Local Government and Citizen in the Period of Crisis in Greece

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Abstract

Greece has been under fiscal surveillance since 2010, due to the economic recession and the fiscal adjustment program agreed between Greece, the European Commission, the European Central Bank and the International Monetary Fund. The economic recession and the measures taken as a result of this adjustment had a serious impact on Greek society, a large part of which is at risk of poverty or below the poverty line. Local government has suffered the consequences of the economic crisis, yet it has taken initiatives to coordinate actions of volunteer groups, that were activated during this period, to address social problems.

Keywords: economic crisis, local government, social markets, social pharmacies, social schools

1. Introduction

Greek local government constitutes an administrative, political, as well as a social, participatory and developmental institution. Its administration, elected by the citizens, operates in accordance with an action plan. In many cases, the citizens participate (under the terms and conditions of the governing body, i.e., the municipal or the regional council), in the debate on how this plan should be implemented, without the right to vote. The citizens are also involved in decision making as members, or even governors, of distinct legal entities, which the local authority has the right to establish, in order to promote issues of cultural, social, educational, intellectual and economic development. The local government carries out public policies at a local level, consistent with the policies of the central government. The organization and functions of the local government follow distinct rules from those of the central administration however, according to the rules of the common legislator (L.3463/2006), the way in which these policies are implemented must be consistent with the European and the national policies. The guidelines, therefore, of national policies, as a consequence of the European ones, affect the organization and the function of the local government.

In 2010, Greece signed a Memorandum of Understanding with the European Commission, the European Central Bank with the support of the International Monetary Fund, in order to finance a support mechanism, in accordance to the terms and conditions of this Memorandum (L.3845/2010). The signing of this Memorandum was a consequence of the fiscal situation which reached Greece after the global financial crisis outbreak, in 2008. The main problem that faced Greece was focused on budget deficits; therefore the Memorandum of Understanding includes terms that aim to reduce public expenditures. The disbursement of the funding depended on taking measures by the Greek Government. The obligation to reduce public expenditures followed a series of reforms that were part of the loan agreement and which, according to the creditors, would strengthen the national economy.

The terms of the loan agreement and the actual situation in economy, as it was formed after the implementation of these measures, had serious impact on Greek society, such as the reduction of income for both public and private sector employees, the reducing demand for products that resulted in the closure of many enterprises, particularly of small and medium-sized ones, the abolition of collective labour agreements in the private sector and, consequently, the reduction of salaries in the private sector, the high unemployment rates at all ages and across all education levels (particularly across university graduates), the failure to repay housing and consumer loans, which created large numbers of homeless people. These consequences resulted in questioning the role of the institutions, both at national and European level, by the citizens. A nationalist tendency and a shift away from any kind of cooperation with the member states of the European Union was observed, while the economic
problems of the citizens created in many cases a sense of xenophobia, contrary to the sense of hospitality that traditionally describes Greek society. The economic crisis coincided with a large number of refugees who entered Greece after the Syrian conflict.

The services provided by local government to citizens during crisis in Greece are presented in this paper. So far, no corresponding work has been published to highlight the relationship between local government and citizens during this economic recession in Greece. For the drafting of the article, besides bibliography regarding local government in Greece, secondary sources were used and in particular data from the official website of the Hellenic Statistical Authority, data from published surveys and official webpages of the municipalities of Greece, as well as data from the Ministry of Interior, which supervises local government and was granted at our request.

For the inclusiveness of this article, in the first section, the relation between state and citizens is expressed, according to the Greek Constitution and the measures taken by the state with decisions of the common legislator to support citizens during the crisis. In the second section, the relationship of local government with the citizen during the same period is presented. Finally, observations follow, as they result from the theoretical approach of the local government’s institution and the services rendered by the municipalities to the citizens.

Further, the data of this paper shows that the situation created in Greece during this period of crisis has highlighted the social character of local government. Despite the limited financial resources and the reduction of personnel, local government developed initiatives to coordinate social groups at local level, in order to support the homeless and the unemployed and to provide social and health services to the citizens, while its contribution to supporting refugees and immigrants at a local level proved decisive and contributed to the transformation of the citizens’ feelings of xenophobia.

2. State and Citizen during the Crisis

The accession of States to supranational organizations entails the assignment of part of the sovereign rights, hence of civil rights. Parts of these rights were assigned by Greece, therefore, assigned by Greece, as well as by the other Member States, to the European Union. The rights assigned include citizens’ right where such issues are regulated by the primary or secondary law of the European Union and do not contravene the constitutional provisions established by national laws of the Member States. According to the Constitution of Greece, the citizens’ social rights shall be under the protection of the State and include, among others, the right to housing, employment, health and education.

According to the Constitution of Greece and in particular according to Article 21: 1) The family, being the cornerstone of the preservation and the advancement of the Nation, as well as marriage, motherhood and childhood, shall be under the protection of the State. 2) Families with many children, disabled war and peace-time veterans, war victims, widows and orphans, as well as persons suffering from incurable bodily or mental ailments are entitled to the special care of the State. 3) The State shall care for the health of citizens and shall adopt special measures for the protection of youth, old age, disability and for the relief of the needy. 4) The acquisition of a home by the homeless or those inadequately sheltered shall constitute an object of special State care. ** 5) Planning and implementing a demographic policy, as well as taking of all necessary measures, is an obligation of the State. ** 6) People with disabilities have the right to benefit from measures ensuring their self-sufficiency, professional integration and participation in the social, economic and political life of the Country.

According to Article 25: 1) The rights of the human being as an individual and as a member of the society and the principle of the welfare state rule of law are guaranteed by the State. All agents of the State shall be obliged to ensure the unhindered and effective exercise thereof. These rights also apply to the relations between individuals to which they are appropriate. Restrictions of any kind which, according to the Constitution, may be imposed upon these rights, should be provided either directly by the Constitution or by statute, should a reservation exist in the latter’s favour, and should respect the principle of proportionality. 2) The recognition and protection of the fundamental and inalienable rights of man by the State aims at the achievement of social progress in freedom and justice. 3) The abusive exercise of rights is not permitted. 4) The State has the right to claim of all citizens to fulfill the duty of social and national solidarity.

According to Article 22: 1) Work constitutes a right and shall enjoy the protection of the State, which shall care for the creation of conditions of employment for all citizens and shall pursue the moral and material advancement of the rural and urban working population. All workers, irrespective of sex or other distinctions, shall be entitled to equal pay for work of equal value. 2) General working conditions shall be determined by law, supplemented by collective labour agreements concluded through free negotiations and, in case of the failure of such, by rules determined by arbitration. 3) The matters relating to the conclusion of collective labour
agreements by civil servants and the servants of local government agencies or of other public law legal persons, shall be specified by law. While according to Article 16: 1) Art and science, research and teaching shall be free and their development and promotion shall be an obligation of the State. Academic freedom and freedom of teaching shall not exempt anyone from his duty of allegiance to the Constitution. 2) Education constitutes a basic mission for the State and shall aim at the moral, intellectual, professional and physical training of Greeks, the development of national and religious consciousness and at their formation as free and responsible citizens. 3) The number of years of compulsory education shall be no less than nine. 4) All Greeks are entitled to free education on all levels at State educational institutions. The State shall provide financial assistance to those who distinguish themselves, as well as to students in need of assistance or special protection, in accordance with their abilities.

Additionally, according to the constitutional provisions and in particular Article 106: 1) In order to consolidate social peace and protect the general interest, the State shall plan and coordinate economic activity in the Country, aiming at safeguarding the economic development of all sectors of the national economy.

It is also pointed out that 2) Private economic initiative shall not be permitted to develop at the expense of freedom and human dignity or to the detriment of the national economy.

However, the assignment of sovereign rights to the European Union’s supranational organization, the implementation of the constitutional provisions and the implementing provisions of the common legislator, must be in accordance with the regulations of the European Union bodies to which the common legislator must adjust. As a result, public policies related to social policy, labour issues and the exploitation of public property must be in line with the European Union regulations and directives, thus limiting the choices of the administration.

In Greece, following the signing of the Memorandum of Understanding and Greek government’s obligation to apply the terms and conditions imposed by the creditors for the disbursement of the loan, policies should be exercised in accordance with these conditions and with the agreement of the support mechanism.

The first Memorandum of Understanding signed in 2010 (Note 1), included provisions on the reduction of public expenditures. One of the measures adopted by the Greek administration, in implementation of the terms of the Memorandum, was the reduction of personnel in the public and wider public sector. For the implementation of this measure and in accordance with the requirements of the law, a large number of government services were merged. Part of the personnel of the merged Services were suspended, retaining the right to submit a request for re-employment in case of a future public notice within a certain period of time (otherwise they would be dismissed) while others were dismissed. This measure led several employees to early retirement. At the same time, salaries of the civil servants employees of the wider public sector were reduced by law, while solidarity allowances provided to help citizens with financial problems further reduced the actual salaries of the public sector employees.

The state of the economy and the measures adopted by the State affected also the private sector. Collective bargaining was abolished and businesses had the right to conclude individual or even business labour agreements with employees. During this period, many enterprises, mostly small or family based, closed. The causes for these closures are unknown. It is probable, however, that unemployment, which increased during this period, has contributed to the reduced growth of demand and thus the reduction of business income, making the fulfilment of their financial obligations impossible. It is also possible that they faced liquidity problems, as credit institutions were unable to give loans, due to the crisis. This led to a further increase of unemployment in all sectors of the economy, as it results from the following figures.

Figure 1 shows data in all sectors of the economy in relation to business activity from 2008 to 2016 (Note 2).
The following Figure 2 shows employment data in all sectors of the economy from 2008 to 2016.

The unemployment rate, according to the Hellenic Statistical Authority data, from 2008 to July 2017, was as shown in the following Figure 3 (Note 3).
As a result of the unemployment and in order to reinforce employment, the State has adopted emergency measures to “support the actual economy, strengthen small and very small enterprises, protect consumers and smooth the functioning of markets during the implementation of the (lending) program”. A “labour market re-entry check” was introduced, and training programs were provided, by subsidizing employers, for those entitled to a “re-entry check” (L.3845/2010, article 1, 4). By law 4472/2017, the Greek state introduced social support measures. In particular, a housing allowance for up to 600,000 households that reside in a rented
dwelling or are burdened with a first home mortgage loan was extended, creches and nurseries were expanded or existing facilities were upgraded, with a total capacity of up to 45,000 children. The competent Ministry has also coordinated, expanded and supervised national nutrition programs in compulsory public education schools, under the title “School Meals”, while the resources for the child support allowance provided by Law 4093/2012 increased to EUR 260,000. With the aim of strengthening the labor market, programs for targeted groups of unemployed people were established, infrastructure projects in the field of agricultural production and small and medium-sized enterprises and industry were promoted, while the participation in pharmaceutical expenses for people with taxable income up to 1200 euros was reduced.

Unemployment and employment constitutes responsibility of the state, which adopts the necessary measures to protect the social right to employment, according to the Greek Constitution. The state’s responsibility also lies in the development of the national economy, which must promote the interests of the citizens.

However, local government, as the closest to the citizen Public Authority, was affected by these negative results on the population, as its role is to promote, among others, the economic and social rights of citizens. In this area of competences, local government intervenes in local economy, which is not independent of the national economy. The product of the local economy is included in the national one, but the relations between the means of production, the trade relations concluded for the sake of mediation and trade, the communication between the employees, at both national and supranational level, have a direct local impact. Consequently, the economic recession affects not only the economic situation of the citizens, but also the relations between the state and the citizen, and thus the relations between local government and citizen.

During the crisis in Greece, local government takes on its social role in supporting the citizens.

3. The Contribution of Local Government during the Period of Crisis

Local government in Greece, as an institution, has suffered the consequences of the economic crisis. The first law after the signing of the Memorandum of Understanding provided for an administrative reform in local government. The new legislation has greatly limited the structures of local government at first degree and created a local government at second degree in broad geographical areas. Reform might have been necessary (Note 4), however, in order to be effective, it should have been supported by the state, since the financial capacities of the local government depend to a large extent on the state subsidies (L.1065/1980). Given that the state could not provide financial support, the local government was unable to effectively implement its action plan, not only because of the limited state subsidies, but also because of the lack of personnel, since the terms of the loan agreement not only restricted but almost banned the employment of new personnel and at the same time forced a large number of employees to retire.

According to the constitution, Greek local government pursues public policies at a local level, either by taking power directly from the constitution or by exercising responsibilities delegated by the central administration. Central administration exercises control over the decisions of the collective and single-member local government bodies. According to the article 102 of the Constitution, this is a legality control and does not intervene in the way local authorities administrate its affairs.

Although Greek local government is not prevented from exercising its policies (except from the legality control), it is directly dependent on the central administration for funding. Sources of local government funding are, in particular, the compensatory municipal fees, in relation to the services provided to citizens, the income deriving from the exploitation of the movable and immovable property and the central resources allocated to local government according to the actions of each local government, its population and the municipal projects included in its technical programs. Exceptional source of funding is, among others (e.g., loans or donations), the financing of projects which have been included into programs funded by the European Union. During the crisis, central government funding was not only reduced, but its implementation, according to the terms of the Memorandum, was dependent on balanced budgets and controls by a special service (Observatory) to ascertain the implementation of the Action Plan, in relation to the expenditures incurred (Note 5). However, the Memorandum of understanding affected not only the economic dependence of the local government on the central administration and the terms of financing, given that the country’s fiscal position did not allow resources to be distributed without control from the creditors, but also the ability of the local government to provide services to citizens in need, because of the economic situation.

Public policies are exercised by the local government with distinct personnel, employed on the basis of criteria provided by the law (Note 6). Depending on the needs, the local government personnel is employed with a contract for a fixed or an indefinite period.
The reduction of state structures and, consequently, of personnel, as part of the measures taken by the Greek state to reduce expenditures, affected the function of the local government. The first legal entities of the public sector that were merged were the local government authorities. At that time, the local government at first degree numbered 1033 legal entities, while the ones at second degree numbered 51. After the reform, the first merged into 325 municipalities, while those the second into 13 regions. This merging was part of the government’s plan, however, the procedure was speeded up, and as the Greek government, according to the explanatory report, considered that it would bring about a further reduction in public expenditures (Note 7).

The reform, however, seems to have led to a reduction of personnel, taking into account the number of those who were retired, suspended or dismissed in relation to the number of the newly employed (Note 8). According to the staff records of the Ministry of Interior and Administrative Reconstruction -the staff registration became compulsory, according to the implementing law of the Memorandum of Understanding -(Note 9)- for the years 2013-2014 και 2015 (Note 10) the number of employees were.

Table 1. Employees in local government 2013-2015

<table>
<thead>
<tr>
<th>Categories</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instructors</td>
<td>1</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>In term</td>
<td>138</td>
<td>103</td>
<td>100</td>
</tr>
<tr>
<td>Employees with a private law contract of an indefinite duration</td>
<td>24.896</td>
<td>22.626</td>
<td>24.127</td>
</tr>
<tr>
<td>Officials</td>
<td>67.807</td>
<td>58.574</td>
<td>58.138</td>
</tr>
<tr>
<td>Scientific partners</td>
<td>425</td>
<td>379</td>
<td>574</td>
</tr>
<tr>
<td>Work contracts</td>
<td>4.555</td>
<td>5.136</td>
<td>7.816</td>
</tr>
<tr>
<td>School traffic controllers</td>
<td>402</td>
<td>858</td>
<td>1234</td>
</tr>
<tr>
<td>hourly rate/wage earners</td>
<td>322</td>
<td>424</td>
<td>540</td>
</tr>
</tbody>
</table>

Despite the limited personnel and financial state support, local government has taken the initiative to coordinate local groups of volunteers and to use European programs to support citizens. The actions taken to deal with the crisis aimed, in particular, at improving the daily life of citizens and in meeting welfare and financial assistance needs. Institutions that were used by local government either were provided by law or functioned “de facto”, in order to provide adequate coverage of citizens’ needs.

Funded European program for family cohesion was the main resource of the local government for the operation of creches, nurseries and facilities for children with special needs. The program was already in action before 2010, but the needs grew during the crisis, since many families could no longer afford private structures for their children.

According to the data of the Ministry of Interior and Administrative (Note 11) the number of institutions of the above category in Greek territory (Note 12) is:

Table 2. Social institutions per region

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of Municipalities</th>
<th>Number of Structures</th>
<th>Number of Children</th>
<th>Number of Infants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attica</td>
<td>73</td>
<td>365</td>
<td>24.811</td>
<td>4.997</td>
</tr>
<tr>
<td>Northern Aegean</td>
<td>9</td>
<td>60</td>
<td>1857</td>
<td>403</td>
</tr>
<tr>
<td>Southern Aegean</td>
<td>19</td>
<td>19</td>
<td>765</td>
<td>75</td>
</tr>
<tr>
<td>Western Macedonia</td>
<td>12</td>
<td>77</td>
<td>3754</td>
<td>189</td>
</tr>
<tr>
<td>Epirus</td>
<td>16</td>
<td>41</td>
<td>2914</td>
<td>424</td>
</tr>
</tbody>
</table>
Voluntary action as local authority’s responsibility is provided by law (L.3463/2006, article 75). The local government coordinates and encourages groups of volunteers to promote citizens’ interests. The municipalities, as local government of first degree and public authorities closer to the citizen, promoted the coordination of groups of volunteers to deal with the crisis. 

The first voluntary action developed with the citizens’ initiative was the support of families affected by unemployment. Due to the confidential character of personal data and for reasons of privacy, there are no accurate data for the families that during the crisis faced welfare problems, except for those who were at or below the poverty line (Note 13). The safest sample is the actual situation, visible to every citizen, especially during the first period of the crisis (2010-2012), when the reduction of personnel in private enterprises, the economic difficulties of the entrepreneurs, especially in the family business, created the first wave of unemployment, which resulted in the emergence of a large number of homeless people as they were unable to cover housing costs.

In order to cope with this situation, the local government took the initiative to coordinate movements initiated by the citizens themselves and aimed at supporting people who were affected by the economic crisis. One of the first activities was the establishment of “social markets”.

Social markets are structures organized by a local government where citizens who do not face major financial problems can offer food supplies for the homeless or for people who are in need.

The great impact of the social market has led the state to legislate this activity (L.4071/2012), so that the local government could formally exercise the responsibility of organizing such structures. Today, social markets can be found in the majority of municipalities in Greece, both in the urban areas, where the problem of homeless people is more intense, as well as in the periphery (Note 14).

Health and welfare services were also of major interest for the local governments. Groups of volunteers, professional doctors and pharmacists, offered their services free of charge and provided economically weak citizens with medical or other supplies. The social clinics and social pharmacies have become an institution active in most municipalities in the Greek territory (Note 15).

Secondary school teachers provided free courses to students, both to enhance their school performance and to prepare them for the entrance exams.

The peripheral municipalities, mainly the rural ones, offered municipal land for cultivation to citizens unable to cover family needs, conducting competitions based on social criteria. The citizens could cultivate the land for a certain period of time, so as to benefit as many as possible.

In addition to the coordination of support groups of volunteers, local government and in particular each municipality, undertook actions to deal with the crisis depending on its financial capabilities and staff (Note 16).

4. Remarks

Local government in Greece exercises responsibilities for promoting the social, cultural and economic rights of the citizens. As a public institution, aware of the actual needs of the citizens, local government is surrounded with confidence by the citizens. Citizens are addressed to it to resolve problems that are within the limits of its competences.

Citizens are also involved in the decision-making procedure, not only as elected members, but also as members of committees established by the collective governing bodies or as members of the administration of distinct legal entities, established by the local government, dealing with local issues of social, cultural and economic development.
Local government policies are similar to those of the central government, but they are exercised in a distinct manner, because of the participatory character of the local government bodies.

The exercise of public policies by the local government is not dependent on the central administration. Although the state exercises supervisory controls over the decisions of the collective and one-member bodies of the local government, as provided by the Constitution, the administrative bodies are not prevented from taking initiatives in the interest of the citizens. It is, however, dependent on the central administration, in terms of financial and budgetary function, since state funding is the main financial resource for the local government and the its actions are subject to financial control by the competent bodies of the central administration.

The economic dependence of the local government on the central government funding affected its operation capacities after the establishment of the support mechanism that followed the signing of the Memorandum of Understanding in 2010 between Greece and the European Central Bank, the European Commission and the International Monetary Fund. The implementing laws that followed the signing of the Memorandum had a serious impact on society. One of the major consequences was the rise of unemployment, which reached the highest rates among the European Union member states, mainly due to the closure of many enterprises and the dismissal of employees, the reduction of personnel in the public and wider public sector due to merging of the public services, the failure of citizens to fulfill their obligations to credit institutions. At the same time, it was impossible for people who were unemployed and those who were first to enter the labour market (mainly young, higher education graduates) to find a job in the public or private sector.

The conditions created by this situation constituted a primarily national problem that the state should deal with. However, as the results were more apparent at a local level, the local government assumed responsibility for dealing with the situation, as it is by law responsible to promote the social and economic rights of citizens.

Despite the economic problems, local authorities have taken initiatives to coordinate local groups and individual citizens, thus highlighting the social character of local government.

At local level, support groups of volunteers were developed and welfare, education, pharmaceutical and medical support services were provided to the citizens most affected by the economic crisis. The local government also used funded European Union programs to provide social services to the majority of the population and developed specific employment programs for unemployed people.

References


Notes

Note 1. So far, Greece has signed three Memoranda of Understanding.

Note 2. The sectors of the economy appear under the codes of the Hellenic Statistical Authority and in particular: 12 and 13: Mining and Quarrying, Processing, Energy, Water Supply, Waste Water Treatment, Waste Management, Sanitation, Agriculture, Forestry and Fishery 14: Construction. 15: Wholesale and retail trade, repair of motor vehicles and motorcycles, transport and storage, accommodation and catering services. 16: Information and communication. 17: Financial and insurance activities. 18: Real estate management. 19: Professional, scientific and technical activities, administrative and support activities. 20: Public administration and defense, compulsory social security, education, human health and social work activities. 21: Arts, entertainment and recreation, household repairs and other services. The figures in brackets refer to employees in companies with an employment relationship.


Note 4. Until the time of its implementation, no study was published to assess the current situation and the need for a reform in the local government.

Note 5. L.4111/2013.

Note 7. To date, no official study has been published to prove that the reform has led to a reduction of public expenditures.

Note 8. 1 to 10 (L.3986/2011) and 1 to 5 (L.3833/2010).


Note 10. Document No. 24475/9.8.2016 of the Directorate of Personnel of Local Authorities, which was granted at our request. It should be noted that the above document includes all categories of personnel, but for the purposes of this work it was considered appropriate to refer only to the specific ones.


Note 12. In Greece, the self-governing regions are: Attica, Northern Aegean, Southern Aegean, Epirus, Thessaly, Western Greece, Ionian Islands, Peloponnese, Crete, Mainland Greece and Evia, Western Macedonia, Central Macedonia, Eastern Macedonia and Thrace. The number of municipalities is 325.


Note 16. For example, according to the official websites of the municipalities, the following services are provided: The City of Athens, in cooperation with the Cosmote Telecommunications Company, has designed and implemented, as part of a Corporate Social Responsibility program, the “Solidarity to the Family”, a program providing citizens with food, personal hygiene and household cleaning articles, along with psychosocial and medical counseling. Furthermore, in cooperation with DEPA, financial support is provided to families through the “Energy Source” program. The “Athenian Market” program, since 2008, helps families unable to cover basic living requirements, with clothing and footwear (2,000 families). A Special Service also records the citizens in need, in order to support them, while also provides financial aid to them by issuing vouchers, depending on the needs of the citizens. The Municipality of Thessaloniki also provides housing facilities for the homeless as well as feeding stations. In the Municipality of Vyronas, citizens with financial problems are provided with a card in cooperation with the municipal agencies and the local stores.

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