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**EU's Structural Funds and the Public Investment Programme in Greece: 1985-2005<sup>1</sup>**

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**ABSTRACT:** In the following paper, I will explore the repercussions to the Public Investment Programme (*Πρόγραμμα Δημοσίων Επενδύσεων*) in the last twenty years (1985-2005) by the inflow of EU's subsidies. The specific research has been based in the detailed analysis of the Public Accounting Books (*Κρατικός Προϋπολογισμός*). The main contribution of this paper is the exploration of three inextricably interlinked 'myths' about the Greek political economy: the first one concerns the myth of *developmental Greek state*, as the increase of the Public Investment Programme as a proportion of Public Budget was not 'real'; the second, concerns the dimension of *decentralization*, which according to the Public Budget categories, is false; finally, a myth regards the dimension of *cohesion*: in other words, as it derives, as long as the management of the Greek Public finance (and the use of EU's subsidies) has been 'rationalized', after 1996-7, the 'absorptive capacity' has been weakened; fact proves that the Greek infrastructures were not able, for various reasons (structural deficiencies, lack of experience, vested interests), to utilize the receipts in their whole. The presentation of the specific research will be followed by the necessary graphs, tables and data found in the original Public Finance Books of years 1985-2005.

**Introduction:**

In the following paper, I will explore the repercussions to the Public Investment Programme (*Πρόγραμμα Δημοσίων Επενδύσεων*) in the last twenty years (1985-2005) by the inflow of EU's subsidies in this. The specific research has been based in the detailed analysis of the Public Accounting Books (*Κρατικός Προϋπολογισμός*). The main pillars of the research are: the detailed examination of the receipts on the Programme the last 20 years; the analysis of the fiscal relations between Greece and EU and the exploration of the distribution dimension (the distribution of the receipts). The main ascertainments of this research include:

- the importance of the EU's receipts for the Public Investment Programme in Greece
- the significance and the necessity of the EU's Regional Policy as a necessary component of the spatial-economic unification of Europe.
- the management of the receipts by the Greek governments (1985-2005); the latter regards the analysis of the Public Budget categories in those of Public Borrowing, Public

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<sup>1</sup> Analysis taken by Dissertation submitted in the University of Crete.

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Investments, in the time basis of elections and EU Programmes (ΚΠΣ) but also in the spatial basis of Central (*Κεντρικό*) and Decentralized (*Αποκεντρωμένο*) Planning.

## **Part One:**

### **The Cohesion Policy**

The Cohesion policy of the European Union regards the third pillar of the European **economic policy mix**. Alternatively, the EU's Cohesion policy can be characterized as a compensating political and economic scheme of intergovernmental conciliation (Moravcsik, 1998), aiming to restrict and eliminate the economic and social costs of Europeanisation. Unquestionably, EU's Cohesion policy does not regard a mechanism of inter-regional or intra-regional income equalization; however, it constitutes a policy instrument of convergence between national economies (Hix, 1999: 261).

The Regional policy of European Union gathered as a necessary component of the very process of European unification, as the latter has been emerged in the context of the **increasing international economic interdependence**. The Cohesion policy constitutes a policy of 'financial solidarity' and its major aspiration focuses on the decrement of the spatial imbalances but not on the enforcement of the fiscal capacity of member-states. The outmost intention of Regional policy lies in the potential strengthening of the growth dynamics and the shrinkage of economic-structural inequalities between the member-states' economies. The future of Cohesion policy is inextricably interlinked to the future of Europe since the inequalities are multiple; however, the impact of it in the regional European economies is an open question, especially under the austere as well as limited framework of the European Budget.

### **The Analysis of the Public Investment Programme: questions and hypotheses**

In the following paragraphs, I will illustrate a quantitative analysis involves both the dimensions of the management and distribution of the EU's receipts as well as the parameters of the impacts of those receipts in the Greek Public Budget. The specific research has been based in the Public Accounting Books, from 1985 to 2005. Specifically, I will 'break up' and analyze the Public Investment Programme (PIP) of the Greek Regular Budget (RB). PIP is the part of RB finances all the infrastructure projects,

including the projects financed by the EU through the EU's Structural Funds (ERDF, ESF, and FEOGA-O) and the EU's Cohesion Fund.

The main questions this paper tries to highlight include: first, the extent in which the Greek political economy has passed to a new stage of development, under a new 'developmental state'. In the same framework, similar questions regard, the extent in which the Greek public administration system has been decentralized the last years; thirdly, I will try to reveal the myth regards the 'cohesion debate'. Alternatively, which is the relation between the terms of 'convergence' and 'cohesion' and to what extent it is realistic to speak about these terms, in a European context of spatial-economic inequalities.

Thus, as it has already been noted, the main hypotheses of this research are: a) we cannot speak about a Greek developmental state, for the moment at least, b) the decentralization in Greece regards only an administrative decentralization but not a financial one, since the dependence of the regions is increasing, and c) the terms convergence and cohesion are more conflicting than complementary and the 'cohesion goal' does not depend on the political decision but mostly, on the economic and structural capabilities of the given economic context.

In this respect, the most important points to be mentioned are: a. the various and multiple inflows in the Public Investment Programme (PIP) and their political, economic and social meanings and repercussions, b. the role of EU's receipts in the political economy of Greece the last twenty years and, c. the dimension of distribution of PIP. In order to explore the main questions of this research, various aspects will be discovered, such as the fiscal dealings between Greece and EU, the economic-structural capabilities of Greek economy and the role the Public Investments have in the Greek political and economic 'mentality'.

### **Public Budget: An Issue of Utmost (Political) Importance**

In the specific research, I will not examine Public Budget (PB) as an accounting process alone, since the institution of PB involves a deep-rooted and vital political dimension. Public Budget is the mechanism of rational management of public money and the major policy instrument of the economic functions of the state (Karagiorgas, 1981: 91); its

operation aiming at the optimal administration of the produced wealth in a given society as well as in the assurance of the conditions necessary for the reproduction of the specific wealth. The political nature of Budget lies on its very function, since it constitutes a legitimate concentration of means for the aspiration of social goals which would bring the socially, and politically necessary economic growth (Musgrave, 1989).

A major distinction in the Public Budget is the one between the consuming and the investing expenses. Where the line would be drawn between them, depends on the political decision. The aspiration of the economic growth and the financing of investments for example, can hit the private consumption, it can increase the taxation by hitting the individual prosperity or it can increase the foreign public borrowing and increasing simultaneously the public debt. In the same manner, the deficient financing of investments can harm the economic growth and development. Regardless of the dominant economic policy mix, the aim is always the '*enlarged reproduction*' which includes both consuming and investing expenses.

The reasons for the state intervention can be found mainly, as Stiglitz says, at the unwanted and unintended consequences derived from the 'uncontrolled' and 'deregulated' market operation (Stiglitz, 1988: 95). However, there are some other reasons impose and necessitate the state intervention; specifically, according to the public investments, the role of the state stands crucial. Based on the academic research of Ashauer, the importance of public investments for the economic development is of utmost importance (Panteion University, 1998: 50).

Particularly, the significance of public investments lies on their effect upon to the increment of private sector's productivity as well as to their positive impact on development. Public investments support and increase the productivity and attribution of private capital and encourage the actualization of private investments. According to the same research, public investments have a positive effect upon the **marginal productivity** of private capital, by creating the necessary **private investment incentives (crowding-in effect)**<sup>3</sup>. In contrast with the argument about the 'dislodgement' of private investments by

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<sup>3</sup> The central argument of Ashauer is located in the production function:  $Y_t = A_t * f(N_t, K_t, GK_t)$ , where:  $Y_t$  the real product of private sector in the period  $t$ ,  $N_t$  the employment during the same period,  $K_t$  the capital stock excluding private housing in the beginning of period  $t$ ,  $GK_t$  the capital stock of public sector

the public ones, Ashaeur proves the statistically significant and quantitatively vital impact of public investments upon to the labor productivity and the total productivity as well.

### **The Public Investment Programme**

Public Budget in Greece is being divided into two main parts; on the one side, there is the Regular Budget (RB) while on the other side, there is the Public Investment Programme (PIP). PIP involves credit inflows, national contributions and EU's receipts. The PIP is the official receiver of the EU's Structural Funds. Inside the PIP, there is also one more distinction, the one between the co-financed and national-financed projects. The totality of the investments carrying out by the State, either through the Ministries or through the Regional administrative institutions, is financed by the PIP.

PIP is also the main carrier and the 'manager' of the Community Support Frameworks (1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> CSF) and the major channeling mechanism for the Structural Funds. The reason for this, as it has already been noted, regards the character of the Cohesion policy; in the epicenter of the latter, the production of public goods is located as well as the diminishing of the spatial economic and structural inequalities. As Hix notes, Cohesion Policy regards more a policy of convergence between regional economies than a policy of convergence between regional incomes (Hix, 1999).

It is important to be mentioned in this point, that each CSF is being accomplished through the so-called Regional Operational Programmes (ROP) and the Sectorial Operational Programmes (SOP). The latter concerns horizontal policies carrying out by the central government and regard many regions. In contrast with SOP, ROP mostly regard vertical actions and specific regions and multiple policy actions. Jurally, the projects are implemented through the so-called Collective Decisions (*Συλλογικές Αποφάσεις - ΣΑ*, CD - co-financed) and simple Collective Decisions (national-financed). The sub-categories of CD are: Collective Decisions for Regional Projects (*Συλλογικές Αποφάσεις Έργων Περιφέρειας - ΣΑΕΠ*, CDRP), Collective Decisions for Prefectures' Projects (*Συλλογικές Αποφάσεις Νομαρχιακής Αυτοδιοίκησης - ΣΑΝΑ*, CDPP) and Collective Decisions for Local Government (*Συλλογικές Αποφάσεις Τοπικής Αυτοδιοίκησης - ΣΑΤΑ*, CDLG).

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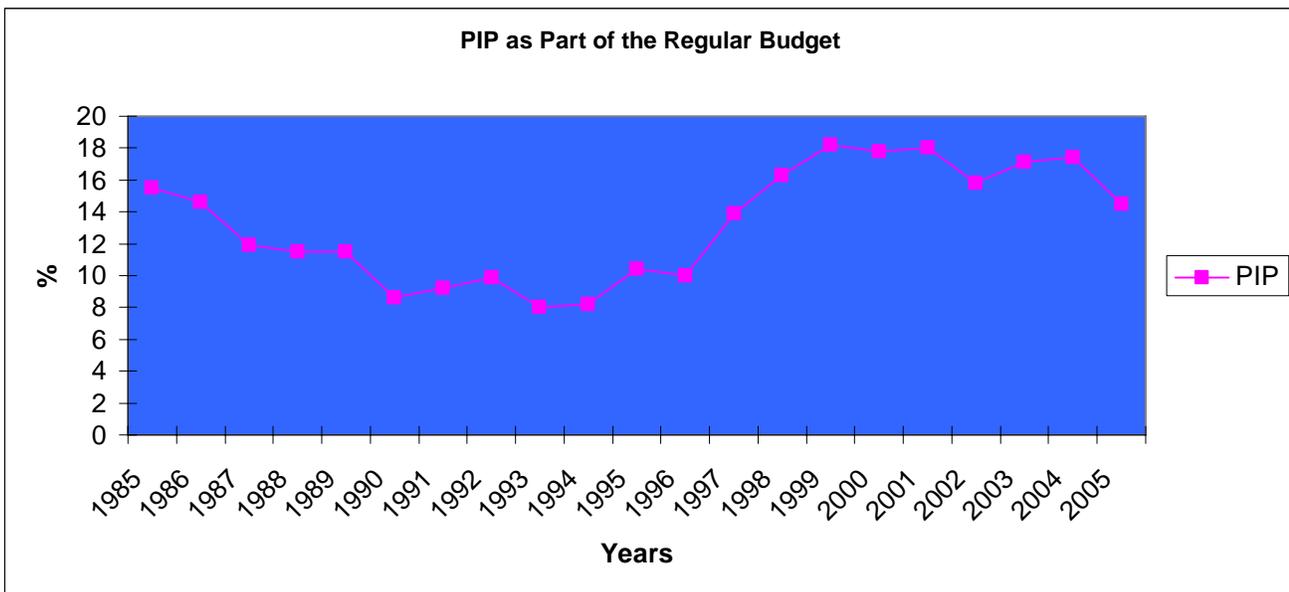
in the beginning of the period  $t$  and  $A_t$  the indicator of total productivity in the sense of Hicks' neutral technological change (Panteion, 1998: 50).

## **Part Two: A Quantitative Insight**

### **Inflows in Public Investment Programme**

More analytically, as it is illustrated above, Public Investments have been always a small part of the total Regular Budget. Until 1996, PIP was a proportion less than 10% of the RB; nevertheless, since 1996 and the new government of Kostas Simitis, Public Investments take up stably the 1/6<sup>th</sup> of the Regular Budget. Especially in the year of elections (2000-2001), Public Investments are in their highest rate (Graph 1, Appendix Table 1).

**Graph 1**

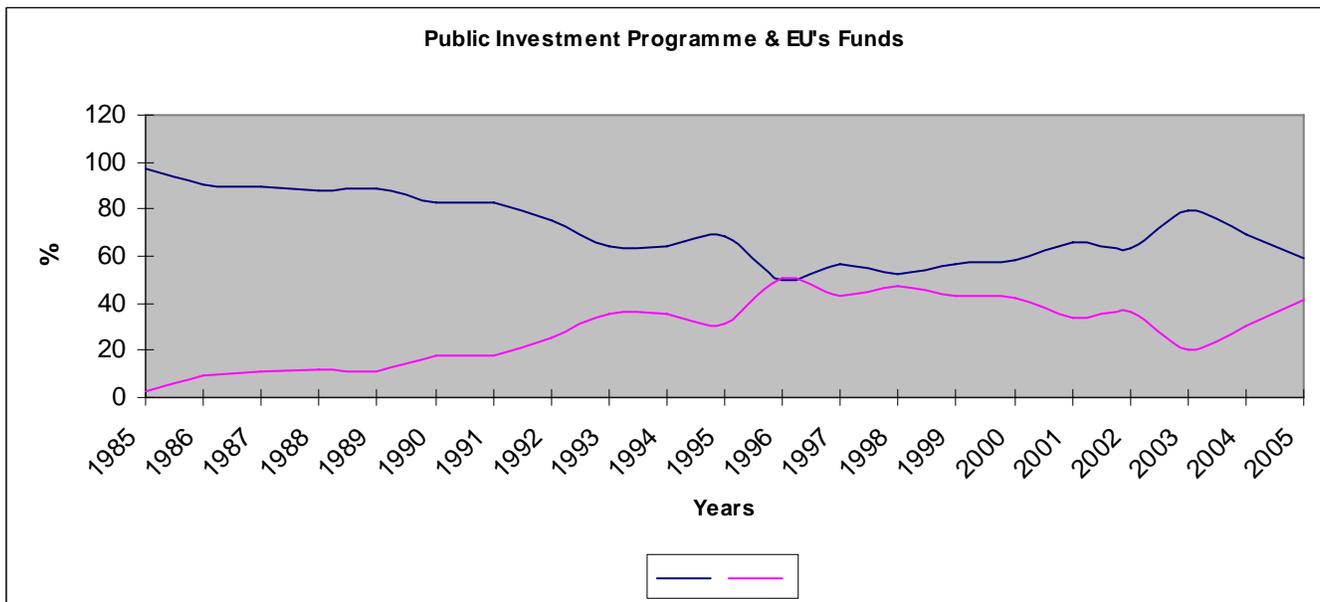


Source: Ministry of Finance, State Budget Accounting Books 1985-2005.

However, as it is illustrated below, this increase of the PIP as a proportion of RB has not been caused by a real increase in funding but by an increment in a ‘imaginary’ category, the so called ‘Public Participation in Public Organisations’ (ΔEKO). The specific category regards potential inflows to the public purse, deriving from the participation of the state to the shares of Public Organisations. As we will see below, the increment of PIP in the years 1996-2005 depends on a great extent at the increment of the Public Participation in the PO’s.

The role of EU's Structural Funds in the evolution of the Greek Public Investments is of crucial importance. Table 2 illustrates the contribution of the EU's subsidies in the Greek Public Investment Programme. Until 1995, the EU's proportion in the PIP reaches about the 1/3 of the total PIP. From 1996 onwards, it is easy to be observed that the EU contribution possesses the 1/2 (1996) of the total PPI. However, since 1997 there is a continuous fall in this inflow. In the next Tables I will reveal the reasons for that.

**Graph 2**



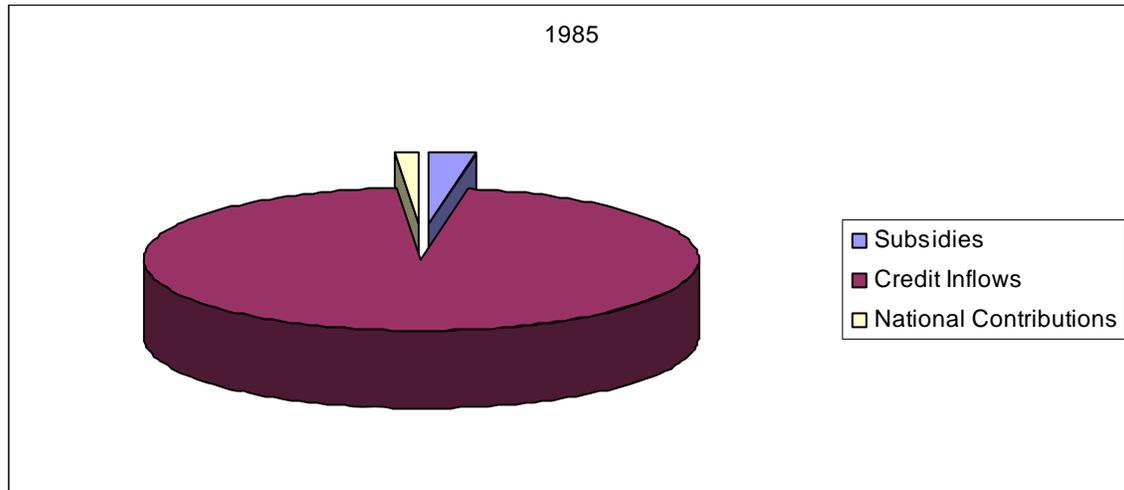
Source: Ministry of Finance, State Budget Accounting Books 1985-2005.

As I mentioned above, the National contribution to the PIP is divided to some sub-categories. Those are: the Public Participation at the PO's or internal borrowing, the foreign loans, which with the previous category constitute the Credit Inflows; the EU's subsidies and finally, the National Contribution. The National Contribution has been always of minor importance for the Public Budget and specifically for the Public Investment Programme [Appendix Table 3, 4, Table A (b)]. The latter has been always supported by the Credit Inflows.

The EU's subsidies have replaced the great part the external and internal borrowing had in the PIP. In other words, the EU's subsidies were an optimal substitute for the Credit Inflows, however failed to produce the multiple developmental results. At 1985 for

example, the subsidies was the 2.9%, the Credit Inflows constituted the 95.8% and the National Contribution was the 1.3% (Graph 3, Appendix Table 3, 4).

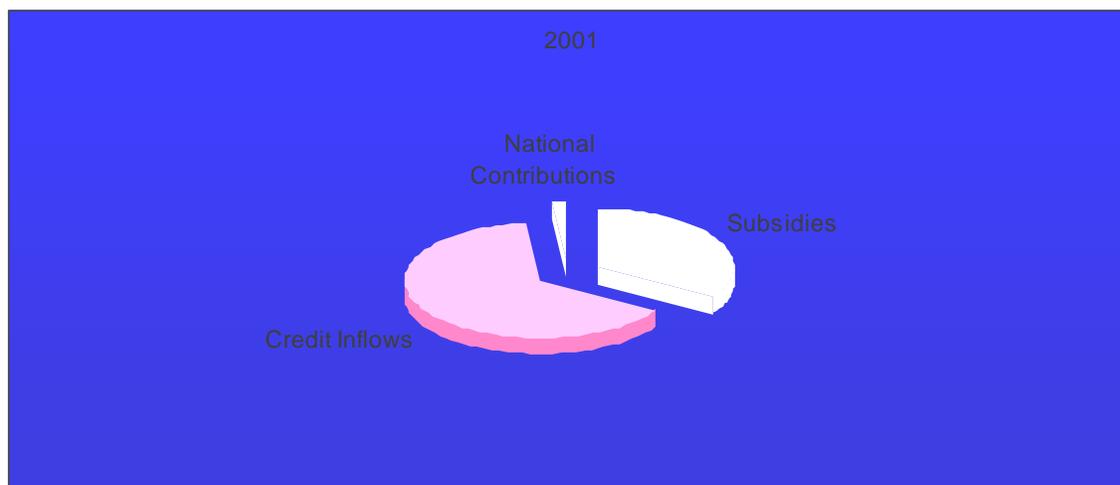
**Graph 3**



Source: Ministry of Finance, State Budget Accounting Books 1985-2005.

Eleven years later, in 1996, the EU's inflows concern the 50.4% and the Credit Inflows the 48.2%. And since then a fall has been observed as a result of 'structural deficiencies'. What is also of outstanding significance in the Table A (Appendix Table 3) regards the category "Public Participation in PO's" or internal borrowing (Graph 5).

In 2001, similarly, National Contributions are still of minor importance while the credit inflows hold a great part of PIP. As it is clear, from 1997 to 2004 the average of internal borrowing reaches the 22.6%. These potential inflows are responsible, to a great extent, for the increment of the PIP as a proportion of the Regular Budget (Table A, Graph 5). I have to mention here that in the Accounting Book of 2005, under the government of Kostas Karamanlis, the distinction between foreign loans and internal borrowing has been rejected. Nonetheless, the proportion of the credit inflows remains on the same level as before.

**Graph 4**

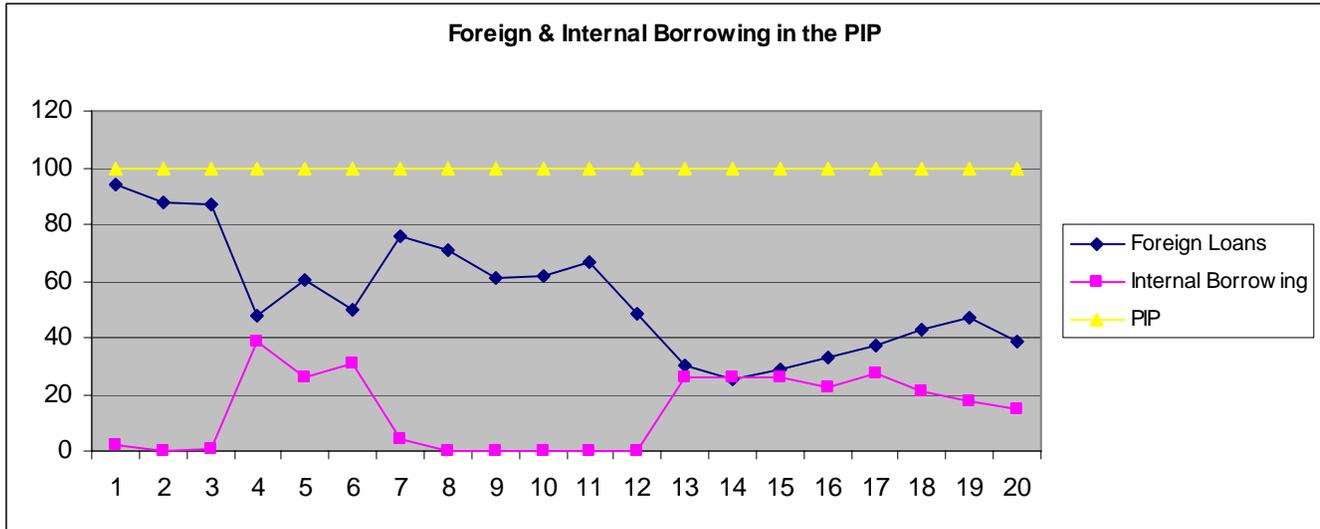
Source: Ministry of Finance, State Budget Accounting Books 1985-2005.

***Table A: A Detailed Analysis of PIP in percentage***

<i>ETH</i>	EU'S Subsidies / <i>PIP</i> ( $\alpha$ )	National Contributions / <i>PIP</i> ( $\beta$ )	Foreign Loans / <i>PIP</i> ( $\gamma$ )	Public Participation in Public Organisations – Internal Borrowing / <i>PIP</i> ( $\delta$ )	Credit Inflows / <i>PIP</i> ( $\gamma + \delta$ )	<i>SUM AI</i> ( $\alpha + \beta + \gamma$ ) / <i>PIP</i>
1985	2.9	1.3	93.8	2.1	95.8	97.9
1986	9.7	2.2	87.8	0.2	88	99.8
1987	10.6	1.3	87.3	0.8	88.1	99.2
1988	11.8	1.9	48	38.3	86.3	61.7
1989	11.2	2	60.7	26.1	86.8	73.9
1990	17.6	2.1	49.5	30.8	80.3	69.2
1991	17.5	2.1	76	4.3	80.3	95.7
1992	25.2	4.1	70.8	-	70.8	100
1993	35.8	2.4	60.9	-	61.7	100
1994	35.7	2.7	61.6	-	61.6	100
1995	31.3	2.2	66.5	-	66.5	100
1996	50.4	1.4	48.2	-	48.2	100
1997	42	1.2	29.9	25.9	55.8	74.1
1998	47.5	1.2	25.6	25.7	51.3	74.3
1999	43.4	1.5	28.9	26.2	55.1	73.8
2000	42	1.9	33.2	22.8	56	77.1
2001	33.9	1.7	37	27.4	64.4	72.6
2002	36.3	0.2	42.6	21	63.5	79
2003	20.7	0.9	46.7	17.3	64	82.7
2004	30.7	1.04	38.8	14.6	53.4	85.4
2005	41	1.24	Distinction Rejected		57.8	-

Source: Ministry of Finance, State Budget Accounting Books 1985-2005.

**Graph 5**



Source: Ministry of Finance, State Budget Accounting Books 1985-2005.

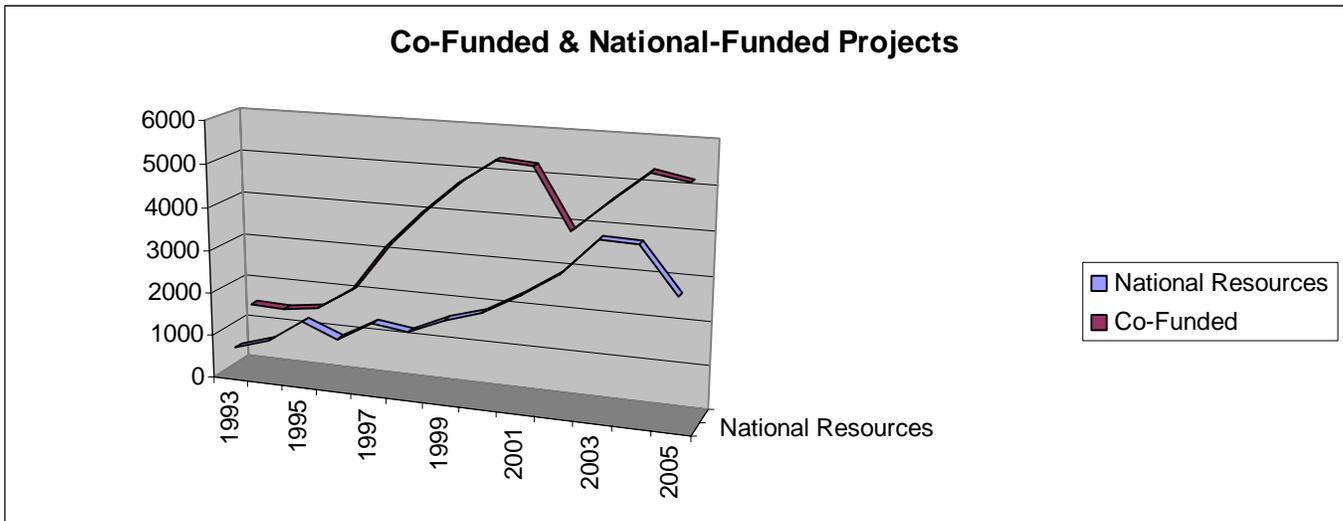
The major ascertainment regards the role of subsidies in the PIP. The Table 4 (Appendix) and the category a/B in specific, illustrates the proportion of EU’s subsidies in the sum of PIP excluding the credit inflows. Alternatively, since we include the inflows in the PIP excluding the credit inflows (external and internal borrowing), the EU’s receipts are almost the only inflow in the PIP.

**Distribution of PIP**

Another dimension under examination is the one of the distribution of resources. The resources of PIP are sub-divided in two categories: the first one regards the so-called national-funded projects; the second one concerns the co-funded projects. The latter includes all the projects absorb money from the EU’s receipts through the Structural Funds as well as money from the national section of the PIP (national resources). Unfortunately, there is no distinction between co-funded and national-funded projects in the PIP, until 1993; as a result, given the data I have available, I can draw the specific conclusions for the period 1993-2005: on the one side, there is an average of 63.45% according to the part the co-funded projects hold in the PIP. In other words, the 2/3 of the PIP the period 1993-2005 regards co-funded projects by the EU. On the other side, it is

easy to observe that in the years 1998, 1999 and 2000, the co-funded part reaches its highest rates at 72.8%, 71.8% and 71.6% respectively (Graph 5, Appendix Table 5).

**Graph 6**



Source: Ministry of Finance, State Budget Accounting Books 1985-2005.

The specific tension is partly explained by the political will of the new government of Simitis for structural reforms; this political will had its roots in the personal political visions of Kostas Simitis, in the ambition of his government to fulfill the requirements of EU and finally, in the peculiar political period and the so-called electoral cycle. This tension does not signalize a major change in the fiscal relations between the EU and Greece. This happens for two reasons: on the one hand, there is no continuous increment in the co-funded projects as from 2000 to 2005 there is a clear decline; on the other hand and in a more spherical view, I will conclude that the management of the EU's receipts has been improved but not the 'absorptive rate'. Thus, I cannot assume that the period of 1998-2000 in the distribution dimension a permanent and major change in the management of the EU's monies.

In this point it is useful to remind the main hypothesis according to the 'growth diffusion problem'; *the latter has been defined not necessarily as the mismanagement of the resources but as the structural inability of a full and complete absorption and optimal and efficient distribution of the EU's receipts.* This problem and deficiency is what I

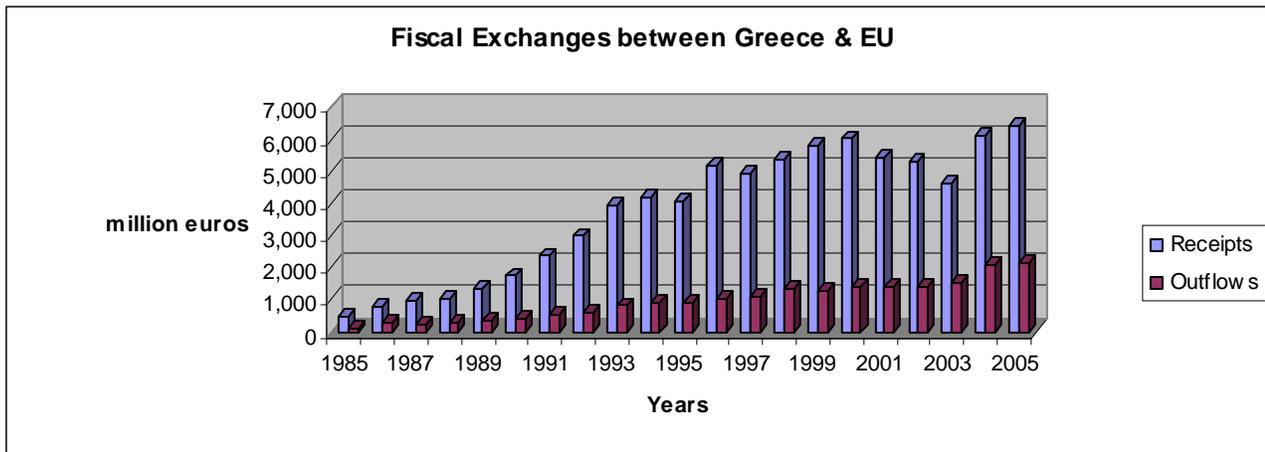
name '*lack of efficient diffusion of development*'. In the Graph above (Graph 6), it is easy to be observed that there is a flexion in the co-financed part, after 1999. In other words, there is a reduction in the resources directed to projects financed by the EU. Under the new organizing methodology, the so-called Activity Based Budgeting; this has been first implemented in the 2001 financial year budget. Under the regulation of the specific system, Greece is facing a serious problem of implementation according to the infrastructure projects financed by the EU's Structural Funds.

Nevertheless, that does not happen because of the receipts' mismanagement, since I figured out that from 1997 to 2005, the greatest part and the totality of the resources sometimes, is directed at the PIP. As a matter of fact, the main deficiency concerns the inability to diffuse and to utilize the receipts. Especially because of the Activity Based Budgeting, the mobilization of National resources which was of crucial importance, has been undermined by the fiscal problems and the difficult financial position of Greek economy and Greek Regular Budget.

The aforementioned is being confirmed by the major increment of the foreign loans in the specific period which has its roots in the increasing necessity for resources finding. The same hypothesis is being confirmed by the following data, as the ratio between the receipts and the outflows the sub-period of the 2000-2006 is getting lower (Graph 7, Appendix Table 6, 7).

### **Fiscal Exchanges between Greece & EU**

The ratio for dealings in all the period 1985-2005 is approximately stable. One observation concerns the flexion from 2000 onwards, which it is because of the EU's Budget changing system. The new system is based (Action Based Budgeting) on the implementation of the projects. The latter has caused fiscal problems in Greek governments, as they couldn't fund the projects ex ante, as they had to. In addition, this changing system, as I will illustrate below, prevented the use of EU's monies for political reasons. A second observation can be found and analysed in the Table of variations (Table B). More analytically, the specific Table is full of fluctuations. However, from 1995 onwards, a permanent flexion has been occurred.

**Graph 7**

Source: Ministry of Finance, State Budget Accounting Books 1985-2005.

More importantly, the explanation for this permanent and continuous flexion lies in a later analysis. Let me just mention here that from 1996 onwards, under the government of Simitis, the greatest part of EU's receipts have been absorbed by the PIP.

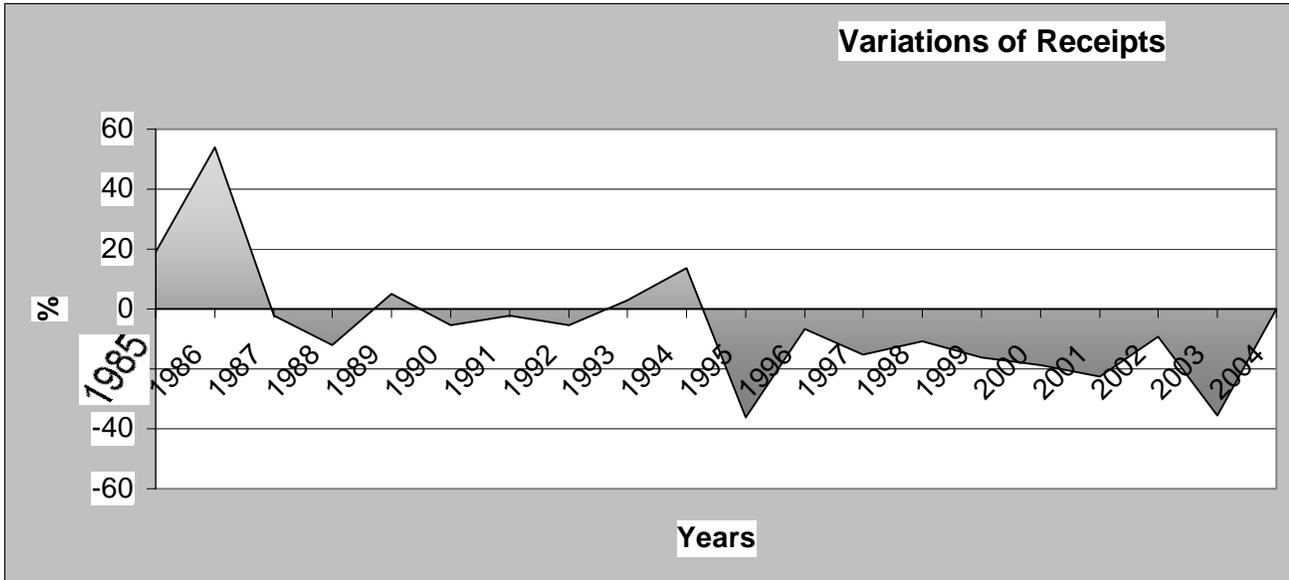
***Table B: Variations in Percentage***

Years	Variations of Receipts %	Variations of Outflows %	Variations of Benefits %
1985	+ 19.2	9.7	+ 22.6
1986	+ 53.9	23	+ 76
1987	- 2.2	6.3	- 4.7
1988	- 12.1	11	- 18
1989	+ 5	6.5	+ 4.5
1990	- 5.3	0	- 6.8
1991	- 2.3	- 2.8	- 2.2
1992	- 5.4	- 15.5	- 2.95
1993	+ 3	- 0.3	3.9
1994	+ 13.5	5.9	- 18.8
1995	<b>- 36.06</b>	- 13.6	<b>- 42.5</b>
1996	<b>- 6.7</b>	- 8.4	<b>- 6.3</b>
1997	<b>- 15.2</b>	- 5.7	<b>- 18</b>
1998	<b>- 10.7</b>	4	<b>- 15.5</b>
1999	<b>- 16.3</b>	- 0.05	<b>- 20.8</b>
2000	<b>- 18.6</b>	8.5	<b>- 26.6</b>
2001	<b>- 22.5</b>	- 13.2	<b>- 25.7</b>
2002	<b>- 9.05</b>	- 8.4	<b>- 9.3</b>
2003	<b>- 35.6</b>	2.8	- 45.8
2004	-	-	-

Source: Ministry of Finance, State Budget Accounting Books 1985-2005.

Until then, a lot of the EU's receipts hadn't been absorbed by the PIP but by other categories of the Regular Budget. As it is illustrated below, a lot of EU's monies, until 1996, have been used for political or other reasons ('fiscal holes').

**Graph 8**



Source: Ministry of Finance, State Budget Accounting Books 1985-2005.

The 'paradox' is that since the management of the EU's receipts has been rationalised, the 'absorption capacity' has been weakened. **When the EU's inflows started bounding for the PIP as they had to, the rate of absorption has been lowered (compare Table B & C, Graphs 8 & 9).**

The major explanation this paper provides for this 'paradox' can be summarized in the so-called '*overload effect*'. In other words, two simultaneous parameters caused this phenomenon. On the one side, the **political-administrative explanation** is provided. On the other side, and most importantly perhaps, the **infrastructure explanation** answers the 'paradoxes' derived from the decreased 'absorption rate'. For instance, and as Spanou argues, a traditionally centralised and dominated by the party in government administrative system is incapable to ensure continuity (Spanou, 1998: 474). The symbolic self-government institutions and reforms as well as the low degree of legitimacy and institutionalization (ibid: 474) in Greece, have a clear defined side effect:

the complete lack of a long term and oriented developmental plan. Simultaneously, the lack of physical infrastructures (know-how, know-who, i.e. contractors, consultants) together with the absence of a similar developmental experience **revealed the ‘structural bounds’ of Greek economy**. In sum, the default of national resources, the lack of physical infrastructure but also the absence of similar programme-oriented developmental experience tackled full absorption of EU’s receipts and the successful completion of the EU vision for Greece.

As it has been illustrated above, a lot of the EU’s receipts has been directed not to the PIP but to the Regular Budget. In other words, the Structural Funds were funding not the infrastructures projects and development but the payments expenses, pensions and other current expenditures (Appendix Table 8). Until 1995, it is clear that the 60% of the ERDF receipts were not directed to the PIP. Equally, the 70% of the FEOGA were not directed at the PIP as none of the ESF receipts did.

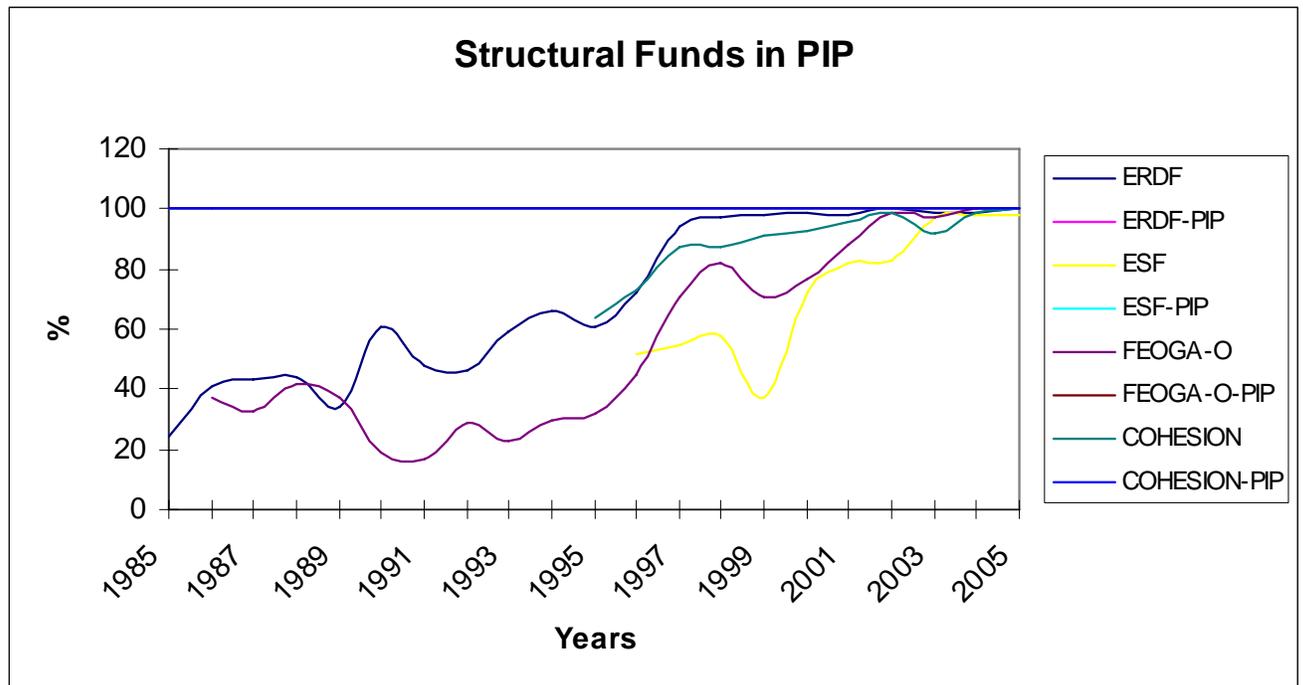
***Table C: Structural Funds in the PIP***

<i>Years</i>	<i>ERDF – PIP/ ERDF</i>	<i>ESF – PIP / PIP</i>	<i>FEOGA (O)– PIP / FEOGA(O)</i>	<i>COHESION – PIP / COHESION</i>	<i>EU’s Inflows in PIP</i>
<b>1985</b>	23.8 %	-	-	-	23,184
<b>1986</b>	41.1%	-	36.5%	-	88,323
<b>1987</b>	42.8%	-	33.4%	-	99,192
<b>1988</b>	44%	-	42%	-	126,485
<b>1989</b>	33.9%	-	37%	-	141,125
<b>1990</b>	61%	-	19.2%	-	240,352
<b>1991</b>	47.9%	-	16.5%	-	311,078
<b>1992</b>	45.7%	-	29.3%	-	535,876
<b>1993</b>	58.8 %	-	23.4%	-	783,565
<b>1994</b>	66.3%	-	29.8%	-	845,93
<b>1995</b>	60.7%	-	31.6%	64%	944,464
<b>1996</b>	<b>72.1%</b>	<b>51.7 %</b>	<b>44.9%</b>	<b>72.7%</b>	<b>1,620,061</b>
<b>1997</b>	<b>93.9%</b>	<b>54.8 %</b>	<b>70.6%</b>	<b>86.5%</b>	<b>2,049,731</b>
<b>1998</b>	<b>97.2%</b>	<b>58.4 %</b>	<b>82.2%</b>	<b>87.1%</b>	<b>2,615,832</b>
<b>1999</b>	<b>98.3%</b>	<b>36.8 %</b>	<b>71.4%</b>	<b>90.5%</b>	<b>2,867,289</b>
<b>2000</b>	<b>99.3%</b>	<b>72.3 %</b>	<b>77.2%</b>	<b>93.4%</b>	<b>3,122,43</b>
<b>2001</b>	<b>98%</b>	<b>81.8 %</b>	<b>87.6%</b>	<b>95.8%</b>	<b>2,658</b>
<b>2002</b>	<b>99.9%</b>	<b>82.8 %</b>	<b>99%</b>	<b>99%</b>	<b>2,543</b>
<b>2003</b>	<b>99.4%</b>	<b>96.7 %</b>	<b>97.1%</b>	<b>92%</b>	<b>1,746</b>
<b>2004</b>	<b>99.3%</b>	<b>97.7 %</b>	<b>99.6%</b>	<b>99.3%</b>	<b>2,947</b>
<b>2005</b>	<b>99.7%</b>	<b>98.1%</b>	<b>99.7%</b>	<b>100%</b>	<b>3,300</b>
<b>M.O.</b>	<b>69.2</b>		<b>54.2</b>		

Source: Ministry of Finance, State Budget Accounting Books 1985-2005.

In the same manner, the 35% of the Cohesion Fund (1992) has been lost at 1995. From 1996 onwards, an effort has started to improve the management of the EU's receipts. The inflows started bounding for the PIP in a greater proportion. Especially in the second government of Simitis, the greatest part of the EU's inflows has been directed to the PIP. The part of ERDF directed in PIP for instance, has an average of 47.8% until 1995. From 1996 to 2005 the average of ERDF in PIP consists the 95.7% of the ERDF received by the EU. Similarly, the ESF has an average of 73.1% after 1996. The FEOGA-Orientation has the last proportion under 50% at the 1996 (44.9%); since then, most of the money received through the FEOGA-O, has been absorbed by the PIP. The Cohesion Fund lastly, supports PIP with an average of 91.6% after 1996. The rest of the money has been used for the needs of the Regular Budget. At least, since 1996 an improvement has been observed; however, some other problems emerged as a result of those modernizations (Table B, Graph 8).

**Graph 9**



Source: Ministry of Finance, State Budget Accounting Books 1985-2005.

## The Spatial Dimension

**Table D:** Central vs Decentralised Planning and the myth of Decentralisation

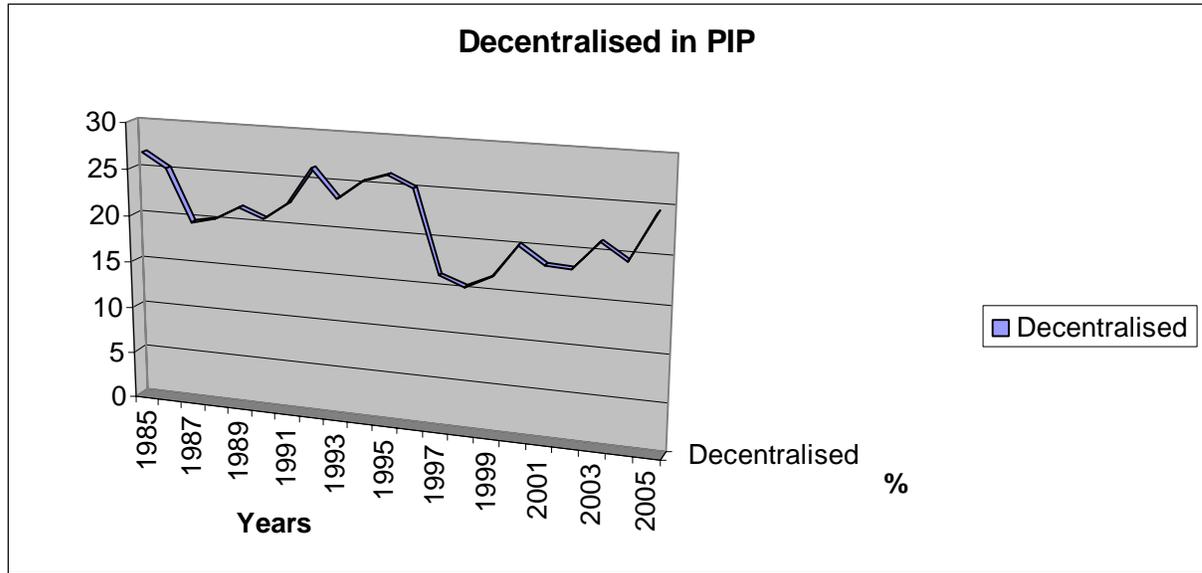
Years	DECENTRALISED (A)				D	D+C	C	D / PIP		
	1. REGIONAL-BASED		2. PREFECTURE-BASED		DECENT R/ED		PIP	CENTRAL	%	
	Co-Funded ( $\alpha$ )	National- Funded ( $\beta$ )	Co-Funded ( $\alpha$ )	National- Funded ( $\beta$ )	$1\alpha + 2\alpha$	$1\beta + 2\beta$	1 + 2	PIP - D		
1985	-	-	215,647	-	-	-	215,647	804,695	589,047	<b>26.8</b>
1986	-	-	229,855	-	-	-	229,855	909,28	679,426	<b>25.28</b>
1987	-	-	183,740	-	-	-	183,740	934,115	750,375	<b>19.67</b>
1988	-	-	217,455	-	-	-	217,455	1.072,92	855,471	<b>20.27</b>
1989	-	-	272,352	-	-	-	272,352	1.257,65	985,303	<b>21.66</b>
1990	-	-	282,166	-	-	-	282,166	1.364,93	1.082,763	<b>20.68</b>
1991	-	-	399,119	-	-	-	399,119	1.775,49	1.376,375	<b>22.48</b>
1992	-	-	393,093	168,213	-	-	561,307	2.130,3	1.568,993	<b>26.35</b>
1993	-	-	272,143	239,119	-	-	511,263	2.137,35	1.675,090	<b>23.39</b>
1994	-	-	316,312	285,325	-	-	601,637	2.369,1	1.767,468	<b>25.4</b>
1995	-	-	237,528	556,311	-	-	793,840	3.021,33	2.227,499	<b>26.28</b>
1996	-	-	427,782	379,149	-	-	806,932	3.214,22	2.407,289	<b>25.11</b>
1997	-	-	373,913	408,079	-	-	781,992	4.767,54	3.985,552	<b>16.4</b>
1998	26	-	364,085	457,464	390,092	457,464	847,556	5.509,810	4.662,253 ε	<b>15.38</b>
1999	163,794	-	467,923	470,650	631,718	470,650	1.102,368	6.603,204	5.500,836	<b>16.69</b>
2000	465,1	22,24	495,17	516,08	960,27	538,32	1.498,59	7.421,05	5.922,46	<b>20.19</b>
2001	476	32	312	623	788	655	1.443	7.842	6.399	<b>18.4</b>
2002	437	78	100	665	537	743	1.280	7.014	5.734	<b>18.24</b>
2003	664	216	145	764	809	980	1.789	8.435	6.646	<b>21.2</b>
2004	640	250	165	815	805	1.065	1.870	9.600	7.730	<b>19.5</b>
2005	720	190	234	826	954	1.016	1.970	8.050	6.080	<b>24.5</b>

Source: Ministry of Finance, State Budget Accounting Books 1985-2005.

One of the most famous political rhetoric in Greece the last ten years is the one of *decentralization*. The ‘*decentralization myth*’ was one of the dominant issues of the public political debate, causing occasionally reactions, positive or negative, especially in the implementation stage. The extent, in which the Greek decentralization mirrors the political reality in the country or the theoretical paradigms of decentralization, constitutes an open question.

Nowadays, it is a common ground in the social sciences that there is not one kind of decentralization. In a nutshell, three kinds of decentralization can be mentioned: the *administrative decentralization*, which is characterised by the emergence of new agencies. Similarly, the *political decentralization* involves the allocation of new powers for the regional and local governments. Finally, *economic decentralization* includes the diversification of financial and economic independence and the concession of economic power or economic resources from the central to the ‘local state’.

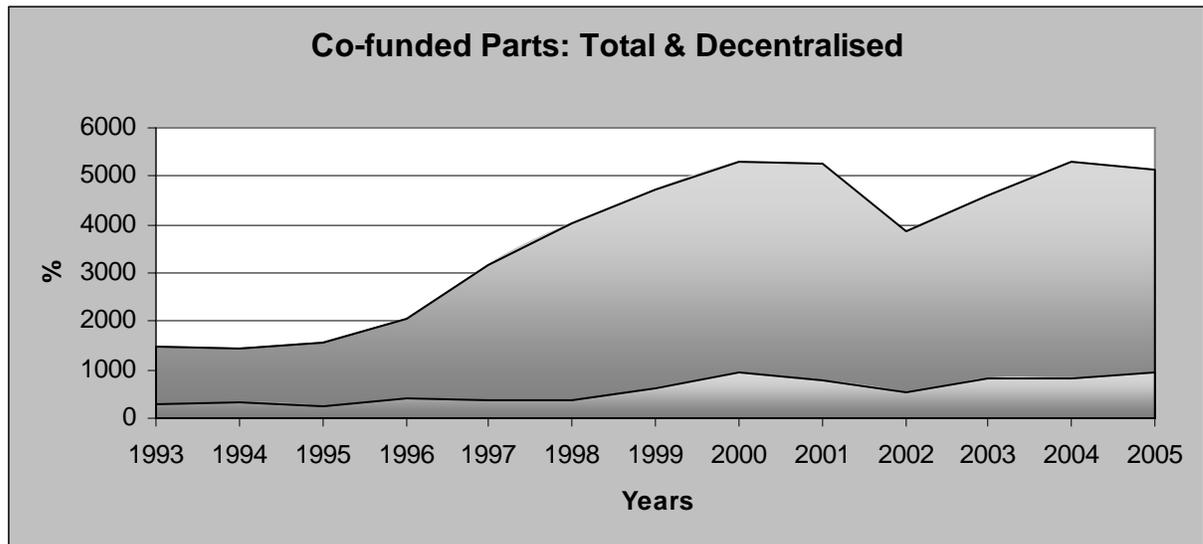
**Graph 10**



Source: Ministry of Finance, State Budget Accounting Books 1985-2005.

In practical terms, the vision of modernization has been accompanied by a *strict centralization*. As it has been illustrated in the Table above (Table D), the decentralized part has been diminished since 1997. At 1997, the decentralized part holds the 16.4% of the total PIP and at 1998 holds the 15.4% of PIP. Since then, the rate is of decreasing tension as the average from 1997 to 2005 is 18.95%. Taking into account that the average for the period 1985-1996 is **23.6%** with a lowest price of 19.67% (1987), it is not arbitrary to argue that the decentralization in Greece was just a rhetoric, or otherwise, a well established and legitimized ‘myth’. In the best likely case, the only decentralization occurred in Greece was the administrative one. In financial terms, not only decentralization has never been occurred but furthermore, a *peculiar centralization* has been observed.

**Graph 11**



Source: Ministry of Finance, State Budget Accounting Books 1985-2005.

**Conclusions:**

In the pages above, a comparative research has been conducted regarding the quantitative data have been drawn up from the Public Accounting Books of Greece, from 1985 to 2005. The main pillars of the specific research encompass: the implications of the Europeanisation process to the Public Finance and the Public Investments of Greece; at the same time, I tried to shed some light in the dimension of the management of the receipts by the Greek governments (1985-2005).

Under this spectrum, I tried to reveal three inextricably interlinked ‘myths’ about the Greek political economy: the first one concerns the myth of *developmental Greek state* since, as it derives, the increase of the Public Investment Programme as a proportion of Public Budget was not ‘real’; the second one concerns the dimension of *decentralization*, which according to the Public Budget categories, is false; finally, a myth discovered regards the dimension of *cohesion*: in other words, and as it derives, as long as the management of the Greek Public finance (and the utilization of EU’s subsidies) has been ‘rationalized’ (after 1996-7), the ‘absorptive capacity’ has been weakened; certain fact

proves that the Greek infrastructures were not able, for various reasons (structural deficiencies, lack of experience, vested interests), to utilize the receipts in their whole.

The main ascertainments from the analysis above can be summarized in the improvement of the economic indicators and the increment of the financial dimensions which have been enforced by the EU's receipts; although, the mismanagement of the receipts in the first sub-period (1985-1995) but also the problematic utilization and diffusion in the second one (1996-2005), characterizes the process of the so-called 'convergence' and determines the developmental future of the country in a great extent.

By summarizing the main conclusions so far, I cannot ignore the repercussions of the EU receipts at the increment of GDP as the *continuous augmentation of the total volume of outgoes of PIP*; although occasionally, the PIP has been financed by 'potential' but not real, inflows. Undeniably, the EU's receipts were of crucial importance for the Public Investment Programme and they can be characterized as the 'developmental engine', being both a major part of PIP but also a substitute for the foreign and internal borrowing. By examining the fiscal dealings between Greece and EU, I concluded both that the receipts, at least until 1996, were more than the ones directed to the PIP (maladministration and purposeful fiscal defalcation), but also that the absorption in the period 1996-2005 was a deficient one, fact is also proven by the variations between forecasts and accomplishments. The major 'contradiction' lies in the fact that after the 'modernization' of Simitis and the improvement of the public finance, the variations between the forecasts and the accomplishments were whetting, according to the total receipts from the EU. In this point, the Greek economy met its own structural limits.

Thereinafter, I examined the proportion of the co-financed and the national-financed projects of the PIP. Since 1999 there is a flexion in the co-funded part, or otherwise, a reduction in the section includes the projects co-financed by the EU. Under the Activity Based Budgeting, Greece is facing a serious structural problem of implementation / utilization of resources, not because of maladministration but due to the lack of infrastructures to complete the projects. The latter has been aggravated by the inadequacy of national resources to fund the projects in advance. In sum, the modernization in the management of receipts led to an absorption predicament, causing by the inadequacy of national resources and the deficiency of national infrastructures. Unquestionably, the

Greek economy in front of Europeanisation faces the definite problem of the **non-diffusion of growth**, exhausting in that way its structural dynamics and finding its structural limits.

In schematic terms, the aforementioned conclusion can be illustrated if I set:

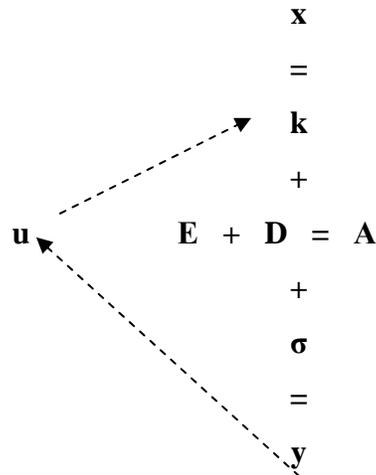
- the full utilization of receipts or the *maximization of utility* as (**A**), depends on
- the EU's receipts as (**E**),
- the efficient and optimal distribution of resources as (**D**)

$$\mathbf{E} + \mathbf{D} = \mathbf{A}$$

I suppose that E is an independent variable and A is dependent upon the rational (or not) management of resources. The period **1985 – 1996**, the administration can be characterized as deficient (**σ**); the result was, of course, the problematic utilization of resources. This misdirection of EU's receipts caused the false diffusion (**y**) and the non-maximization of utility, affecting negatively the potential positive repercussion of **A**:

$$\begin{aligned} \mathbf{E} + \mathbf{D} &= \mathbf{A} \\ &+ \\ &\mathbf{\sigma} \\ &= \\ &\mathbf{y} \end{aligned}$$

The sub-period 1996 – 2005, a modernization can be observed in the administration of resources (**u**); **fact though causes the inability of diffusion** and complete utilization (**k**). The problematic and deficient **growth diffusion** has as a consequence the reduction of the absorptive rate or otherwise, the inability of a complete disbursement of EU's resources (**x**):



Consequently, the potential positive impact of EU's subsidies has been affected efficaciously and the maximization of utility is being restricted. Last but not least, I examined the regional and spatial dimension of the Investment Programme and I concluded the increased and increasing dependence of regional administration from the central state.

Through the comparative data analysis, I illustrated the proportion of the Decentralised Section of PIP and the ratio between the latter and the Central Section. The most important figure emerging from these data concerns the diminishing tension of the Decentralized Section as a percentage of PIP, from 1996 onwards. Additionally, I have to mention the flexion observed the last 5 years in any co-funded part or section of the PIP, as a result of the Activity Based Budgeting. Lastly, I have to underline the shifts in the quantitative and spatial distribution of receipts in the years 1996 and 2000 which are electorate years, not incidentally. In both years, there is a reinforcement of the co-funded projects of PIP, both in the Decentralised Section but also in the Central one.

In the pages above, I explored three hypotheses. Through the data analysis, all of them have been confirmed. In specific, (H2-Decentralisation) fewer sources have been allocated to the prefectures (centralisation) and moreover, less European funds (increasing dependence of 'local state'); however, there was an increment to the 'decentralised sources' in periods of elections (1996, 2000). According to the third hypothesis (H3-Convergence), convergence is not only a matter of 'political will' but moreover, a 'structural' issue – coordination of economic structures & public sector (i.e.

constructors, know-how companies, consultancies, new management techniques, flexibility, innovativeness, competitiveness structurelle). And finally, (H1) the ‘Greek developmental state’ is a rhetoric rather than truth: more policy actions need to be taken to tackle ‘jobless growth’ and complete dependence on external resources, to encourage innovation and competitiveness.

In a nutshell, the specific paper reveals and confirms three inextricably interlinked ‘myths’ about the Greek political economy: the first one concerns the myth of *developmental Greek state*; as it derived, the increase of the Public Investment Programme as a proportion of Public Budget was not ‘real’. The second one concerns the dimension of *decentralization*, which according to the Public Budget categories, is false. Finally, one myth discovered regards the dimension of *cohesion*: in other words, as it derives, as long as the management of the Greek Public finance (and the use of EU’s receipts) has been ‘rationalized’ (after 1996-7), the ‘absorptive capacity’ has been weakened; fact proves that the Greek infrastructures were not able, for various reasons (structural deficiencies, lack of experience, vested interests), to utilize the receipts in their whole. ***More receipts do not come down to more development or more cohesion***, especially since they are not accompanied by a ***well-defined, planned and realistic developmental plan*** or otherwise, a so called ‘high-reliability’ programme<sup>i</sup>.

### **Acknowledgements**

I would like to thank my Professors in the **University of Crete (Department of Political Science)** for their significant contribution in the completion of this research and their useful comments and guidance as well as members of staff of the Ministry of Finance for data and information provision.

### **Notes**

i. According to Albert Hirschman, development is not prevented by the lack of resources as from the lack of ‘high reliability’ programmes which are projects of optimal conception, planning and implementation (Hirschman, 1947).

**Appendix****Table 1**

Years	Expenses		Sum (A+B)	PIP as a percentage of the Regular Budget %
	Regular Budget (A)	Public Investment Programme (B)		
1985	4.378,64	804,695	5.183,335	<b>15.5</b>
1986	5.335,662	909,28	6.244,942	<b>14.6</b>
1987	6.923,36	934,115	7.857,475	<b>11.9</b>
1988	8.277,329	1.072,92	9.350,249	<b>11.5</b>
1989	9.675,847	1.257,65	10.933,497	<b>11.5</b>
1990	14.464,525	1.364,93	15.829,455	<b>8.6</b>
1991	17.473,891	1.775,49	19.249,381	<b>9.2</b>
1992	19.453,557	2.130,3	21.583,857	<b>9.9</b>
1993	24.342,773	2.137	26.479,773	<b>8</b>
1994	26.583,712	2.369,1	28.952,812	<b>8.2</b>
1995	26.060,161	3.021,33	29.081,491	<b>10.4</b>
1996	28.839,325	3.214,22	32.053,545	<b>10</b>
1997	29.534,849	4.767,54	34.302,389	<b>13.9</b>
1998	28.319,882	5.509,81	33.829,692	<b>16.3</b>
1999	29.775,495	6.603,2	36.378,695	<b>18.2</b>
2000	34.377	7.421,05	41.798,05	<b>17.8</b>
2001	35.788	7.842	43.630	<b>18</b>
2002	37.431	7.014	44.445	<b>15.8</b>
2003	40.735	8435	49.170	<b>17.15</b>
2004	45.414	9.600	55.014	<b>17.45</b>
2005	47.577	8.050	55.627	<b>14.5</b>

**Table 2**

Year	National Contribution	%	EU's Subsidies	%	Total PIP
<b>1985</b>	<b>781,51</b>	<b>97.1</b>	<b>23,184</b>	<b>2.9</b>	<b>804,695</b>
1986	820,956	90.3	88,323	9.7	909,28
1987	834,922	89.4	99,192	10.6	934,115
1988	946,441	88.2	126,485	11.8	1.072,92
<b>1989</b>	<b>1.116,529</b>	<b>88.8</b>	<b>141,125</b>	<b>11.2</b>	<b>1.257,65</b>
1990	1.124,578	82.4	240,352	17.6	1.364,93
1991	1.464,416	82.5	311,078	17.5	1.775,49
1992	1.594,423	74.8	535,876	25.2	2.130,3
<b>1993</b>	<b>1.402,787</b>	<b>64.2</b>	<b>783,565</b>	<b>35.8</b>	<b>2.186,35</b>
1994	1.523,175	64.3	845,93	35.7	2.369,1
1995	2.076,874	68.7	944,464	31.3	3.021,33
<b>1996</b>	<b>1.594,159</b>	<b>49.6</b>	<b>1.620,061</b>	<b>50.4</b>	<b>3.214,22</b>
1997	2.717,813	57	2.049,731	43	4.767,54
1998	2.893,977	52.5	2.615,832	47.5	5.509,81
1999	3.735,914	56.6	2.867,289	43.4	6.603,2
2000	4.298,61	57.9	3.122,43	42.1	7.421,05
2001	5.184	66.1	2.658	33.9	7.842
2002	4.471	63.7	2.543	36.3	7.014
2003	6689	79.3	1746	20.7	8435
2004	6653	69.3	2947	30.7	9.600
2005	4.750	59	3.300	41	8.050

**Table 3 A Detailed Analysis of PIP (Million euros)**

Year	EU'S Subsidies ( $\alpha$ )	National Contributions ( $\beta$ )	Foreign Loans ( $\gamma$ )	Public Participation in Public Organisations – Internal Borrowing ( $\delta$ )	Credit Inflows ( $\gamma + \delta$ )	SUM ( $\alpha+\beta+\gamma+\delta$ ) A	SUM ( $\alpha+\beta$ ) B
1985	23,184	10,564	754,512	16,434	770,946	804,695	33,749
1986	88,323	20,442	798,263	2,251	800,514	909,28	108,766
1987	99,192	12,032	815,847	7,043	822,890	934,115	111,225
1988	126,485	20,249	515,333	410,858	926,192	1.072,92	146,735
1989	141,125	25,258	763,162	328,109	1.091,271	1.257,65	166,383
1990	240,352	28,76	675,862	419,955	1.095,818	1.364,93	269,112
1991	311,078	38,151	1.349,963	76,302	1.426,265	1.775,49	349,229
1992	<b>535,876</b>	<b>87,16</b>	<b>1.507,263</b>	-	<b>1.507,263</b>	<b>2.130,3</b>	<b>623,037</b>
1993	783,565	52,824	1.300,963	-	1.349,963	2.137	836,390
1994	845,93	63,037	1.460,138	-	1.460,138	2.369,1	908,967
1995	944,464	66,569	2.010,305	-	2.010,305	3.021,33	1.011,033
1996	<b>1.620,061</b>	<b>45,402</b>	<b>1.548,757</b>	-	<b>1.548,757</b>	<b>3.214,22</b>	<b>1.665,464</b>
1997	2.049,731	59,445	1.425,793	<b>1.232,575</b>	2.658,368	4.767,54	2.109,176
1998	2.615,832	67,859	1.411,592	<b>1.414,526</b>	2.826,118	5.509,81	2.683,691
1999	2.867,289	98,242	1.906,870	<b>1.730,802</b>	3.637,672	6.603,2	2.965,531
2000	<b>3.122,43</b>	<b>142,38</b>	<b>2.463,90</b>	<b>1.692,33</b>	<b>4.156,23</b>	<b>7.421,05</b>	<b>3.264,82</b>
2001	2.658	137	2.899	<b>2.148</b>	5.047	7.842	2.795
2002	2.543	14	2.985	<b>1.472</b>	4.457	7.014	2.557
2003	1.746	77	3.935	<b>1.460</b>	6.612	8.435	1.823
2004	2.947	100	3.730	<b>1.400</b>	6.553	9.600	3.047
2005	3.300	100	Distinction Rejected		<b>4.650</b>	8.050	3.400

**Table 4**

<i>ETH</i>	<i>EU's Subsidies</i> ( $\alpha$ )	<i>National Contributions</i> ( $\beta$ )	<i>Credit Inflows</i> ( $\gamma+\delta$ )	<i>SUM A</i> ( $\alpha+\beta+\gamma+\delta$ )	<i>SUM B</i> ( $\alpha+\beta$ )	$\alpha/A$ %	$\alpha/B$ %
1985	23,184	10,564	770,946	804,695	33,749	<b>2.9</b>	68.7
1986	88,323	20,442	800,514	909,28	108,766	<b>9.7</b>	81.2
1987	99,192	12,032	822,890	934,115	111,225	<b>10.6</b>	89.2
<b>1988</b>	<b>126,485</b>	<b>20,249</b>	<b>926,192</b>	<b>1.072,92</b>	<b>146,735</b>	<b>11.8</b>	<b>86.2</b>
1989	141,125	25,258	1.091,271	1.257,65	166,383	<b>11.2</b>	84.8
1990	240,352	28,76	1.095,818	1.364,93	269,112	<b>17.6</b>	89.3
1991	311,078	38,151	1.426,265	1.775,49	349,229	<b>17.5</b>	89.1
1992	535,876	87,16	1.507,263	2.130,3	623,037	<b>25.1</b>	86
1993	783,565	52,824	1.349,963	2.137,35	836,390	<b>36.7</b>	93.7
1994	845,93	63,037	1.460,138	2.369,1	908,967	<b>35.7</b>	93
1995	944,464	66,569	2.010,305	3.021,33	1.011,033	<b>31.3</b>	93.4
<b>1996</b>	<b>1.620,061</b>	<b>45,402</b>	<b>1.548,757</b>	<b>3.214,22</b>	<b>1.665,464</b>	<b>50.4</b>	<b>97.3</b>
1997	2.049,731	59,445	2.658,368	4.767,54	2.109,176	<b>43</b>	97.2
1998	2.615,832	67,859	2.826,118	5.509,81	2.683,691	<b>47.5</b>	97.5
1999	2.867,289	98,242	3.637,672	6.603,2	2.965,531	<b>43.4</b>	96.7
2000	3.122,43	142,38	4.156,23	7.421,05	3.264,82	<b>42.1</b>	95.6
2001	2.658	137	5.047	7.842	2.795	<b>33.9</b>	95.1
2002	2.543	14	4.457	7.014	2.557	<b>36.3</b>	99.5
2003	1.746	77	6.612	8.435	1.823	<b>20.7</b>	95.8
2004	2.947	100	6.553	9.600	3.047	<b>30.7</b>	96.7
<b>2005</b>	<b>3.300</b>	<b>100</b>	<b>4.650</b>	<b>8.050</b>	<b>3.400</b>	<b>41</b>	<b>97</b>

**Table 5**

<b>Years</b>	<b>National Resources</b>	<b>PIP Co-Funded</b>	<b>Sum</b>	<b>Co-Funded in PIP %</b>	<b>as % of GDP</b>
1993	676	1.462	2.137	68.4	3.4
1994	927	1.442	2.369	60.9	3.3
1995	1.469	1.553	3.022	51.4	3.8
1996	1.147	2.067	3.214	64.3	3.7
1997	1.602	3.167	4.769	66.4	4.9
1998	1.497	4.012	5.509	72.8	5.2
1999	1.863	4.740	6.603	71.8	5.9
2000	2.109	5.312	7.421	71.6	6.1
2001	2.590	5.252	7.842	67	6.0
2002	3.131	3.883	7.014	55.4	5.0
2003	3.980	4.620	8.600	53.7	5.7
2004	3.950	5.300	9.250	57.3	5.7
2005	2.900	5.150	8.050	63.97	4.6
<b>Average</b>				<b>63.45 %</b>	

**Table 6**

<b>Years</b>	<b>Receipts ( A )</b>	<b>Outflows ( B )</b>	<b>Ratio A / B</b>	<b>Fiscal Benefit ( A-B )</b>	<b>PIP</b>
<b>1985</b>	<b>477,422</b>	<b>118,66</b>	<b>4</b>	<b>358,762</b>	<b>804,695</b>
<b>1986</b>	803,128	269,687	<b>2.97</b>	533,44	<b>909,28</b>
<b>1987</b>	936,068	218,991	<b>4.27</b>	717,07	<b>934,115</b>
<b>1988</b>	<b>1.023,27</b>	<b>260,587</b>	<b>3.92</b>	<b>772,68</b>	<b>1.072,92</b>
<b>1989</b>	1.355,23	317,788	<b>4.26</b>	1.037,44	<b>1.257,65</b>
<b>1990</b>	1.735,28	389,728	<b>4.45</b>	1.345,56	<b>1.364,93</b>
<b>1991</b>	2.356,85	542,92	<b>4.34</b>	1.813,93	<b>1.775,49</b>
<b>1992</b>	2.974,82	581.226	<b>5.11</b>	2.393,59	<b>2.130,3</b>
<b>1993</b>	<b>3.907,55</b>	<b>807,160</b>	<b>4.84</b>	<b>3.100,39</b>	<b>2.186,35</b>
<b>1994</b>	4.165,32	900,06	<b>4.62</b>	3.265,25	<b>2.369,1</b>
<b>1995</b>	4.070,88	909,61	<b>4.47</b>	3.161,27	<b>3.021,33</b>
<b>1996</b>	5.173,23	1.042,24	<b>4.96</b>	4.130,98	<b>3.214,22</b>
<b>1997</b>	4.905,88	1.101,15	<b>4.45</b>	3.804,72	<b>4.767,54</b>
<b>1998</b>	5.376,95	1.335,9	<b>4.02</b>	4.041,05	<b>5.509,81</b>
<b>1999</b>	<b>5.816,2</b>	<b>1.275,81</b>	<b>4.55</b>	<b>4.540,38</b>	<b>6.603,2</b>
<b>2000</b>	6.004,21	1.401,49	<b>4.28</b>	4.602,72	<b>7.421,05</b>
<b>2001</b>	5.421	1.395	<b>3.88</b>	4.026	<b>7.842</b>
<b>2002</b>	<b>5.309</b>	<b>1.425</b>	<b>3.72</b>	<b>3.884</b>	<b>7.014</b>
<b>2003</b>	4.605	1.542	<b>2.98</b>	3.063	<b>8.435</b>
<b>2004</b>	6.072	2.090	<b>2.9</b>	3.982	<b>9.600</b>
<b>2005</b>	6.431	2.150	<b>2.99</b>	4.281	<b>8.050</b>
<b>Average</b>			<b>4.25</b>		

**Table 7**

Years	Receipts (A)		Outflows (B)		Fiscal Benefit (A-B)	
	Accomplishments	Forecasts	Accomplishments	Forecasts	Accomplishments	Forecasts
<b>1985</b>	<b>477,422</b>	400,440	<b>118,66</b>	107,850	<b>358,762</b>	292,589
<b>1986</b>	<b>803,128</b>	521,848	<b>269,687</b>	218,928	<b>533,44</b>	302,920
<b>1987</b>	<b>936,068</b>	956,713	<b>218,991</b>	205,722	<b>717,07</b>	750,990
<b>1988</b>	<b>1.023,27</b>	1.147,468	<b>260,587</b>	234,776	<b>772,68</b>	912,692
<b>1989</b>	<b>1.355,23</b>	1.290,535	<b>317,788</b>	298,459	<b>1.037,44</b>	992,076
<b>1990</b>	<b>1.735,28</b>	1.826,955	<b>389,728</b>	389,728	<b>1.345,56</b>	1.437,226
<b>1991</b>	<b>2.356,85</b>	2.412,032	<b>542,92</b>	557,593	<b>1.813,93</b>	1.854,438
<b>1992</b>	<b>2.974,82</b>	3.135,73	<b>581.226</b>	671,460	<b>2.393,59</b>	2.464,269
<b>1993</b>	<b>3.907,55</b>	3.793,103	<b>807,160</b>	809,625	<b>3.100,39</b>	2.983,477
<b>1994</b>	<b>4.165,32</b>	4.729,567	<b>900,06</b>	851,063	<b>3.265,25</b>	3.878,503
<b>1995</b>	<b>4.070,88</b>	5.538,479	<b>909,61</b>	1.033,895	<b>3.161,27</b>	4.504,584
<b>1996</b>	<b>5.173,23</b>	5.520,487	<b>1.042,24</b>	1.129,860	<b>4.130,98</b>	4.390,626
<b>1997</b>	<b>4.905,88</b>	5.653,440	<b>1.101,15</b>	1.164,123	<b>3.804,72</b>	4.489,317
<b>1998</b>	<b>5.376,95</b>	5.951,063	<b>1.335,9</b>	1.284,120	<b>4.041,05</b>	4.666,943
<b>1999</b>	<b>5.816,2</b>	6.762,614	<b>1.275,81</b>	1.276,595	<b>4.540,38</b>	5.486,019
<b>2000</b>	<b>6.004,21</b>	7.118,884	<b>1.401,49</b>	1.291,269	<b>4.602,72</b>	5.827,615
<b>2001</b>	<b>5.421</b>	6.641,35	<b>1.395</b>	1.578,87	<b>4.026</b>	5.062,48
<b>2002</b>	<b>5.309</b>	6.609,03	<b>1.425</b>	1.578,87	<b>3.884</b>	5.030,16
<b>2003</b>	<b>4.605</b>	7.154	<b>1.542</b>	1.500	<b>3.063</b>	5.654
<b>2004<sup>4</sup></b>	6.072	7.036	2.090	1.650	3.982	5.386
<b>2005<sup>5</sup></b>		6.431		2.150		4.281

<sup>4</sup> Estimation<sup>5</sup> Forecasts.

**Table 8**

<b>Years</b>	<b>ERDF</b>	<b>ERDF in PIP</b>	<b>ESF</b>	<b>ESF in PIP</b>	<b>FEOGA- O</b>	<b>FEOGA- O in PIP</b>	<b>Cohesion</b>	<b>Cohesion in PPI</b>	<b>EU's Inflows in PPI</b>
1985	87,248	20,755	11,804	-	16,289	-	-	-	23,184
1986	148,223	60,956	30,071	-	50,714	18,541	-	-	88,323
1987	138,325	59,169	59,899	-	39,126	13,071	-	-	99,192
1988	143,657	63,190	78,027	-	67,934	28,554	-	-	126,485
1989	248,701	84,497	117,134	-	108,641	40,245	-	-	141,125
1990	276,805	168,846	126,192	-	133,910	25,717	-	-	240,352
1991	428,466	205,429	234,776	-	186,353	30,814	-	-	311,078
1992	739,610	337,901	205,346	-	290,874	85,207	-	-	535,876
1993	997,798	586,940	322,817	-	314,013	73,367	-	58,694	783,565
1994	957,411	634,767	385,332	-	329,884	98,277	-	102,198	845,93
1995	1.269,487	779,803	195,125	-	280,337	88,504	122,523	78,421	944,464
1996	1.677,077	1.208,460	204,201	105,649	288,448	129,405	331,095	240,601	1.620,061
1997	1.394,174	1.309,590	262,685	144,046	308,472	217,796	422,908	366,007	2.049,731
1998	1.776,228	1.726,209	377,303	220,272	318,139	261,661	457,047	397,983	2.615,832
1999	1.916,815	1.885,182	987,636	364,149	320,924	229,297	421,244	381,376	2.867,289
2000	1.935,65	1.922,40	679,12	491,27	390,47	301,48	407,28	380,46	3.122,43
2001	1.778	1.743	248	203	170	149	575	551	2.658
2002	1.598	1.597	361	299	100	99	549	544	2.543
2003	945	939	584	565	138	134	63	58	1.746
2004	1.844	1.832	480	469	229	228	403	400	2.947
2005	2.056	2.050	542	532	327	326	362	362	3.300

**Table 9**

ETH	TOTAL CO-FUNDED PART OF PIP A	Co-Funded Part of the Decentralised Section of PIP B	Co-Funded Part of the Central Section of PIP Γ (A-B)	Total Central Section of PIP Δ (Γ+E)	National Part of the Central Section of the PIP E (Δ-Γ)
1993	1.462	272,143	1.189,857	1.675,090	485,233
1994	1.442	316,312	1.125,688	1.767,468	641,78
1995	1.553	237,528	1.315,472	2.227,499	912,027
1996	2.067	427,782	1.639,218	2.407,289	768,071
1997	3.167	373,913	2.793,087	3.985,552	1.192,465
1998	4.012	390,092	3.621,908	4.662,253	1.040,345
1999	4.740	631,718	4.108,282	5.500,836	1.392,554
2000	5.312	960,27	4.351,73	5.922,46	1.570,73
2001	5.252	788	4.464	6.399	1.935
2002	3.883	537	3.346	5.734	2.388
2003	4.620	809	3.811	6.646	2.835
2004	5.300	805	4.495	7.730	3.235
2005	5.150	954	4.196	6.080	1.884

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