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URBAN AUTHORITIES AND ECONOMIC SECTORS

Abstract: Taxation on businesses, which makes up two thirds of local authorities' revenues, urges them to widen the range of their economic interventions. The *communauté d'agglomération* Plaine Commune is one of the most dynamic in the Parisian metropolis and has had considerable expertise at their disposal for 10 years. In order to ensure their economic influence, they now endeavour to stimulate and even structure some economic industries. Unfortunately, a local tax reform in progress may well jeopardise the pattern of development which is presented in this article.

Key words: urban policy, economic development, Paris agglomeration.

In the country of Colbert, public power is always somehow involved with the economic development of territories. The creation of a vast pole of services – with more than 60,000 jobs – in La Plaine Saint-Denis is a recent example of the new forms of political intervention in economic affairs. These old industrial outskirts north of Paris owe their metamorphosis to the joint action of the State and local authorities. Businesses and property developers have never actually initiated anything in it. But the point of this paper is not to describe the role of public authorities in the matter of equipment and development of economic areas. All that is now widely known. What is far less known is the involvement of urban authorities in the very heart of the productive process of companies (Fache, 2009).

The *communauté d'agglomération*¹ Plaine Commune, comprising 8 communes and 345,000 inhabitants in the north of Paris, has a comprehensive range of interventions at its disposal. Whereas they used to restrict themselves to developing areas destined for economic activity, the *communauté* now manages

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¹ A *communauté d'agglomération* is one of the different inter-municipal structures with fiscal power existing in France. La Plaine Commune is then referred to as the *communauté*.

economic industries on its territory and even tries to structure new ones. They implement very concrete actions aiming at coherently organising the economic activity and at improving the competitiveness of local businesses. The issues of local employment and more than that the tax revenues acquired from companies (almost 180 million Euros per year) are their main motives.

This paper studies three sectors (textile, audiovisual, and environment) that are diversely structured and well established both in this territory and in the globalised economy. Through these examples, this article aims at showing how the *communauté d'agglomération* attempts to support or even adjust the productive practices of companies, these attempts being more or less successful. Besides, the announced reform of the local business tax is questioned throughout the article, for it will sever the financial link that has existed between the presence of companies and the tax collected by local authorities and therefore may well jeopardize this pattern of economic development.

1. THE TEXTILE INDUSTRY: THE DIFFICULTIES IN RECONCILING A LOCAL INDUSTRY WITH GLOBALISATION

The textile industry has been present in the area for a dozen years and is extremely well structured and set in globalisation, particularly so since it has been in the hands of a Chinese community from the city of Wanzhu. Established in the heart of former industrial wastelands, hardly exploited before in spite of their proximity to Paris, this industry, even though consuming much public space, brought in significant tax revenues to the *communauté*. This European wholesale trade centre has also offered international renown to the area, much welcome after a 30-year crisis. The policy implemented for a dozen years by the *communauté* has therefore been to support this industry and limit its nuisances. In order to achieve their ends, Plaine Commune has tried to rationalise the organisation of the textile industry. But its preservation is now jeopardized, by the *communauté's* inability to contain problems, the scheduled mutation of the area towards higher education and research and the probable renouncement of the local business tax. The divergence between political and economic interests is also based on the growing cultural distance between all key players.

1.1. A *Communauté* and the Rationalisation of Economic Problems

When the city of Paris decided to give back to the pedestrians part of the Sentier neighbourhood in the late 1990s, it catalysed a movement of the textile industry towards the outskirts, namely La Plaine Saint-Denis, where wholesale dealers

had owned warehouses for a long time (Montagné-Villette, 2004). These upheavals, coupled with the Chinese competition, have led the Sephardic community to give up the textile industry and take up more profitable business such as property instead. Owing to their ability to extend all productive functions on a worldwide scale, the Chinese community from Wanzhu has got a certain competitive advantage and now controls the industry, including design – some of it –, all of manufacturing – most of it done in China – and all of wholesale (Plaine Commune, IAURIF, Samarcande 2009). This story has resulted in a very clear allocation of roles and responsibilities, which has made the dialogue between the *communauté* and the industry players easier for some time. Wholesale dealers were responsible for the activity and its ensuing nuisances, whereas property owners were few and what is more had been known by the municipal councils for a long time.

Although situated far from city habitation, wholesale activity soon led to many problems due to its encroachment on public space and highway. Each day traffic problems provoked the clogging of the neighbourhood and its whereabouts, which would in turn give the area a bad reputation, despite its renown. In order to overcome this issue the *communauté* has established contacts with the different property owners so as to promote a better functional integration into the neighbourhood. Plaine Commune has therefore mobilised all their expertise to convince the property owners that their premises would be made more profitable if they adapted the estate supply to the activity. This collaboration has deeply modified the ‘wholesale district’ with the construction of two zones dedicated to the industry, allowing the different functions to be put together within a same building: show room on the ground floor, stocks on the first floor, and the parking of light vehicles on the roof. The loading of delivery vehicles can be done on designated sites, so as not to block the public highway.

But the success of this new real estate supply has had unexpected consequences, mass movement of the industry to La Plaine Saint-Denis. The number of companies has dramatically gone up since then and discounters are now purchasing all surrounding available warehouses. The activity is therefore spreading and totally escaping the control of public authorities because of the very same problem they fought, encroachment on public space.

1.2. The Weakening Bond between Territory and Companies

Faced with these excesses – public highway littered with packaging, no respect for the rules of public space occupation – the *communauté* sometimes seems overtaken, and the bonds they manage to forge with the Chinese community are too fragile to help contain them. It is difficult to target the right person to talk to within this industry, not very hierarchical and in fact highly competitive, which

does not favour dialogue. The company directors, however influential they might be, are always reluctant to take up the position of mediators who could impose some discipline within the industry. In the wholesale dealers' eyes, the rules of public space occupation can be enforced only through solid police repression. The *communauté* has no authority in the matter and is eventually stuck in practices very remote from the culture of dialogue that they have been striving to develop with the different economic forces for 10 years.

However, these nuisances will be dealt with strictly in the future because of the forthcoming tax reforms and of current urban transformations. Indeed, important development plans are taking shape all around the 'wholesale district'. A mall, several hundreds of housing units and a vast pole of higher education and research are being built. These new developments, bringing along a metro and a tramway, will inevitably increase the value of the area, which will then not agree with such activities. The owners of the warehouses that accommodate the textile industry today already dream of making highly profitable property deals connected with the economic and functional transformation of the area. Besides, their appetites have been whetted by the decision of the Ministry of Higher Education to entrust 450 million Euros to private sector operators for the building and management of the new university site. In such a context, in which the spreading of the activity and of logistic functions is the general trend, only a strong intervention by public authorities could help support this activity. And yet what could induce them to do so? Nothing.

The industry, which requires an important logistic base as well as a central location for showrooms, needs specific facilities more than ever. *L'Etablissement Public d'Aménagement de la Plaine de France* which is in charge of the development of the surroundings of Roissy Charles de Gaulle airport now seems interested in developing showroom activities around that major logistic hub. Could that be a more adequate location for the development of the textile industry?

As a conclusion, the *communauté* has rationalised the organisation of the industry. If they have been unable to manage the consequences, it is also due to the difficulty in maintaining productive activities in central areas. In hindsight one could also wonder if the elected representatives really want the industry to be established on a long-term basis. In fact its presence on the territory could be considered as a functional transition between industry and the planned expansion of the service sector. Be that as it may, this example highlights a fact: the relationships between territories and companies are always changing. It also shows how important cultural factors can be. In this case, bearing the mark of distance, they are hardly favourable to business. Two very differing perceptions of what lies behind the pair of words 'economy and politics' meet but do not coincide or even understand each other.

2. FROM SHOOTING SETS TO THE FUTURE ‘CLUSTER OF CREATION’: FIFTEEN YEARS OF PUBLIC SUPPORT TO THE AUDIOVISUAL INDUSTRY

Talking of support to this industry is an understatement: it has been granted funds for a long time and in various ways by public authorities. The financial backing, which accounts for the extensive French film production for that matter, has amounted to 78 million Euros these past four years in Ile de France only, and has enabled to support 311 films. This industry has been present in Plaine Commune since the mid 1990s and has been a real blessing for the area. Not only has it counterbalanced the consequences of de-industrialisation, it has also proven to be an important source of tax revenues, as well as a way to boost the image of these old industrial outskirts (Pellenbarg and Meester 2009). That is why the councillors have devoted themselves to creating the conditions of its preservation in the *communauté* for a long time. These efforts are now being taken over by the State: after securing the financing of Luc Besson’s *Cité du cinéma* project, they intend to turn La Plaine Saint-Denis into a real centre of excellence in image and creation on a regional scale (within *le Grand Paris*, i.e. the Greater Paris project).

2.1. The Inter-Municipal Support Policies to the Industry

If the Eclair company² has been present in Epinay since 1907, most of the audiovisual activity has arrived in the area in the mid 1990s. Whereas the traditional shooting activity was concentrated in cramped premises in the 19th and 15th districts of Paris, the industry players have been lured by the vast unused warehouses on Paris’s doorstep so as to set up all technical functions there. Obviously the contractors (production, broadcasting and distribution companies) have not been affected by the process and have remained circles confined to the most central neighbourhoods of Paris. The councillors, aware of this dependence upon Parisian decision-making centres, have rapidly become concerned to create the conditions for this activity to be preserved.

After a first meeting with all players of the audiovisual industry, the councillors have reckoned that the best way to develop and bring added value to this activity was to create an association assembling the main economic players and the local authorities. The *Pôle Audiovisuel Cinéma et Multimédia du Nord Parisien*, known as *Le Pôle*, now has more than thirty members, like the *Fédération des Industries du Cinéma de l’Audiovisuel et du Multimédia* (FI-CAM), the *Institut National de l’Audiovisuel* (INA), the TSF group, private schools like ICAR and SAE (School Audio Engineering), as well as three local

² The Eclair company is the biggest film editing and film restoration laboratory in Europe.

authorities: the *Communauté d'agglomération Plaine Commune*, the commune of Saint-Ouen and the *Conseil Général* of Seine-Saint-Denis.

Admittedly, it is financed up to 90% by public authorities and the office of President is held by the mayor of Saint-Ouen. Still, the choice of an association as a structure, coming under private law, permits to establish real and not hierarchical partnerships between its different members. It also offers operating flexibility that a public structure can not match (Lebeau, 2006).

The first purpose of *Le Pôle*, which now employs three full-time staff, is to strengthen the visibility of this Parisian audiovisual pole. This objective is obviously not devoid of political interests since it also helps enhance the image of the area as a dynamic and economically attractive one. Another purpose is to stimulate the industry by building some cohesion between the different players. To achieve that end, *Le Pôle* has set up a film committee, which makes an inventory of all shooting sites and shooting companies on the territory, consequently helping local companies access new productions and therefore new markets. The committee also makes an inventory of make-up, costume and editing companies. As a result, the whole chain of production is developed and the appeal of the area is strengthened (Lebeau, 2006).

Table 1. Evolution of the number of companies and staff in the audiovisual industry in Plaine Commune between 1999 and 2006

Specification	1999		2006		Δ 1999/2006	
	companies	staff	companies	staff	companies	staff
Entire audiovisual industry	72	1204	112	2035	+55%	+69%

Source: Plaine Commune Economic Affairs Division.

Numerous difficulties have emerged as a result of dialogue within *Le Pôle*, especially the recurring skills shortage. It has led the political and institutional forces to turn to the education authorities and negotiate the creation of a higher training course in cinema studies. Set up within the Lycée Suger high school, this course now forms a source of skilled staff for the industry companies.

To sum it up, local authorities promote and stimulate the industry by means of this association, *Le Pôle*. Their policies contribute to opening up new markets to local companies and favour the conditions of their development (Markowski, 2004). This partnership has also allowed a sector, the audiovisual industry, to be established on a long-term basis, a sector which has now matured enough for large-scale projects.

2.2. The Future ‘Cluster of Creation’: A Highlight within *Le Grand Paris*

This shooting activity, dependent on outside contractors as it may be, remains a sector of technical and artistic innovations that tend to assert themselves and gain clarity. This was not lost on the film director and producer Luc Besson who plans to set up his future *Cité du Cinéma* there. By grouping together artistic and technological companies as well as nine shooting sets on the 16-acre land of a former thermal power plant, Luc Besson wants to provide France with major facilities modelled on the Pinewood studios in Great Britain. He intends to build a tool to develop the French film production on a large scale. However, if the initiative is private, it has been saved only by public authorities that have guaranteed the financing of the project by means of the main state bank, the *Caisse des Dépôts et Consignations*. The agreement with the banking institution has even been directly negotiated by one of the President’s closest advisers.

The interest shown for the industry by the highest levels of government has seemed unflinching ever since, seeing that the Secretary of State in charge of *Le Grand Paris* announced last spring that he wanted to turn La Plaine Saint-Denis into a ‘cluster of creation’ so that the industry here meets international standards. The phrase may not paint a complete picture, however it signals a new and strong commitment by the public power to support and stimulate the industry. The Secretary of State, who considers creating new metro lines for Paris and its suburbs, wants them to interconnect in the heart of the future pole, which would thus be endowed with a central place in the *Grand Paris* territorial system. If the State makes Plaine Commune a partner in the project, (as they seem to resign themselves to), the combination of the State’s financial and technical means and the *communauté’s* experience could turn out to be extremely fruitful. Indeed, in this matter incantation is not enough for things to be carried out. If the State wants to be successful, they would be wise to let themselves be guided by the work already accomplished by the *communauté*, which, far from imposing their view of urban development, is always looking for the right consensus to stimulate and organize the industry the best they can, in the interest of the area.

In conclusion, the audiovisual sector is the example of a successful union of a new kind between economic and political spheres. Far from being confined to a financing policy, urban authorities break new grounds and interfere in the very heart of the industry thereby creating a *in situ* stimulus (Micek, 2004). The policies of the *communauté* are tremendously different from the grant-in-aid principles and build the conditions for endogenous development, which is a guarantee of greater autonomy for the industry.

3. THE ORGANISATION OF 'ECO-INDUSTRIES'

The activities of waste retrieval and recycling existed in the area as far back as the nineteenth century, when metal, household waste, animal carcass and fat were recycled. In spite of the stigma attached to them, the *communauté* wants to keep them on its territory and even strives to structure them into a real industry. This will, far from forming consensus, divides the majority between those who feel these activities might be a good chance for local employment and others reluctant to any kind of nuisance. These political divergences and the uncertain fiscal context condition the future of this economic project.

3.1. From the Will to Structure an Economic Industry...

150 companies are listed on the territory, employing nearly 2,000 people, working either on water treatment (50%), waste collection and treatment (25%) or pollution measure, control and engineering (25%).³

Waste collection and treatment companies are not the most numerous but pose most problems. They occupy important surface areas (from 5 to 15 acres) and do not fit well into the social fabric because of the noise, visual and even odour pollutions they generate. However, they remain a source of unskilled jobs for the local population and pay tens of million Euros in business tax to the *communauté* each year. Besides, these companies have an environmental utility and are connected to big size transport infrastructures (canal, railway), allowing them to process big volumes with little recourse to road traffic. Even if they have low financial profitability and are under strong social and urban pressure, the *communauté* has taken a gamble preserving and developing them.

To reach their aim, Plaine Commune is working in different directions. First of all, they are thinking about grouping collection and recycling companies together in tailored 'eco-parks' in order to make their integration in the city and the landscape easier. This step also aims at 'mutualising' many facilities like heating or electricity production systems. The *communauté* would like to make the companies more dependent upon each other, somehow like industrial districts but with the new idea that the waste produced by some can be exploited by others. The implementation of the principles of a 'carbonless economy' or an 'industrial ecology' depends on economic voluntarism. It requires a leader endowed with acute technical skills and with appropriate institutional prerogatives. This role could be shouldered by a specialised operator but in France it can not be done without the local authorities that have extended powers as regards land use planning and economic development.

³ Percentage of turnover generated by each branch of the sector.

Plaine Commune would like to be more innovative and favour the expansion of new industrial outlets in connection with its own urban renewal project. The *communauté* and the State have signed an agreement mobilizing 1.2 billion Euros to renovate some of the many social housing neighbourhoods it is made of. These renovations, calling for much demolition and rebuilding, are the source of a great quantity of waste, that Plaine Commune would like to exploit through a specialised and structured industry. Such an industry is sorely lacking in France, where only 15% of building waste is recycled compared to 80% in Germany. This lack of a proper recycling industry for building and civil engineering waste deeply influences the price of new construction, which is on average 25% higher in France than in the Netherlands or in Germany. This additional cost has a negative impact on public funds because the developing operations balance sheets are showing losses. The *communauté*, which builds more than 1500 housing units a year, is the first victim of this. Therefore the will to make up for this lack is highly justified. But if the *communauté* can provide suitable conditions for such an industry, they can be no substitute for economic forces to implement it on practical terms. Still, they try to act as an interface between the different companies of the area so as to favour this expansion. For example, they consider using waste from the textile industry as insulation material and are currently working on technical assessments.

Another requirement for these activities to perpetuate and develop is labour force turnover. It is estimated that half the staff will need to be replaced within ten years. That is why Plaine Commune is mobilising all their expertise in the field of employment and integration in order to offer suitable provision of training. Finally, the *communauté* organises many meetings between inhabitants and industries to favour dialogue, defuse conflicts and soothe the social pressure that spontaneously rejects such activities.

Setting up industries in the field of environment, recycling and 'eco-design' has obviously a systemic component. Local authorities, which plan land use, equip, develop and forge ties with the economic and training spheres, are fully competent to play the coordination role necessary for the development of such industrial principles. However, faced with the complexity of the task, the growing rejection of industrial activities by the population and by environmentalists and the uncertainty concerning the business tax, success in this matter can not be taken for granted.

3.2. ...to the Contradictions of Urban Ecology

If Plaine Commune wants to keep these activities in the area for now, yet their migration to remote suburbs could well be hastened by many factors: nuisances, lack of integration in the urban fabric, fears and rejections and their soon-to-be low fiscal profitability.

With the probable disappearance of tax revenues, some elected representatives, among them the Greens, express their opposition towards these industries more openly and even willingly bring up new threats of pollution. They prefer research and engineering consultants specialised in de-pollution and environment, which often get the population's consent. The future of the canal banks is an issue that recurrently crystallise these political conflicts. Some would like the canal to remain useful for industries – namely for the transportation of building materials – whereas others would rather turn it into a residential and leisure area. The same debate prevails about some disused railway stretches.

But if the will to improve the quality of these spaces might seem commendable, yet there is undoubtedly a contradiction between the wish to remove those activities farther away and the principles of sustainable development. Making these alternative transport infrastructures inoperative and taking the waste treatment places away from waste production places automatically increases road traffic. In this matter, some real education on urban ecology needs to be set about so that councillors and residents understand that removing industries from one's sight does not make their effects disappear and that holding them back turns out to be much more detrimental to the environment than integrating them into the city.

If the *communauté* overcomes their political disagreements and leads this project successfully, they could prove how useful local authorities can be to implement the principles of urban ecology. But the task ahead is huge and the *communauté* may well leave the 'eco-industries' to the market forces, unless they recover the investments they made through tax.

4. CONCLUSION

In order to make their territories more attractive, public authorities have recourse to many initiatives relying on more and more acute knowledge of productive logics. By opening up markets to companies or by taking care of their recruitment, the *communauté* is an essential economic ally for some industries. Whereas they used to restrict themselves to creating the conditions for territorial integration, they now gradually become a real growth factor for companies.

Yet the pattern may well be jeopardised by the will to suppress the business tax. In Plaine Commune, business tax revenues grow by 5% a year due to new companies. Even if it was entirely compensated for by the State, the reform would break the dynamics induced by the tax and the *communauté* expects their investment capacity to be cut in half. The purely dogmatic adherence to liberal formulas that aim to keep on lowering the tax burden for businesses may well have unexpected counter-productive consequences. What companies will gain in

taxes may well be lost on a proper economic level. Whereas local authorities have created favourable conditions for companies to set up, nothing ensures that they will keep on supporting the operating expenses and the nuisances induced by these industries. Activities are already being selected along more or less implicit mechanisms according to their level of nuisance and to the reputation they might give to the area, as the examples studied in this article show. The metropolitan mechanisms that tend to reject the least dignified productive functions towards the periphery may well triumph to the detriment of the principles of sustainable development and of the least skilled and the least mobile populations, unless the public power intervenes.

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