

# Evolution of local government in modern Greece (1828-2017)

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## Abstract:

**Aim:** In the paper, the author aims at addressing the issues centered around Greek public administration, the way in which it is organized and how it functions. The Greek model of administration will be outlined, taking into account the division into government and local administration. Another important aspect is to show the evolution of the local government and the implications of this process for the functioning of the Greek state. Further on, the author will show the correlation between the ill-structured (also ill-functioning) Greek model of public administration and the country's economic problems.

**Design /Research methods:** This study is predominantly based on the analysis of existing data using such research techniques as, for instance, desk research, content analysis, archive documents. The author also draws on the qualitative research which he conducted, i.e. in-depth interviews.

**Conclusions/ Findings:** Based on the empirical research, conclusions will be formulated on the subject of Greek administration referring to the considerable inefficiency of its functioning. Moreover, diverse pathological phenomena will be identified which occurred, or are still occurring, in the Greek administration such as, among other things, overstaffed public sector, excessive bureaucracy or corruption. In the final section of the paper, the author will address the issue of the challenges faced by the Greek model of public administration from the point of view of the organization and governance of this administration. Further to that, the author will highlight the indispensability of these challenges in the light of a more efficient functioning of this administration in the long term.

**Originality / value of the article:** The topic itself of the paper pertains to modern Greece, i.e. a research area whose scholarly literature is today in deficit, in particular in terms of the Polish language publications. The author not only conducted in-depth query of Polish or English sources, but he also drew on the Greek content of normative acts, which further underlines the originality of the paper.

*Keywords: administration, French model, Kallikratis program, Kapodistrias program, local level, reforms, local self-government.*

JEL: E00, F02, P1, H7

## 1. Introduction

Modern Greece is a country situated in south-east of the European continent in the southern part of the Balkan peninsula. One should, however, stress that Greece's territory covers not only the continental part, as the country is largely considered to be an island state owing to its numerous islands (about 2,500-3,000) of which, in fact, only a small portion, i.e. over 200, is populated. Considering the fact that the history of Greece spans a very long period rich in political and economic or socio-cultural events, the topic of this paper has been confined only to modern Greece, in particular to the Third Greek Republic, i.e. the state which dates back to 1975 and exists until today.

The Third Greek Republic, as a state, is characterized by a democratic political system. It is a republic with a parliamentary-cabinet system of government. Under the Constitution of Greece of 9 June 1975 (*To Sýntagma tis Elládas*), the executive power is exercised by the President of the Republic and the government, with the legislative power being centralized in the hands of the government and the Chamber of Deputies, and judiciary power belonging to independent courts which make decisions on behalf of the Greek people (*To Sýntagma της Ελλάδας 1975: Μέρος Τρίτο*).

The present administrative division of Greece dates back to 2011, when a three-tier administrative units were implemented in the country under the so called Kallikrates Program (*Próγραμμα Kallikrátis*): seven decentralized administrations (*Apokentroméni Dioikisi*) divided into 13 regions (*Periféreia*), which in turn have been divided into 325 communes, *Dimos* in the Greek language (N. 3852/2010). The unit that deserves to be especially highlighted is one enjoying a special status and political system – Mount Athos (*Ágion Óros*), which under the Constitution constitutes an autonomous area in Chalkidiki (*To Sýntagma της Ελλάδας 1975: Άρθρο 105*).

It should, however, be stressed that the administration division of the Third Republic of Greece has been continuously evolving, and so the author's objective is to show those changes. Moreover, the paper is to represent an attempt at evaluating the efficiency and quality of the functioning of Greek administration.

## **2. The history of Greek local government**

The history of local government in Greece has a long tradition dating back to the Late Middle Ages. This was precisely this so called Greek spirit of community that helped the Greek nation to survive the Turkish occupation. Already the beginning of the nineteenth century saw the establishing of the first local communities in Greece which enjoyed a relative autonomy. However, this process unfolded under control and with consent of occupying Turkey and as such forming communities was only possible if it was to the advantage of Turkey. Those communes had a quasi-democratic system, since every year elections were held to elect representatives of the local communities.

From the perspective of the evolution of the Greek local administration, or, putting it differently, Greek self-governance, one can distinguish four basic phases/periods in this evolution. The first phase covers the rule of the first governor of the new Greek state – Joannis Kapodistrias, and that of the Bavarian regent, king Otto I Wittelsbach, that is, the years 1828-1887. The next phase is a time of the great reforms conducted under the rules of Harilaos Trikoupi and Eleftherios Venizelos (1887-1927). It was followed by the stagnation period spanning the years 1927-1974. The last phase of the Greek self-governance evolution has been in place until the present day and dates back to 1974 i.e. the fall of the authoritarian regime of the so called Black Colonels Junta and the beginning of building a state based on a democratic political system – the Third Greek Republic (Lalenis 2013).

### **2.1 The first phase of the evolution – 1828-1887 (reforms by Kapodistrias and King Otto I)**

In considering the first phase of the evolution of the local government of the Third Greek Republic, the starting point should be the already mentioned autonomous local communes. These communes displayed such character owing to the fact that the local administration in the Ottoman Empire was heavily decentralized. The Greek people feared this centralization and therefore strove for autonomous structures. This situation, on the one hand, engendered stronger public sentiment and aspirations to preserve their own national identity, and on the other hand, fostered the emergence of local chauvinism and substantial influence of local authorities.

This is why Greece's pursuit of restoring its independence gave rise to numerous disputes between the autonomous communes and the proponents of the idea of a united state. While waging the national liberation wars the important problem that emerged in uniting the country and thus

consolidating administration was the fact that some local representatives of communities could not accept the approach adopted by the newly formed government which followed the French, and thus, centralized model of administration (Hlepas 2004: 117-118). Joannis Kapodistrias, as a precursor of the Greek statehood and governor of the First Greek Republic, sought to establish an efficient system of public administration, and, thereby, to eliminate the influence and power of local politicians. To this end, he came up with a territorial breakdown of the country based on three administrative levels: prefectures (*Nomós*) led by prefects, counties (*Eparchos*) and communes (*Dímos*). Furthermore, he implemented the French administrative solutions by instituting centralistic administrative system. Since then Greek citizens (men over 25 years of age) were granted the right to vote in the area of their residence (Kontogeorgis 1983). Thus, Kapodistrias reduced significantly the influence of local officials engaging the central administration into the affairs of local communities. Since that time taxes raised at the local level were transferred to the central tax office. These reforms sparked strong protests from the local structures leading to the assassination of Kapodistrias in 1831.

In the end, no sooner than during the reign of the Bavarian regent, Otto I Wittelsbach, and also through the influence of the Bavarian Tribunal, was it possible to stop the protests on the part of the local communities, to dismantle their autonomous division and unite them within 750 communes (*Dímos*), all this in the course of just one year, the year of 1833 which saw the first year of the regent's reign. This is also the time when Greece's political system took the form of absolute monarchy. The communes assumed much reduced political responsibility than the autonomous local communities before and their competences were confined merely to the state policy pursued in their districts. In every community authority was exercised by a mayor who was appointed by the king or a prefect out of three candidates selected by the commune council. The communes constituted the lowest tier in the three-tier division of the Greek local administration. The second tier was made up of 47 counties (*Eparchos*). Adopting the French model also meant that the country was divided into 10 prefectures (the third highest tier, *Nomós*) which were governed by prefects appointed by the monarch and who exercised supervision over the communes (Hlepas 2004: 117-118).

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However, over time, social discontent kept growing leading to public protests and ultimately to overthrowing the Bavarian Tribunal and monarch Otto I Wittelsbach as a result of a military coup (Brzeziński 2002: 31). Overthrowing the king brought about a new challenge for the central administration, which was to establish a strong and internally cohesive state with a new identity. Local mayors were seen as an obstacle in pursuing the centralist aims because of their involvement in corruption. Feeling concerned about the threats which the central government's policy might pose to them, the mayors sought to secure to their advantage as much control as possible over the political parties. This is why the main argument of the government's campaign which advocated the need for implementing new reforms was to eliminate corruption and to neutralize political life. The history, however, shows that the changes implemented were not aimed at meeting the functional and development needs but in fact they were intended to increase the level of discipline among the representatives of the central authorities at the regional level in order to intervene and control more efficiently local affairs (Lalenis 2013: 299).

At this point one should reflect on the question why was it the French model that was considered in the process of forming the Greek local administration? In drawing on the French history and linking those facts to the national liberation movement of the Greek society under occupation the answer may indeed be quite straightforward. The French influence was very strong in Greece because of the spirit of the revolution. As much as this idea was strong in France in 1789 so it was for Greece for which it became inspiration to revolt against the Ottoman Empire, with the outcome being the emergence later on of the Great Idea (*Megáli Idéa*), which consisted in restoring the great Greek nation with Constantinople as its capital. The traditional alliance and cooperation between Greece and France led to the adoption of the French model of local administration already in 1828. Since that time the evolution of the Greek local administration system went through many phases accompanied by numerous changes, yet the changes were always designed according to the French model (Lalenis 2013: 295).

### **2.2 The second phase of the evolution – 1887-1927 (the era of the great reforms)**

The second phase in the history of the Greek local administration covers the period marked by many wars which brought about serious implications for the Greek society and the entire state, while, on the other hand, this is also an era of great administrative reforms implemented by two politicians to whom the Greek political history has dedicated considerable space. While referring

to the time of wars, the author meant in the first place the Balkan wars of 1912-1913 and the First World War which ended with Greece doubling its territory. Moreover, the year 1922 saw the Asia Minor Catastrophe which brought about the migration of 1.5 million refugees to Greece, whose population at that time was 5 million people.

Despite the attempts made at transforming the Greek administration to the likeness of the French model, it was still very ineffective. This, however, came as no surprise to Greek politicians, who had been well aware not only of the lack of local self-government tradition and thus, more generally administrative traditions, but also of the high level of illiteracy among the Greek population. It was therefore clear that in such a country building a hierarchical and centralized administrative system that would also be effective would be marred by difficulties. There were continuous attempts at implementing new solutions with a view to improve the system. To illustrate the point, by virtue of the Greek Constitution of 1864, it was decided to conduct elections at the local level based on the principle of direct election and secrecy, which meant that Greek citizens could not be excluded from this act of voting. With this solution in place, legitimacy was conferred on mayors making them in fact the key players on the political scene of Greece. It is worth highlighting that at its core this move was not about the mayors' public power or responsibilities, which actually continued to be quite limited, but about the ability to influence the decision-making processes at the level of political parties. Thus, yet again, the mayors' political power was perceived as purely destructive for most political initiatives launched at the central level, ultimately leading to frequent practices of corruption and patronage (Chlepas 1994: 76).

As already mentioned, this period is also the time of great political figures, i.e. Harilaos Trikoupi and Eleftherios Venizelos. Both politicians' contribution to the development of the Greek administration was significant, mainly in terms of its efficiency. Their efforts were largely centered around the political aspect with the primary objective being the strengthening and stability of the administration at the central level. In 1887, Harilaos Trikoupi implemented the reform with the aim to change the constituency boundaries and to abolish counties. He reorganized prefectures which enabled him to create a level between the mayors at the local level and the state as the central level. This change was to make the system more flexible and efficient in providing services. Thus, Trikoupi sought to establish the prefectural level following the French model so as to allow the prefectures to play an important role in supervising the local administration and improving the

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capability of the central level to collect taxes at the local level, and as such to improve the fiscal affairs (Lalenis 2013: 300).

Moreover, Eleftherios Venizelos reformed Greece exclusively locally in that he reduced the area covered by communes establishing a network of 6,000 small communities (*Koinótita*). The fragmentation of the local level carried out by Venizelos raised a number of questions and the arguments advanced were similar to those in support of the validity of the reform of the French revolutionary parliament in 1789. At that time, the revolutionists had to choose between a model of numerous small local communities whose number exceeded 30,000 and a model of less numerous but larger and stronger communes whose number was at 250 (Lalenis 2013: 300). Eventually, the first solution was chosen which was justified by having to develop a strong sense of national identity. This is why Eleftherios Venizelos's reform was justified by the need to build national identity, especially in order to assimilate the new territories which Greece received in the wake of the Balkan wars. This allowed for citizens to become significantly closer to a direct democracy within the local dimension. A valid argument against this fragmentation was the issue concerned with little financial profitability of the newly established communities. That was why Venizelos solved this problem by giving citizens the right to form voluntary associations. In so doing, he also endowed the existing prefectures with a distributive function as they became the intermediaries in the distribution of subsidies from the central authority to the benefit of the local communities. The final stage of Venizelos's reforms was establishing a new constitution in 1927.

### **2.3 The third phase of the evolution – 1927-1974 (relative stagnation)**

The third phase of the Greek self-government evolution involves the abolishment of the Constitution of 1927, which took place five years after its adoption, i.e. 1932. A more conservative constitution from 1911 was restored and came in the place of the then binding constitution. The third phase of the development of the Greek model of administration was closely related to the period marked by unstable governments and political crises unfolding in the country. At this point one should mention such events as the military dictatorship of general Joannis Metaxas throughout the years 1936-1941, Hitler's occupation of 1941-1944, followed by the civil war of 1944-1950 and the dictatorship of the Black Colonels spanning the years 1967-1974. For most of the period between 1927 and 1974, Greece was continuously destroyed with the country being divided into spheres of influence. Thus, the question of building its national identity was put on the back burner,

which is demonstrated by the gaps in the Greek legislation as regards the future development of the Greek model of local administration. The only exception to those events was the brief period of national liberation movement across the regions liberated from Hitler's occupation by the National Liberation Front (*EAM, Ellinikó Apeleftherotikó Métopo*). A true local self-government was organized across this area. The lower strata of the middle class benefited most from this development as they began to be increasingly dependent on the state and so their main interest was no longer only to increase production and plan the country's economy but also to strengthen their position in the state apparatus so as to use their excess (Tsoulouvis 1987). Ultimately, in 1967 yet another coup d'état was staged which brought about an authoritarian regime of the military community, more commonly known as the Black Colonels Junta. During its reign, any kind of initiative involving reforms of the local administration system was perceived as resistance activity and thus stagnation ensued in the structures of local administration and territorial division.

#### **2.4 The fourth phase of the evolution – Greek present day administrative system**

The current picture of the Greek model of local government comes as the consequence of the numerous reforms which were implemented in the country in the course of the country's democratization process. At this point one should note that at each stage of the modern model of the Greek administration the division in force was that into the government administration, on the one hand, and on the other, local self-government administration. Furthermore, it ought to be stressed that over time it was only local government administration that was subject to further changes. Thus, the internal structure of the government administration, unlike the local government, did not display significant changes.

With respect to the evolution of the local government, one should note that the starting point for this process in the history of the Third Greek Republic are the years 1974-1985, when the breakdown of the local government consisted of two units. The first one was urban districts (magistrates) which concentrated communities of over 10 thousand population. The second administrative unit was made up of less numerous communes (Chrisidu-Budnik 1994: 134; N. 4057/1990). The first changes in the structure of local government were linked to the reform of local government administration from the years 1986-1990. The reform meant that the new rules on division of the Greek territory were to be effective already as of 1987. Since that time Greece was divided into 13 administrative regions (so called districts *Dioikitiki Periféreia*) and 51



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prefectures (*Nomós*). Apart from these two tiers, there was also the lowest one composed of 5,775 communes, i.e. 457 urban communes (*Dimos*), and 5,318 rural communes (*Koinotites*) (N. 1622/1986; Π.Δ. 51/1987; N. 1828/1990). However, in hindsight and in the light of the gathered experiences, it turned out that the then form of the country's division proved little effective on account of several issues (Grosse 2004: 50).

In the first place one should point out the fact involving the subject of regions whose nature was not that of self-governance, and their establishment was linked solely to the planning objectives of the central administration. What it implied in practice was that the regions were there only to make it easier for the central administration to plan investment processes. Each region had its superior (president) and this role was played by a secretary-general. He was not elected in elections but was delegated directly by the government. Following the Minister for Internal Affairs submitting the nomination form stating the name of the person concerned, the Council of Ministers would decide on the appointment for this position. Apart from presiding over the region, the secretary –generals' competence was also to chair meetings of regional councils, which were a coordinating and advisory body (at the level of local government administration) in the process of investment planning for the regional development, and a consultative body (at the level of the central administration). Thus, the regional level was the point of contact for actions carried out by the two sides, i.e. the central and local administration. On the one hand, the regional development councils took into account proposals and guidelines made by the government, and on the other hand, they considered local plans of territorial development (Grosse 2004: 51). However, the last word with regard to making decisions on planning was still that of the government (the greatest role in making decisions in this area was played by the Ministry for National Economy), which made up an important argument in support of the fact that the Greek administration was still tightly centralized.

Another argument is the fact stating that the centralization of the Greek administration leads to numerous disproportions among regions across the country's territory. Such a situation significantly impedes the EU measures aimed at strengthening regional cohesion and thus reducing the disparities between the regions across the European Union. Moreover, as Katarzyna Właźlak notes, "Taking as an example Greece, one should think that it is not possible for regional development to be fostered efficiently in countries where regional policy is pursued exclusively by the state administration" (Właźlak 2010: 85). The Greek regions did not in fact have their own

budgets, apart from a small set of resources allocated for activities of administrative nature. All the rest of the budget resources came from the EU funds or government grants.

The next phase of the evolution of the Greek modern model of territorial administration was the administration reform initiated in 1997. It was commonly called Kapodistrias Plan. The main objective of the reform was elimination of the excessive territorial fragmentation at the local level and thus the number of communes was reduced from 5,775 to 1,033. As a result 133 urban communes and 900 rural communes were established (N. 2503/1997; Hlepas, Getimis 2011). However, it should be emphasized that, apart from reducing the number of communes at the local level, no measures were undertaken to decentralize the regions, which meant that they were not self-governing. This situation once again launched the discourse on the subject of modernization of the country's territorial division towards further decentralization.

The last phase of the evolution of the local government model in Greece was the administration reform from 2010-2011, the so called Kallikrates Plan (N. 3852/2010). The principal aim of this reform was related to the Lisbon Strategy. On the one hand, the Greek authorities sought to adjust the administrative structures of the local government to the requirements laid down in the strategy, and on the other hand, to the requirements of the fourth period of programming the Union funds for 2007-2013. The outcome of the measures taken was establishing seven decentralized administrations (subregions, *Apokentroméni Dioikisi*) in the place of the previous 13 regions (*Periféreia*), which in turn supplanted the prefectures of the second level. What is important at this point is that the Greek regions were made legally self-governing, which was demonstrated by establishing regional bodies with resolution-passing competences and executive competences, constituting separate from each other institutions as entities formed by general elections. The consequence of the reform implementation – Kallikrates Plan – was a decreased number of communes (*Dímos*), from 1,033 to 325, which in turn led to increased commune population, now comparable to the number of commune population in other countries across the EU area (Hlepas 2012; *Πρόγραμμα Καλλικράτης*). Thus, this pattern of administrative division brought the Greek model closer to the territorial administration models of other EU states. Another important fact is also the issue of cost-efficiency. One should bear in mind that the period of 2010-2011 was already marked by the country's financial crisis, which also meant that the aim of this reform was to emerge from the crisis, or at least to devise measures allowing for greater savings in the state budget. The reduction of the number of communes and the changes

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implemented at the second level (replacing the 51 prefectures with 13 regions) yielded measurable benefits, i.e. on the one hand, the number of local government units was reduced by about 40%, and on the other hand, it brought savings to the budget at approximately EUR 1,8 billion annually (Gwiazda 2010; Ladi 2014; Bukowski 2015).

Moreover, one should also highlight the positive aspect in that the Greek Constitution is very favorable for local self-governance. While the most crucial decisions are made at the central level, Article 102 of Syntagma, i.e. the Constitution of Greece from 1975, states that the affairs which are local in their nature are the responsibility of local governments at the first and second tier. Further to that, the same article provides for the principle of a presumption of competence in favor of local governments (Το Σύνταγμα της Ελλάδας 1975: Άρθρο 102). In considering the competences of local governments, one should mention in the first place such areas of responsibilities as those relating to technical and social infrastructure, maintaining public security, as well as tasks carried out to maintain spatial and environmental order. The second paragraph of the already cited article 102 of the Greek Basic Law refers to the eligibility of local authorities for secret ballot in elections that are universal in nature. The elections are conducted at two levels – that of communes and regions. Moreover, since 2014 the date of elections must fall on the same day on which elections to the European Parliament are held, which suggests by inference that the term of all the institutions of the local governments is to last five years (*Πρόγραμμα Καλλικράτης*).

When referring to the Greek model of local self-government, one should also point out the solution, unique on a European scale, which is the autonomous political system of Mount Athos (*Άγιον Όρος*), with article 105 of the Constitution of Greece laying down its legal basis having the following wording: “The Athos peninsula extending beyond Megali Vigla and constituting the region of Aghion Oros shall, in accordance with its ancient privileged status, be a self-governed part of the Greek State, whose sovereignty thereon shall remain intact. Spiritually, Aghion Oros shall come under the direct jurisdiction of the Ecumenical Patriarchate. All persons leading a monastic life thereon acquire Greek citizenship without further formalities, upon admission as novices or monks. Aghion Oros shall be governed, according to its regime, by its twenty Holy Monasteries among which the entire Athos peninsula is divided; the territory of the peninsula shall be exempt from expropriation. The administration of Aghion Oros shall be exercised by representatives of the Holy Monasteries constituting the Holy Community. No change whatsoever shall be permitted in the administrative system or in the number of Monasteries of Aghion Oros,

or in their hierarchical order or in their position to their subordinate dependencies. Heterodox or schismatic persons shall be prohibited from dwelling thereon. The determination in detail of the regimes of the Aghion Oros entities and the manner of operation thereof is effected by the Charter of Aghion Oros which, with the cooperation of the State representative, shall be drawn up and voted by the twenty Holy Monasteries and ratified by the Ecumenical Patriarchate and the Parliament of the Hellenes. Faithful observance of the regimes of the Aghion Oros entities shall in the spiritual field be under the supreme supervision of the Ecumenical Patriarchate, and, in the administrative, under the supervision of the State, which shall also be exclusively responsible for safeguarding public order and security (The Constitution of Greece, 2011, Article 105, 1-4).”

What further contributes to its uniqueness is the fact that the administrative superior of Mount Athos is a governor who is accountable to the Minister for Foreign Affairs and not the Minister for Internal Affairs or for Public Administration and E-Administration. The governor’s competences include, inter alia, watching the observance of the provisions of the Charter, participating in the sessions of the Holy Community as an advisor, as well as organizing and managing public services locally.

### **3. Public administration and Greece’s economic failure**

For nearly a decade now Greece has been facing economic crisis which the author sees as originating, among other things, in the Greek public administration model. The author believes that one could raise the question to what extent the administration influenced the turbulences or regression of the Greek economy, if it indeed had any impact. However, before making an attempt at answering this question, first the weakest points of the Greek administration model should be outlined.

#### **3.1.The problematic issue of centralization**

The author’s opinion is that the greatest shortcoming of this model is the centralization of Greek administration, which was accepted as an important solution already at the very beginning of the Third Greek Republic. At that time the arguments supporting centralization were concerns about potential coup d’état or a civil war, which had already taken place in modern Greece. The main focus became the effectiveness of political integration and building a stable democratic

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system. Still, as time marched on, the centralist solution began to affect adversely the functioning of self-governance at the local tier, as all public decisions in terms of creating and planning regional policy were made at the highest levels of the government. Likewise, financial resources were only available at the government level and consequently the local government, already limited in its functions, had no opportunities to use those resources effectively. The right to accept or reject plans of spatial local or regional development was concentrated in the hands of the officials of the central administration. A characteristic feature in the functioning of the Greek administration was also a strong influence of the system of favoritism and patronage on the administrative decision-making. Making basic decisions at the central level automatically inhibited bottom-up initiatives (e.g. citizens initiatives) as well as self-governance of local authorities (Grosse 2004: 40). That is why the European Commission has on several occasions held that this situation represented the basic impediment in the process of raising or using the European structural funds.

### **3.2.Lack of effective regional policy**

Yet another issue evidencing the shortcomings of the Greek administration model is very low effectiveness of the regional policy, which has been present in Greece since the very first years of the country's membership in the European Union, i.e. since 1981. As T. G. Grosse notes: "The Greek elites demonstrated a relatively naive approach to European funds. Their perception was that considerable amount of funds would be in itself sufficient to solve all the problems Greece was facing. Politicians and the higher-ranking government officials therefore sought to raise as much money as possible from the European institutions, yet, as it soon transpired, they were neither prepared nor were they convinced as to the need of using this support effectively. The government had no plan for a well-thought out and forward-looking regional policy (Grosse 2004: 39)".

Further to that, the author believes that making a poor use of the Union funds was a serious mistake. The targets to which those funds were allocated found no reflection in practice, that is, in the strategy for regional development. What this ultimately led to was a situation in which the regional development policy ceased to be linked in whatever way to the country's economic policy, with the result being that the individual financial resources were downright wasted and spent contrary to what they were intended for. Evincing no abilities to program the goals of regional development policy, the institutions of both governmental administration and that of local governments were incapable of using effectively the financial support coming from the European

Union. The author's view is that other factors attributable to this situation were also ill constructed administrative system at each administrative level, the problem of bureaucracy and organizational chaos, as well as no coordination between the individual administrative institutions. What should also be stressed is the fact that despite the numerous changes implemented through different reforms, the institutions of local governments continue to have limited powers, not unlike the limited participation of regions in the process of economic development planning.

### **3.3. Corruption and other pathological phenomena**

Considering the determinants of the country's economic problems one should indicate such factors as corruption, nepotism, patronage or tax evasion. All these factors also arise from the administration context. While examining the phenomenon of corruption itself, one can draw immediately the conclusion stating that Greece compares very negatively to other EU countries which is evidenced by the annual analysis of Transparency International. Looking at the findings of the analyses over the period of 2014-2016 one can see that Greece fared the worst with respect to corruption among all the EU states, being usually ranked 69 out of 176 countries globally. One should also note that according to the authors' premise, the higher the position in the ranking, the rarer the corruption cases in the country concerned. The situation in Greece improved significantly in 2017 when the country was ranked 59 in a ranking of 180 countries globally (Transparency International). Another evidence confirming the prevalence of corruption is "the trial of a century" concerning the corruption charges brought against the former Minister for National Defense, Akis Tsochatzopoulos, who, according to the evidence presented by the Greek Prosecutor's Office, on multiple occasions accepted financial benefits estimated at over EUR 26 million, which was also reported by Dionizos Stouris in *Polityka* weekly: "The investigation that lasted nearly a year revealed a multitude of expenditures which Akis and his unemployed wife could never have afforded. The most shocking information found in the 206-page report is one on the costs of furnishing their new villa; this information has been leaked to the media revealing— among other things, 20 thousand euro for curtains and curtain rails, 30 thousand euro for two sofas, 25 thousand euro for a coffee table (Sturis 2013)".

According to the data of the specialized financial police and the special unit of the Finance Ministry established to combat fraud (*SDOE, Sóma Díoxis Oikonomikou Enklímatos*), it is estimated that there are over 2,000 suspects involved in the case of accepting the mentioned

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financial benefits (Sturis 2013). On top of that, it is not only the justice department that accuses the suspects, but also the public itself, as demonstrated by what one of Greek citizens had to say: “While in power, all politicians of these parties [Panhellenic Socialist Movement and New Democracy K.S.] have stolen millions or perhaps even billions of euro. Everyone knows that, indeed every Greek knows that. Don’t ask how we know that. This is so obvious that we all see that. Just by watching. At first the government accounts were falsified in such a way so that it couldn’t be seen. The whole situation changed when the Greek financial problems came to light. Let me just add, in Greece everyone in politics can get rich and make money from it. Before those “thieves” term in office, hardly any of them stood out on account of wealth. Moreover, always at the end of their term, it turned out that they had lots of shares in the country’s finances and have houses, yachts and expensive cars” (Stolarek 2011-2016).

Another important pathological phenomenon is tax evasion by the Greek society. The Greek has avoided paying taxes for many years searching for legal loopholes that would allow them to continue this behavior. At this point, one should refer to the words of an expert for the European Union – Heinz-Jürgen Axt – who in an interview for the German Deutsche Welle highlighted the numerous problems relating to the lack of effectiveness on the part of the Greek administration, which had in fact been present even before the crisis, and manifested themselves, for example, in that the more affluent part of the Greek society tended to falsify their tax returns: “We know cases of doctors whose practices are located in Athens’ best district and who claim that their annual income is at 4,000 euro, while the rent for the doctor’s office itself exceeds this amount” (Wagner 2015). On the other hand, the less affluent part of the society, especially during the economic crisis, evinced anti-establishment attitudes, which was exemplified, among other things, by not paying taxes. This is demonstrated by the Greek who during an interview given to the author said: “More and more Greeks are supporting the campaign “I DON’T PAY,” which encourages people not to punch bus and subway tickets, not to pay the installments for appliances purchased, but first and foremost, not to pay taxes. Why so? Because they have no money; all our money has been stolen by the government. Here is evidence: the German company Siemens paid lots of bribes to politicians (millions of euro per person) to have exclusive rights to organize the Summer Olympics of 2004 and make huge profit from public works. The scandal subsided as quickly as the affair involving the purchase of submarines from Germany for which we paid but they have not been completed while we still haven’t received our money back (Stolarek 2011-2016)”.

The last issue in the set of pathological social phenomena are connections between politicians and businessmen or the top officials in the Greek public administration, both in the government and local governments. This problem is important in view of the fact that it is not only present among the most influential people, for it is rooted in the mentality of the entire Greek society (Sturis 2013: 215-216).

### **3.4. Overstaffing of the Greek public administration**

The last of the factors determining the Greek crisis and involving the Greek administration is an excessive number of employees of the public sector, and in particular overstaffing on the part of the Greek government administration, the issue which was also broached as follows by the Greeks whom the author interviewed: “Since the early 1980s most Greeks would like to find themselves working in the public sector. Why? Because then they wouldn’t have to spend long hours at work and would make at least 1,500 euro on a monthly basis. It is now that we can see the consequences. Greece has more officials than the United Kingdom, Germany or France for that matter; in order to be able to pay such a huge number of salaries, the government had to keep on borrowing ever more from the EU! Of course, Greece spent plenty of billions of euro on the Summer Olympics of 2004. On top of that, many Greeks acquired the American habit of taking huge loans. Between 2005 and 2008, those loans amounted to over 300 thousand euro per person. Why did they borrow so much? Well, they bought expensive cars or luxurious apartments in Kifissia [one of the most expensive districts in Athens – K.S.]. Yet they were unable to pay back their loans and that’s why the banks started collapsing (Stolarek 2011-2016)”.

## **4. Conclusions**

In the light of the history of the local self-government in Greece and the weak points of the functioning of the country’s administration, the conclusion to be made is that the Greek public administration (government and local self-government) requires to be reorganized as soon as possible. For example, in the author’s view, an institution should be established which will have supervision over the exercise of functions by the public administration, and will control its activities in particular at the central level, as well as will facilitate the rules on rewarding public sector employees, and will reduce the number of administrative agencies at the local level, since,



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as illustrated by Greece, excessiveness need not result in effectiveness as it can lead to a complete failure of a system. These measures are currently being taken by the government dominated by the Coalition of the Radical Left (*SYRIZA*, *Synaspismós Rizospastikís Aristerás*) and, according to Greek parliamentarians, they are supposed to foster greater transparency of the Greek administration, and thus reduce corruption (*Greece: SYRIZA's 40-point...* 2012; Żuławiński 2015).

Other solutions which are necessary to be implemented include the following: de-politicize administration, that is, separating government positions from administrative positions, combating the existing bureaucracy and implementing effective IT modernization, as well as combating nepotism by bringing transparency into recruitment process for administration posts and relying on the candidate's competences rather than his/her family connections (Ganczar 2010: 81). The author's opinion is that presently it is difficult to talk about the success of the reforms implemented across the territory of the Third Greek Republic, for they have measurable impact. While the Greek government has to some extent been successful in smoothing the economic situation, the public sentiment has been characterized by progressing radicalization and anti-establishment attitudes. A similar situation can be encountered in the sphere of local self-government, where some decisions are still dependent on the central tier despite all the developments. Having said that, one should neither write off nor negate the Greek administration model, but rather observe further changes and verify their soundness in the context of increased effectiveness and efficiency of the Greek administration.

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