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Solutions to Governance Disfunctionality in
Metropolitan Economies: a Qualitative Case Study of the
Greater Paris Reform

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A considerable share of the quotations and information from which I draw to give quantitative and qualitative evidence to this empirical analysis has been collected and recorded thanks to an ad hoc period of field research in the Paris municipality. I was there during April 2015 and had the chance of interviewing the following experts: Patrick Le Lidec, senior researcher at CNRS – CEVIPOF and Professor of Sociology of Territorial Reform and Territorial and Urban Strategies at the *Institut d'études Politiques de Paris*; Patrick Le Galès, head of the “Governing the Large Metropolis” master at the *Institut d'études politiques de Paris* and researcher at the CNRS; Edward Glaeser, the Fred and Eleanor Glimp Professor of Economics at Harvard University; Pierre-Yves Bournazel, communal councillor at the 18th Parisian arrondissement and regional councillor at the *Ile de France* council; Thierry Martin, communal councillor at the 16th Parisian arrondissement and other personalities linked to the Grand Paris reform project. Moreover during my stay I attended the following events: *Changer de politique du logement ou changer de modèle urbain?* at Dauphine University; *La Métropole du Grand Paris. Quels acteurs, Compétences et Positionnement par rapport aux autres collectivités territoriales, Attractivité à l'échelle européenne et mondiale* with economist Stéphane Cosse.

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Abstract

600 metropolitan regions are predicted to produce over 60% of global GDP by the year 2025, making metropolises the new growth escalator at the national and global level. In order to harness metropolitan development for national economic dynamism, the “metropolitan governance” theme is increasingly becoming a priority on governmental agendas across the world. Drawing on such theme, what have been the impacts of governance dysfunctionalities over the Paris metropolitan economy? Will the new Greater Paris authority be able to address them? We found that the implementation of inter-municipal housing and transport competence division has led to a detrimental housing supply shortage in central and peri-central areas as well as an infrastructural deficit in the peripheral ones. This has shrunk the size of the metropolitan labour market, hampered agglomeration economies, triggered congestion externalities and engendered a detrimental spatial decoupling between firms and households. By providing for inter-municipal fiscal harmonization and establishing a unique metropolitan authority over the Paris region, we claim that the January 2014 version of the reform would have succeeded in addressing the Paris governance dysfunctionalities. Yet, by substantially reducing its fiscal means as well as its competences, the May 2014 governmental amendments might severely hamper the authority’s ability to address such dysfunctionalities. Finally we conclude that administrative centralization in growing metropolitan areas provides for more coherent housing and transport policies which are essential factors for proper metropolitan growth.

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Introduction

The purpose of this thesis is to analyse the institutional aspect of the Greater Paris reform in its ability to address the governance issues that the Paris metropolitan area is currently experiencing. It will first highlight the historical causes of such governance disfunctionality and then assess whether the incoming new institutional framework will be able to address the different Parisian issues in terms of housing, transports and social segregation that are currently undermining the Paris metropolitan economy. The choice of this thesis is based over two premises. In this introductory part I move on addressing them and then provide a general account of the Greater Paris reform before outlying the structure of the whole thesis.

The first premise is that metropolitan regions are increasingly playing a vital role in the world economy and in their respective national ones. As French economist Pierre Veltz has written, “the main geographical, but also social and political trend of present history is certainly the increasing concentration of wealth and power in cities, especially the biggest ones”¹. Indeed while in 2007 38% of the global GDP has been produced by just 100 metropolitan regions², the 2011 “Mapping the economic power of cities” McKinsey report estimates that by 2025 600 metropolitan regions will account for 60% of the world GDP³. Metropolises such as Tokyo, New York or Paris account for bigger GDPs than sovereign nations such as Belgium, Sweden or Switzerland and represent important fractions of their respective national gross domestic products. In the case of France, the Paris metropolitan region accounts for 30.2% of the national GDP⁴ with only 18.8 of the national population⁵.

Agglomeration economies, economies of scale and knowledge spillovers are playing a major role in determining the cities’ economic success. The major force of agglomeration economies lies in the size of the labour market. Economic growth is indeed positively correlated with workers’ productivity which itself is an increasing function of the size of the labour market. Larger metropolitan labour markets make it easier to match labour demand and supply. Thanks to a better labour matching, a

¹ Veltz, Pierre. *The resurgent city*. Leverhulme International Symposium: London School of Economics. Key Note Address. 2004.

² Dobbs. *Urban World :Mapping the economic power of cities*. McKinsey Global Institute. March 2011 p.6.

³ *Idem*. p.7

⁴ INSEE web site. *Régions, La Région et ses départements* : 'économie.

⁵ *Idem* : population.

worker's productivity grows, increasing her salary and the firm's output. In practical terms this happens because a larger labour market creates a better matching between the worker's unique skills and the firm's demand for these. The economic return of being in a large labour market, as measured by increased earnings, is significant for professionals and has been rising for the past three decades. As Moretti argues about the US case⁶, the average wage in metropolitan labour markets with over a million workers is a third higher than the average wage in markets of 250,000 workers or less. This remains true even after worker's seniority, occupation and demographics are held constant⁷.

While the labour market size is particularly important for skill-intensive economies, it is less important labour-intensive ones. All in all, the size of skill-intensive metropolitan labour markets has a direct impact on economic growth at the national level. The quality and the range of metropolitan public-transit systems together with the availability of housing stock are thus key determinants for the process of agglomeration economies and consequently for national output. It is possible for a city's labour markets to be inaccessible and fragmented, compromising not only its economic potential but also the nation's economic dynamism. Although agglomeration economies are only one aspect of the economic success of cities, they are one of the major benefits of world urbanization.

Indeed the 2014 UN "World Urbanization Prospect" report showed⁸ that in 2007 more than 50% of the world population lived in urban areas and is predicted to reach 66% by the year 2050. Moreover the McKinsey report estimates that over the next 15 years the group of the world's one hundred most productive cities will change as the centre of gravity of the urban world moves south, and even more decisively, east⁹. Indeed one in every three developed cities will no longer be part of that group. Undoubtedly, cities are becoming increasingly vital for national economies and the expected global urban re-balance poses some important challenges in terms of competitiveness to "old continent" metropolises such as Paris.

⁶ Moretti, Enrico. *The New Geography of Jobs*. Mariner. 2013. p.128.

⁷ *Ibid.*

⁸ UN Department of Economic and Social Affairs *World Urbanisation Prospects*, 2014. p. 1

⁹ Dobbs. *Urban World :Mapping the economic power of cities*. McKinsey Global Institute. March 2011 p.17.

Considering their economic importance, this calls for a case-study analysis of their governance structures and their ability to address salient urban issues.

The second premise is that while metropolises are becoming powerhouses for national growth, effective metropolitan governance is essential for the unfolding of their economic potential. Providing access to metropolitan labour markets in terms of affordable housing and effective transportation is becoming increasingly important for national economic success. Urban densification poses important spatial challenges for local governments. Indeed housing building restrictions, transport congestion and local governance disfunctionality can trigger important negative repercussions. Excluding city-states such as Singapore, Monaco or the Vatican City, the Parisian case is indeed iconic: with a third of the national GDP and less than a fifth of the French population, the Paris metropolitan region's dynamism is essential for the country's economic strength and resilience. As of 2013, only six metropolitan areas produced 25% of the U.S.'s GDP¹⁰ while in 2007 just 10 metropolitan regions produced over 53% of the Chinese one¹¹. This is to say that in advanced and developing economies the growing economic interdependency between metropolises and nations bestows on metropolitan governance a quasi-mandate: to enable via innovative housing and transport policies the access to metropolitan labour markets by overriding local interests and nimby mentality. This calls for appropriate institutional powers and perimeters that might be ineffective when confronted with local administrative fragmentation.

Indeed, as this thesis will argue about the Paris metropolitan area, the lack of a single elected authority creates nimbyist local veto-powers, limits the access to the metropolitan labour market by controlling for housing permits and ultimately hinders economic growth at the metropolitan level. With more than 10 million inhabitants¹², 412 different locally elected majors, 3 provincial councils and one regional council, the Paris metropolitan region is still today the only European metropolis among the one hundred most productive global metropolises¹³ neither to have an elected metropolitan major nor to have any specific administrative boundaries.

¹⁰ Trubetskoy, Alexandr *US data: The Week*. 2014

¹¹ Academy of Macroeconomic research, *National development and Reform Commission* Report, 2007.

¹² INSEE web site. *Régions, La Région et ses départements* : population.

¹³ Dobbs. *Urban World :Mapping the economic power of cities*. McKinsey Global Institute. March 2011 p.6.

This calls for a threefold inquiry: a political analysis of the historical causes of such an administrative framework that highlights the very actors and interests concerned. It calls for an analysis of the extent to which this governance structure is responsible for the actual metropolitan crisis in terms of housing shortage, transports congestion and negative net migration rate. Finally it calls for an assessment of the new “Métropole du Grand Paris”¹⁴ authority and its ability to effectively address the aforementioned issues by overriding local interests and veto-power actors.

Thus this thesis draws on the pivotal role of both metropolises and their respective governance structures and analyses the Grand Paris reform in its ability to establish a new institutional framework that ultimately fosters the access to its metropolitan labour market, as was conceived by its first proponents in 2007¹⁵. The “Grand Paris” is indeed a reform initiated in April 2009 under the 2007-2012 Sarkozy Presidency and still developing under the actual Hollande administration. It encompasses all structural aspects of the Parisian metropolitan region: it provides for an institutional, transport, housing and economic reform of the very region. It includes the establishment of a single metropolitan authority in the Paris region to be established by the 1st of January 2016, a 32 billion euro state investment in the public-transit infrastructures, an innovative long-term housing policy and a new economic development strategy for the region’s most important research-intensive business sectors.

As the former French President stressed it¹⁶, the Grand Paris reform has been conceived as being the lynchpin of the French economic recovery after the 2008 world financial crisis. President Sarkozy’s words at the launch of the reform at the Architectural School of Marne la Vallée on the 29th of April 2009 make it very clear:

« L'amélioration de la qualité de la vie attirera les investisseurs, les entrepreneurs, les cerveaux. Il faut mettre le Grand Paris au cœur de notre stratégie de relance économique (...) Le Grand Paris c'est la France d'après la

¹⁴ English translation : The Greater Paris Metropolis

¹⁵ Subra, Philippe. *Grand Paris, Géopolitique d'une ville mondiale* 2012, p. 176.

¹⁶ Discours de Monsieur le Président de la République. Le Grand Paris. Cité de l'architecture et du patrimoine, 2009.

crise. C'est la France qui sortira de la crise plus forte, plus belle, plus compétitive (...) »¹⁷

Its foundational aim is therefore the one to re-establish the competitiveness of France's most important metropolitan labour market¹⁸ and Europe's second most productive metropolis¹⁹. It will provide better working and living conditions to entrepreneurs, students, the research and the creative class in terms of better transports, additional housing stock and a less fragmented institutional framework for investors. Indeed during the last two decades the Paris metropolitan region has suffered from a detrimental decoupling of residential areas from working areas, an important housing stock shortage, transports congestion and a net migration rate.

Such unaddressed issues have harmed and are currently harming the access to the metropolitan labour market and its competitiveness vis-à-vis other world metropolises. This *metropolitan crisis*, as Burgel terms it in the book "Is Paris Dying?"²⁰, has arisen because of the highly fragmented institutional system within the Paris metropolitan region. This system has not allowed for comprehensive solutions but preferred a localist answer to broader metropolitan problems. This thesis, by providing an historical background of the governance structure's evolution in the Paris metropolitan region, shows that some aspects of the Grand Paris reform are still path-dependent. Finally the thesis argues that the recent amendments to the law that establishes the Paris metropolitan authority may weaken its ability to solve the governance disfunctionality of the region and assure intergenerational equity between the present and future generations.

The first section of this thesis is a concise terminological premise aimed at clarifying two aspects. It indeed clarifies which geographical area has been considered as being the effective Parisian metropolitan area and which quantitative data have been considered accordingly. It then clarifies to which geographical areas the French names that will reoccur in the following sections account for. The second section draws a compendious historical context that is essential for the understanding

¹⁷ *Idem*. English Translation: "We need to place the Greater Paris at the heart of our economic recovery strategy. (...) The Greater Paris is France after the crisis. It is France that will recover from the crisis stronger, more beautiful and more competitive."

¹⁸ Paris metropolitan region accounts for 30.2% of France's GDP – INSEE. Régions – IledeFrance – économie

¹⁹ L'Ile-de-France deuxième PIB régional en Europe en 2011, après le Nordrhein-Westfalen. INSEE data, 2011.

²⁰ Burgel, Guy. *Paris meurt-il?* Perrin. 2008.

of the causes that led to the Paris metropolitan development. It indeed first focuses on the 1960s state interventionism in the Paris region, outlying the 1964 Regional Master Plan. It then explains what some authors have called the “historical mistake”²¹ of the 1964 redefinition of the provincial boundaries and its political causes. It ends by exposing the consequences that the 1982 decentralization law triggered on the whole metropolitan economy. The third section deals with the major aspects of the actual Paris metropolitan crisis, focussing on its governance causes. It shows the causal link between the governance disfunctionality and the housing and transports crisis that are ultimately harming the access to the metropolitan labour market. The fourth section then goes on to analyse whether the governance innovation aspects of the reform are able to eliminate some of the *localist* features of the French metropolis and establish a new governance model with a stronger metropolitan vision. In this section the recent political events that have significantly affected the governance aspect of the reform are taken into consideration and future governance developments are envisaged. The final and concluding section makes a summary of all subjects covered and draws final conclusions on the Grand Paris project.

²¹ Le Lidec, Patrick. Grand Paris : *L'émiettement des pouvoirs locaux favorise la ségrégation*. La gazette, 01/2015.

1. Context Description

For the sake of clarity, before going into the depth of every section, there needs to be a context description that introduces territories and institutional actors involved in the Grand Paris reform. As will be dealt later on, the institutional fragmentation of the Paris peri-urban area is a unique example of institutional complexity among world metropolises and testifies for the high administrative intricacy of the Paris metropolitan area. Therefore an introductory clarification is necessary. This section introduces the territory of the Paris municipality, the Paris Urban Unit, the eight different provinces, the *Ile de France* region and the abolished *Département de la Seine*.

As defined by the French National Institute for Statistical and Economic Studies²², the Paris Urban Unit is that statistical unit created in order to refer to the spatial dimensions of the Parisian urban agglomeration within the *Ile de France* region. The Paris Urban Unit is not an institution and accounts only as a quantitative indicator. As all authors²³, papers and interviews that have been read or conducted for data-gathering purposes use the term *Paris metropolitan region/area* to refer to the *Paris Urban Unit* boundaries, so it will be done in this thesis. Gilli, Offner and Subra do refer to the Paris Urban Unit's quantitative data in order to make comparisons between the Paris metropolitan region and the other global cities such as New York City, Greater London or the Greater Tokyo Area. The Paris Urban Unit is indeed the geographical perimeter where all economic, demographic, transport and social analysis must be done in order to address the broader metropolitan Parisian dimension that, as of May 2015, still lacks a single institution.

The Paris metropolitan area has a total of 10.516.110 million inhabitants²⁴, is composed by 412 different municipalities with an elected major for each of them and has a total surface of 2845 km². On the other hand within the Paris municipality's administrative boundaries reside only 2.24 million inhabitants. Indeed the metropolitan region is 27 times bigger than the 105 sq.km Paris municipality. Bearing

²² INSEE – Unité Urbaine : Définition.

²³ Gilli, Offner, Subra, Le Lidec *et al.*

²⁴ INSEE web site. *Régions, La Région et ses départements – Ile-de-France: population*. 2011.

in mind that cities such as London, Madrid or Rome have an administrative surface that ranges from 1572 to 1250 sq.km²⁵, such a small administrative surface represents a unique case in Europe and, as we will see, is responsible for the lack of a coherent metropolitan growth blueprint. The no.1 map of the appendix shows indeed the Paris administrative boundaries (dark red) and the actual dimensions of the metropolitan region (red fragmented municipalities).

Another clarification needs to be made for the several Provinces that are part of the Paris metropolitan area. Indeed, as the figure no.1 shows, the three adjacent provinces of *Seine-Saint-Denis*, *Hauts-de-Seine* and *Valle-de-Marne* that are pointed out in the map are administratively divided from the inner city area by a circular perimeter following the 35 km ring-road²⁶ that encircles the Paris municipality. These provinces host together 4.45 million inhabitants and some of the major regional economic poles. Following this concentric structure, the other adjacent four external provinces host 5.2 million inhabitants²⁷ and an important part of the labour and economic poles. The political and literary jargon envisages Paris *intra muros* as the 120-km² wide territory that coincides with the administrative city of Paris, the *petite couronne* as the sum of the first three provinces of Seine-Saint-Denis, Hauts-de-Seine and Valle-de-Marne and the *grande couronne* as the area of the remaining four provinces. This thesis will use these French-jargon terms to indicate their respective areas. As showed in the map no.1 the *Ile de France* region is the sum of its 8 provinces which are: Paris, Seine-Saint-Denis, Hauts de Seine, Marne-de-Valle, Essonne, Yvelines, Val-d'Oise and Seine-et-Marne.

The *Département de la Seine* was a French province until the 1964 territorial reform that abolished it. The province comprised the actual four provinces of Paris, Seine-Saint-Denis, Hauts-de-Seine and Valle-de-Marne. Some of the provinces even increased their territory by absorbing some of it from the outer provinces. The municipality – *commune* in French – is the smallest administrative unit in the French legal system. An elected major with extensive powers governs it. As we will see in the following section, the 1982 decentralization process gave to majors the power to approve their own city plan, increasing or keeping still the housing stock in their

²⁵ London 1572, Capital Rome 1250 and Madrid 605, 77 km².

²⁶ This so-called *périphérique* belt way has become the symbol of the regional spatial cleavages.

²⁷ Centre Interdépartemental de Gestion de la Petite Couronne - Population Totale.

territory. Such powers may conflict with the spatial needs of a growing metropolitan territory that is in constant need of space.

2. Historical Background

As stated in the introductory part, this thesis supports the idea that the governance aspect of the Greater Paris reform shows some aspects of path-dependence. It is thus necessary before going further analysing it to identify this very path through a compendious historical account of the most relevant events in the Paris metropolitan region. Moreover this account will be useful in order to highlight the common aspects between the 1964 state intervention with the 2009 one. This comparison will be useful in order to highlight how the state approach to the Paris metropolitan region hasn't substantially changed over the years, highlighting the political relation between the French state and its most important territory.

At the beginning of the 1960s, during the *Trentes Glorieuses*²⁸ economic boom period, state interventionism in the *Département de la Seine* (Seine Province) was motivated by the extraordinary demographic growth expectations that state technocrats were envisaging. They were estimating that by the year 2000 there would have been a total of 14 million people living in the Paris Region. Considering the 8.4 million population at the time²⁹, that represented an almost 80% growth in a 40-year time. As President Charles de Gaulle thought³⁰, these was the need of an ordered state-led urban planning that would avoid an unbridled urban sprawl of the city and that would establish the housing and transports conditions for the development of the most important French labour market. There was also the need, from his point of view, to depart the French Communist Party from winning the Seine's provincial elections.

The planning as well as the political issue were both addressed in the 1965 “Master Plan for the Paris Region” (from now onwards SDRIF). Indeed in 1961 De Gaulle called on to state bureaucrat Paul Delouvrier to become Prefect of the Paris Region – which contained the Seine province – and to address the planning as well as the political issue. Delouvrier's 1965 SDRIF established the planning, infrastructural and economic regional blueprint for the next two decades (Giacone 2010). The blueprint was based on the notion of polycentrism which meant to stop the unbridled

²⁸ Over this thirty-year period, France's economy grew like the economies of other developed countries within the framework of the Marshall Plan such as West Germany, Italy and Japan.

²⁹ La politique des Villes Nouvelles – Min. égalité des territoires et du logement. 2011.

³⁰ Giacone, Alessandro. *Le Grand Paris de Paul Delouvrier*. Paris. 2010. p. 56.

Parisian urbanization phenomenon by harnessing urban agglomeration growth in selected areas by building the so-called *Nouvelles Villes*³¹. Far from being autonomous vis-à-vis the capital city, the *Nouvelles Villes* had to be close enough to be part of one single metropolitan labour market and one single Parisian agglomeration. Most importantly, Delouvrier's SDRIF provided for an extensive regional public-transit system (Réseaux Express Régional – from now on RER): 260 kilometres of fast regional railways would link the peri-urban *banlieues areas* and the *Villes Nouvelles* with both the city centre as well as the other regional economic poles.

Picture no. 2 of the appendix illustrates the polycentric approach of the 1965 SDRIF: different regional economic and urban poles (*Nouvelles Villes*) are interconnected through a radiocentric railway system (RER) centred on Paris. Once the RER was completed in 1977, it enabled the development of a regional labour market, where middle-income workers could easily commute from one side of the region to the city centre or to other economic poles in the Paris peri-urban area. As Gilli and Offner claim³² the Delouvrier's 1965 SDRIF formalised a pre-metropolitan³³ regional model that succeeded in achieving two goals: to harness the strong urbanization of the Paris region in a decentralized fashion by avoiding congestion externalities and to foster the economic development of what would have become, from the 1980s onwards, the second strongest economic region in the whole Europe.

The political issue was due to the fact that while President De Gaulle was in power from 1961 until 1968, the French Communist Party was gaining considerable consensus among the northern and eastern municipalities of the Seine Province (map no.3 of the appendix shows them in green and orange colour, the yellow and grey ones being the Gaullist-majority provinces). The northern municipality, called *Plaine-Saint-Denis*, was the biggest industrial cluster in Europe at the time³⁴, hosting the most important share of the French working class. The salary, education, health and services gap between the two areas was already considerable. The central and western municipalities were already starting to develop a service-based economy while the eastern municipalities were exclusively maintaining an industry-based one. Due to the

³¹ Literally: new cities.

³² Gilli & Offner, *Paris, Métropole hors les murs. Aménager et gouverner un Grand Paris*. Sciences Po. Les Presses cap. 1.

³³ *Ibid.*

³⁴ Subra, Philippe. *Ile de France: La fin de la banlieue rouge* 2004. p. 21.

demographic expectations, the so-called *ceinture rouge*³⁵ was expected to grow even stronger. The communist takeover of the province could have undermined De Gaulle's long-term regional development strategy. Most importantly it would have handed the control of the most productive and politically relevant province to the French Communist Party. In order to avoid such scenario, Delouvrier established four new provinces in order to relegate the communist votes on just one province out of the four that would be created.

These four new provinces³⁶ - shown in picture no.3 - represented the territorial expression of political confrontation between Gaullists and French Communists. Although gerrymandering was used to try and *save* at least the Valle-de-Marne province (orange colour) from the communist votes, both Seine-Saint-Denis (green) and Val-de-Marne where won in the 1967 provincial elections³⁷. To account for the yet strong presence of a communist electorate, while Val-de-Marne is still a communist-run province after 48 years, the Socialist Party (PS) won in Seine-Saint-Denis only seven years ago³⁸. The 1964 law that provided for the re-definition of the provincial boundaries has been termed by Le Lidec³⁹ as being the *historic error* of the recent governance history of the Paris region. Indeed this administrative division exacerbated the economic and social polarization of the very areas and caused long-term negative repercussions in terms of economic productivity, housing and transports on a metropolitan scale.

Indeed, by creating fiscally autonomous provinces that did not share their tax revenues – such as the local business tax⁴⁰ – provincial services such as school maintenance, cultural entertainment, rural roads, middle schools management and social-aid began to depend on the sole fiscal capacities of the province concerned⁴¹. Although communist leaders opposed such fiscal division claiming that it would have harmed the services of the poorer provinces, Le Lidec claims that they silently agreed with it in order to secure their Communist fiefs in opposition to the Gaullist ones.

³⁵ Literally “Red Belt”: indicates the northern and eastern communist fiefs areas that where surronuding the Parisian city centre

³⁶ Paris, Valle de Marne, Seine Saint Denis, Hauts de Seine.

³⁷ France.politique.fr – élections – élections cantonales – élections cantonales 1967.

³⁸ Intérieur.gouv.fr – élections provinciales - 2008 Saine Saint Denis

³⁹ Patrick Le Lidec is a researcher at the CNRS centre and head of the Governing the Large Metropolis master at the *Institut d'études politiques de Paris*; The quotations that will follow have been taken during a meeting I had with him on Wednesday the 22nd of April at 7.15 p.m. in Paris.

⁴⁰ *Cotisation Foncière des Entreprises*

⁴¹ Subra, Philippe. *Ile de France: La fin de la banlieue rouge* 2004. p. 11

All in all, such a division produced a social homogenization of the electoral constituencies, causing, as Le Lidec claims, political and career stability for party leaders of both factions. The deindustrialization process that started in 1975 hit particularly hard the northern and eastern regions, exacerbating the socio-economic cleavage. Indeed from the beginning of 1975 until 1990 and from 1990 to 2002, 500 000 thousand jobs were lost respectively.⁴² The industrial firms relocated abroad causing the tax base in Seine-Saint-Denis to plummet and causing basic services to deteriorate accordingly.

Over time, in order to secure their electoral basis and avoid the gentrification of the province, as Subra and Le Lidec have claimed⁴³, the communist municipalities allowed predominantly social housing units for low-income categories to be built. Indeed as of 2011 the Seine Saint Denis and Val-de-Marne provinces host half of the French municipalities with more than 60% of social housing units within their boundaries⁴⁴. This housing composition has crystallised ever since the social division between east and west provinces. Among the wealthy, tertiary-based provinces and the communist-run ones, education, health and life expectancy rates spread even more. To account for the interdependency between provincial economic success and provincial service quality, Burgel estimated⁴⁵ that as of 2008 the Seine-Saint-Denis province could invest up to 200€ per capita yearly in education while the Hauts-de-Seine province up to 500€. Thus the 1960s political polarization triggered a twofold consequence over the metropolitan territory: administrative fragmentation and severe fiscal divergence. As we will see in the following section, this will have negative consequences over the very Paris territory.

The 1982 institutional decentralization process played an important role in exacerbating even more the political polarization of the area and contributed in establishing the *path dependence* that is currently influencing the Grand Paris reform drafting. Indeed while prior to this law the local state prefect was the one to grant building rights over municipalities, the law awarded this right to the majors, whether

⁴² *Ibid.* p. 21.

⁴³ *Ibid.* p. 55.

⁴⁴ JDN – Management – Villes – Les villes avec le plus de HLM en 2011. 2011.

⁴⁵ Burgel, Guy. *Paris, meurt-il?* Perrin. 2008. p. 159.

that was for housing space or office space⁴⁶. The majors indeed received the right to draft their own “Plan Local d’Urbanisme”⁴⁷ (from now on PLU). In the politically polarized Paris metropolitan region, this had mainly one negative repercussions: the 412 majors forming the Paris metropolitan region began to be able to control whom to accept in their municipalities and consequently influence their electoral constituencies. In his book “Is Paris dying?”⁴⁸ Guy Burgel makes an interesting remark about the consequences that the law triggered. Thanks to these new powers, local political leaders such as André Santini at the Issy-les-Moulineaux municipality or Patrick Braouzec at Saint-Denis have been able to establish, as he claims, *independent baronies* rather than dependent-to-the-centre municipalities. For instance, Santini, a right-wing politician, has kept his role of major since the 1980 mayoral elections.

As Le Lidec has claimed⁴⁹ this law not only provided for political stagnation in the metropolitan municipalities, but as the following section will show, it triggered an important housing stock shortage that has harmed and is currently harming the access to the metropolitan labour market. As we will see in the fourth section, the Grand Paris’ governance reform aims precisely at limiting the majors’ powers and granting the planning right to a single metropolitan authority. Le Lidec argues that handing out the right to grant building permissions to local leaders that are both part of a metropolitan region - with growing spatial needs - but also bearers of local interests triggers important nimbyist and *localist* repercussions. From the point of view of the local population, housing densification increases the local population size and ethnicity and causes congestion in basic services such as middle school, kindergartens, hospitals, etc. that disgruntle the local electorate.

Secondly, by representing additional housing supply, housing densification causes a loss of land value for local landowners that have to sell or rent their housing stocks at lower prices. Indeed when housing demand increases in low-value areas, original homeowners benefit from gentrification. Especially in a politically polarized case such as the Parisian one, the arrival of new residents in small municipalities

⁴⁶ This accounts for one of the most important policy shifts between the right-wing presidents of the 1961-1981 period and the 1982-1995 Mitterand period. The formers were more prone to state intervention on local communities for national interest while the latter will advocate for local autonomy.

⁴⁷ Local Planning Blueprint

⁴⁸ Burgel, Guy. *Paris meurt-il?* Perrin. 2008. p. 158.

⁴⁹ This quotation is part of a conversation I had with him on the 22nd of April 2015.

might shift the electoral basis. Thus Le Lidec claims that the not-in-my-back-yard approach in the Paris metropolitan region loses its standard environmental character and assumes a more *localist* one based over the conservation of service usage, high land prices and electorate.

This aversion to new housing is even more present in small municipalities such as the ones near the Paris municipality where the major/voter relation is stronger. When housing demand constantly increases, as in the Paris case, the landlord voter wants to reach the highest value for her property before selling or renting. Consequently she has an interest in procrastinating the building of additional housing stock until the market reaches a dangerous price level for everyone. On the other hand, in politically polarized contexts such as the Ile-de-France north and west municipalities, majors are willing to maintain electorate homogeneity. Since the municipal vote is awarded on the basis of the citizen's legal residence, majors have an interest in allowing a precise socio-economic voter category to settle in.

Moreover the 1982 decentralization law transferred from the state to the French provincial councils the right to tax the office stock but not the housing one. In the Parisian case, the west municipalities of the Hauts-de-Seine profited of their comparative advantage in the business sector and granted predominantly new space only for office buildings that could be taxed. This generated an important spatial decoupling in the metropolitan region between houses and firms that, as the fourth section will show, is at the basis of the actual over-congested metropolitan transport system. Finally, as Gilli has termed it, the 1982 decentralization process triggered a *éclatement des compétences*⁵⁰. His words are rather clear about it:

*Tous ces éléments sont nouveaux dans la région parisienne car, auparavant, les grands projets étaient portés par l'état qui assurait la faisabilité comme la coordination stratégique et opérationnelle. L'éclatement des responsabilités rend nécessaire la mise en place d'outils, d'instances ou de méthodes permettant de mieux coordonner les projets.*⁵¹

⁵⁰ Literally means: « competences crumbling ». Gilli, Frédéric. *Grand Paris, L'émergence d'une Métropole*. Sciences Po. Les Presses 2014. p.123.

⁵¹ *Ibid.* Translation : All these elements are new in the Paris Region because in the past the big projects were carried out by the state that assured the feasibility as well as the strategic and operational coordination. The *competences crumbling* makes necessary the implementation of tools, authorities and methods that allow to better coordinate the projects. (the translation is mine).

He indeed argues that because of this institutional decentralization, the state lost its ability to ensure operational and strategic coordination to essential infrastructural projects as it used to be in the 1960s with the Delouvrier SDRIF. He does not argue for a return of the state's interventionist and functionalist stance but he does advocate for the establishment of a higher metropolitan authority able to override the pervasive *localist* approach of the different Parisian municipalities. He indeed claims that in the Paris metropolitan region the competences crumbling at the provincial and municipal level has hampered the development of long-term public strategies that would have prevented the metropolitan issues that aroused between the 1980s and nowadays.

As Le Lidec (2014), Gilli (2009) and Burgel (2008) have argued, the long-lasting institutional fragmentation in the metropolitan region has ultimately served the State's interests, regardless of the political shifts that took place at the national level over the years. By avoiding the establishment of an elected single metropolitan major over France's most productive, populated and politically relevant territory, the State has implicitly averted the birth of a powerful institution that might eventually challenge it on institutional and political grounds. This is due to the considerable power that such a figure might dispose of by having the "développement économique" competence⁵² over a third of France's GDP. Le Lidec indeed talks of the need to avoid potential state/metropolis *cohabitations* between the President of the Republic and the Paris metropolitan major in case of divergent political positions.

Drawing on this perspective, we can then identify a coherent approach from the 1964 SDRIF until today. As President De Gaulle fragmented the Paris Province in order to avoid a communist takeover, no President of the Republic that followed has tried to reconstitute that very perimeter in order to avoid the emergence of a political counterweight. The recent history of territorial governance in France is to be understood by looking on the one hand at the consolidation of municipal power and on the other at the conservation of key economic and infrastructural competences from the State. Le Lidec concludes that within this framework there can be no space for an intermediate, powerful metropolitan authority. It would draw competences (power) from both of these actors. As we will see in the fourth section, the product of

⁵² Literally: the economic development competence

these historical evolutions that have just been described will considerably influence (and most of the time hamper) the Grand Paris governance reform.

3. The Metropolitan Crisis.

The *localist* approach and the competences crumbling have led to a metropolitan crisis that spans from the economy to the demographic growth of the region. Over time the combination of politically strategic housing programmes and perverse fiscal regulations at the provincial level have triggered a result that severely harmed the access of the regional labour market to middle-income people. This section will briefly analyse these critical aspects before moving forward analysing the Grand Paris reform.

The Pommelet report⁵³, a report commissioned by the Ministry of Housing in 2006, shows that in relation to 1989 prices the housing stock prices at the metropolitan level increased by 87% while rent prices went up by 30%. As shown in the graph no. 4 of the appendix, during the 1989-2003 period, the new housing stock being built halved by 50%. New housing construction went down every year from 61 000 units in 1989 to 32 000 in 2003. Categories such as researches, students, middle-income families and workers had to face increasingly higher rents and housing prices that ended up averting them out of core or peri-urban areas. Considering this middle-income category drain from the Paris metropolitan region, Le Lidec claimed that the region is increasingly becoming a *Global City* in the Sassen (2005) understanding of the term.

She indeed claims that in globalized metropolises such as New York, Tokyo, London or Shanghai, the structure of the income distribution is increasingly taking the shape of an hourglass (opposed to the diamond model) where there is a bifurcation of the labour force. There is an expansion of high-income professional jobs, a shrinking of middle-income white and blue-collar jobs and a vast expansion of low-wage, low-skilled jobs. These are both in function of new growth sectors such as export-oriented services and declining industries in need of cheap labour for survival. Le Lidec has claimed that the Parisian metropolis is going in the same direction: while middle-income families are leaving the region because of the housing and transports conditions, low-paid workers are increasingly clustering in the northern municipalities

⁵³ Pommellet, Pierre. *Proposition pour la relance du logement en Ile de France*. 2005. p. 13.

of the *petite* and *grande couronne* areas. He indeed points out at the growing number of white collars middle-income workers and researchers that don't own a house in the Paris municipality. In order not to spend all their wages in paying the high rental prices, they have to live outside of the metropolitan area, buy a house of their own in another region and commute every day in the Parisian office districts. Indeed from the year 1999 inter-regional commuters started to increase and, as of January 2012, a growing 5.7% of the jobs in the Paris metropolitan region are being held by the 313 300 workers that commute to it every day from the eastern French regions of *Normandie* and *Centre*⁵⁴. To account for this housing situation, the INSEE⁵⁵ data report that there are more jobs than workers in the Paris metropolitan region, a trend that is unique in relation to the other French regions.

Le Lidec also points out at the “intergenerational” aspect of the housing problem. Indeed the *localist* mentality of the elected representatives naturally conflicts with the duties that a metropolitan territory has in respect to its younger generations. Indeed he claims that the Paris metropolis, by being the largest labour market at the national level has the duty to provide a reasonably priced access to it first and foremost in housing terms. He claims that there is an element of intergenerational equity in providing for his and the next generation of workers similar access conditions to the metropolitan labour market that the prior generations profited of. Many middle-class researchers unable to meet the actual housing prices have been forced to move increasingly out from the core city centre due to their growing need of space when their family household would increase. Le Lidec also points out at the threat that this metropolitan unaffordability represents for the research local sector, which accounts for 50%⁵⁶ of the whole French academic and scientific research. He claims that this areas being increasingly unaffordable for middle-income researchers, these high-skilled workers will increasingly move to other French cities or to other research centres such as London.

Going back to the increasing decoupling between job and residential locations, Davezies has claimed that this phenomenon has undoubtedly put pressure on the whole regional transport system leading to its actual critical condition. For instance,

⁵⁴ INSEE. Documents. Section 1800.

⁵⁵ *ibid.*

⁵⁶ This figure is provided by Le Lidec in the meeting I had with him.

due to the residential polarization in Seine-Saint-Denis and the offices one in the east (Hauts-de-Seine) the RER A regional train that links them bears 25% of the metropolitan commutes. It is indeed the most used regional line in Europe with 300 million⁵⁷ commuters every year. Indeed workers in the Paris region spend on average one additional hour in transports than the average French commuter⁵⁸ resulting in an increasing loss of productivity. Indeed the transport congestion costs in terms of traffic queues and lost working hours has been estimated as being equivalent to 0.20% of the regional GDP⁵⁹. Moreover, the fact that 85% of all commutes in the metropolitan region happens within the *petite* or *grande couronne*⁶⁰ testifies for the decentralized character of the economic activity in the metropolitan region, while only 5% of all commutes start and end in the Paris municipality⁶¹.

This sheds some light on the actual paradoxical situation of the metropolitan transport system where the city centre has one of the most dense transports networks in the world⁶² while the *petite* and *grande couronne* areas have seen very little improvements since the Delouvrier's regional rail network⁶³. But above all, because of the metropolitan transport radio-centric structure, workers from all *petite* or *grande couronne* areas are forced to transit by the city central stations being redirected to their respective areas of work, creating world record congestions⁶⁴ to the main inner city lines. Indeed the economic development of the 80s and 90s created metropolitan labour poles that were unmatched by the metropolitan transit system that the 1965 SDRIF established. Gilli indeed talks of the *fossilization* of the 1965 SDRIF claiming that after the 80s decentralization process, while the localist elected representatives developed no transports strategy, the state did not act.

While economic development spurred urban agglomeration growth in the *grande couronne* area (residential and office stock), public transports did not develop accordingly. Over times this created an infrastructural mismatch between the city centre and the developing outer areas that triggered a paradoxical situation and had

⁵⁷ Subra, Philippe. *La géopolitique d'une ville mondiale*. 2012. p. 36.

⁵⁸ *Ibid.* p.38

⁵⁹ Gilli & Offner, *Paris, Métropole hors les murs. Aménager et gouverner un Grand Paris*. Sciences Po. Les Presses cap. 1.

⁶⁰ *Ibid.*

⁶¹ Subra, Philippe. *Le Grand Paris, Géopolitique d'une ville mondiale*. 2012, p.38.

⁶² *Ibid.* p. 40.

⁶³ Finally only 9% of commutes begin in the *petite* or *grande couronne* and end in the Paris municipality.

⁶⁴ Ina.fr – économie et société – environnement et urbanisme - SNCF Eole. 1989.

important negative consequences on the metropolitan economy. Indeed picture no. 5 and 6 of the appendix compare the actual average commutes of the so-called *cadres* (managers) and the ones of working and middle class commuters at the metropolitan level. In picture no. 5 managers converge from the city centre to all parts of the metropolitan region while in picture no. 6 one can notice the polycentric character of the working/middle-class commutes given their office and residential locations. The *fossilisation* of the SDRIF produced a paradoxical situation for which the “cadres”, which are a minority and have higher salaries, are able to profit of the RER public-transit system while the working/middle class, which is predominant and has lower salaries, is increasingly moving to a car-based commute.

This has diversified consequences: middle-income families in the *petite/grande couronne* areas are increasingly buying cars for their commutes, becoming car-dependent and increasing metropolitan CO2 emissions and traffic congestion. Indeed while 58% of people in central Paris don't own a car, the figure drops to 32% in *petite couronne* and 16% in *grande couronne* ⁶⁵. Moreover whoever can't afford to commute through private means is increasingly being cut off from the metropolitan labour market and, as stated in the introduction, any reduction of the labour market size due to housing or transports conditions ends up harming the metropolitan economy as a whole. The words of the Ile de France president of the French Firms Confederacy highlight the SDRIF *fossilization* and the essential role played by transports for the metropolitan economic development:

*“Ce qui était un avantage il y a vingt ans est devenu un handicap faute d'investissements. Il n'y a pas de croissance sans mobilité”*⁶⁶.

Davezies claims that the infrastructural mismatch is ultimately harming what was the strength of the metropolitan region: the right conditions for an optimal match between labour supply and demand at the metropolitan level. Both these factors – the increasing spatial decoupling of homes from jobs and the lack of structural improvements on the metropolis railway network – are reducing the size of the Paris metropolitan labour market. By harming their productivity as well as their quality of

⁶⁵ Caenen et Couderc. « Les Franciliens consacrent 1 h 20 par jour à leurs déplacements. » 2010. p. 179.

⁶⁶ Literally: “What was an advantage 20 years ago, it has now become a handicap because of the lack of investments. There is no growth without mobility.” Dubus, Jérôme. *Paris-Ile de France: chronique d'un déclassé annoncé*. Interview of *LeNouvelEconome*.fr, 2014.

life, this ends up undermining the region's attractiveness for families. Indeed the regional demography has a negative net migration rate. In the 1990 – 1999 period the net migration rate accounted for a yearly 55 000 more people leaving than entering the metropolitan region. In the 1999 – 2006 period 178 000 people left the Parisian metropolis for other French cities while only 105 000 people came in, resulting in a 35% increase of the negative net migration rate in only six years. As Davezies claims, the alarming part of this data is that the average share of 10 to 20 year old children is lower in the Paris metropolitan region than in the other French regions.

As the INSEE claims, this is due to the fact that since the beginning of the 1990s decade, the migration deficit in the region increased on the “family with children” aspect, providing evidence of an increasingly difficult region where to raise children for middle-income families. Above all, the metropolitan loss of competitiveness vis-à-vis other French or European cities can be understood by looking at the economic figures. If during the whole 1980-decade the Paris Region represents the “economic engine” of the whole French growth⁶⁷ in the 1990-1999 period the first signs of economic distress and the fear of a *décrochement*⁶⁸ begin to appear. The regional labour market stabilises at around 5 million workers with a slight loss of 40 000 jobs during the whole period while the labour balance for all the other regions is positive with 750 000 new jobs.

While in the 2000-2004 period the loss of jobs continues with an additional loss of 20 000, the sole Paris municipality loses 233 000 during the whole 1999 – 2004 period. Thus the metropolitan crisis that Burgel (2008) and Davezies (2008) have described encompasses the economic, transport, housing and demographic spheres. This calls for a comprehensive strategy aimed at the establishment of a single, powerful metropolitan authority freed from *localist* veto powers and top down state intervention. The next section analyses whether the Grand Paris reform is able to deliver such an authority.

⁶⁷ Davezies, Laurent. *Paris s'endort*. Perrin. 2008. p.13

⁶⁸ Literally means “setback”.

4. The Grand Paris Reform

Nicholas Sarkozy's election as President of the Republic in May 2007 brings the Parisian crisis back under governmental attention. Sarkozy has been provincial president of the Hauts-de-Seine province for five years and has experienced the metropolitan crisis as well as the spatial decoupling between homes and firms. His speech at the launch of the Grand Paris reform conveys one important message: the French State can't afford to accept the competitiveness crisis of its one metropolis and capital city, especially during the 2008 financial crisis. This is why his strategy provides for heavy State investments in the metropolitan region in order to restore Paris's role in the network of global metropolises. The words of the Ile-de-France Prefect at the time shed light to the interventionist stance of Sarkozy's metropolitan reform:

« Les Ardoines, Grand Roissy-Gonesse, le Campus santé, Descartes, Le Bourget, La Défense, Saclay. L'ambition est la même que du temps d'Hausmann ou Delouvrier, sauf que la méthode est différente, elle ne s'impose pas d'en haut: l'Etat dialogue avec les élus et la population (...) »⁶⁹

The fact that this reform wants to emulate Delouvrier's ambitions is clearly stated. State Technocrat Christian Le Blanc is appointed as "State Secretary for the Development of the Capital Region" to provide project drafting and proper coordination among the different institutional layers involved. His approach will be a pure top-down one with very little dialogue with the regional and provincial councils. (He will indeed be criticized for his excessively intrusive manners in subduing the regional council as well as the provincial ones.) The Sarkozy version of the Grand Paris reform provides for a 32-billion worth metro infrastructural project to meet transport demand, an innovative long-term housing policy and a new economic development strategy for the region's most important business sectors. Emulating Delouvrier's interventionist tools, his strategy objectives are to be achieved through a series of top-down interventions in the metropolitan territory. To meet the housing shortage Sarkozy has set the target of building 1.5 million additional housing units by

⁶⁹ The Ardoines, Grand Roissy-Gonesse, le Campus santé, Descartes, Le Bourget, La Défense, Saclay. The ambition is the same as the one of Hausmann or Delouvrier, with a different method, it is not imposed by the top: the state communicates with the local representatives and with the population. LeJDD.fr – Interview : Canepa : « Le Grand Paris avance ». 01/2012.

2030 with a yearly construction of 70 000 home units. This target strategy is to be met through a series of *Opérations d'Intérêt Nationale* (O.I.N.s) and *Etablissements publiques territoriaux* (E.P.A.s). Indeed an O.I.N. provides for total government control over a defined territory, whichever municipality it belongs to *de jure*. Among its powers, this legal instrument awards the national government the right to draft the PLU of that area, which enables it to override the localist resistance to housing densification. The E.P.A.⁷⁰ is a similar legal tool that hands out to State control a public-owned company that would normally be managed by a local authority such as the Regional Council or the Provincial Council. Moreover Blanc's project represents an effective solution to the transportation congestion and infrastructural deficit of the *petite* and *grande couronne* areas, especially for users of the old RER system.

As map 7 of the appendix shows, the reform provides for the construction of a double-ring metro system that enables metropolitan commuters not to converge to the Paris central stations before being redirected to their respective locations but to move over a circular metro line that reduces transit time and distance and considerably decreases pressure over the Paris central stations⁷¹. Indeed this double-ring structure has been designed in order to rectify the two major issues caused by the RER radiocentric network: congestion over central stations and the use of private mobility means because of the infrastructural mismatch between new economic poles and the rest of the metropolitan transport network. An E.P.A. company called *La Société du Grand Paris* is actually in charge⁷² of building and running such a metro network. This new metro system provides for a network length of 200 km, 68 new metro stations and 5 additional metro lines at the metropolitan level.

The economic development strategy is based over the identification of a series of strategic territories or major economic poles. Drawing on the Anglo-Saxon *cluster* approach, these economic poles are intended to group firms and research-intensive companies from the same economic sector, such as scientific universities and private research facilities, in order to generate agglomeration economies, economies of scale and knowledge spillovers. These clusters, by fostering research and innovation on high-added value products and services, are both aimed at putting French firms on the

⁷⁰ LOI n° 2010-788 du 12 juillet 2010 portant engagement national pour l'environnement

⁷¹ 20 to 30% of pressure off the central stations.

⁷² Sociétédugrandparis.fr – Description de l'établissement publique.

top of innovation rankings but also at attracting innovation-intensive businesses all over the world. The strategy focuses on economic sectors with a strong potential for growth such as: finance (La Defense zone), digital technology and high tech (Pleyel-Saint Denis), aviation and business tourism (Le Bourget-Roissy) medical research and biotechnologies (Orly-Ivry), the building sector together with sustainable urbanism (Descartes-Marne-la-Vallée) and technology and science (Saclay)⁷³. This last one focuses almost fifteen per cent of French scientific research capacities⁷⁴. Its goal is to strengthen the cluster in order to establish an international technological and scientific hub that is able to compete with other research-intensive business districts such as Cambridge (Massachusetts) or the Silicon Valley (California).⁷⁵

While the housing, transports and economic development reform targets are established and enshrined in the *Loi n° 2010-597 du 3 juin 2010 relative au Grand Paris*⁷⁶, the one element that is missing is probably the most important one: an institutional reform project aimed at the establishment of a unique metropolitan authority with planning, economic development and basic service competences. After Sarkozy's election in 2007, the parliament's "Committee for the Reform of Local Authorities", also known as "Balladur Committee", proposed the establishment of an "Urban Community" which accounts for a metropolitan single municipality with one elected major and full competences.

Despite such a proposal from one of the members of the government, the institutional reform aspect has been deliberately put aside. In Sarkozy's inaugural speech of the Grand Paris reform, there is a strong focus on the transport, housing and economic recovery strategy but little or no attention to the foundational causes of the metropolitan crisis. The government seems to accept a "business as usual" approach after its intervention on the governance side, which we have seen lays at the very origin of the metropolitan crisis. Indeed only the very last words of the presidential speech are dedicated to which governance structure should the Paris metropolitan region be governed by:

⁷³ Subra, Philippe. *Géopolitique d'une Ville Mondiale*. 2012 p.191.

⁷⁴ Butler, Declan. *Paris plans science in the suburbs*. Nature. October 2010.

⁷⁵ *Ibid.* p. 192

⁷⁶ LOI n° 2010-597 du 3 juin 2010 relative au Grand Paris (1).

*« Nous allons bâtir ensemble la ville du XXI siècle et après nos successeurs (...) réfléchirons à la meilleure gouvernance mais vous aurez l'expérience d'avoir travaillé ensemble sur des gros schémas d'investissements, après pour les gérer il faudra avoir beaucoup de discussions, ça sera une autre époque, une autre génération, un autre temps. »*⁷⁷

The government's choice of procrastinating an inter-institutional discussion over the governance issue poses a twofold interpretation. Daniel Canepa⁷⁸ claimed that Sarkozy refused to draft an institutional reform in order not to generate conflicts among local institutions over the governance reform but to foster a participatory environment for the economic recovery plan. On the other hand, as Le Lidec and Subra (2012) have claimed, the State needed to restore economic dynamism in the French powerhouse but wanted to avoid creating a powerful metropolitan institution that might trigger state/metropolis *cohabitations*. Moreover the 2008 municipal and provincial elections did not generate that right-wing shift in the Ile-de-France municipalities that Sarkozy was hoping for⁷⁹. A metropolitan assembly composed of the newly elected municipal majors or with just one elected major would have been elected by a predominantly left-wing oriented electorate and would have finally handed over the metropolitan institution to the main opposition party at the time: the Socialist Party.

As De Gaulle divided the Seine province in 1964, Sarkozy decided to keep the administrative fragmentation as it is while rethinking the transport, housing and economic policies. As in the 1960s, what was keeping the French government from establishing a single metropolitan authority was a purely political motivation. France's most important economic, institutional, military, cultural, financial and demographic assets have always been concentrated in the Paris metropolitan region. A single authority over this extraordinary density of assets – which has few equivalents in the world – has always scared the central state that has always kept it from happening. The 2010 version of the Grand Paris is therefore a reform from the

⁷⁷ « We will build together the XXI century city and then our successors will think at the best governance but you (the local, provincial and regional institutions. Edit) will get the experience of working together on important investment projects, then for managing with them we'll need a lot of discussion, it will be another époque, another generation, another time". Discours de monsieur le Président de la République – Le Grand Paris – 29/04/2009

⁷⁸ I recorded and listened to the following opinion on the 14 of April at 7 p.m. during the event: "La Métropole du Grand Paris" Quels acteurs, Compétences et Positionnement (...) Fromantin et Cosse, April 2015.

⁷⁹ <http://www.vie-publique.fr/actualite/dossier/municipales-2014/apercu-elections-municipales-depuis-1945.html>

state to the state, which tries to gain economic recovery through its historic powerhouse but keeps it from becoming politically *dangerous*. It is an interventionist reform aimed at medium-short term economic achievements rather than a solution to the long-lasting governance issue. Moreover the 2010 law over the Grand Paris reform does not reshuffle nor re-organize any of the planning powers of local municipalities, maintaining their power over PLUs.

The need of an institutional reform aroused with the 2012 Presidency shift. The newly elected Hollande administration continued to implement Sarkozy's economic project but started drafting an institutional reform in order to ensure a stronger fiscal redistribution among the metropolitan territories and a more affordable access to housing for working/middle-income people. In January 2014 the newly nominated Prime Minister Valls drafted the institutional reform establishing the "Métropole du Grand Paris". This metropolitan authority is enshrined in the "Loi de Modernisation de l'Action Publique Territoriale et d'Affirmation des Métropoles"⁸⁰ (from now on MAPTAM). In the following paragraphs we will deal with both the more *integrated* version of the MAPTAM law and the more *localist* one that follows the outcome of the March 2014 municipal elections.

From an institutional design point of view, the first version of the MAPTAM law establishes the Grand Paris Metropolis as being a "Etablissement public de coopération intercommunale"⁸¹ (EPCI): all municipalities in the metropolitan territory are not merged but have to confer to one higher authority some specific competences. The law provides for the establishment of such EPCI among all the 124 municipalities that form the Hauts-de-Seine, Seine-Saint-Denis, the Valle-de-Marne and the Paris provinces. The municipalities involved will have to confer to the Paris metropolitan authority the following competences: the PLU planning competence, the social housing competence, the protection and enhancement of the environment competence, the economic development competence and some minor competences.

From a territorial point of view the law provides for the merging of the four provinces that were formed by the 1964 SDRIF and that today form the *petite*

⁸⁰ Literally: Law for the modernization of territorial public action and the affirmation of Metropolises - Loi n°2014-58 du 27 janvier 2014.

⁸¹ Literally: Public Establishment of Inter-Municipal Cooperation.

couronne areas. The metropolitan territory will host 6 806 689 inhabitants⁸² and have a total surface of 785,76 km²⁸³. The law provides for the abolition of the three provinces created in 1964 and their incorporation in the Grand Paris Metropolis' territory. Moreover the law provides for the abolition of 19 *inter-municipalities*⁸⁴: these public establishments were created among municipalities of similar politics and policy orientations in order to reduce transaction costs and share some competences over a broader territory. For instance “Plaine Commune” is the inter-municipality of 9 communist Seine-Saint-Denis municipalities that have been sharing planning, social services and infrastructural entertainment competences since 1980. The law also provides for the establishment of simple *territorial councils* with no legal status or proper tax system in lieu of inter-municipalities' functions and perimeters. Local municipalities will harshly contest this abolition.

The “territorial councils” will loose their fiscal powers to the benefit of the Metropolitan Assembly. The fundamental aspect of this *metropolitan* version of the MAPTAM law is that it provides for the necessary approval of the municipal PLUs from the Grand Paris Metropolitan assembly⁸⁵. This article of the law, if implemented, represents the most important change from the past: the municipalities involved in the EPCI will no longer be able to draft local PLUs without considering the metropolitan needs in terms of housing. Moreover it grants the metropolitan authority the right to “design, create and realize” planning operations *of metropolitan interest* (O.I.M.) From the economic development point of view it provides for the creation, management and entertainment of industrial, commercial, research, airport, tertiary, artisanal and touristic zones of metropolitan interest⁸⁶. Most importantly, the law provides for the tax harmonization of the Added Value Tax⁸⁷ and the Corporate Property Tax⁸⁸ aimed at rebalancing the presence of offices and firms all over the metropolitan territory.

This is a very important point because, as the section no.2 has shown, the housing shortage and the spatial decoupling have been caused by the immense wealth

⁸² INSEE. Documents No. 15773 2014.

⁸³ *Ibid.*

⁸⁴ Intercommunalités.

⁸⁵ LOI n° 2014-58 du 27 janvier 2014 de modernisation de l'action publique territoriale et d'affirmation des métropoles

⁸⁶ *ibid.*

⁸⁷ Added Value Tax - Cotisation sur la valeur ajoutée

⁸⁸ Corporate Property Tax - Cotisation Foncière des Entreprises

differences among adjacent provinces. The metropolitan tax harmonization will help those northern and eastern municipalities to sustain the service cost (schools, nurseries, etc.) of additional housing stock in their territories, fostering housing building at the metropolitan level, lowering the housing shortage and decreasing the spatial decoupling. What's more, the metropolitan PLU will constrain those unwilling municipalities that have buildable surfaces to host the new housing stocks. Due to the historic fiscal divergence between the Hauts-de-Seine and Seine-Saint-Denis provinces this compels an important tax increase on the former and a tax cut in the latter. The French legal jargon calls the fiscal equalization among territories "péréquation" and, as we will further argue, the same government that provided for it will soon amend this *progressive* provision due to political motivations.

The metropolitan assembly is to be composed of one metropolitan councillor for every member municipality and one additional councillor for every block of 25.000 citizens in the same municipality. The Paris municipality is exempted from this rule and features 90 councillors that reflect the political forces in the Paris municipality's council. According to this provision, the metropolitan assembly will be composed of 337 elected and might be of 405 if some municipalities in the *grande couronne* area decide to join the Metropolis. Starting from 2020 these councillors will be elected through direct universal suffrage. Gilli (2014) has claimed that this assembly configuration will considerably affect the role of majors. Indeed from local managers of their own planning policy, they will become negotiators of the local electorate's interests at the metropolitan level.

The amount of seats in the metropolitan assembly has been the product of a long-lasting debate between national legislators and regional majors and might be the cause of another governance disfunctionality. Will a solid majority of majors unite over a long-term constraining planning policy? Will it have an effective decision mechanism or be subject to continuous negotiations? Bearing in mind that the London Assembly has only 25 members for approximately the same amount of citizens, is it reasonable to have a 337 councillors metropolitan council? These are some important questions that will be answered once the metropolitan assembly is elected. Notwithstanding the assembly's amount of seats, Le Lidec has argued that the first version of the MAPTAM law is highly innovative for the combination of the

compulsory metropolitan PLU and the fiscal harmonization among divergent territories.

Le Lidec has claimed that such an *integrated* version of the law has been possible thanks to a political agreement among the PS party. Indeed this version was strongly advocated in Parliament by the PS Chair of the National Assembly Claude Bartolone who made clear statements of interest for the position of Metropolitan Major. Most importantly the Paris municipality Major Delanoe, who had been a strong opponent of this version - especially for the tax harmonization process - did not candidate himself for another term. This freed Prime Minister Valls from the pressures of his party colleague Delanoe to keep a non-integrated institutional system and allowed Bartolone to foster the *integrated* version of the law, which would have given strong powers to the metropolitan major.

Indeed it is not a coincidence that the PS deputies that drafted the law have been elected in 2012 from what Le Lidec has called “the territories victim of the segregative process” of localist politics in a metropolitan territory. Indeed by rebalancing the firms’ location through fiscal regulation, the eastern and northern municipalities will be able to expand their fiscal basis and increase the quality of their educational, sanitary and social services. The March 2014 municipal elections triggered the same effect of the 2008 municipal elections but on the opposite political alignment. Indeed despite the Paris Municipality remained in PS hands with the election of Anne Hidalgo, the UMP conquered 82 out of the 123 *petite couronne* municipalities. Considering that the 2016 metropolitan assembly would have been formed by an UMP majority of majors, Le Lidec has claimed that Hidalgo and other PS majors made pressures over PM Valls for re-shaping the institutional design in a less constraining version for their municipalities.

Indeed among Hidalgo’s 2014 mayoral campaign pledges, there was the one not to increase CFE taxation in the Paris Municipality. This electoral pledge would have been disavowed by the tax harmonization that the January version of the MAPTAM law would have entailed. She indeed called for a *reasonably integrated*⁸⁹ metropolis that wouldn’t bestow excessive fiscal burdens over the richest

⁸⁹ Le Figaro, 2015. *Métropole/Grand Paris : Devedjian élu président.*

municipalities in favour of the poorer ones. Moreover this created a political axis with the very western UMP-led municipalities that did not want any integrated Metropolis. Such an authority would have increased their taxation and deprived them from the municipal planning competences. Hence the political cleavage in the Paris metropolitan area went from a PS/UMP party cleavage to one based on territories that asked for more fiscal equalization against those contrary to it. Hidalgo's choice of siding against stronger fiscal equalization for purely electoral motivations determined the government's amendment to the MAPTAM law. Indeed only 45 days after the municipal elections, the "Preparatory Mission for the Grand Paris Metropolis" - the advisory body of the local representatives in the Paris region composed of the local municipal elected from both parties - asked the government for an amendment to the MAPTAM law. These amendments were meant to deliberately slow down the *metropolitanization process*. They first of all provide for a deferral of the fiscal harmonization among the different municipalities concerned.

The different CFEs rates, which range from 14.75% in Neuilly-sur-Seine (western province) to 49.34% in Blanc-Mesnil (eastern province), will indeed start harmonizing by the year 2021 and only at that moment will go under the Metropolitan Assembly's control. Until that process begins the revenue of the CVAE tax, which happens to be the less important one in quantitative terms, will be the only funding source for the metropolitan authority. Moreover instead of being eliminated, the 19 *inter-municipalities* will have fiscal and legal status, will be able to manage the CFE tax until 2021 and will be called *Etablissements Publics Territoriaux* (EPT). The metropolitan assembly's power of alignment of the municipal PLUs remains but will have to be coordinated with the Region's Housing Plan. Le Lidec claims that the perpetuation of the EPT's partial planning power and the deferral of the tax harmonization process are clear signs of the municipal status quo conservation and signs of the weakening of the Grand Paris institutional reform.

Indeed deferring the fiscal harmonization will have important consequences over the metropolis' competences: the planning competence needs fiscal instruments to be properly used. By leaving the fiscal revenue of the CFE tax to the EPTs for six years more, the metropolitan authority will not be able to cover the service costs that come with the additional housing stock. It will be legally able to impose its housing

policy over reluctant municipalities but won't be able to implement the very policy because of a lack of funds. Moreover if we assume that the 2017 presidential elections will result in a presidency shift that might reshape the MAPTAM law as it is, we can fairly say that those amendments have been precisely meant in order to defer and then null the fiscal harmonization process that the first version of the law entailed.

« Il faut (...) introduire des mécanismes de régulation et de péréquation pour inciter entreprises et ménages à se localiser au même endroit. La métropole doit s'occuper de logement et de transport. Elle doit disposer des ressources fiscales pour ce faire (...) »⁹⁰

Le Lidec's sentence focuses the ultimate issue of the Paris metropolitan region: a metropolis is in need of fiscal resources in order to implement its housing policy. From this follows that until there will be no CFE tax revenue transfer at the metropolitan level, the authority will not be effective in addressing the housing shortage together with its repercussions on the economy that have been analysed in section 3.

⁹⁰ La Gazette : *l'émiettement des pouvoirs locaux favorise la ségrégation*. Le Lidec, Patrick. I. 36. Instruments of regulation and fiscal equalization need to be established in order to prompt firms and families to move to the same place (and reduce the spatial decoupling). The Metropolis needs to deal with the transports and housing competences. It needs fiscal resources to happen.

Conclusions

In this final section I will first of all draw some major conclusions out of the governance evolution of the Paris metropolitan region as analysed in sections no.2 and no.4. I will then reassert to what extent the Grand Paris governance reform will address the dysfunctional governance of the region and I will then envisage some policy alternatives to this reform. Finally I will draw some future scenarios of the Grand Paris reform.

One of the major conclusions that needs to be drawn from the evolution of the governance structure in the Paris region is that competence fragmentation among institutional levels belonging to a single metropolitan region leads to trans-municipal policies stagnation and has severe repercussions over the metropolitan economy. As section no.2 has shown, since the 1982 decentralization process the transports competence in the Paris metropolitan region has been shattered between the State Secretary, the Ile-de-France regional council, the provincial councils and the municipalities. This “competence crumbling” (Gilli 2014) has seriously undermined the ability of elected representatives at all levels to act with long-term perspective and has deprived them of the operational and strategic coordination for essential infrastructural projects. Indeed while in the 1980-decade economic development spurred agglomeration growth in the Paris peripheral areas, investments in public transportation did not follow, triggering an infrastructural mismatch between the city centre and its external labour and business poles.

By limiting the access to the metropolitan labour market from the peripheral regions, this had negative repercussions over fundamental aspects of an integrated metropolitan economy such as: the size of the labour market, the average commute length and ultimately the workers’ productivity. This triggered an increase in private car usage, congestion externalities and rising CO2 levels. Moreover workers from low socio-economic backgrounds that couldn’t shift to a private commute were increasingly cut out from the metropolitan labour market. Thus we can conclude that long-term infrastructural planning in a metropolitan region is better handled by a single metropolitan authority rather than a fragmented governance structure which

leads, as the Paris case shows, to governance disfunctionality and long-term policies stagnation.

A similar conclusion can be made on the housing competence fragmentation. Indeed such competence fragmentation among different municipalities belonging to the same metropolitan region leads to housing supply shortage, which has negative economic repercussions in a growing metropolitan economy. This argument is even stronger in the Paris metropolitan region, which is formed by 412 small-scale, politically radicalized municipalities. As section no. 3 has shown, this triggers perverse housing strategies such as: housing supply manipulation for land market interests, newcomers sorting for electorate conservation and housing supply reduction for basic services usage restraint. As picture no. 4 of the appendix shows, this leads to housing supply reduction and to exponential housing prices inflation. Especially in a metropolitan economy such as the Paris one, which is based over research, academic, industrial and cultural sectors, such unbridled housing price inflation has important economic repercussions over its workers.

Indeed middle-class workers, researchers and students are increasingly forced to depart from central and peri-central neighbours to settle in peripheral regions. This considerably affects the size of the metropolitan labour market and hampers agglomeration economies, which play an essential role in the contemporary economic success of cities, as explained in the introduction of this thesis. It also provides for social segregation in cut-off municipalities unable to reach the metropolitan labour poles. Moreover, bearing in mind the importance of the hi-tech innovation sector for firms' productivity (Subra 2012) and knowledge spillovers (Moretti 2012), departing the "research class" from the metropolitan region triggers a loss of innovation in firms, lower knowledge spillovers and ultimately affects metropolitan aggregate growth.

Another conclusion that can be drawn from the Paris case is about the consequences triggered by the lack of fiscal equalization among economically divergent provinces belonging to the same metropolitan region. Fiscal independence among provinces triggers hyper specialization according to the comparative advantage of the province and leads to detrimental spatial decoupling and long-term negative congestion externalities. In the Paris case this situation is particularly strong.

Since their administrative division (picture no.3 of the appendix) the tertiary-based Hauts-de-Seine and the industry-based Seine-Saint-Denis provinces have seen their fiscal bases split apart and their services ameliorate or deteriorate according to their economic development levels. After the 1975-1990 deindustrialization process, while the former province developed as a low-business-tax offices-only area, the latter became an unemployed-majority high-business-tax province unable to cope with its 1990 fiscal base deterioration.

The lack of fiscal equalization between the two adjacent provinces triggered the actual situation for which while Hauts-de-Seine has fiscal resources to cover the service costs of additional housing but lacks buildable land, Seine-Saint-Denis has vast amounts of it but can't afford to pay those service costs in its territory. Considering the current housing shortage situation, this seems paradoxical. The lack of fiscal equalization has created a province with no office nor residential park that is at the core of a growing metropolitan region that is warding off its middle class workers because of increasing unaffordability. Most importantly this has exacerbated the spatial decoupling between homes and jobs, which has considerably worsened the average commute length and increased traffic congestion both within public and private commutes.

An important conclusion to be drawn from this is that the spatial decoupling between homes and jobs cannot be entirely solved by improvements in the transports structures since spatial constraints override transports capacity from a certain point onwards. The harms of spatial decoupling are therefore best tackled by fiscal measures aimed at providing the same taxation levels among different provinces so as to create a positive double effect. The relocation of firms on a broader metropolitan basis would indeed decrease the average commute length, increase the size of the labour market, broaden its access to cut-off potential workers and ultimately increase the workers' quality of life (Le Lidec 2015). Secondly a more homogeneous firms distribution would increase the fiscal base of every province and enable it to afford additional housing stock by paying for the service costs that it entails.

Another conclusion that needs to be drawn is about the state/metropolis relation in France. By avoiding the establishment of an elected single metropolitan major over France's most productive, populated and politically relevant territory, the

French State has implicitly averted the birth of a powerful institution that might eventually challenge the central powers on institutional and political grounds. Therefore we can conclude that metropolitan institutionalization in the Paris region has been so far procrastinated in order to avoid potential state/metropolis cohabitations (Le Lidec 2015). Moreover we can conclude that institutional fragmentation benefited the central power because the control over important public assets such as public-transit companies, water and energy companies etc. remained in state bureaucrats' hands instead of being delivered to locally elected representatives.

Such an institutional fragmentation with no higher authority if not the State's one ended up hampering the birth of a metropolitan electorate – with a metropolitan conscience – that would point out at the major metropolitan issues asking for solutions at the same scale. The lack of such an authority to be accountable at the metropolitan level kept the definition of “metropolitan issues” as being those issues only experienced by a majority of municipalities. Such a definition made State interventionism an imperfect metropolitan authority's substitute that would intervene only in emergency situations such as the 1989-2010 housing shortage, the yet unaddressed issue of metropolitan transportation congestion or the infrastructural deficit in the peripheral areas. This imperfect metropolitan authority represents a governance disfunctionality by itself that has so far harmed the Paris metropolitan economy. The Greater Paris governance reform's first aim is to put an end to this disfunctionality and establish a metropolitan authority accountable to the entire population of the Paris region.

Before I move describing some policy to the Grand Paris governance reform it is necessary to make a compendious summary of what the Grand Paris governance reform provides for. As enshrined in the January version of the MAPTAM law the reform represents the governmental effort to solve these structural governance dysfunctionalities in order to ensure a stronger fiscal redistribution among metropolitan municipalities and a more affordable access to housing for working/middle-income people. 124 municipalities belonging to the *petite couronne* area will have to confer to one higher metropolitan authority called “Métropole du Grand Paris” essential competences among which the most important “PLU” planning competence. The municipalities involved will no longer be able to draft their own

planning blueprint without accepting the metropolitan authority's overall planning scheme. This represents an important change from the past and will surely enable the "Métropole du Grand Paris" to solve the housing shortage by considerably increasing the housing stock in the region. The fact that the MAPTAM law provides for the establishment of the metropolitan authority only among 124 municipalities out of the 412 that form the Paris metropolitan region validates the above conclusion on the French state/metropolis relation.

This is due to the extraordinary amount of assets and power that a single metropolitan authority would have over all municipalities that form the Paris metropolitan region. Most importantly, the law will provide for the tax harmonization of the Added Value Tax⁹¹ and the Corporate Property Tax⁹² aimed at rebalancing the presence of offices and firms all over the metropolitan territory. This is maybe the most important provision of the MAPTAM law. Indeed the metropolitan tax harmonization will help those northern and eastern municipalities to sustain the service cost (schools, nurseries, etc.) of additional housing stock in their territories, fostering housing building at the metropolitan level and lowering the housing shortage. But as the fourth section has shown, the April amendments to the MAPTAM law have considerably harmed the effectiveness of the "Métropole du Grand Paris" authority by reducing its fiscal means and compromising its future ability to act.

Indeed due to internal disagreements within the Socialist party that is leading the French governmental coalition, the fiscal harmonization process has recently been amended and its start will be postponed in 2021. The different CFEs tax rates will indeed start harmonizing in a six-year time and only at that moment will be transferred under the Metropolitan Assembly's control. Until that process begins, the revenue of the CVAE tax, which happens to be the less important one in quantitative terms, will be the only funding source for the metropolitan authority. We conclude that this will severely undermine the authority's ability to impose its housing blueprint. The "Métropole du Grand Paris" authority will indeed be legally able to impose its housing policy over reluctant municipalities but won't be able to implement it because of a lack of fiscal means.

⁹¹ Added Value Tax - Cotisation sur la valeur ajoutée

⁹² Corporate Property Tax - Cotisation Foncière des Entreprises

Time has come to envisage some policy alternatives to the April version of the Grand Paris governance reform. I share Le Lidec's position (2015) for which there can be no reduction of spatial decoupling nor new additional housing stock without fiscal harmonization among divergent municipalities. This thesis, drawing on different authors' works, has argued that the ultimate condition for the building of new housing stock in the Paris metropolitan region is having the financial resources to cover the service costs (couts d'aménagement) that it entails. Additional financial resources to poorer municipalities would not only sustain them in building additional housing stock but would also help relocate some firms from the offices-only areas to others areas, considerably alleviating all costs of the detrimental spatial decoupling in the area. The fiscal harmonization would have medium-term benefits for the whole metropolitan region.

By enabling higher housing supply, it should lower housing prices to average 1985 levels. This will enable middle-income workers, researches and students to be able to afford new housing in peri-central neighbours and have access to a bigger labour market. This will increase the size of the labour market itself, foster better matching between labour demand and supply and allow for stronger innovation and knowledge spillovers between the research and the entrepreneurial class (Moretti 2012). By decreasing the spatial decoupling, this will reduce private car usage and lower the inter-provincial average commute length. The effects of making available additional housing stock in a low-housing low-firms province such as Seine-Saint-Denis would be considerable due to its very central position vis-à-vis the other productive parts of the metropolitan region. Fiscal harmonization is therefore the only mean to break the provincial divergence and allow for an integrated metropolitan development for the benefit of all.

Reducing the number of councillors in the metropolitan assembly seems a fair proposal. Instead of enabling a one municipality – one seat electoral method, a intermunicipality⁹³ – one seat system would still provide for municipal representation in the assembly but would also enable for a more reasonable amount of seats. Indeed, as provided by the amended version of the MAPTAM law, the metropolitan assembly will only have 11 seats less than the 348 ones of the French Senate. For an authority

⁹³ A definition of "inter-municipality" is provided in section no. 4.

that has a strong executive vocation, this might end up not living up to the population's expectations. It might trigger lasting negotiations and compromise especially over housing policies where majors are the most cautious. Moreover as claimed in section no. 4, the number of seats clearly accounts for a proportional system that would represent all major's interests. Finally, provided the establishment of the metropolitan authority to over 124 municipalities to be an important leap forward vis-à-vis Parisian standards, the implication of additional municipalities belonging to the metropolitan region could enable the authority to have stronger control over peripheral municipalities' policies that have nonetheless an impact over the entire urban agglomeration.

Whether that is for transport or for housing competence, the Greater Paris governance reform has shown that the lack of inter-municipal policy coordination has negative consequences for the whole metropolitan economy. Extending the authority's boundaries to the real dimensions of the urban agglomeration would surely benefit the effectiveness of the authority's policies. Indeed if we look at map no. 1 of the appendix, we can easily notice that the *petite couronne* boundaries of the new metropolitan authority⁹⁴ do not include a considerable share of the urban agglomeration municipalities in the northern-western as well as in the southern part of the Paris metropolitan region. This is to say that over 412 municipalities forming the Paris metropolitan region, 288 of them are not comprised within the authority's boundaries.

The evolution of the metropolitan governance in the Paris Region and the actual Greater Paris reform have shown that the lack of inter-institutional coordination and competence fragmentation among small municipalities in a single urban region lead to policy stagnation and detrimental unbalanced economic growth at the metropolitan level. Given the strong economic interdependency between the Paris metropolitan region and France, this thesis has shown that local governance disfunctionality triggers negative repercussions to both the metropolitan and the national economy. As this thesis has argued in the introduction, metropolitan regions are increasingly playing a pivotal role for national economic success and effective centralized metropolitan governance is becoming a key priority in governmental

⁹⁴ All municipalities part of the Seine-Saint-Denis, Hauts-de-Seine and Valle de Marne provinces.

agendas. The 2014 Grand Paris governance reform is part of this new approach to centralized local government. Nevertheless its effectiveness will depend upon many variables among which the metropolitan major's actions and its relationship with the 124 municipal majors that will form the metropolitan council in 2016. Awaiting further developments, the governance structure of the Métropole du Grand Paris calls for additional analysis once it reaches operational status.

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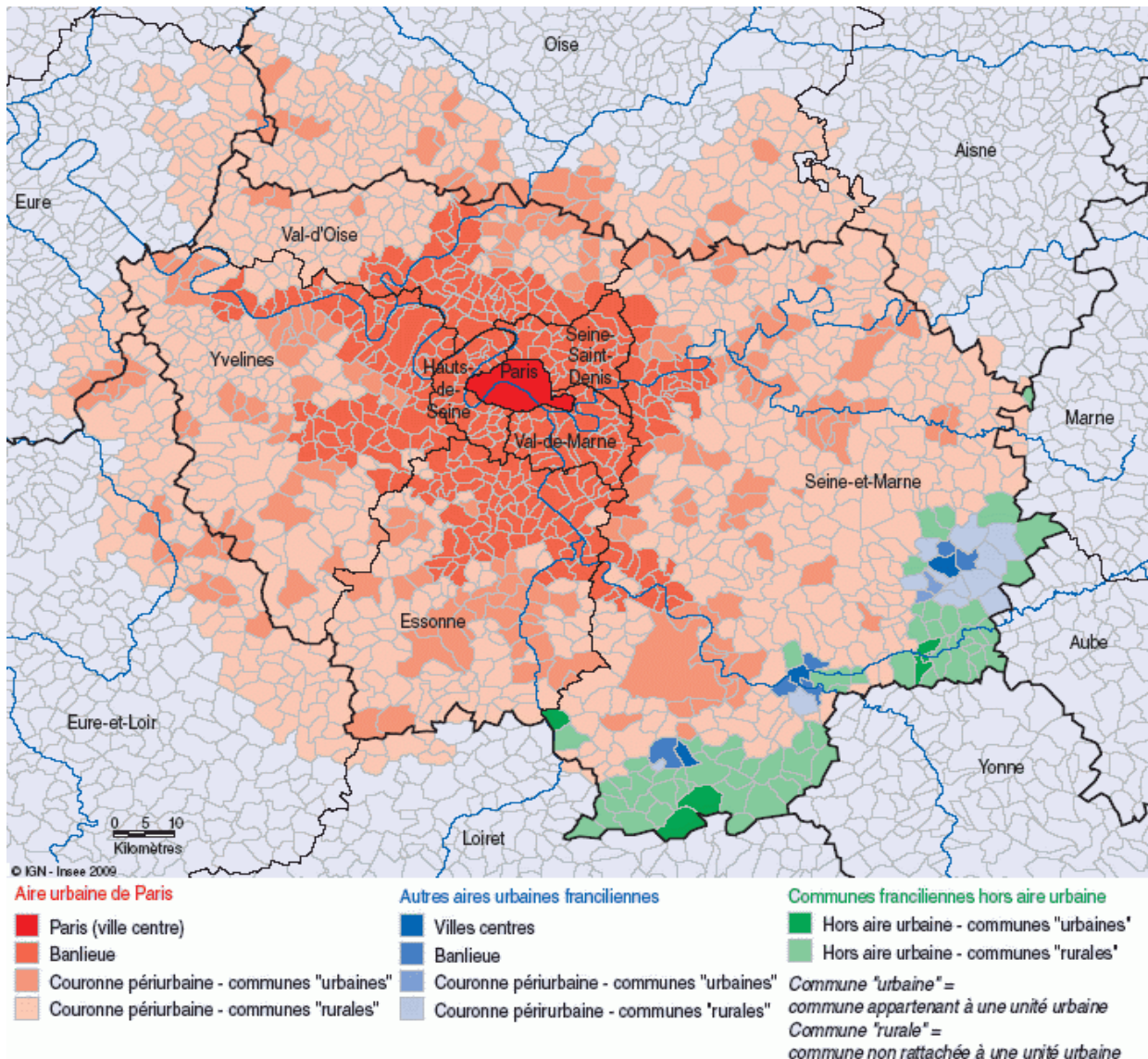
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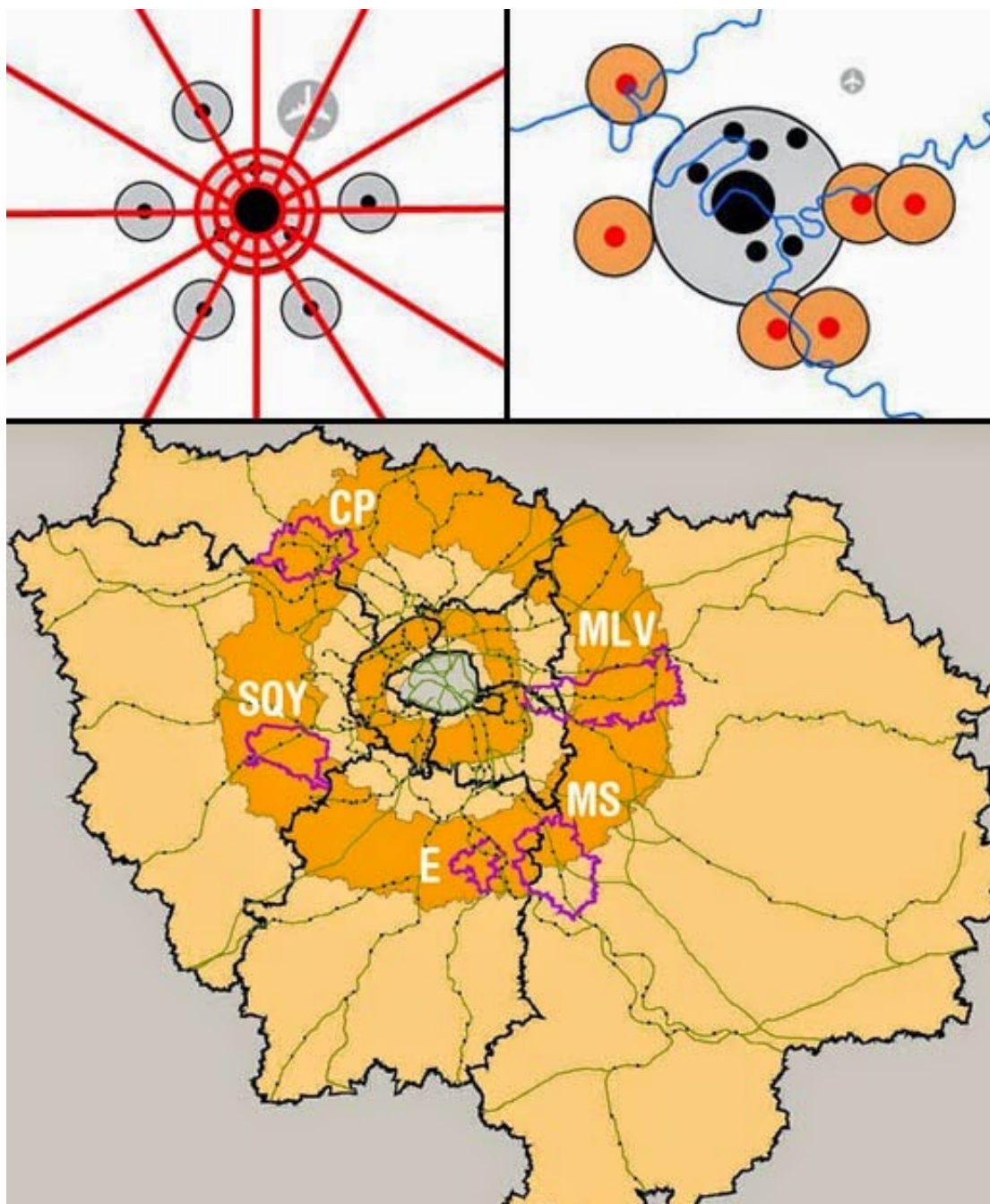
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Appendix

1. The Paris Metropolitan Region and its administrative fragmentation: the Paris Municipality (dark red) is surrounded by 412 small autonomous municipalities (light red). While the Paris metropolitan region has more population and a bigger urban agglomeration, the Greater London authority's administrative boundaries are 15 times bigger than the Paris municipality, providing for a more cohesive governance over its territory.



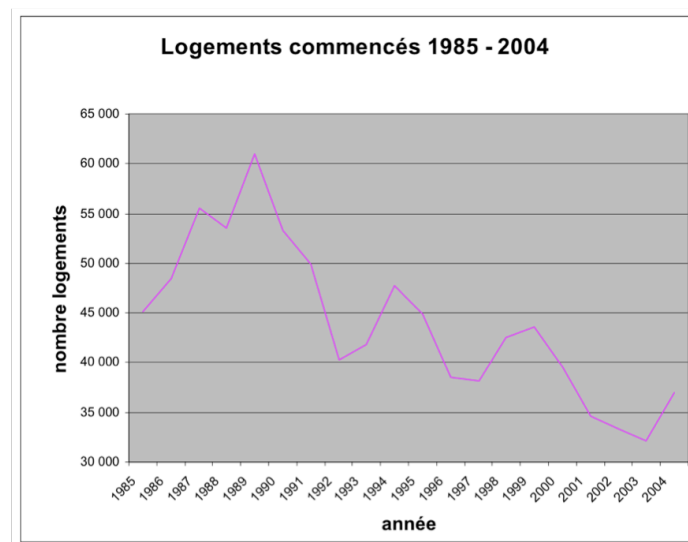
2. The Delouvrier 1965 SDRIF: the picture at the bottom shows how the *Villes Nouvelles* (purple perimeters) increased the dimensions of the Paris metropolitan region (big orange circle). The upper right picture shows the polycentric character of the metropolitan region. The upper left picture shows the radiocentric schematic structure of the RER railway network. The development of new labour poles over time will require this public-transit structure to be re-shaped.



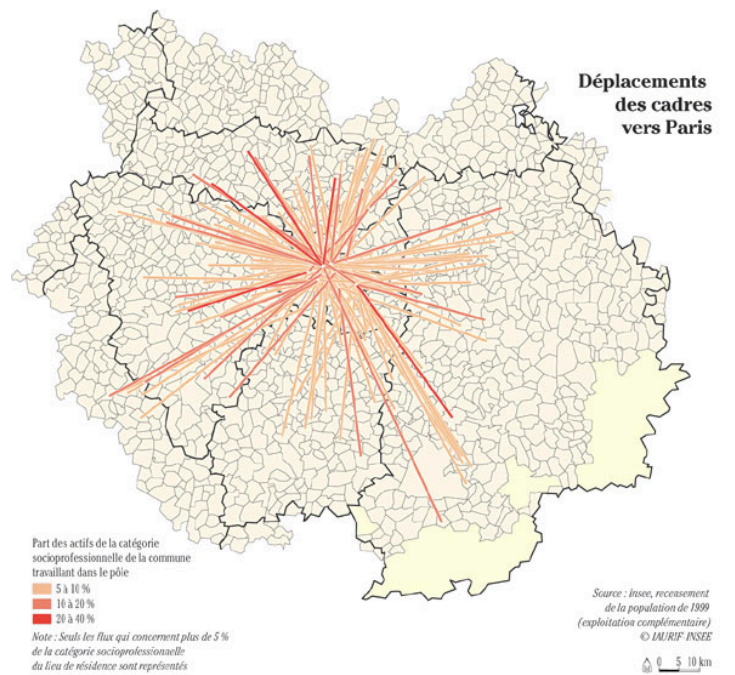
3. The 1964 Provincial division: Hauts-de-Seine (yellow), Paris (grey), Valle de Marne (orange) and Seine-Saint-Denis (green). The two latter provinces will keep a communist majority in the provincial council until 2008.



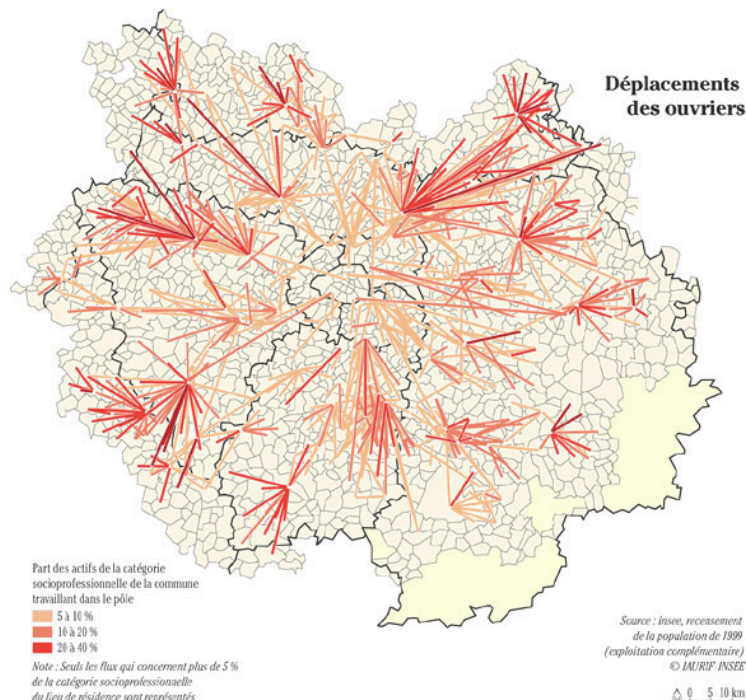
4. This graph shows the housing shortage that followed the 1982-1985 institutional decentralization process implemented by the first Mitterrand administration. Decreasing housing supply in a metropolitan region where housing demand always had an upward trend meant a steep increase in housing prices and increasingly averted middle-class families from the region.



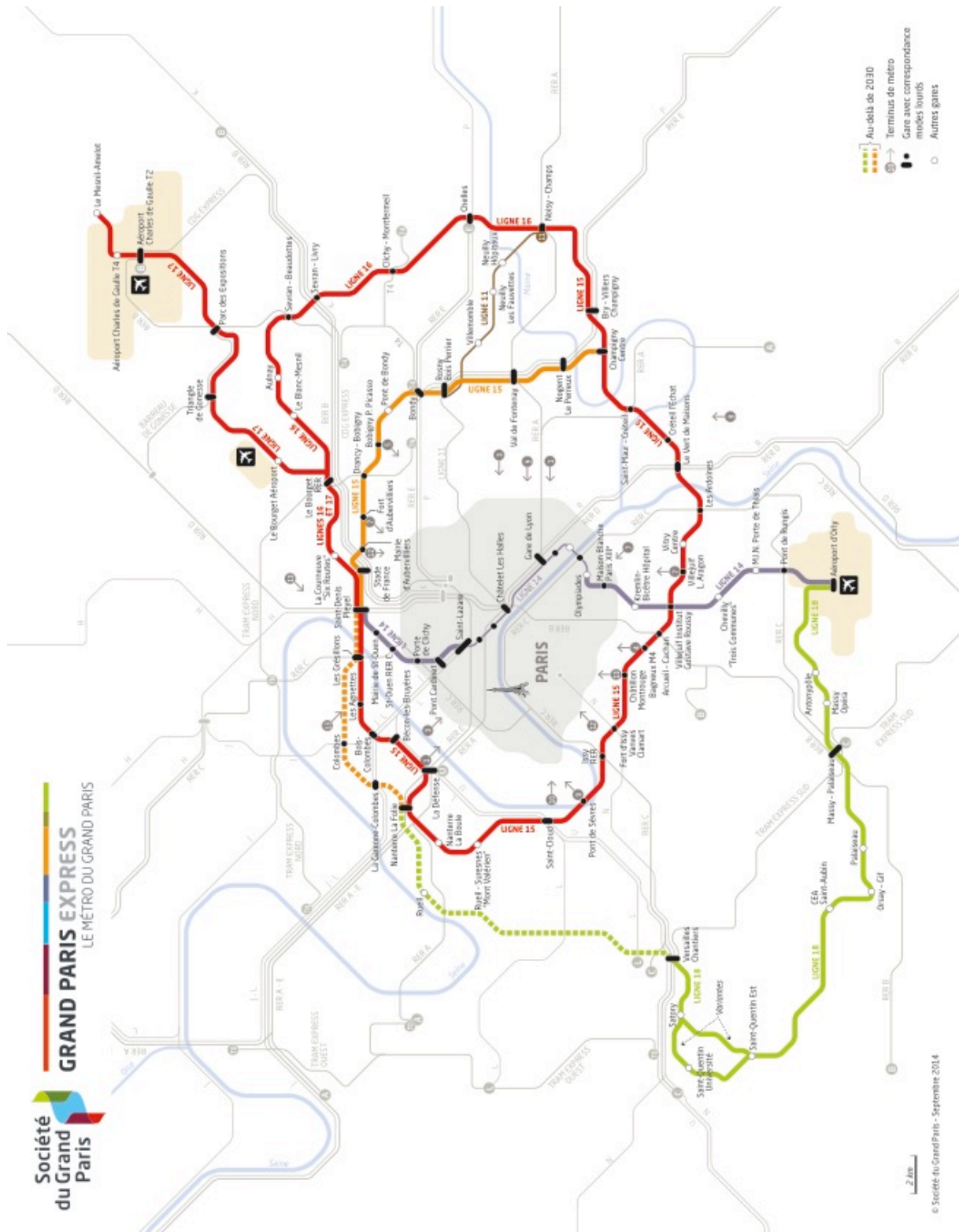
5. The centripetal commuting patterns of firm managers (orange and red) follow the RER lines established by the 1965 SDRIF.



6. The polycentric commuting patterns of the working class (red and orange) are getting increasingly car-based rather than public-transit based because of the lack of public investments in transportations. This has negative repercussions on traffic congestion and CO2 levels. Moreover whoever can't afford a private commute is getting increasingly excluded from the labour market.



7. Grand Paris Express scheme. This metropolitan double-ring will avert RER passengers from the petite or grande couronne areas from commuting to the central stations before being redirected to their final destinations. Moreover the metropolitan ring will link the De Gaulle and Orly airports to the rest of the metropolitan system.



Italian Language Summary

Una parte considerevole dei dati e delle posizioni delle figure istituzionali e accademiche prese in considerazione nella tesi sono frutto di un periodo di ricerca di 23 giorni a Parigi sotto il coordinamento del Prof. Morlino, relatore della tesi, e del Prof. Le Galès dell'Università "Sciences Po." di Parigi. Sono state svolte 6 interviste, registrate 7 ore di materiale e frequentati 3 eventi sul tema. E' possibile trovare la lista degli eletti locali e dei professori intervistati alla pagina 2 della tesi.

La tesi *Solutions to Governance Dysfunctionality in Metropolitan Economies: a Qualitative Case Study of the Greater Paris Reform* analizza la cosiddetta riforma del "Grand Paris", concepita sotto la presidenza Sarkozy 2007-2012 ed ampliata con l'attuale Hollande, e le modalità nelle quali si propone di ridisegnare la struttura malfunzionante (dysfunctional) della governance metropolitana parigina. La tesi si focalizza prima sulle cause storiche che hanno portato all'attuale condizione della governance, procede in secondo luogo ad analizzare la cosiddetta *crise métropolitaine* di Parigi ed infine termina con un'analisi delle capacità della costituenda autorità metropolitana di risolvere (solutions) i diversi problemi dell'area parigina. Essi infatti spaziano dalla forte mancanza di offerta nel mercato immobiliare, al deficit infrastrutturale delle periferie, al crescente scollegamento fra alloggi e uffici, all'entità delle esternalità di congestione fino alla polarizzazione delle disuguaglianze sociali nella zona della *petite couronne*. L'insieme di questi fenomeni ha avuto ed ha tuttora importanti ricadute sull'economia parigina e, per via della forte interdipendenza economica fra metropoli e stato, anche su quella nazionale.

La scelta dell'oggetto della tesi è basata su due rilevanti dinamiche contemporanee di carattere economico e istituzionale. La prima è la crescente importanza economica che le aree metropolitane stanno assumendo nei confronti delle economie nazionali e più in generale in quella globale. Nell'anno 2011 infatti 100 aree metropolitane hanno prodotto il 38% del PIL mondiale⁹⁵ e si stima che nel 2025 saranno circa 600 quelle che ne produrranno più del 60%⁹⁶. Questo fenomeno di accentrimento ed incrementale localizzazione della produzione della ricchezza deriva

⁹⁵ Dobbs. *Urban World :Mapping the economic power of cities*. McKinsey Global Institute. March 2011 p.6.

⁹⁶ *ibid.* p.7.

da svariati trend economici a livello globale, tra i quali: economie di agglomerazione e d'urbanizzazione, *productivity gains*, *knowledge spillovers* e ricadute di capitale umano nei contesti urbani (Moretti 2012). Aree metropolitane come quelle di Parigi, New York o Tokyo vantano ormai PIL equivalenti o in alcuni casi maggiori di nazioni come Svezia, Svizzera o Belgio e rappresentano importanti frazioni di quelli rispettivi nazionali.

La seconda dinamica è che, considerata l'importanza crescente delle aree metropolitane per le economie nazionali, il tema della *metropolitan governance* si afferma sempre di più come priorità nelle agende di governo delle economie avanzate. La necessità è infatti quella di stabilire una regia di coordinamento fra i vari stakeholders istituzionali (municipi, comuni, province, etc.) all'interno della stessa vasta agglomerazione urbana al fine di creare le migliori condizioni per l'affermarsi dei benefici economici derivanti dalle aree metropolitane e scongiurare al contempo l'insorgere di *veto-powers* istituzionali che potrebbero ostacolare la crescita di quest'ultime e arrecare un danno a livello nazionale. Inoltre l'affermarsi di nuove metropoli a livello mondiale a Sud e più in particolare ad Est del pianeta (Dobbs 2012) pone importanti sfide in termini di competitività alle metropoli del vecchio continente.

Il caso "Parigi" è stato scelto proprio perché è coinvolto in entrambe le dinamiche sopracitate. L'area metropolitana parigina, ospitando il 18.8 della popolazione francese⁹⁷, produce infatti il 30.2% del PIL nazionale⁹⁸. Questo suo ruolo formidabile all'interno dell'economia nazionale impone alla metropoli parigina un governo metropolitano che assicuri coerenza di politiche pubbliche, in particolar modo nell'offerta del mercato immobiliare e del trasporto pubblico, al fine di garantire la crescita economica metropolitana e di quella nazionale. La volontà degli ultimi due governi centrali francesi di istituire tale autorità nasce dal bisogno di porre fine alla frammentazione amministrativa in seno all'area metropolitana che, soprattutto dopo il processo di decentralizzazione del 1982, sta alla base di quella che è stata definita dal Burgel (2008) la *crise métropolitaine* di Parigi. Infatti la presenza di 412 comuni, 3 consigli provinciali ed un consiglio regionale nella stessa regione metropolitana hanno provocato l'affermarsi di *nimbyist veto-powers* istituzionalizzati

⁹⁷ INSEE web site. *Régions, La Région et ses départements* : population.

⁹⁸ *Ibid.* : économie.

che negli ultimi due decenni hanno significativamente scoraggiato la crescita dell'agglomerazione urbana, ridotto l'offerta di alloggi privati e di conseguenza ridotto la taglia del mercato del lavoro parigino e provocato una distorsione nella crescita della metropoli.

La legge sulla decentralizzazione del 1982 è responsabile della frammentazione amministrativa nella misura in cui ha trasferito una competenza fondamentale come quella urbanistica a tutti i comuni francesi, a prescindere del fatto che alcuni di essi appartenessero ad una regione metropolitana compatta quanto quella parigina. In sostanza la legge si è rifiutata di riconoscere i 412 comuni formanti l'agglomerato urbano parigino come interdipendenti ma li ha considerati come singole entità istituzionali capaci di avere ciascuna una proprio piano urbanistico pluriennale⁹⁹. In un contesto nel quale il rapporto fra cittadini possidenti terrieri e sindaci è molto stretto e le differenze politiche fra comuni sono molto forti¹⁰⁰, i diversi piani regolatori municipali hanno subito una forte strumentalizzazione che ha avuto come risultato quello di ridurre l'offerta nel mercato immobiliare e, con la domanda costante, alzare notevolmente i prezzi medi. La strumentalizzazione è stata infatti portata avanti ai fini del mantenimento di un certo tipo di elettorato all'interno dei comuni e a fini di speculazione edilizia, alterando il processo di domanda e offerta immobiliare in tutta l'agglomerazione urbana (Burgel 2008) e garantendo "omogeneizzazione sociale della circoscrizione elettorale" (Le Lidec 2015).

Il grafico numero 4 nell'appendice mostra infatti il crollo dell'offerta del 50% di nuovi alloggi dopo l'implementazione della legge sulla decentralizzazione. Il rapporto Pommellet 2005 del Ministero dell'Edilizia ha registrato infatti un incremento del 87% dei prezzi di vendita dell'immobiliare rispetto al 1989. Nel medio periodo questo ha causato l'allontanamento dal centro e dalle aree peri-centrali di categorie storicamente presenti a Parigi come i ceti medi, i ricercatori e gli studenti (Le Lidec 2015). La salita esponenziale del prezzo del *logement* nell'area metropolitana ha infatti avuto ripercussioni su molteplici aspetti della città come la taglia del mercato del lavoro parigino, la presenza stessa di posti di lavoro nelle zone centrali, la produttività media del lavoratore, la durata media degli spostamenti sui mezzi pubblici ed infine anche il tasso di emissioni di CO2. Cambiamenti che oltre ad

⁹⁹ La quantità di alloggi abitativi o uffici costruibili periodicamente.

¹⁰⁰ Vedasi cap. Historical Background della tesi. (p.13 – 21)

apportare danni all'economia metropolitana e alla qualità della vita del cittadino, hanno soprattutto minato gli effetti positivi delle *agglomeration economies* che erano stati strutturali per lo sviluppo dell'economia parigina nei tre decenni successivi allo SDRIF¹⁰¹ del 1965. Mentre quest'ultimo infatti creò un grande mercato del lavoro a livello metropolitano consentendo l'espansione dell'abitato e il collegamento infrastrutturale fra poli lavorativi centrali e centri abitativi periferici, gli effetti della legge sulla decentralizzazione sono andati nella direzione opposta. Permettendo che i ceti produttivi medi fossero spinti sempre più lontano dai poli lavorativi, la legge ha sortito effetti negativi su molti fronti.

Come esposto dal Davezies (2008) il tasso migratorio regionale infatti, già negativo nel periodo 1990/1999, ha subito un incremento negativo del 35% nel periodo 1999/2006 mentre la presenza di bambini fra i 10 e i 20 anni è diventata la più bassa rispetto alle altre regioni francesi. Dati significativi che mostrano come l'alloggio nella regione metropolitana parigina sia diventato troppo costoso per famiglie provenienti dai ceti medi. Inoltre, fermando una crescita che continuava dalla metà degli anni 60, nel periodo 1990/1999 il mercato del lavoro si è stabilizzato intorno ai 5 milioni di lavoratori con una perdita di 40 000 unità. In seguito, nel periodo 2000/2004, prima della crisi economica del 2007, il solo comune di Parigi ha perso 233 000 posti di lavoro. Anche se parte di questi posti di lavoro sono stati recuperati dai comuni limitrofi delle zone della *petite e grande couronne*, questo dato rimane comunque un forte indicatore della difficoltà che l'innalzamento dei prezzi ha provocato a datori di lavoro e lavoratori. Inoltre, come ha affermato Le Lidec (2015), l'innalzamento del prezzo dell'immobiliare ha portato sempre più ricercatori e studenti a studiare e lavorare in città che garantiscano livelli di qualità della vita più alti rispetto a Parigi. Questo sta infatti comportando un grande danno al settore della ricerca accademica e tecnologica nella regione parigina che è, ad oggi, uno dei più importanti in Europa¹⁰².

Gli effetti della frammentazione amministrativa nella metropoli parigina, che nella tesi sono intesi come *governance dysfunctionalities*, hanno avuto anche forti ripercussioni sulle infrastrutture per il trasporto pubblico. Come afferma Gilli (2014)

¹⁰¹ «Piano Direzionale della Regione Ile-de-France» - per più dettagli sulle politiche dello SDRIF consultare pagine 13 e 14 della tesi, capitolo "Historical Background".

¹⁰² Per fonti e dettagli si consulti la *footnote* numero 74.

la progressiva frammentazione delle competenze ha portato ad una mancanza di strumenti di spesa e di lungimiranza dell'élite politica locale nella pianificazione delle infrastrutture pubbliche. Questo ha provocato un deficit infrastrutturale in quei quartieri periferici multiuso che, sviluppatisi negli anni 80, non hanno beneficiato di uno sviluppo parallelo dei trasporti pubblici che li avvicinasse sia al resto dell'agglomerato urbano che al mercato del lavoro metropolitano. Sul medio-lungo periodo questo ha ostacolato la crescita del mercato del lavoro parigino, fatto aumentare il numero di spostamenti con mezzi privati nelle zone periferiche della *grande couronne* e aumentato i costi della congestione dovuti al traffico.

La tesi, nel quarto capitolo, rileva come la prima versione della riforma “Grand Paris” del 2008 non contenga al proprio interno nessuna riforma della governance ma si limiti al rilancio delle politiche immobiliari, infrastrutturali¹⁰³ ed economiche dell'agglomerazione parigina. La prima versione della riforma “Grand Paris” ha infatti come obiettivo quello di rilanciare l'area metropolitana dal punto di vista economico in funzione di una ripresa dell'intero paese al fine di portare la Francia fuori dalla crisi finanziaria del periodo 2008-2012¹⁰⁴. Non vi è stato nessun dibattito sulle cause reali che hanno portato alla *crise métropolitaine* né tanto meno sulla futura forma di governo che la “riformata” metropoli parigina avrebbe dovuto assumere. La riforma del 2008 riprende quindi l'approccio interventista degli anni sessanta di De Gaulle e Delouvrier che concepisce la metropoli parigina come affare di stato dal quale non possa emergere un governo metropolitano elettivo se non quello dello Stato stesso.

Nel 2014 la presidenza Hollande include nella riforma “Grand Paris” anche la riforma della governance metropolitana istituendo per la prima volta l'autorità metropolitana “Métropole du Grand Paris” su 124 dei 412 municipi facenti parte dell'agglomerazione urbana. I più importanti pilastri della riforma istituzionale prevedono l'elettività del comune metropolitano, il trasferimento della competenza urbanistica dai comuni all'autorità metropolitana e l'armonizzazione fiscale fra i comuni coinvolti. Il primo pilastro è fondamentale per l'instaurarsi di un nuovo corso di politica immobiliare poiché obbliga i 124 comuni coinvolti ad adeguarsi al piano

¹⁰³ L'aspetto infrastrutturale è uno degli aspetti centrali nella riforma del “Grand Paris” del 2008. Per trovare ulteriori dettagli a riguardo si rimanda alle pagine 26-27.

¹⁰⁴ A questo proposito, è possibile trovare una parte del discorso di Sarkozy a pagina 7 della tesi.

regolatore metropolitano (PRM), scongiurando in questo modo ulteriori strumentalizzazioni e speculazioni immobiliari. Il secondo pilastro è altrettanto importante in quanto istituisce gli strumenti fiscali della nuova autorità metropolitana affinché possa implementare le proprie politiche. Le tasse CFE (tassa sull'occupazione di suolo delle imprese) e CVAE (tassa sul valore aggiunto delle imprese) verranno infatti armonizzate e trasferite all'autorità metropolitana al fine di redistribuire la presenza di imprese su tutto il territorio metropolitano, ad oggi fortemente concentrate nei comuni ad ovest della metropoli parigina. Questa de-concentrazione delle imprese verso i comuni meno abbienti è infatti fondamentale per l'implementazione di una nuova *housing policy* che, aumentando l'offerta sul mercato immobiliare, abbassi il prezzo medio dell'immobile. Infatti, godendo della redistribuzione fiscale attuata dall'autorità, i comuni che prima non erano in grado di coprire i costi dei servizi legati ai nuovi immobili, ora non solo avranno il vincolo del PRM ma avranno anche le risorse per permettere la costruzione di nuovi alloggi sul loro territorio.

La tesi però sostiene che i recenti emendamenti presentati al Senato francese dal governo Valls del Partito Socialista (PS) minano la capacità dell'autorità metropolitana di incidere efficacemente sull'offerta di nuovi alloggi. La lettura del Le Lidec (2015) indica nelle pressioni dei comuni più ricchi, compreso quello di Parigi guidato da Hidalgo dello stesso PS, i fattori più forti che hanno determinato il verificarsi di questi emendamenti. L'armonizzazione fiscale infatti comporterebbe un'importante crescita media delle imposte sui 95 comuni più ricchi ed un calo equivalente sui 29 comuni più poveri¹⁰⁵. Infatti nonostante il testo emendato dal governo mantenga il PRM, l'armonizzazione fiscale della CFE, che è la tassa comunale col gettito fiscale più importante, è stata rimandata al 2021. Il gettito fiscale della CFE rimarrà ai singoli comuni fino a quella data e solo allora tale processo avrà inizio. Il Le Lidec sostiene inoltre che tale data è stata scelta poiché posteriore alle elezioni presidenziali del 2017 dove potrebbe avvenire un cambio di presidenza.

La dilazione del trasferimento di risorse fiscali all'autorità metropolitana inficerà negativamente soprattutto sulla sua capacità di implementare quel nuovo corso di *housing policy* così importante per l'economia e per i cittadini della

¹⁰⁵ Per ulteriori dettagli e percentuali andare a pagina 34.

metropoli parigina. La tesi termina richiamando la posizione dell'autore per la quale le metropoli, considerato il loro crescente peso nelle economie nazionali avanzate, necessitano di un' adeguata centralizzazione amministrativa fra stakeholders istituzionali affinché siano dotate di poteri che scongiurino *governance dysfunctionalities* i cui impatti sono dannosi sia per l'economia metropolitana che indirettamente per l'economia nazionale.