A2, there are some quotations from the interviews there were selected from local representatives and stakeholders.

Currently, together with the neighboring, medium-sized, city of Larissa, Volos is, often, considered to be an alternative development pole (“the Larissa-Volos dipole”), between the metropolitan poles of Athens and Thessaloniki (see Fig. 1). The “dipole” concept is based on the rationale that each city may specialize in complementary functions at an equivalent level in the urban hierarchy. However, Volos does not seem to make use of this “dipole” dynamic. To the extent that the “dipole” concept has worked, it has mainly availed Larissa (for instance, when multinational companies make investment location decisions). Yet, Volos is widely considered to have significant advantages which (may) equal to equivalent development perspectives. The city of Volos is located close to the main Greek transportation networks, it has an important port and an airport, and it is the administrative and the academic center of the University of Thessaly. The city of Volos, also, disposes a significant industrial tradition and a coastal hinterland of a well-recognized natural beauty, suitable for tourism development. Overall, Volos is a city that offers a high-level quality of living. Despite this remarkable multidimensionality of development prospects and living standards, however, Volos has not achieved a satisfactory level of economic development. Especially during the late 1970s, Volos experienced a strong de-industrialization wave, partially encountered with the foundation of the University of Thessaly, in the late 1980s, which offered employment opportunities and attracted specialized workforce. Currently, and after the outbreak of the economic crisis (year 2008), Volos is under a new economic decline, experiencing an income decline and suffering from high unemployment rates.

The socio-economic context of the city of Volos

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

farmers, freelancers). After the outbreak of the economic crisis, the Municipality of Volos experienced a decline of 22.0% in terms of declared income¹. Particularly, from the level of €16,151 per declaration (year 2008), the Municipality of Volos exhibited a decrease (in, year 2005, constant prices) to the level of €12,598 per declaration (year 2012). Added to the population trends, such a decline provides another highlight with respect to the challenges that the Municipality of Volos had to face. Pensioners declare 37.0% of income in the Municipality of Volos (year 2012). Rentiers declare another 5.4%. Thus, only the 57.6% of income is declared from taxpayers that exercise a “productive” profession (KALLIORAS et al. 2018).

Overall, the main economic sector in the Municipality of Volos (year 2011) is the tertiary sector, with a share that represents 74.3% of employment. The secondary sector is rather small, representing 21.0% of employment, and the primary sector is extremely small, representing just 4.7% of employment. This extremely small share of the primary sector is quite logical as the Municipality of Volos mostly contains urban areas. Unemployment rate reached the level of 37.4% (year 2013)², experiencing an increase of 29.3 percentage points after the outbreak of the economic crisis.

The fiscal profile of the Municipality of Volos

The “sudden” change in the city’s administration scheme, under the “Kallikratis” reform, combined with a fall (instead of a raise) of the municipality’s financing from the Central Government (due to the handling of the economic crisis) (PSYCHARIS et al. 2018). The debt of the Municipality of Volos reached the level of €17,000,000 (year 2014) (see Table 1). The debt of the Municipality of Volos represents the 0.87% of the Greek municipal debt (i.e. the total debt of all municipalities in Greece). Noteworthy is the fact that even though, during the period 2011-2014, the debt

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

2 Data refer to the prefectural level as there is no unemployment data at the municipal level.

of Municipality of Volos is getting decreased in absolute terms (in constant, year 2005, prices), its relative share with respect to the Greek municipal debt is getting increased. Noteworthy is, also, the fact that even though, during the period 2010-2011, the debt of Municipality of Volos is getting increased in absolute terms, its relative share with respect to the Greek municipal debt is getting decreased. In per capita terms, the debt of the Municipality of Volos is around 120 euros per inhabitant (year 2014) (see Table 2). This amount is 0.67 times as much as the corresponding amount of the Greek municipal debt per capita.

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

Table 1. The debt of the Municipality of Volos. Sources: HELLENIC MINISTRY OF INTERIOR/Authors' Elaboration

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

Table 2. The per capita debt of the Municipality of Volos. Sources: HELLENIC MINISTRY OF INTERIOR/Authors' Elaboration

The list with the Greek Municipalities that were included in the "Memorandum of the Local Administration" was published (year 2011) and the Municipality of Volos was not among the over-indebted municipalities. In particular, according to "Kallikratis" criterion 2 (i.e. legal criterion for characterizing a municipality as over-indebted), a municipality's total amount of debt should not exceed 60% of its annual revenues. Thus, with respect to the aforementioned criterion, the Municipality of Volos was in a relatively good position. Yet, especially during the period 2013-2014 this share is getting increased (see Table 3). Given

that the debt of the Municipality of Volos is getting decreased in absolute terms, the aforementioned trend indicates that the problem that Municipality of Volos faces is mainly on the side of revenues.

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

Table 3. The debt of the Municipality of Volos as a percentage of the corresponding revenues.

Sources: HELLENIC MINISTRY OF INTERIOR/Authors' Elaboration

The expenditures of the Municipality of Volos were, mostly, associated with operational costs and staff payment (see Table 4). Only a small fraction of the expenditures is allocated for investment purposes. With respect to the revenues of the Municipality of Volos, the vast majority comes from general grants (see Table 5). A significant part comes from taxes and fees.

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

Table 4. Allocation of the Municipality of Volos expenditures. Sources: HELLENIC MINISTRY OF INTERIOR/Authors' Elaboration

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

Table 5. Allocation of the Municipality of Volos revenues. Sources: HELLENIC MINISTRY OF INTERIOR/Authors' Elaboration

According to KALLIORAS et al. (2018), selected statements of different groups of actors on the problem of Municipal debt (i.e. local politicians of the majority, the opposition, the administration, others) (Box A1 and Box A2) reflect that the causes of the high-level debt of the Municipality of Volos may summarize in the reproduction of wrong practices (i.e. clientelism, nepotism) encountered in the Central Government, and in the misconception that Central Government has to ability and the willingness to finance municipalities. On the one hand, a reason for the Municipal debt was the intentional inclusion of uncollectible dues in the budget (as revenues), for which there wasn't any intention to be collected because of "client relationships"; on the other hand, a reason for the Municipal debt was the lack of a clear demarcation between Central and Municipal competencies, magnified by the lack of a rational costing of the services offered by the Municipality. There is also the argument that the debt is caused not only by the limited revenues but also by the un-rational management of resources (Box A2). While the previous perceptions, more or less, concern most of the Greek cities, in the case of Volos a remarkable cause for the debt has also been the undervalued cost of the expropriations needed for the city plan to be implemented. This view of the problem was mostly stressed by the representatives of the Municipal administration, indicating the different (and more 'accounting') perception of the problem's causes. Another interesting view of the problem is the allegation that the main cause of the high-level debt of the Municipality of Volos is the suspiciousness of the Central Government ("the State of Athens"), which provided a small amount of revenues to the Municipality.

Perceptions and causes of the fiscal problem in the Municipality of Volos and the corresponding public debate

Box A1: Selected statements of different groups of actors on the causes of the fiscal problem of the Municipality of Volos.

Citations from the majority:

- The causes of the high-level debt of the Municipality may be summarized in the reproduction of wrong practices – clientelism and nepotism –... the effort of the (former) Municipal Authority to reduce the level of debt was not communicated properly to the citizens. (Mayor)
- The basic priority of the Municipal Authority was to rearrange the finances of the Municipality. Achieving this goal required capability, on behalf of the elected and the municipal officials, but also a mentality change, on behalf of the municipal officials and the residents. Mentality change is the most important parameter... (Deputy Mayor of Finance 2010-2012)

- The main cause for the accumulation of debt in Volos Municipality was the generalized dependence of the local administration on the central government, due to which municipalities were feeling free to spend over their budget, waiting for the central government to cover the difference... In the case of Volos, another reason for the municipal debt was the intentional inclusion of uncollectible dues in the budget, for which there was not any intention to be collected because of the 'client relationships'. (Deputy Mayor of Finance 2012-2014)
- All mayors from the smallest town to the city of Athens used to form plasmatic budgets, overestimating the revenues. More correctly, they used to overestimate the costs. At the end, they had to invent plasmatic revenues to balance the budget. (Deputy Mayor of Development 2010-2014)

Citations from the opposition:

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

Citations from the administration:

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

Citations from the Chamber of Commerce and Association of Industries

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

Citations from the local Press

- The problem was caused by the chronic mismanagement and the waste of the public money. This was not the case only in the Municipality of Volos, but in the Greek Municipalities as a whole
- It is in fact a structural problem which has to do with the societies and the mentality, not with the mayors (journalist on the 'municipal reportage')

Citations from the University Community

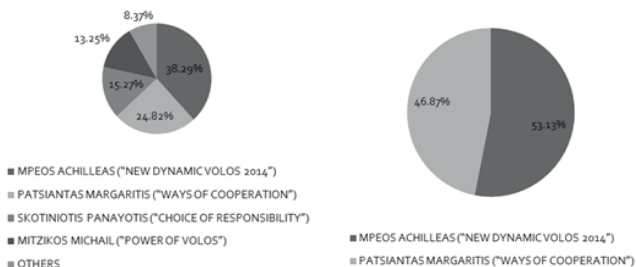
- The lack of resources, which is the real problem, is caused by the inability to collect the local taxes, but also by the fact that the Central Government does not attribute to the Municipalities the amounts they deserve (Researcher, local administration expert)

Source: Authors' elaboration

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

Selected statements of the different groups of actors assess (Graph A2), also, the implemented measures, their performance and impact with respect to the solution of the fiscal problem of the Municipality of Volos. The basic priority of the former Municipal Authority of Volos was to rearrange the finances of the Municipality. Achieving this goal required both capability, on behalf of the elected and Municipal officials, and a shift in mentality, on behalf of the Municipal officials and the registered citizens. The downwards trend of the Municipal debt was made possible with the proper financial management despite the fact that, after the outbreak of the economic crisis, Municipal revenues were significantly low(er). “Kallikratis” administrative reform contributed significantly to this end, as it leads to centralized services (i.e. unification of the former Municipalities) with lower functional costs (i.e. closing of the supernumerary Municipal enterprises affiliated to the former Municipalities).

municipal elections (2014-1st round) - Volos municipal elections (2014-2nd round) - Volos



Graph A2: Municipality of Volos elections result (year 2014). Sources:

HELLENIC MINISTRY OF INTERIOR/Authors' elaboration

Box A2: Selected statements of different groups of actors on the implemented measures, their performance and impact with respect to the solution of the fiscal problem of the Municipality of Volos

Citations from the majority:

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

Citations from the opposition:

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

Citations from the administration:

- In order to solve the economic problems, the Municipality of Volos should exploit the

municipal estate with transparency, as it happens in other European cities. A permanent obstacle is that the “selling of public property” has a negative dimension. (Director of Dept. of Finance)

- The methods towards the sanitization of the municipal economics were all implemented by the Central Government. Municipalities which do not comply with the centrally set targets are punished by a further cutting in the funds. To achieve the revenues provisioned, in most municipalities now there is the will (and the obligation) to claim the uncollectible dues. (Director of Dept. of Finance)

Citations from the Chamber of Commerce and Association of Industries:

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

- The Kallikratis Programme brought to light the significant problems of mismanagement in the municipalities and could have worked perfectly if the resources had not been cut so dramatically. Instead, the cut of funding caused major dysfunction problems in the city and a remarkable reduction of the social services level. (President of the Commercial Chamber of Magnesia)

Citations from the local Press:

- There was such a strict fiscal policy, that only Scrooge would have been able to follow! (journalist on the 'municipal reportage')

Citations from the University Community:

- Because of the economic crisis social needs were multiplied, while at the same time the competencies of the cities were augmented. Resources, however, reduced instead of rising. Despite those facts, there wasn't any appreciable difference in the city, to the cleanliness or the water quality for instance (Researcher, local administration expert)

Source: KALLIORAS et al. 2018/Authors' elaboration

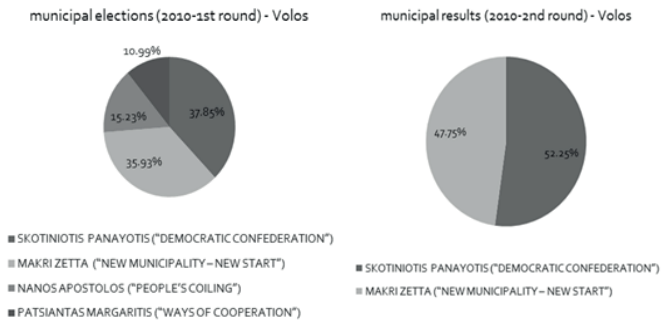
Overall, “Kallikratis” led to a general reviewing of the way Municipal services used to be offered to the citizens, allowing for the restraint of Municipal spending (e.g. the later introduced “Observatory” contributed to the cultivation of a new rationale towards transparency and to the attainment of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

tions. The side-effects of a rigid austerity strategy – top-down imposed from upper levels – were personnel lay-off, early retirements and wage cut-off, and the, consequent, inability on behalf of Municipality of Volos to fulfill its basic functions (such as welfare and cleanliness as well as infrastructure maintenance). Overall, the Municipality could not serve its institutional role (perhaps, this could have been avoided, to some extent, if the Municipality had been interested to exploit the remarkable real property that has “inherited” from the former Municipalities having constituted the new unified one). In any case, both the supporters and the opponents of “balanced budget ” budgeting agree that municipalities themselves cannot solve (without side-effects) the municipal fiscal problem, without the assistance of Central Government (e.g. through the improvement of the macro-economic conditions of the country). Of course, the involvement of Municipal administration with the business sector, cultivating a positive climate towards the attraction of investments and the facilitation of business activities, may be beneficial for the amelioration of the socio-economic conditions in the city.

***Local political
resilience of the
Municipality of
Volos***

In the penultimate Municipal elections (year 2010), Mr. Panayotis Skotiniotis, supported by PASOK (Pan-Hellenic Socialist Movement; social democracy), DHMAR (Democratic Left; reformatory left) and GE (Green Ecologists; ecologists) was elected Mayor of Volos (see Graph A1). Noteworthy is the fact that the outgoing Mayor, Mr. Alexandros Voulgaris was not a candidate, as his party (PASOK) had expressed the willingness to support the multi-political electoral combination of Mr. Panayotis Skotiniotis. In the next Municipal elections (year 2014), Mr. Achilleas Beos, an independent candidate, who was the former president of the local football team, was elected Mayor of Volos. Noteworthy is the fact that even though SYRIZA (Coalition of the Radical Left; radical left) was the strongest party in the Municipality of Volos in the national (year 2012 and 2015) and the European elections (year 2014), Mr. Margaritis Patsiantas, who supported by SYRIZA, did not manage to win the Municipal elections. At the same time, Mr. Panayotis Skotiniotis, the former Mayor that had managed to consolidate the financial situation of the Municipality of Volos, experienced a (disastrous)

defeat (15.3%). This is so as, leaving out the debt issue, the previous Municipal authority (i.e. period 2010-2014), faced significant difficulties with several issues reflected in every-day life, such as the waste management, the water supply, the lighting and the maintenance of public spaces. It seems that giving the emphasis in the finances, the urban policies that were followed were not conducive to enhancing living conditions, but in fact exerted an influence in the opposite direction. Under this lens, it is not a surprise that the registered citizens perceived the previous difficulties as a failure of the previous Mayor and his team. It comes that despite the fact that Mr. Panayotis Skotiniotis had managed to consolidate the financial situation of the Municipality of Volos, local political resilience proved to be extremely low. This is a noteworthy fact given that the economic (i.e. fiscal) resilience of the Municipality of Volos proved to be extremely high.



Graph A1: Municipality of Volos elections result (year 2010). Sources:

HELLENIC MINISTRY OF INTERIOR/Authors' elaboration

The economic crisis of 2008 had a tremendous impact on local government in Greece. The Kalikratis (L. 3850/2010) reform amalgamated local governments and decreased the number of Municipalities to 325 from 1034. Due to the pressures for fiscal consolidation and the deterioration of local economic conditions, local government finances were reduced and the provision of local goods and services was deteriorated. These changes challenged the resilience of local economy and society. However, the pressures affected not only local economy and society but also the functioning and the limits of local political system and the local political elites. The voting of local electorate brought in power representatives outside of the dominant

Conclusion

political system. The political resilient was in question and also the policies that were implemented. The case of Volos provides an interesting example about the reformability of political systems in times of economic crisis and the implementation of fiscal consolidation policies. However, the resilience of local political system and the assessment of policies that were implemented is an open question for further discussion and interpretation.

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