

## **Interactions between strategic spatial planning and local state in weak institutional settings**

Antonis Kamaras<sup>1</sup> Athena Yiannakou<sup>2</sup>

<sup>1</sup> Research Associate of ELIAMEP

[antoniskamaras@gmail.com](mailto:antoniskamaras@gmail.com)

<sup>2</sup>School of Spatial Planning and Development, Aristotle University of Thessaloniki,

[adgianna@plandevel.auth.gr](mailto:adgianna@plandevel.auth.gr)

### **Abstract**

*The pressures of globalization have ushered in new supranational and sub-national governance arrangements. Cities and urban regions have been perceived as the optimal spatial units in which local competitive advantages can be cultivated and combined to the benefit of local and, in aggregate, national economic growth. In line with this tendency strategic spatial planning, in its widely accepted theoretical conceptualization, became a terrain for balancing decisions about consolidating a city's international competitiveness and its role in a wider international context. Thus, it emphasized shared responsibilities between the public and the private sector in economies where the roles between the public and the private sphere are visible in their complementarity. In countries with weaker institutional settings such distinctions are purposely obscure as both spheres are enmeshed in statist and rent-seeking structures. Often in these contexts strategic planning has been principally connected with an external necessity of Europeanizing of planning policies. Based on an investigation of the strategic spatial plans endorsed in the past 15 years in the city of Thessaloniki, the present paper attempts to explain the specificities and the failures of strategic spatial planning in the Greek institutional environment in the context of four defining features of the Greek local state: the centralization of the Greek government, the financing arrangements of the local government, the nature of the local institutional interlocutors and stakeholders and the political economy privileging consumption over the production of internationally competitive goods and services which would necessitate the marshalling of location-specific assets by the local state.*

### **Key words**

Strategic spatial planning, local state, weak institutional environment, Thessaloniki

### **1. Introduction**

Strategic spatial planning in its widely accepted theoretical conceptualization during the last 20 years has been very much concerned with the creation of strategic visions, designing city-wide spatial strategies, developing common assets in a city and becoming a vehicle for the city's transformation along with the globalized spatial development trends (Salet and Faludi, 2000; Albrechts, 2004 & 2006, Healey, 2006). Based on this approach, strategic planning became a terrain as well as a process in itself for balancing decisions about the future of a city with particular emphasis on consolidating the city's international competitiveness and its distinctive role in a wider international context. In its normative definitions strategic spatial planning is a transformative and integrative socio-spatial process through which a vision, coherent actions and means for implementation are produced to "shape and frame what a place is and what it might become" (Albrechts, 2006, p. 1152). In these definitions, such a process becomes an arena for public contestation and consensus building and

facilitates spatial ‘governance’ structures at the metropolitan level (Healey, 2006) as indeed has happened in many cities and urban regions.

Since the end of the 20<sup>th</sup> century many cities in Europe went on to produce city-wide strategies with various motivations (Albrechts et al, 2003). A mixture of factors is connected with the development of these spatial strategies, the city competition agenda standing at the top of the list. Through the actual production of strategic plans the concept of strategic spatial planning came to represent a diversity of multifaceted and fragmented practices often related to specific planning cultures (Walsh and Allin, 2012). There are certain common objectives in all these practices drawn from the most normative approaches that might be said to constitute a template for the spatial planning process. More specifically strategic spatial plans aim to articulate: (i) a territorial vision for a city’s development with emphasis on place qualities, (ii) coherent spatial planning priorities for the integration of investments, (iii) a framework for specific development projects, and (iv) a terrain for consensus building to facilitate the sharing of responsibilities between the public and the private sector. On the whole, whatever the form they took in the planning practice, strategic spatial plans concerned the metropolitan level, pursued wider governance practices bringing together and in equal terms the two main parties of urban development, the public and the private sector (assuming that the roles between the public and the private sphere are to a large extent visible in their complementarity), and focused selectively on specific aspects of urban development leaving many decisions into “lower” levels of planning (Wassenhoven, 2010).

In this template, for the more classical approaches, the political role of strategic spatial planning is considered mainly through its function in strengthening the role and the voice of local government (Healey 2004). More recently, the study of specific cases, such as in the case of the regional spatial strategy experiment in England (Baker and Wong, 2013), conceives the political dimension as an important aspect in minimizing the role and scope of strategic planning. According to a more radical perspective, on the other hand, such practices of spatial planning actually ‘neutralize politics’ (Allmendinger and Houghton, 2010).

In order to understand both the specificities of the process as well as its different outcomes it is important to explore more thoroughly and based on specific experiences the interplay between the national and local state, the economy and the relative power of social actors embedded in the strategic planning process. A number of studies stress on this interplay arriving at different conclusions. For example, Walsh and Allin (2012) highlight the tendency of a sustained real estate boom to undermine planning intentionality and how this tendency is aided and abetted by administrative and thus political fragmentation at the local level of government. Macleod and Jones (2011) in their analysis of the “new urban politics” (NUP) argue and that NUP of local growth coalitions involve collaboration but also collusion between public and private entities. The analysis highlights that the need for local growth, as a compensating mechanism for a retreating central state which can no longer guarantee equity and affluence across the national space, marginalizes those most in need of state action (the underprivileged) and brings into being a coalition of the powerful and privileged in politics, business and society. Finally, Albrechts (2013) introduces the notion of co-production and posits it in spatial planning as a complement to representative democracy helping to utilize a precious asset, the people, which are also the purported beneficiary of such planning. As such, planning cannot be dominated by a technocratic elite under the direction of a political leadership to which only the strongest and most privileged of stakeholders have uninhibited access. This understanding even warrants from the democratic local state to spur and institutionalize coproduction with the average citizen, up to and including the underprivileged citizen, even if such coproduction will not be achieved spontaneously.

The case of Greece can enrich the above discussion by providing a further understanding regarding in particular the interactions between the national and the local state, local stakeholders and the failure,

manifested in the spatial planning process, to articulate and pursue a coherent vision of the common good at the local level. One of the common arguments concerning spatial planning in Greece, despite its important transformations that took place by the end of the 1990s (Giannakourou, 2005), has been the lack of the strategic dimension which is the corollary of the weak governance practices. However, this does not mean that the main cities lacked of specific strategic spatial experiments or plans. This paper analyses three strategic spatial plans elaborated in the city of Thessaloniki during the past 15 year on the grounds of a thorough examination of their documents, the procedures followed, the available consultation and public debate material as well as the authors' personal involvement in parts of these procedures. Situating as much as differentiating strategic plan-making in Thessaloniki in the above scholarly debates, this paper focuses on the defining features of the Greek local state, described in the second section of the paper, in the context of which it attempts to provide, in the third section, an account of the particular characteristics of the strategic spatial planning experiment in Greece.

## 2. The Greek local state: defining features and consequences

### 2.1. A classification of the main defining features

The first defining feature of the Greek local state is the *centralization of the Greek government* (Hlepas and Getimis, 2010). Greek centralization has been shaped by forces of different vintage, overlapping and redefining, reshaping and renewing each other. In terms of sequencing, centralization is not only a function of historical reasons as commonly argued. It is also a function of an equality-seeking redistribution aligned with clientelism of the 1980's period when the Greek socialist party, PASOK, saw local government as a transmission belt for its egalitarian policies and for the expansion of a formidably effective clientelist machine. This centralization imperative has been manifested through (i) limited or nonexistent authority in spatial planning, transport, social and educational policy, and economic policy, in the municipal and regional tiers, (ii) the still the fragmented governance structure in the metropolitan areas of Athens and Thessaloniki, Greece's two big urban centers and (iii) in the overlapping and multiple jurisdictions between municipal regional and national governance structures.

The second defining feature of the Greek local state is its *financing arrangements* (Council of European Municipalities and Regions & Dexia Credit Local, 2012). What little the Greek local state spends is mostly derived from central government transfers. Greek local government exhibits one of the smallest public expenditures to GDP ratios in the whole of the EU while its meager financial resources, in terms of the percentage originating from central government, which exceeds 70% of the total, are at the extreme end of the range in the EU. Additionally EU program funding is run by the central government so EU programs, although they have indeed formed a policy framework and administrative units necessary for the creation of a 'local state', they have, at the same time, become a de facto element of central government vertical control, via financing, over the local state.

The third defining element of the Greek local state has been *the nature of its local institutional interlocutors and stakeholders* (Mavrokordatos, 1988). Associations (professional, chambers of commerce, employers and employees organizations etc.) were structured by the successive center left PASOK governments, via the instrument of proportional voting, so that they, as much as local government, operated under the same national-party dominance rhythm, making for coalitions driven by the imperatives of national parties as opposed to locally defined goals and priorities. This subordination of local stakeholders to national party purposes build, as much as governmental centralization, on the earlier traditions of right wing authoritarianism that mandated a controlled associational life.

Finally, the fourth element defining the local state, in the period under consideration, was a *political economy privileging consumption* over the production of goods and services, which would be internationally competitive and, as such, necessitate the marshalling and combination of location-specific assets, over time, by the local state (Bower et al, 2014). While Greece undertook in the 1990's major reforms of its national economy, so that it could enter the EMU, these reforms were geared towards fiscal consolidation and only indirectly and unintentionally had a spatial aspect and effect, relevant to Athens, by internationalizing Greek finance head-quartered in the capital and attracting shipping to the wider-Athens area. Post-EMU Greece once again reverted to a consumption driven economic model financed, this time, by eurozone low interest rates and ample international financing of the Greek state and financial sector.

## 2.2. Consequences of the local state's structure

Local government in the context that we sketched above did not feel the need to upgrade its personnel but rather build clientelistic machines, serving both local and national political machine imperatives, notwithstanding the fact that this choice further circumscribed its own competence and ultimately autonomy. In a vicious circle, this lack of administrative depth regrounded central government dominance with its, relatively speaking, superior administrative and planning resources.

Fiscal dependence, either through central government transfers or EU funding, circumscribed the autonomy of the Greek local state as these transfers have justified rigidly bureaucratic central government controls. EU funding has also necessitated time-consuming and access-based seeking of favours from the central government, long time leads from the time of application to the time of implementation and policy discontinuity as, due to the lack of own local funding, even successful policies funded by the EU could not be supported subsequent to the termination of such funding. EU funding made the local state a policy implementer, these constraints notwithstanding, but almost exclusively in the capacity of the policy-taker as opposed to that of the policy initiator. Additionally, the availability of EU funding weakened demands for local fiscal autonomy at the local level as this additional source of funding enabled local authorities to eschew the politically onerous task of taxing one's own voters. The lack of local government fiscal autonomy which, were it to exist, would make local contestation that much more critical, has meant that the debate on the need to have a local economy robust enough to sustain a sufficient, for necessary public goods and services, tax base, has never taken place. Additionally, this lack of contestation, originating in near absolute fiscal dependency, has undernourished contestation in general on all other issues, whether they would be related or unrelated to local taxation (Kamaras, 2013).

In terms of the interaction between the local state and local stakeholders their respective structuring and orientation, made both for discontinuity as well as back-scratching. The objective has been to produce nation-wide winning political machines, that would then distribute the division of the spoils across the nation's localities, and not effective collective action, underpinned by long term local coalitions, geared towards locally originating wealth creation. More specifically such national party based coalitions would engender discontinuity at the local level as they would not want to strengthen politically and legitimize, through the fact and the consequences of jointly undertaken and completed projects, a local state that would be affiliated with a party opposite to the one they would support. This zero sum game would also engender, at the local level, an ethos of mistrust as opposed to an ethos of trust, as collaborative efforts would be few and far between, further undermining the capacity for local autonomy in the service of locally defined common goods, contested, defined agreed and acted upon: from the preservation of the environment to the promotion of local competitive advantage.

What does this politico-institutional reality mean for the creation of a single site of contestability, for the creation of locally-grounded legitimacy and consensus out of such a single site and the implementation of democratically endorsed policy priorities? The single site of contestation underpinning the creation of what Kafkalas (2008) calls the strategic parameter is of course undermined. Absent a single identifiable demos, an election process, local accountability based on locally raised taxation, a public debate, with the power and authority to resolve differences, issue rallying cries, create friends and enemies, articulate and pursue authoritative directions, there can be no strategic intent and implementation.

### **3. Strategic spatial plans in Thessaloniki in the period 2000-2015 and interactions with the features of the Greek local state**

#### *3.1. An account of the main plans and the planning process characteristics*

In the following paragraphs the three main spatial plans of a metropolitan scale and strategic nature that were prepared in the period after 2000 are examined: the Strategic Plan for Thessaloniki's Sustainable Development 2010, the New Master Plan of Thessaloniki and the Development Strategy of the Municipality of Thessaloniki 2006-2015.

#### *Strategic Plan for Thessaloniki's Sustainable Development 2010*

Efforts to shape a common strategy along specific strategic priorities for the city's development started in the 1990s with a couple of studies which attempted to bring into the city's planning agenda the major socio-economic changes of the 1990s (Kafkalas, 2008) that privileged geographical proximity to large markets accessible since the collapse of the Berlin Wall. It was in this period that the discourse about upgrading the role of the city in the Balkan region became almost a slogan in all relevant documents. However, the first strategic plan which was prepared following the lines and ideas of strategic spatial planning as presented in the relevant literature was the Strategic Plan for Thessaloniki's Sustainable Development (SPSD) 2010. This was an initiative taken in 2000 - in the middle of a period of high growth rates both locally and nationally- by the then Ministry of Macedonia-Thrace, a ministry with very few responsibilities, which functions as a central government agent in northern Greece and represents the earliest origins of centralism. The initiative was supported by the Region of Central Macedonia, at that time a centrally controlled administrative tier, and mainly by the Organization of Thessaloniki Master Plan ("Organismos Rythmistikou Thessalonikis" – ORTHE), a locally based governmental agency with important spatial planning responsibilities at the metropolitan level, which operated (until its abolition in 2014) under the supervision of the then Ministry of Spatial Planning and Environment. A team of planners from the Aristotle University of Thessaloniki, who actively supported the idea for such a strategic planning experiment, undertook the preparation of an initial draft report, an "action plan" as it was called, and the coordination of all the relevant procedures in cooperation with the above bodies. The main difference of SPSPD 2010 from previous ones was that it emphasized the procedures to be followed and what was called at the time "social dialogue", in other words a consensus building among the stakeholders and various agents involved in the city's development (Kafkalas 2008). A number of forums were organized with the purpose to shape a final action plan where all central and local government authorities, as well as all main local agents and stakeholders took part.

SPSPD 2010 suggested that a spatial strategy for the city should be prepared and shaped at the metropolitan level, instead of the persistent overlapping of the central and local bodies, while it acknowledged the failure of the local economy to move to a knowledge-intensive model capable of producing internationally competitive products and services with high added value. The plan identified

four strategic priorities (international role-national territorial cohesion, competitiveness-innovation, social cohesion-equal opportunities and ecological balance-quality of life) and a framework of actions for the year 2010.

The consensus building that was part of the official public discourse and officially adopted by a large number of the involved actors in the SPSD 2010 forums, revealed the diverging strategies, to the SPSD, of important local stakeholders. One characteristic example was the reservations raised by the local department of the Technical Chamber of Greece (one of the powerful local stakeholders which represents professional interests) as SPSD 2010 was a plan that, for the first time in the city's spatial planning, was not concluding by suggesting specific public infrastructure projects, some of which (such as the Thessaloniki metro, the undersea tunnel and the outer ring motorway) were for years in the official agenda of both the central and local urban politics and remained so in the years to come: "The process of the strategic plan can not in any case become a reason to renegotiate or delay the promotion of major projects"<sup>1</sup>. Essentially there was a differentiation between the academic team (which coordinated the SPSD project) and the professional associations, the former favouring not a large-public-projects-driven but a governance-driven plan (that also suited the skills of the academic planning community) and the latter, along with the local political community, favouring the economic opportunities to their members, the gains to the local economy, to politically well-connected contractors and design offices and so on. None of these stakeholders took the opportunity of the SPSD to promote the agenda of improved governance and performance of critical local assets – the port, the universities, the cultural heritage, the hospitals – for the purpose of city's economically profitable engagement with its surrounding region of South East Europe.

An evaluation and updating of the action plan was suggested in the final draft report to take place in 2006, the year of the expected completion of the 3rd Community Support Framework. The plan also set as important milestones the years 2004 (related to the 2004 Athens Olympic Games and the nomination of Thessaloniki as Olympic city) and 2008 (associated with the claim of organizing the 2008 EXPO). However, the entire effort was completed by 2002 with a final report called "Results on the Social Dialogues", which actually was articulated on the lines of the initial action plan. Since then no action regarding the city's development was related to this SPSD although many of its ideas and priorities were used in later plans to come.

#### *The New Master Plan of Thessaloniki*

In 2003 ORTHE started officially a long promised project to update the 1985 Master Plan of Thessaloniki. Among the three plans examined in the present paper, the Master Plan of Thessaloniki (Rytmistiko Shedio Thessalonikis, RSTH) is the only officially endorsed plan, part of the wider national spatial planning system. Although it has been categorized as a strategic spatial plan (Kafkalas, 2008; Yiannakou, 2008; Thoidou, 2013), it does not really fulfil what Albrechts (2006) calls "the hard core of the strategic" (selective, relational annex inclusive, integrative, visioning, and action orientated), as it rather follows the tradition of "the integration of nearly everything" of older decades (Albrechts, 2006).

The preparation of the main study report -funded by the 3<sup>rd</sup> Community Support Programme- was commissioned in 2006 and completed in 2009. The report for the new RSTH was divided into two main stages: An initial draft concerned only the so-called boundaries of the RSTH and was put into consultation in 2008. It should be noted here that for all the areas that fall within the boundaries of the

---

<sup>1</sup> Technical Chamber, Department of Central Macedonia, Position statement on the SPSD, <http://teeserver.tee.gr/online/epikaira/2002/2189/pg108.shtml>

RSTH, lower “level” plans as well as crucial environmental and planning permissions fall into the jurisdiction of the Ministry of Spatial Planning, instead of the locally based regional administration. Yet most local municipalities and other stakeholders gave consent to a proposal for much wider boundaries of the RSTH, covering not only metropolitan Thessaloniki but a large part of the Region of Central Macedonia. A year before the official onset of the crisis and at a time when the first signs of a significant decline of the dominant property development sector was becoming evident (Yiannakou 2013), local politicians were seeing in the new RSTH a chance to integrate their municipality into a permissive, for real estate development, RSTH, to essentially wheel and deal, in the context of the RSTH, with the Ministry of Spatial Planning so that they could determine the specifics of such permissiveness within their own jurisdictions. As for the Ministry of Spatial Planning and its local agent ORTHE, which over the years developed strong linkages with the local political and professional community (an interface with real estate development) thus becoming an agent with its own “autonomy” and mandate over crucial decisions, the geographical reach of the RSTH builds on the fragmentation of municipal jurisdictions and thus allowed for ad hoc decision making facilitative of rent seeking behavior. To clarify what is at stake, we only need to imagine a RSTH that covered only metropolitan Thessaloniki and a city of Thessaloniki being a metropolitan municipality as opposed to being divided into 14 autonomies municipalities (31 before the 2010 Local Government Reform). Were this to be the case, the Ministry of Spatial Planning and ORTHE could not avoid sharing and contesting responsibility for the RSTH’s design and implementation, in a single public space, with a demos who would be democratically legitimated to have a view of the RSTH coterminous with its democratic mandate and the policy priorities that this mandate would be identified with.

Be that as it may, the final draft of the plan was put into public consultation in 2011. In the next couple of years the plan was modified without major changes but adopting certain objectives related to the crisis’ onset and it was only in 2014, in other words after ten years of preparation procedures, that a Bill was introduced in the Parliament for the endorsement of the RSTH along with that of the New Master Plan of Athens. However, one of the coalition parties in government, the New Democracy Party, suggested the withdrawal of the RSTH on the grounds that some of the main Thessaloniki stakeholders, such as all the local chambers representing the industrial and commercial firms, objected to the plan. Thus while the new Master Plan of Athens was voted into law, the RSTH was withdrawn for a new round of consultation. For the first time, the above mentioned Thessaloniki stakeholders were strongly questioning the authority of ORTHE<sup>2</sup> to provide planning permission for all new installations of more than 5.000 m<sup>2</sup> considering it as another licensing layer for rent-extracting through planning and environmental permission procedures. In this new round of consultation certain municipalities as well as the local department of the Technical Chamber also questioned strongly the extensive boundaries of the RSTH referred above and suggested to be confined to the actual metropolitan area of Thessaloniki. So far, the new RSTH has not been voted into law.

#### *The Development Strategy of the Municipality of Thessaloniki 2006-2015*

A third strategic plan which is of interest to this review was the Development Strategy of the Municipality (DSM) of Thessaloniki 2006-2015. The Municipality of Thessaloniki is the main local municipality covering the central, older and most populated part of the city and naturally its priorities tend to be perceived as those of the city as a whole notwithstanding the fact that it is one of 14 municipalities of metropolitan Thessaloniki and possesses no municipal jurisdiction. This strategic plan was prepared as a prerequisite anticipated by the 2003 Local Government Law in order to shape a

---

<sup>2</sup> In 2014 the Organization of Thessaloniki Master Plan was abolished (as part of the reductions made in the public service following the fiscal measures of the period) and its responsibilities were transferred in the main administration of the Ministry in charge of spatial planning.

framework for the operational programming of the municipality, basically its public works programme. The plan has been drafted following the specific guidelines provided by law and sets a “vision” and specific “fields of actions” implying that these municipal strategic plans are by their guidelines oriented towards more selective principles.

The DSM compares the city of Thessaloniki with a number of other European cities of similar size, such as Barcelona, in an effort to set a more sustained vision for the city and its international role. Focusing on more selective fields of actions the operational plan that followed the preparation of the DSM specified a series of public investments of a renewal or regeneration based on property development character that had sufficient size to positively affect economic activity in the city, by stimulating demand caused by large projects. It also proposed the creation of new institutions such as the creation of an Agency for the Promotion of Tourism which, in synergy with the Municipal Authority and stakeholders, would give the opportunity locally to implement policies with a significant economic effect on the city of Thessaloniki. The DSM reviews all models of metropolitan governance in the European space and recommends, from the options analyzed, the weakest one, namely the creation of a consultative body that would bring all municipalities of metropolitan Thessaloniki to review and decide on issues that warrant metropolitan solutions. The DSM also lists all of Thessaloniki’s assets – transport infrastructure, educational system, hospitals etc – that substantiate the city’s ability to play a nodal role in the wider region of South Eastern Europe, according to the DSM, but does not recommend a strategy and performance goals that would commit all stakeholders to the fulfillment of this role. Thus on both sides of the equation – political structure of the city and governance and aims of its key assets – the DSM is not designed to facilitate change and implement the strategic direction that it is nominally committed to.

The preparation of the DSM was a completely internal process, confined to a study undertaken by a municipal development agency. The strategy was never put into any type of consultation and it was in fact prepared as a document-prerequisite for getting EU funding for specific municipal projects. Yet the proposed public investments reached at best only the study stage, as once again they were treated as centrally controlled public projects and not as locally formed processes for regenerating specific areas affecting the city’s economic activity or re-designing its image.

### *3.2. Understanding the main interactions with the Greek local state*

The above account shows that strategic spatial planning in Thessaloniki was a fragmented process consisted of the preparation of various spatial plans with no connection to each other. These plans came into being either as an initiative of locally based agents of the central government (Ministry of Macedonia-Thrace, University of Thessaloniki, ORTHE in the case of SPSD) or as a “statutory planning” procedure under the traditional supervision of the central government, again through its locally based agents (Ministry of Spatial Planning and ORTHE, in the case of MPT), or finally as an internal prerequisite of the development planning incorporated in the EU funded programmes (Municipality of Thessaloniki, in the case of the DSM). Following the main common objectives of the strategic spatial planning as presented in the introduction -vision, strategic priorities, fields of action and consensus building- Table 1 provides a summary of the three spatial plans examined in this paper. All plans were nominally committed to a set of strategic priorities which were mostly similar.

Consensus building was an official target mainly of the SPSD 2010 but the ‘owners’ of the SPSD, and of its consultation process, the Ministry of Macedonia-Thrace and the academics who helped conceive it, and prepared it, had limited political legitimacy and non-existent executive authority. Thus the consultation process manage to elicit, through their criticism of the SPSD, the standard preference of local stakeholders for high prestige, expensive public projects, while not engaging them in the co-

articulation and concretization of politically difficult solutions to the strategic priorities that the SPSPD itself recommended. Nor was the political owner keen to fully flesh these solutions and their implications themselves, enmeshed in a politico-institutional setting that did not prioritize, both nationally and locally, ambitious and politically risky change. The RSTH followed a more statutory consultation process and was addressed to a very wide range of stakeholders in an attempt to get a wide legitimization especially regarding one main policy, that of the extension of the metropolitan area boundaries, in other words of the control over crucial decisions that produce rent-seeking benefits within a fragmented local state. Notwithstanding its sponsorship by a powerful, this time, Ministry, that of Spatial Planning, the RSTH never really acquired powerful political support, as local stakeholders either engaged with it to secure small-scale, opportunistic advantages or to resist yet more burdensome regulation. Thus the RSTH also revealed the lack of local ownership, as much as the objective inability for such ownership to be available, due to municipal fragmentation, resulting in its failure to be turned into law and to be implemented. Finally, the DSM illuminated the limitations of municipal governance itself, as it was an exercise in paying lip service to the metropolitan mission of Thessaloniki by a municipal authority that lacked metropolitan jurisdiction, did not see it in its interest to fight for such an authority and rather legitimized and operationalized, through its strategic planning, its limited public works programme and other operations of limited significance.

Table 1. A comparison of the 3 strategic plans against 4 main parameters of the strategic spatial planning process

	Vision	Strategic goals or priorities	Fields of action	Consensus building
Strategic Plan for Sustainable Development 2010	The document does not synthesize its priorities into a single vision	<ul style="list-style-type: none"> <li>–International role</li> <li>– national territorial cohesion</li> <li>–Competitiveness-Innovation</li> <li>–Social cohesion-equal opportunities</li> <li>–Ecological balance-quality of life</li> </ul>	<i>6 Operational Plans (as key fields):</i> <ul style="list-style-type: none"> <li>–Governance</li> <li>–Competitiveness</li> <li>–Employment</li> <li>–Infrastructure</li> <li>–Residential development</li> <li>–Quality of life</li> </ul>	–General and specified forums
New Master Plan of Thessaloniki	<i>Overall strategy:</i> Pursuing sustainable development where economic development, social cohesion and protection of the environment are integral parts	<ul style="list-style-type: none"> <li>–Economic growth, competitiveness/ innovation and enhancing internationalization</li> <li>–Spatial and social cohesion and improvement of the quality of life</li> <li>–Ecological balance and protection of natural and cultural resources</li> </ul>	<i>General and detailed guidelines on:</i> <ul style="list-style-type: none"> <li>–Spatial structure and organization</li> <li>–Spatial organization of economic activities, transport, networks</li> <li>–Urban planning and urban reconstruction</li> <li>–Environmental policies</li> </ul>	–Formal consultation procedures
Development Strategy of the Municipality of	Reorganize the structural characteristics,	<i>General development objective:</i>	<i>Fields of action:</i> <ul style="list-style-type: none"> <li>–Urban</li> </ul>	–Lack of any consultation

Thessaloniki 2006-15	infrastructure and production base for the advancement of Thessaloniki in the European hierarchy and operate as a regional metropolis in the area of Southeastern Europe and the Black Sea	–Convergence of urban competitiveness	infrastructure –Quality Urban Living –Urban Production Base –Urban Governance –International city image	
----------------------	--	---------------------------------------	---	--

Based on the four defining features of the Greek local state, the strategic spatial planning experiment in Thessaloniki can be summarized in the following points:

The *centralization of the Greek state* is expressed in the fact that strategic planning was mainly an initiative of the central government but with specific characteristics. The preparation of the two plans, the SPSD 2010 and the new RSTH, was managed partly in the former case and wholly in the latter case by a strong locally based agent, ORTHE, officially controlled by the central administration yet operating with an important degree of “autonomy”. This “autonomy” was itself an outgrowth of centralization which is sustained by the fragmentation of municipal power within the limits of metropolitan Thessaloniki. The third plan, the DSM 2006-15, was prepared as an internal process by the central municipality of Thessaloniki which did not possess metropolitan authority and certainly did not result in any policies of metropolitan consequence being implemented. Within such processes it is characteristic that instead of debating on the consequences of local fragmentation and promoting the possibility of local political engagement through a metropolitan governance structure, the stakeholders who took part in the process gave consent to the most centrally based forms of decisions, such as the extension of the statutory metropolitan plan boundaries, seeking to gain access in the centrally oriented political agenda at a period of large expectations from the property development sector. Within this context the debate focused on the implementation of specific so-called large infrastructure projects which were either cancelled (ex. undersea tunnel) or have faced with serious delays even by the standards of projects of such scale (ex. Thessaloniki metro) So we have (a) plans that are enunciated but take extremely long time to be approved if at all (b) their own strategic priorities are not acted upon (c) and even those public works projects that have direct benefit to a critical mass of local stakeholders fail, by and large, to be executed. This is evidence first of the lack of both local power and autonomy and of the resulting ability and necessity to articulate and ‘own’ the strategic parameter. Second, it is evidence of centralisation’s limited aim of managing rent-seeking relationships while only paying lip service to itself-proclaimed strategic intent.

The *specificities of the financing arrangements* run through all the planning process in various ways. Even in SPSD, which officially focused on a consensus building around the adoption of selective strategic priorities, the stakeholders involved considered it as a process concerning central government transfers for specific publicly funded projects. The RSTH handles more typical development or regeneration schemes as public works without providing any guidelines or necessary preconditions for the spatial development of large private investments. The DSM, although officially stated as a strategic plan, it is exclusively focused on forming a framework for EU funded projects, a tool for a local government which functions as a policy implementer of policies that are decided at the central level. Spatial planning, and strategic planning in general, does not concern itself, in substantive and tangible terms, with the issue of expanding the tax base of the local state, as this state is fragmented and financed via central government and EU transfers, and is thus devoid of a developmental

perspective and of the governance and overall performance criteria that can render such a perspective credible and actionable.

In the spatial planning procedures the most prominent *local institutional interlocutors and stakeholders* involved were the local municipalities and professional associations, chambers of commerce, employers and employees organizations governed by politicians or leaders with strong connections with national party politics who seek to play a role in the central politics. This feature in fact led to the subordination of local stakeholders to central politics, as much as to governmental centralization. Such stakeholders see this type of decisions as ways to update their ability to extract various benefits from the territorial extension of the centre's planning power. Furthermore instead of forming common visions for the city's growth and development, through this process of consultation and codetermination, what happens is to leave untouched critical public assets and goods which remain hostage to rent-seeking coalitions thus undermining growth and equity goals at the local and eventually at the national level. As we mentioned above none of the three planning exercises subjected to critical scrutiny the governance and resulting performance of these public assets and goods notwithstanding the fact that all three plans identified them, correctly, as critical to Thessaloniki's achieving its potential as a metropolis of regional consequence. Last but not least, a special type of "nimbyism" has become influential in resisting public/private partnerships, again hiding narrow as much as private interests under the guise of the public weal, to deny to the general public both growth, and its distributional potential, namely though the financing by this growth of desirable public amenities. This type of "nimbyism" blocked most of the investment proposals which had a regeneration dimension in different derelict sites of the city, regeneration that never took place eventually.

Finally, all three spatial plans were products of a period during which *the economy was based on consumption over the production of goods and services*, with the residential property development sector being the main driver of the urban economy which does not necessitate the marshalling and combination of location-specific assets, over time, by the local state. This boom was made possible by the easy financing conditions that Greece's EMU entry brought about, conditions which boosted state-led consumption across Greece, and in Thessaloniki, and allowed for mortgage and consumer credit to balloon. Thus all three plans do not incorporate clear proposals regarding the spatial dimension of strategic planning per se and as such do not place any restrictions on residential development. It should be noted here that, behind the notion of sustainability the RSTH conceals a policy of extensive releases of new land for development. This real estate boom (that tends to undermine planning in general) was aided and abetted by administrative and thus political fragmentation at the local level of government. Fragmentation also, in the case of Thessaloniki, entrenched the inability to offset the structural decline of the city's and the Region of Central Macedonia's economy, with the exception of the residential development sector, through the pursuit of structural, long term opportunities through precisely the utilization of multi-sectoral and multi-spatial coordination. The politico-administrative mechanisms which would undertake and execute such developmental commitments on behalf of a single metropolitan, political community simply did not exist.

#### 4. Conclusions

The above discussion is an attempt to highlight those aspects in the literature regarding strategic spatial planning that build on the interactions of the process with the local state as an interpretative path to understand its successes and failures in the specific institutional context of Thessaloniki, Greece's second largest city.

The strategic spatial plans under consideration reflect a reluctance, notwithstanding the strategic priorities that they set, both to diagnose the problems present obstacles to the pursuit of these priorities and to shape the policies within a lasting spatial planning process which aims to fulfill these priorities. In all the three plans under examination very little thought and effort was devoted to actual outcomes and to answering the question of how the city's assets can better utilized to the public benefit. As such, these planning exercises represent an effort to reproduce the main features of the local state and the way it interacts and is circumscribed by the central state. These strategic planning exercises legitimized status by being strictly pro forma in the way they set about outlining the creation of an internationally competitive metropolitan production complex. Spatial planning, in turn, facilitated residential construction, through its ex post legalization, such construction being key to the consumption led model of the national economy funded indirectly by state expenditure and the financing that the national economy could attract from international money and capital markets. It may sound provocative but in the political economy of a bankrupt local as much as national state, when a system fails completely it seems that transformation or change is left not to extra-local but to extra-national agents, in our case Greece's Troika of lenders which have mandated to the Greek government the privatization of key local assets, such as the port, the water authority and the international trade fair in Thessaloniki.

Perhaps the solutions should be searched within the local level and to models of decision such as coproduction (Albrechts 2013), which may be proven useful for a local polity where vested interests have long claimed, with great effect, to represent the common interest, and as such it may allow, in times of crisis, a gifted local political leadership to share a vision with the general public and invite the general public to participate in the materialization of this vision, rendering redundant the claims of vested interests groups while also justifying the promise that co-productions defenders have claimed for it.

## References

- Albrechts, L., 2004. Strategic (spatial) planning reexamined. *Environment and Planning B: Planning and Design*, 31, pp. 743-758
- Albrechts, L., 2006. Shifts in strategic spatial planning? Some evidence from Europe and Australia. *Environment and Planning A*, 38, pp. 1149-1170.
- Albrechts, L., Healey, P., Kunzmann, K.R., 2003. Strategic spatial planning and regional governance in Europe. *Journal of the American Planning Association*, 69:2, pp. 113-129
- Allmendinger, P. and Haughton, G., 2010. Spatial planning, devolution, and new planning spaces. *Environment and Planning C: Government and Policy*, 28:5, pp. 803-818.
- Baker, M. and Wong C., 2013. The delusion of strategic spatial planning: what's left after the labour government's English regional experiment?. *Planning Practice & Research*, 28:1, pp. 83-103.
- Bower, U., Michou, V., Ungerer, C., 2014. The Puzzle of the Missing Greek Exports. *Economic Papers* 518. Directorate of Economic and Financial Affairs, European Commission.
- Council of European Municipalities and Regions & Dexia Credit Local, 2012. Subnational public finance in the European Union.
- Healey, P., 2004. The treatment of space and place in the new strategic spatial planning in Europe. *International Journal of Urban and Regional Research*, 28:1, pp. 45-67.
- Giannakourou, G., (2005). Transforming spatial planning policy in Mediterranean countries: Europeanization and domestic change, *European Planning Studies*, 13 (2), pp. 319-331.
- Healey, P., 2006. Collaborative planning: shaping places in fragmented societies, 2nd edition. Hampshire: Palgrave Macmillan.

- Hlepas, N., Getimis, P. 2010. Greece: A Case of Fragmented Centralism and Behind Scenes Localism. In Loughlin, J., Hendriks, F. and Lindstrom, A., *The Oxford Handbook of local and regional democracy in Europe*, Oxford University Press.
- Kafkalas, G. 2008. Strategic planning in Thessaloniki: the strategic parameter of a path in progress. In Kafkalas, G., Labrianidis, L., Papamichos, N. (eds.) *Thessaloniki at the verge: the city from the perspective of changes*. Athens: Kritiki, , pp 645-687 (in Greek).
- Kamaras, A. 2013. Property tax and local government fiscal autonomy. Policy Paper No15. Eliamep Crisis Observatory (in Greek).
- Mavrokordatos, G., 1998. Metaxi Pitiokampti and Porkrousti, Professional Associations in Contemporary Greece, (in Greek).
- MacLeod, G. and Jones, M., 2011. Renewing Urban Politics. *Urban Studies* 48 (12), pp. 2443-2472.
- Salet, W., Faludi A. (eds) 2000. *The revival of strategic spatial planning*. Royal Netherlands Academy of Arts and Sciences, Amsterdam.
- Thoidou, E. 2013. Strategic Planning in the era of crisis: Current trends and evidence from the metropolitan area of Thessaloniki. *Spatium International Review*, 30, pp. 12-17.
- Walsh, C. and Allin S., 2012. Strategic Spatial Planning: Responding to Diverse Territorial Development Challenges: Towards an Inductive Comparative Approach. *International Planning Studies*, 17:4, pp. 377-395.
- Wassenhoven, L. (ed.) 2010. *Spatial governance: Theory, European experience and the case of Greece*. Athens: Kritiki, (in Greek).
- Yiannakou, A. 2008. Urban plans for Thessaloniki: ideology and practice during the 20<sup>th</sup> century. In Kafkalas, G., Labrianidis, L., Papamichos, N. (eds.) *Thessaloniki at the verge: the city from the perspective of changes*. Athens: Kritiki, pp. 447-87 (in Greek).
- Yiannakou A., 2013. From Sprawl to Smog and the Roles of Spatial Planning: Aspects of the ‘Greek Crisis’. AESOP-ACSP Joint Congress, 15-19/7/13, Dublin.