



Austerity urbanism: Rescaling and collaborative governance policies in Athens

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Abstract

This paper explores the urban politics of austerity in Greece, paying particular attention to ‘local collaboration’. It revisits the key austerity periods noted in the country since accession to the European Union (1981), and marks their impact in redefining central–local relations, amidst a broader rescaling endeavour. A direct link is identified between austerity-oriented pre-occupations and the introduction of territorial regulatory experimentations that rest heavily on local-level collaboration and competitiveness. The overall record of partnerships, however, has been appraised, up until recently, as underdeveloped. From this spectrum, we look at the latest re-organization of state spatial contour (2010). The influence of this rescaling attempt on local relational attributes is explored in Athens, in light of the emergent re-shuffling in the scalar balance of power rendering austerity pre-occupations a firm trait of the emerging regulatory arrangement. Examination focuses on key social policy programmes launched recently by the City in an attempt to ameliorate extreme poverty and social despair. In Athens, it is argued, a financially and regulatorily deprived local authority is opening up to the influence of corporate and third sector organizations. It adopts a partnership approach that is best understood as a form of ‘elite pluralism’, undermining local political agency and falling short in addressing social deprivation.

Keywords

Austerity, collaboration, governance, rescaling, social policy

Introduction

‘Spatial scales’ echo the tendential yet discernible outcome of state attempts to align their regulatory capacity to actual socio-economic dynamics. In this viewpoint, supranational, national and local authorities are apprehended as spatial and tiered expressions of socio-economic practice and power. The ostensibly static image of this definition, however, is only one side of the coin (Pike and Tomaney, 2009). Shifting political priorities and emerging misalignments between existing state spatial constructs and evolving socio-economic functions pave the way for the reconfiguration of the geographies of statehood (Brenner,

2009). ‘Rescaling’ refers to the re-articulation of the spatial scope of state power, delineating a broad range of purposeful state initiatives, aiming at re-orientating scalar actions towards new goals (Smith, 2003). In this light, the notion of rescaling acquires a distinctly relational dimension as it is defined by the ways in which public and private actors engage in, interact

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and transform scalar politics (Keating and Wilson, 2014).

Scholarly interest in rescaling draws from the geoeconomic and geopolitical transformations of the post-1970s period. The expansion in the role of transnational corporations and finance and the rapid development of transportation and communication technologies challenged the nationally defined and territorially delineated socio-political compromises of the post-war era. What has been witnessed since is the reconstitution of established formations of state space, privileging both supranational and subnational governance forms (Brenner, 2004). The transfer of state powers to supranational institutions, such as the European Union (EU), and the devolution of duties to urban and regional authorities are approached in the literature as a concerted effort aiming to address the de-territorializing manifestations of globalization and the territorial reconfiguration this very process entails (Gualini, 2006).

In this paper we explore the changing spatial parameters of statehood, focusing on the local (municipal) level in Greece. We portray the national authorities' attempts to shift the regulatory traits of this tier since the early 1980s, amidst a broader rescaling effort marked by the country's accession to the EU. The venture of changing the regulatory direction of the local level in Greece aimed at rendering the tier more responsible for the fate of localities. It was attempted, in turn, and via the launch of a range of territorial, social and developmental initiatives, permeated with a collaborative governance perspective.

In revisiting key moments of this process, distinct common traits are noted. All rescaling waves were launched in austerity periods, amidst a climate of uncertainty and fiscal retrenchment. Also, reform directions bear the influence of the EU urban policy frame, gearing cities towards competitiveness and collaborative governance approaches (van den Berg et al., 2014). Overall, during the last decades, the more pragmatic dimensions of this rescaling endeavour, such as the territorial amalgamation of municipalities and the devolution of duties to local authorities, proceeded in a relatively unencumbered manner. The record of collaborative local governance, however, has been appraised as unsatisfactory:

the result of 'tokenistic' participatory or partnership examples (L.A.I., 2008).

In view of the unreceptiveness of local socio-political dynamics to collaboration, we shift our attention to the latest re-organization of state spatial structures, launched in 2010 in the wake of a new round of austerity policies (Ministry of Interior, 2010). We comment on the enhanced collaborative governance structures introduced at the municipal level. The influence of this reform on urban governance is explored in Athens, and the respective developments are viewed from the local authority perspective. Research focuses on the social policy realm in a city that has been particularly affected by austerity and the ensuing economic depression. Empirical findings suggest that austerity-related pre-occupations are unsettling local relational dynamics, triggering a notable collaborative governance turn.

Drawing from Athens, we argue that the prolonged efforts towards the transformation of state space in Greece have functioned as lever for austerity policies (Armondi, 2017). The intensity with which rescaling was pursued during the last decades reveals a markedly increasing trend, reducing accordingly the degree of discretion granted to local authorities to interpret, challenge or contextualize their new regulatory role. This course of actions, in turn, reflects the pivotal regulatory role that has been gradually assigned to key EU institutions of economic governance since the launch of the common currency. The re-shuffling of policy spheres and arenas that followed the 2008 global financial crisis shifted decisively the already fragile balance of scalar power towards the supranational level, rendering austerity-related rescaling pre-occupations a firm trait of the new regulatory arrangement (Souliotis and Alexandri, 2017). The implications of this trajectory are already felt locally. In Athens, a financially and regulatorily deprived local authority is opening up to the influence of corporate and third sector organizations, adopting a partnership approach that is best understood as a form of 'elite pluralism' (Coen, 2007).

The paper is divided into four. The first part comments on the changing scalar dynamics in the EU, underscoring the surfacing of austerity urbanism and collaborative governance as key regulatory features.

Subsequently, we depict the governance profile of Greek municipalities, also reviewing key reform waves aiming at enhancing local collaborative arrangements. The third part of the paper examines the latest attempt at the re-organization of state space, pointing out the establishment of participatory governance platforms at all subnational tiers of administration. Lastly, we put the spotlight on Athens, discussing the urban politics of austerity and the collaborative shift noted in the area of social policy.

Rescaling, austerity and European Union urban policy

Rescaling aims at reconfiguring state hierarchies and at empowering new territorial and political actors in novel 'sites of regulation and arenas of social negotiation' (Nelles and Durand, 2012: 106). Ineluctable interaction between and within scalar entities influences and re-shapes the regulatory qualities of the constitutive parts (Herod, 2011). The process of European integration is a key reference of the rise of new forms of supranational authority in the wake of globalization. Faced with a mitigated regulatory capacity in a range of fields, member states responded through the launch of new institutions and scales of action, aiming at reconstituting their authority at more effective levels. Here as elsewhere, the construction of new regulatory scales appeared as a heavily contested course, influenced by diverse agendas and interests, as well as by competing interpretations of the issues at hand (Keating, 2013). One of the most prominent and controversial examples of institutional remaking unsettling interscalar dynamics in the EU is the migration of monetary regulation from the national to the European level.

European monetary integration in the Euro zone draws from the theory of optimum currency areas aiming to address the issues of a monetary union without a fiscal union (Koehler and König, 2015). In the absence of provisions embedding the single currency into common social and political institutions, the euro is regulated by a multilateral surveillance procedure on national budgetary performances, also featuring special disciplinary devices for member states that fail to adhere to strict fiscal rules¹ (De

Grauwe and Ji, 2014). In light of this, in periods of recession and reduced government revenues, countries are forced into immediate austerity programmes and pro-cyclical fiscal policies, triggering in a self-fulfilling way a vicious economic circle of lower production, cumulative contraction of the tax basis and a rise in the public debt/gross domestic product (GDP) ratio (Boyer, 2012). In the absence of federalized forms of economic governance, the euro as an economic problem is dealt with by mainly national economic solutions, intractably linked to austerity (Matthijs and McNamara, 2015). The instantaneous inauguration of rounds of fiscal retrenchment in states that face economic difficulties establishes a notably regressive form of scalar politics. The prescribed normalization of austerity is projected downwards from the national to the local level, exerting particular pressures on cities. Austerity urbanism is approached in the literature a form of 'scalar dumping', one in which cities are confronted with devolved and enhanced socio-economic responsibilities amidst budget paring and public service cut-backs (Peck, 2012). Typical urban workarounds noted in the Eurozone and elsewhere include, among others, fiscal stringency and reduction in force, service rationalization and outsourcing, bid-based project financing and a shift towards collaborative governance forms (Davies and Blanco, 2017). Urban responses to austerity reflect the defining role of national and local specificities. They are also shaped, however, by the prevailing policy narratives and practices that surface at the EU level.

Binding EU regulations associated with access to Structural Funds, as well as 'softer' forms of power that revolve around the desirability of particular policy goals and instruments, against others, have a direct bearing on domestic policy agendas, redefining policy problems and re-shaping the composition of policy networks (Giannakourou, 2012). In terms of local-level actions and targets, the EU has emphasized fiscal decentralization and the devolution of regulatory responsibilities to subnational authorities as a means to enhance the European economic potential. Scale-sensitive political strategies of this type approach localities as nodes in an increasingly globalized economy. In this framework, subnational places, it is claimed, ought to be equipped with the

competences necessary to situate themselves optimally within the global space of economic flows (Pelkonen, 2013). This version of ‘localized’ development diverts local resources towards entrepreneurial targets and rests on flexible and collaborative governance policies.² The policy terms that guide the respective actions are taken up by the EU uncritically. ‘Governance’ is seen as enabling a shift in the nature and role of governing institutions from hierarchies and control to networks and regulation. ‘Collaboration’, in turn, takes into account the processes in which formalized government structures reach out to ‘civil society’ actors and private sector interests, initiating place-specific policy interactions and alliances that influence policy-making (CEC, 2001). The dominant policy narrative, however, ignores the thorny issues of ‘uneven power relations’, ‘reduced transparency’ and ‘limited public accountability’ that emerge in collaborative settings engaging non-political actors in the decision making process (Davies, 2007). In view of the diffused governance traits of EU urban policy, the following part of the paper focuses on the Greek local level, commented upon a hierarchically controlled regulatory example (Pagonis and Chorianopoulos, 2015). It outlines key reform waves since EU accession (1981), underscoring the relevance of rescaling as an austerity lever, and the gradual intensification of rescaling in light of EU monetary integration.

Local governance collaborative legacies

In approaching the theme of collaboration in Greek local affairs, analysis is directed to the post-war years of authoritarian rule, an era defined by the civil war (1945–1949) and the military dictatorship (1967–1974). During this time, the national authorities exercised a high degree of control over local-level polity and policy, to the extent that they appointed mayors and public sector officials in municipal units (Hlepas, 1997). Accordingly, state spatial contour traits assured and prolonged the dominant position of the national tier in territorial governance. Regions, for instance, were not established, while prefectures served as an administrative arm of the state apparatus. Municipalities, in turn, the only political level of subnational administration, appeared fragmented into more than 6000 units,

unequipped with the necessary financial and administrative resources to influence local prospects (L.A.I., 2008).

The re-establishment of democracy (1975) addressed key local governance attributes. Notable changes introduced during that time include the restoration of the direct election of local authority councils and mayors by universal suffrage, and the assignment of new roles and responsibilities to municipalities (*Greek Government Newspaper*, 1975). Nevertheless, the process of founding local administration is related in the literature with state/bureaucratic forms of clientelism. In view of the institutional void that existed locally and the non-proportional voting system, the leading national political parties established a sound basis of control in local affairs, using municipal assets and policies for the creation of vertical networks of political patronage (Mouzelis, 1986). In this setting of arrested regulatory experiences and clientelistic policy preferences, collaborative governance priorities were profoundly absent. Collaboration appeared as a policy objective some years later, following accession to the EU (1981), and reflecting changes in the scalar balance of power. The absence of a regional tier, for instance, rendered EU structural policy impossible to implement. Also, in terms of regulation, the centralized governance mode mitigated the implementation of EU calls for endogenous and participatory policy-making. As a result, the following three decades are characterized by a constant experimentation on state spatial structures, also initiating wide-ranging changes in local-level duties. In retrospect, three key restructuring phases are noted, all initiated amidst a turbulent austerity climate.

Austerity and rescaling (1980–2000)

The first wave of local-level reforms took place in mid 1980s, coinciding with a two-year macroeconomic stabilization programme (1985–1987), aiming to address the country’s alarming state of public finances.³ Austerity, measures centred on a significant tightening of fiscal and monetary policies, accompanied by a firm income policy aimed at a

sustained reduction of labour costs per unit of output (Ioakimidis, 2001). Measures adopted to brace the country's development goals were also attuned to the newly introduced EU regional policy framework, triggering major changes in the way state space was organized. It was in this time that the 13 Greek Regions were established (1986), an administrative arm of the state apparatus headed by an appointed General Secretary (*Greek Government Newspaper*, 1986). Concurrently, concerns were voiced regarding the fragmentation of the local authority tier into 6022 relatively small units, equipped, as it was argued, with inadequate resources to launch development plans and to provide services in a cost-efficient manner. Municipal political space, therefore, turned into an experimentation ground. To start with, local authorities were asked to establish 'districts', a directly elected sub-municipal tier of administration that was to advise the Council on local affairs (*Greek Government Newspaper*, 1982). Subsequently, neighbouring local authorities were encouraged to amalgamate and form 'Development Associations': inter-municipal enterprises capable of grasping and enhancing the growth dynamics of wider economic areas (*Greek Government Newspaper*, 1984).

While the new tier of regional administration responded adequately to EU structural policy challenges, the socio-political aspects of the reform received a lukewarm reception from citizens and municipalities alike. The 'district committees' scheme was abandoned soon after its introduction due to structural failings and scant community response. Similarly, only a fraction of the country's municipalities joined forces and established, in the medium term, 572 Development Associations, while an even smaller number of local authorities (400 out of a total of 6022) moved on and merged (L.A.I., 2008). Notwithstanding, at this stage the country acquired a three-tier structure of sub-national governance, with the regional and prefectural units being administered by the national authorities. In the succeeding period, as EU structural policy concentrated on local-level collaboration and development (CEC, 1993), attention in Greece shifted to municipal amalgamations amidst a new round of macroeconomic concerns.

Second reform wave (1990s)

In the following decade, the economic downturn affecting most EU member states weakened further the country's economic performance and fiscal indicators.⁴ The provision of a second balance of payments support loan from the European Commission, including fiscal adjustment policies and a strict surveillance mechanism for the 1991–1993 period, sealed the economic policy profile of the era (Official Journal of the European Communities (OJEC), 1991). Austerity pre-occupations, however, were not to disappear. The Maastricht Treaty (1992) specified a series of convergence criteria that needed to be fulfilled before Greece could join the single European currency. In this light, the national government presented a new economic stabilization programme for the 1994–1999 period, involving expenditure controls and development initiatives.⁵ Expenditure restraining efforts concentrated on the realm of public service provision. The quest for cost-effectiveness in local authority services, therefore, was relaunched as a policy objective. Development efforts, in turn, drew from the contemporary EU narrative of 'endogenous' local initiatives, a growth-seeking model based on place-specific and extensively negotiated compromises (Garofoli, 1992). Two significant territorial regulatory changes were introduced in the 1990s, contributing to the above goals.

The first refers to the reconfiguration of the 54 Prefectures from an administrative level of governance into a political one, run by a directly elected Council and Prefect (1994). Prefectures were devised as a mid-level planning tier, forming a development-oriented collaborative platform that engaged municipal and regional authorities with local businesses and civil society actors (*Greek Government Newspaper*, 1994). The second change entailed the restructuring of municipal boundaries in a quest for local action spaces and economies of scale in service provision. Following a brief period of consultation with inconclusive results, the national authorities announced and imposed an extensive scheme of municipal amalgamations (1997), reducing the number of local authorities from a total of 5775 to 1034 (Ministry of Internal Affairs, 1997). The overall reform outcomes, however, fell once again short of

approaching key goals, particularly in the area of collaboration. Examples are rife.

Focusing on municipalities, local-level collaboration continued to be characterized as underdeveloped, even in the face of new legislation aiming specifically to facilitate respective initiatives (L.A.I., 2006). Reference is made here to the Integrated Urban Interventions Act (1999), fostering targeted spatial actions through diffused governance arrangements. No such partnership schemes emerged locally throughout the 2000s (City of Athens, 2013: 20). Similarly, in the area of social policy, the range of services provided by municipalities remained confined to preschool education and a number of support schemes for the elderly, despite the introduction of new regulations paving the way for a proactive municipal role in this field. Social welfare continued to be delivered through a network of services, the financial responsibility of which lay with the national and regional authorities (Petmesidou, 2006). In terms of development, the overwhelming majority of municipal authorities (822 out of 1034) were deemed ineligible to run EU-funded projects, being either unwilling or unable to re-organize and meet the formal administrative requirements set by the EU (Ministry of Interior, 2010: 4). The 1990s' reform, therefore, was also unsuccessful in triggering the anticipated responses from the local socio-political milieu. It appears that in the Greek case, national government attempts at inciting local authorities to take the initiative in development or social welfare efforts were an insufficient rescaling condition. In light of limited collaborative governance experiences and a quick return to sound economic growth indicators, local authorities adopted a passive stance, evading reform pressures. Actually, discussions on further local authority reforms subsided during the 2000s amidst an economy experiencing high average annual growth rates (Bank of Greece (BoG), 2014). Talks revived towards the end of the decade, when insolvency dominated once again the policy agenda, this time in the framework of a single currency.

Insolvency and state spatial restructuring

The latest global financial crisis (2008) and the succeeding recession registered strongly on the country's

economic performance indicators. The current account deficit reached 14.7 per cent of GDP in 2008 and, a year later, the general government deficit and public debt stretched respectively to 15.4 and 126.8 per cent of GDP (BoG, 2011; Matsaganis, 2011: 501). In this context, the re-organization of state spatial configuration was launched in 2009, concurrently with the activation by the EU of the Excessive Deficit Procedure (EDP), calling the national authorities to '... strengthen the fiscal adjustment in 2009 through permanent measures, mainly on the expenditure side' (CEC, 2010: 36). In fact, the blueprint that accounted for the introduction of the reform pointed explicitly to state spatial restructuring as the '... the appropriate answer' to the country's troubled public finances and development hindrances (Ministry of Interior, 2010: 5 and 6). The public consultation process lasted seven months, bringing into the spotlight: (a) the centralized characteristics of the national administrative contour; (b) the underdeveloped traits of local collaborative dynamics; and (c) the inability of local authorities to address social exclusion challenges. The following section delineates the territorial and regulatory dimensions of the so-called 'Kallikratis Plan' (2010), underscoring the emergence of new collaborative platforms in local authority policy-making.

Changing the state spatial contour

The latest re-organization of state space was wide-ranging. Starting from the first tier of administration, municipalities were entrusted with increased duties in education, welfare and spatial planning. Moreover, in an attempt to improve cost-effectiveness in service delivery and support the capacity of the tier to devise and implement development plans, the number of municipal units was reduced from 1034 to 325. In addition, novel and extensive participatory forms were introduced locally. Reference is made here to the introduction of e-governance and e-petition opportunities, as well as to the mandatory establishment of consultative platforms, such as the 'Deliberation Committee' and the 'Migrants Inclusion Council', engaging a variety of local actors in goal-specific initiatives (Ministry of Interior, 2010)

The aim of strengthening inter-municipal collaborative efforts, in turn, was followed by further transformations paving the way to enhanced

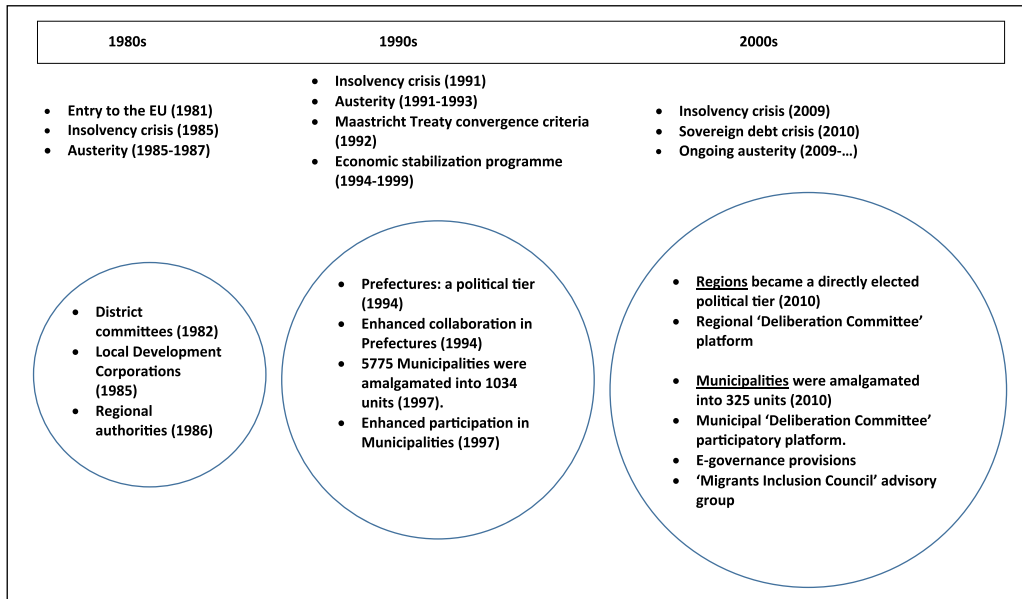


Figure 1. Austerity, state spatial restructuring and local participatory initiatives in Greece (1980s–2010s). EU: European Union.

interaction between municipalities and other tiers of administration. Prefectures, for example, were abolished, passing on their coordinating duties to the regions, which turned political with a directly elected Head and Council. At this level, the 'Regional Deliberation Committee' was set up, engaging the corresponding municipalities, business and 'civil society' actors in reciprocal actions. Such directions were crystallized in the so-called 'Stability and Growth Pacts', responding explicitly to EU invites for the creation of solid avenues of enhanced local political engagement and multilevel interaction (CoR, 2009). Collaboration was also channelled 'upwards', enabling the re-orientation of local policy perspectives towards the supranational scale. In a move aiming at re-shuffling the scalar articulation of power, municipalities and regions were equipped with the appropriate structures to get involved in European Groupings of Territorial Co-operation (EGTC), facilitating their independent presence at the EU level. As stated in the respective blueprint, the emergence of multi-layered networks of local relations that build on participation dynamics is expected to '... ensure the involvement of new municipalities and regions as real partners in [...] the

EU multi-level governance model' (Ministry of Interior, 2010: 11–12). The EU perspective on collaboration, therefore, is aptly noted in Greece. Once again, however, it was the solvency crisis that acted as a catalyst for reform. Figure 1 revisits the key state spatial restructuring attempts launched in the country during the last decades, underscoring their austerity stimulus and collaborative orientation.

Austerity packages and economic depression

Returning to the latest crisis, deteriorating fiscal results were exacerbated by a series of speculative waves, leading shortly to the downgrading of government bonds by credit rating agencies to below investment grade. As the state practically lost access to the international financial markets, and in order to avoid a solvency crisis, the government agreed a series of loans with the European Commission, the European Central Bank and the International Monetary Fund (IMF).⁶ The loans were conditional upon Greece implementing an adjustment programme in the form of a Memorandum of Economic and Financial Policies. The Memorandum consisted of three main

components, centring on the implementation of austerity measures and steep tax increases to restore fiscal balance. In addition, the privatization of state-owned enterprises and assets was decided, together with sweeping labour market reforms aiming respectively at retaining debt sustainability and at boosting economic competitiveness, following uncritically the comparative advantage approach (Eurogroup, 2015).

The socio-economic ramifications of this rigid economic policy were severe. Austerity pro-occupations chosen as the primary means in tackling troubled public finances have resulted in a prolonged recession. Between 2008 and 2016, for instance, the economy lost a cumulative 27 per cent of its GDP. During that time, unemployment figures more than doubled, surpassing 25 per cent of the labour force (BoG, 2016: 7 and 33). It is in such extraordinary circumstances that the latest attempt to re-shuffle state space took place, expecting municipalities to assume a range of new responsibilities in partnership with the local society. The impact of this dynamic on local collaboration is explored next in the City of Athens.

Fieldwork for this paper took place between September 2015 and December 2016, comprising three two-month stays in Athens. The research exercise started at the City level, where the key ongoing municipal social policy initiatives were identified and studied. Reference is made here to the ‘solidarity hub’, ‘FEAD’ and the ‘Reception and Solidarity Centre’ initiatives, discussed in more detail henceforth. Subsequently, we approached the respective local authority policy-makers and programme coordinators, as well as members of non-governmental organizations (NGOs) engaged as partners in the particular social policy schemes. In total, we conducted 19 semi-structured interviews with municipal and NGOs respondents. Where interviews are directly drawn upon in this paper, they are referenced according to actor code and gender.⁷ The management of qualitative transcript data was facilitated by NVIVO software. Alongside interviews, observations were conducted in the three venues in which municipal social assistance is delivered in order to develop a better understanding of settings of interest. The section starts by looking at the impact of austerity on local finances and socio-economic realities,

shedding light on the context in which collaboration was developed. Subsequently, the aforementioned social policy schemes are looked at in more detail, marking the traits of the municipal governance shift.

Municipal finances and social need

The downward pressure on the spending power of Athens, deriving both from real cuts in central government grants and real falls in tax revenues, has been substantial. During austerity years, overall funding from central government to the municipality shrank by approximately 60 per cent. In parallel, revenue shortfalls reached a record high in 2013, attributed by the City to the inability of the private sector to meet its formal tax obligations amidst an economy in depression (Athens-EP-F). As a result, the municipal budget was reduced by over 20 per cent in the 2010–2016 period, displaying a steady downward spiral (see Figure 2).

Faced with reduced transfers and revenue losses, the City developed a particular strategy of cost savings and income generation measures. On the cost savings front, the bulk of budget reductions were frontloaded into the first crisis years (2011–2013), with key services being utterly suspended. As stated by a public official, ‘the municipality didn’t have the funds available to purchase even basic physical infrastructure material - such as asphalt - to respond to urgent road network interventions’ (Athens-UP-M). Concurrently, funding for social policy and personnel-related costs went also down by approximately 30 per cent (City of Athens, 2016a). While the municipality faced an acute drawback in its financial and organizational capacity, the impact of austerity on local realities was profound.

Since the onset of the crisis, the share of Athenians whose equalized disposable income fell below the poverty threshold was 26.1 per cent, while a further 8.1 per cent of the population experienced severe material deprivation. Consequently, the latest census results registered a 16.9 per cent decrease of the city’s total population (133,336 people), due to falling birth rates and almost no net in-migration (EL. STAT., 2015; Petraki and Ifantopoulos, 2014: 7). Austerity, therefore, called for urgent measures: welfare intervention initiatives the municipality did not

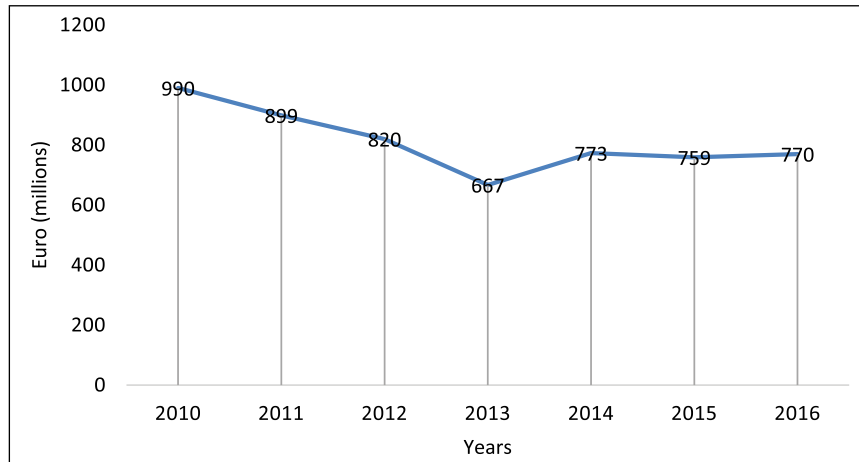


Figure 2. City of Athens: overall budget by fiscal year (2010–2016).

Source: (City of Athens, 2016a).

have the experience of administering, or the means to deliver. As a municipal respondent remarked:

We had 12.000 employees and now we have 7.000, while reduction in force is complemented by a hiring freeze imposed by the state. [...] What do you do in such a case? Do you shut the municipality down? You have to react, for sure, but within a framework. (Athens-EP-F)

The municipality responded by turning to ‘civil society’, defined by the City as ‘... a network of local actors willing to participate in a horizontal structure’ (Athens-LO-M). The following section presents the goals and the means via which the municipality addressed emerging social challenges, underscoring the engagement of NGOs and the private sector in local policy-making. As already stated, discussion focuses on three particular schemes, the ‘Solidarity Hub’, ‘FEAD’ and the ‘Reception and Solidarity Centre’, occupying a central place in the City’s social policy blueprint (City of Athens, 2015).

Municipal social policy programmes

The ‘Solidarity Hub’

The ‘Solidarity Hub’ opened its doors in July 2012 in an old military post (Frurarchio) in Athens. The

building was signed over by the national government to the municipality, enabling the latter to run a food and a clothing bank and to provide basic medical services to deprived people residing in the city. Assistance is means-tested and the respective municipal database currently includes approximately 6000 families (Athens-EP-F). Gradually, as the socio-economic situation in the city deteriorated, the municipality attempted to secure funding in order to expand the range of services provided there. For this purpose, it applied for support to the Financial Mechanism Committee of the European Economic Area (EEA), attaining a €2,060,208 grant for the 2014–2017 period (Ministry of Economy (MoE), 2015). The key objectives of the programme centre on a voucher scheme for 8000 citizens, complemented by social work, that is to be delivered strictly via the engagement of civil society groups and organizations (EEA Grants, 2015b). The programme’s collaborative clause has been aptly adopted by the City, which looked effectually for partners amongst local NGOs.⁸ As a councillor observed, suggesting the perceived unavoidability of collaboration notwithstanding the restrictive clauses of the programme, ‘I can’t imagine where else would a local authority turn to! Given that politics go from bad to worse at all levels ...’ (Athens-EP-F).

In parallel, and in co-operation with the City Hall, a network of five NGOs submitted successfully a

funding application to the EEA, comprised of social policy actions that complemented the municipal ones. The award matched municipal funding; it is expected to run for the same programming period (2004–2017), and the respective services are provided in the second floor of the Frurarchio building. The NGOs' network is led by Solidarity Now, established in 2013 by the Open Society Foundations (OSF) of George Soros.⁹ The 'Solidarity Hub' was the first large-scale example of concerted collaboration noted in Athens. The fact that the municipality and the NGOs involved shared the same building, a landmark situated just opposite the city's main train station, added symbolism to the venture, attracting media attention. There were more such schemes to follow, however. A similar and equally enforced partnership logic is also noted in 'FEAD', the second local social policy initiative explored by this study, funded this time by the European Commission.

FEAD: Assistance to the most deprived households

The EU launched in 2014 the FEAD programme (Fund for European Aid to the Most Deprived), aiming to make non-financial support available to some of the most vulnerable persons in Member States. FEAD is expected to run for six years, backing a variety of provisions, including food, clothing and other essentials, as well as advice and counselling. In approaching the programme, Member States are expected to adopt tailor-made schemes that fit local circumstances. There is one condition, however: 'Partner organisations are mandatory for all FEAD programmes', and are rendered responsible for assistance distribution (EU, 2015: 13).

In Greece, the Ministry of Labor and Social Security issued a national call for entry into FEAD (EU, 2015), to receive 130,742 household and individual applications from all over the country. In Athens, a city of 660,000 inhabitants, participation was high. As pointed out by a councillor:

Just to get an idea, the income threshold for support eligibility was set to 3.000 euros per person per year – that's approximately half of where the national poverty

line stands at the moment - and in Athens alone 20.000 people registered. (Athens-EP-F)

Whereas the national authorities organized the initial FEAD stages, it is the local authorities that took the leading part in its implementation. Our interest in this project, therefore, centred on the traits of the City's response to the mandatory collaborative aspects of FEAD. In this light, the City set up a partnership, named 'Athens - Solidarity capital', comprising two municipal units, the Church and 17 NGOs (City of Athens, 2015: 19–20). In terms of its operations, the local authority purchases the deliverables in an attempt to boost the local market. Subsequently, partner organizations distribute the goods to beneficiaries in 11 pre-specified spots across the city.

The key role of partner groups in this particular scheme is also reinforced and consolidated at the EU level. Local authority and partner organizations are expected to get engaged in the FEAD network, a cross-European face-to-face platform that includes thematic seminars, peer review meetings and discussion groups. The respective programme, therefore, is a vivid example of the 'new political economy of scale' (Keil and Mahon, 2009), promoted comprehensively by the EU, together with diffused governance arrangements at the local level. Municipal respondents, in turn, pre-empted comments on the qualities of this shift, pointing to the emergent state of local affairs. As a councillor remarked:

They moan because we work with NGOs. Ok, find us another way. It's not the memorandum or austerity; it's necessity that drives us. [...] We made a choice! The municipality of Athens is taking care of 20.000 people. You can't just ignore that, or let it go by. [...] If someone says I won't do it because that's not the right way forward, well he/she is taking a risk, we don't. (Athens-EP-M)

Indeed, while the respective programme came with partnership strings attached, other municipal social policy initiatives adopt the same collaborative logic in the absence of external reform pressures. The example of the 'Reception and Solidarity Centre', discussed next, suggests that diffused local

governance constitutes a sturdy municipal response to extreme austerity circumstances.

Reception and Solidarity Centre initiatives

The ‘Reception and Solidarity Centre’ (KYADA) is a municipal department that focuses on the needs of the city’s growing number of homeless or at risk of homelessness people. The pressure under which this department is operating has been eloquently put by a local public official:

As a municipality, we used to produce and deliver approximately 4.000 portions of food on a daily basis; one thousand would go to a soup kitchen, and the rest to municipal nursery schools. Since the crisis this number has tripled; and we now deliver food to schools as well, as kids were fainting from hunger. (Athens-UP-M; see also City of Athens, 2016b)

As demand for soup kitchens and other forms of support has risen, KYADA has collaborated with two NGOs (‘Equal Society’ and ‘Nostos’) that run this service on its behalf in different parts of the city.

The same municipal department has also set up in its premises the ‘Social Grocery Store’. This food bank type of initiative covers the basic needs of approximately 200 families (500 people) for a six-month period, and it is sponsored by a major super market chain. Moreover, KYADA launched the ‘Family Solidarity’ programme, supporting in kind (food and clothing) and offering mental health counselling to an additional 149 families. The programme is sponsored by two major companies and a corporate NGO, sharing the respective costs.¹⁰

Further collaborative KYADA activities include the restoration of a municipal block of flats with the support of ‘Procter and Gamble’, currently accommodating nine families facing precarious housing conditions (Athens-EP-F). In addition, by means of four shelters for the homeless, the municipality provides accommodation on a daily basis to approximately 200 people (City of Athens, 2016c). Commenting on the wide-ranging yet disconnected nature of KYADA initiatives, a local councillor acknowledged the limited capacity of the City to formulate a comprehensive social policy response. In this light, collaboration and the concurrent

fragmentation of policies is perceived as the only viable political option. As stated:

We have to be radical and rethink the welfare state approach from scratch. We have to think again about the ones that are truly in need, and we have to find effective ways to support them. The rest should not be included in the indicators, as our resources are limited. (Athens-EP-F)

Even so, municipal provisions hardly meet the socially dividing impact of the current crisis (Maloutas, 2014). A recent study, for instance, estimated that a total number of 9100 people experienced some form of visible homelessness in 2013 (Arapoglou and Gounis, 2015: 2).

Discussion

The austerity-centred fiscal adjustment logic that followed the bailout loans agreed by the national authorities and the international creditors was unsuccessful in reinvigorating the economy. Instead, during recent years, macroeconomic indicators deteriorated to such an extent that the country is not expected to return, even in the long run, to the debt-to-GDP ratio noted at the beginning of the crisis (IMF, 2016). Seven years of austerity turned an insolvency crisis into a full-blown sovereign debt crisis. Notwithstanding, as strict adherence to austerity is a precondition for the release of loans, the goal of reduced budgets with a positive balance has pre-occupied the national and local policy agenda. In the case of Athens, this perverse and ineffective economic policy perspective is resulting in the scarcity of the very resources that would have enabled the City to exercise a certain degree of control on the social impact of austerity policies. In the absence of such a capacity, the City turned to the private sector and, primarily, to NGOs, creating partnerships that exist by virtue of their ability to generate or attract resources.

The functional logic that drives the City’s collaborative turn has been recognized by municipal respondents. In their view, collaboration is a vehicle for austerity management, a pragmatic and rightly available way to ameliorate social deprivation

(Athens-UP-F). From this spectrum, the City is apprehended as carrying a political obligation to act in answer to citizens' needs when everything else fails. This perception was strengthened during the crisis, reflecting social welfare dead ends and austerity-related scalar re-articulations that rendered local authorities institutions of last resort. As remarked by a public official:

Citizens would come to us and ask for things that we don't or can't offer. We would direct them to the national ministry to whinge, but they would either not go or return empty-handed. The ministry is a heavy structure; it's easier for them to avoid demands. (Athens-LO-M)

In addition, the City professes to be in a relative degree of control of collaborative developments, claiming a decisive degree of political influence over their directions. As a councillor put it:

I do believe in collaborating with the NGOs; certainly for things that the municipality doesn't offer. [...] We don't substitute what we do by doing this. We don't shut things down or hand them over to NGOs. ... but on the other hand, if you want to expand your activities, if you want, legal advice, for instance, ...well we can't hire lawyers, we have to look for this service elsewhere. (Athens, EP-F)

According to our findings, however, the ability of the municipality to develop a social policy strategy that reflects local interests is constrained. The promotion of municipal goals is conditioned upon the degree to which they coincide with the priorities of the funding bodies (Davies, 2002). By means of example, municipal social policy objectives appear in the City's blueprint for the 2015–2019 period underscored by the 'subject to funding availability' annotation, their materialization being reliant upon funding opportunities secured by the partners (City of Athens, 2015: 5). The views of civil society groups collaborating with the city on these issues also paint an unsettled picture.

The issues raised by municipal partners regard both the traits of their engagement in local initiatives and the capacity of the prevalent mode of local intervention to address social need. In the first case, emphasis was placed on the impromptu qualities of

municipal social policies and the unpreparedness of NGOs to perform the role entrusted to them by the local authority. As argued:

These policies, we see them published in the newspapers. They have not been 'kneaded' by the social partners in the public realm via any form of dialogue or deliberation. Objections have not been raised, but also agreements have not been reached, paving the way for their viable future. (Athens-VSE-F)

In the second case, the fragmentation of social intervention measures into a number of distinct projects, centring on provisions in kind, is seen as incapable of alleviating the multiplicity of exclusions noted in the city (Athens-VSE-M). The most radical of these organizations, in fact, engaged peripherally with the City, described the overall municipal approach to social policy as '... breadcrumbs, offered to a population experiencing a bloodletting' and 'acupuncture practices that numb social responses to the introduction of austerity' (Athens-VSE-F; Athens-TU-F). The limited presence of preventative social policy measures and the short time-span of actions endorsed further support this conclusion, shaping what has been elsewhere described as '... an emergency model of social crisis management' (Arapoglou and Gounis, 2015). In addition to that, public oversight is missing from these policies.

The newly founded municipal schemes are marked by the thorough absence of citizens' groups in their governance structures, despite the growing grassroots' mobilization noted recently in the city (Mayer, 2016). This strand of civil society, practically present everywhere in Athens in the form of informal solidarity networks, is not engaged in the respective processes, suggesting a shift in municipal social policy that is for but not of the community (Arampatzi and Nicholls, 2012; Kavoulakos and Gritzas, 2015).

Conclusions

In this paper we explored the impact of austerity on central–local relations in Greece. A direct link was identified between the presence of insolvency-driven austerity pre-occupations and a firm attempt by the

national level to transfer fiscal, developmental and social welfare duties to cities. Rescaling efforts were noted in all three turbulent economic eras the country has faced since the 1980s, drawing from the dominant narrative of devolved and diffused administration, aptly supported by the EU. The unfruitfulness of these efforts in the first decades of EU membership reflects path-dependencies at the local level: it was the weak local relational reality and the presence of vertical networks of municipal dependence that mitigated the governance shift. Reform was imposed on subnational tiers of government, only to fade away as the effects of the economic crises withered. It appears that in the Greek case, as elsewhere (Geddes, 2006), the shift to local governance presupposes the presence of a decisive government apparatus. Otherwise, reform is undermined by the unwillingness of local authorities to promote it. Seen from this angle, the local state emerges as the key rescaling actor.

The impact of the latest insolvency episode, developing into a sovereign debt crisis, presents a different case. As in the past, austerity defined the prevailing politics of restructuring in the context of reduced revenue flows and the withdrawal of state assistance. At the same time, however, fiscal restraint was enforced by way of extra-local discipline, namely by the Eurozone rules and the country's bailout agreements. The most recent austerity moment has a distinct spatiality. It reflects the scalar rearticulation of power and the emergent features of a stern oversight regime that downscales austerity and socio-economic pressures to cities. As stated by a local respondent:

Clearly, the crisis offered a window of opportunity to the national authorities to transfer responsibilities to lower government tiers. It's a '... now YOU take it 'cause I can't do it any more' kind of logic, as the resources weren't there anymore. (Athens, EP-M)

In other words, to adapt an eloquent phrase by Peck (2012: 632), what we are witnessing in Greece is something that Brussels does to the states, the states do to cities and cities do to low-income neighbourhoods. More importantly, cities are forced to enact extreme measures, with no sustainable

destination in sight. In our case study, it was the municipality that responded proactively to urgent social need, initiating collaborative responses out of fiscal necessity. In Athens, rescaling acted as an effective austerity lever.

Governance trajectories in Athens present a case of 'creative destruction' (Brenner and Theodore, 2002), as a government-centred management is tacitly but steadily granting a key political role to novel collaborative forms and networked institutions. There is, however, a particularity at play. Institutional deregulation did not dismantle a redistributive public policies framework with a visible presence in local realities. Instead, it created a new one, driven by the conflicting demands of fiscal austerity and social deprivation. From this viewpoint, the quest for new local governance arenas noted in the latest local authority act (2010), looks more like an attempt to devolve the axe of social welfare duties in an era of budget cuts, rather than an effort to foster collaborative dynamics in cities that were inexorably stripped of the very resources required to fulfil local aspirations (Davies, 2002). The continuation of the sovereign debt crisis and, more characteristically, the emergence of a fiscal environment in favour of budget paring and deficit reduction, suggest that the key driving forces behind austerity urbanism are beyond local control.

In Athens, municipal collaborations present a considerable variety in their governance arrangements, reflecting the diversity of their backgrounds, contexts and requirements. In all cases, however, monitoring mechanisms guarantee a high degree of accountability to the funding bodies. Further than that, the blurring of policy roles and responsibilities amongst a wide spectrum of partners seems not to regenerate local polity. Instead, perplexed NGOs and private sector actors have been practically summoned by the local authority to take part in a reflexive attempt to address extreme forms of despair. In the process, reliance on external sources of funding and the concurrent decline in the political influence exerted by the local authority inhibits public deliberation and undermines local political agency. This is already evident in the absence of citizen activists from municipal collaborative arrangements.

While the evolving relations between the City and the grassroots call for further research in this particular area, a growing number of studies on the Athenian informal associational realm already outline a thorny state of affairs. Municipal collaborative initiatives are apprehended by the new social actors as piecemeal and insufficient in dealing with the magnitude of the social crisis, and their philanthropic dimension incapable of confronting austerity as the root cause of local plights (Arampatzi, 2017; Simiti, 2016). It appears, therefore, that the collaborative governance perspective adopted by the City serves as a token of a de-politicized approach to austerity. It demolishes bridges between the Municipality and the grassroots, and it arrests the prospect for a sound social partnership to govern austerity.

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Notes

1. Reference is made to the tightening of the Stability and Growth Pact (SGP) with the introduction of the so-called six-pack (2011) and two-pack (2013) legislations, enabling the quasi automatic sanctioning of member states that fail to abide to budgetary discipline standards (European Parliament Research Service (EPRS), 2014).
2. The prioritization of collaborative governance as the selected form of spatial intervention has been endorsed by the EU since the late 1980s with the introduction of the ‘partnership principle’ in the Structural Funds. Subsequently, ‘collaboration’ was argued for in the White Paper on ‘Growth, Competitiveness

and Employment’, and gained momentum with the launch of the URBAN Community Initiative and the ‘European Code of Conduct on Partnership’ (CEC, 1993: 9; 2014).

3. GDP growth in Greece was negative in the first half of the 1980s, while the rate of inflation fluctuated around 20 per cent. Economic indicators deteriorated further in 1985, when the current account deficit surpassed 8 per cent of GDP, and the budget deficit rose to 18 per cent of GDP (Bryant et al., 2001: 14).
4. In 1990, for instance, GDP failed to increase, the general government deficit was almost 19 per cent of GDP and inflation rose again to 20 per cent (Bryant et al., 2001: 18).
5. The Convergence Programme (CP) of Greece was approved by the Council in 1994 and updated in 1997. During this time, monetary policy was kept tight, centring on a specific exchange rate target. The so-called ‘hard-drachma policy’, by reducing inflation to single-digit figures and lowering lending rates, restored business confidence and led to GDP growth rates above the EU average (Ministry of Finance, 1998). Throughout this period, however, budgetary policy was restrictive, and the general government deficit was brought down to 1 per cent of GDP in 2000, from about 13.5 per cent of GDP in 1993. Income policy was a key component of the anti-inflation strategy, leading to substantial moderation in both wage and price increases (Bryant et al., 2001: 20).
6. The first loan was signed in May 2010 (€110 bn), the second in October 2011 (€130 bn) and the third in August 2015 (€86 bn) (BoG, 2014; Eurogroup, 2015).
7. Actor codes are as follows: Elected Politician: EP; Unelected Politician: UP; Local Authority Official: LO; Trade Union: TU; Voluntary Sector Employer or Employee: VSE. Gender codes are M, F or OTHER.
8. The voucher system was organized and sponsored by ‘EdenRed’, a global business in prepaid corporate services, while the respective banking services were provided free of charge by ‘Eurobank’. In addition, donations from the philanthropic offsprings of major multinationals, such as the Stavros Niarchos Foundation, support the day-to-day activities of the hub (Athens-EP-F).
9. The duties of the remaining four NGOs that operate in the hub are described as follows: ‘Operation of Extended Medical Services [Praksis]; Operation of legal Aid Services [Arsis]; Operation of an Employability Centre [Praksis]; Operation of a

Mother and Child Centre [Network for Children's Rights]; and a Helpline [Together for Children] (EEA Grants, 2015a).

10. Thus, 'Cosmote', a telecommunications corporation, supports 100 families, and DEPA, an energy company, a further 22. The participatory costs of the remaining 27 families are met by the 'Hellenic Network for Corporate Social Responsibility' a business-driven non-profit organization (City of Athens, 2015: 16–19).

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