



The Response of France in Light of the Global Economic Crisis – the Case of Paris

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Seminar “Crisis and cities: a dual world of capital cities”
RSA Research network “The impact of global economic crisis on capital cities”

Warsaw, Poland
23 September, 2011

*All French children remember having learned by heart the verse from the Fable by Jean de la Fontaine "The animals stricken by the plague":
"All did not die, although all were hit"*





In the short term: what capital cities have done to mitigate the negative impact of the recession – the case of Paris

1. Public communication
2. Financial campaigns
3. Recovery/stimulus plans
4. Task forces
5. Alignment and collaboration

Public Communication

Analysis and reports for public use on the impact of the crisis and the response of the city:

- *“Manual of Aid for Enterprises Facing Crisis”, June, 2009, Prefecture of I’le-de-France - a collection of fiches detailing each aid or support tool with available contacts.*

Financial Campaigns

National Territorial Renewal Fund – was set up in February 2008 but was not assigned funding until 2009 (of 150 mln euro), it provides non-guaranteed loans to firms which create between 10 and 500 new jobs in 17 areas affected by industrial restructuring and which are not eligible for other restructuring support such as regional aid.

Under the EU Temporary State Aid Framework, the ceiling on the tax exemption for firms in employment zones undergoing industrial restructuring has been raised from 0,2 to 0,5 bln euro.

Recovery Plans

- **French Stimulus Plan for 2011-2014;**
- **French Stimulus Plan for 2009-2012:**
 - 1000 investment projects (Ile-de-France region including Paris encompasses a third of them);
 - Ministry with the special responsibility for coordinating the response to the crisis;
 - SGAR - General Secretariat for Regional Affairs;
- **Specific Anticrisis Plan of Paris:**
 - Measures for the SMEs – access to credits;
 - Social policy;
- **Specific Anticrisis Plan of l'Ile-de-France region:**
 - Better coordination with other involved partners,
 - Available measures for SMEs.

Task forces

Special public/private coalitions to monitor the crisis:

- *CDFE - committee for economy financing* – regular (every month) meetings of the departmental prefects, treasurers-payers, managers of the Bank of France, representatives of banking networks and business organizations with three objectives: to inform on national measures; to perform a departmental diagnosis; to locally decline national commitments taken by banks.

Alignment and collaboration

- Special ministry – cooperation with other line ministries and with other levels of government;
- State-region contracts;
- The French regional and departmental prefects have the task of monitoring the crisis in the regions and of reporting back to central government on sectors affected and on support measures needed. This approach has been intensified in ten regions which are perceived to be the most affected by the crisis, namely Bretagne, Champagne-Ardenne, Franche-Comte, Haute-Normandie, Lorraine, Midi-Pyrenees, Nord-Pas-de-Calais, Picardie, Poitou-Charentes, Rhone-Alpes. In each of these regions a reindustrialization commissioner has been appointed to work alongside the regional prefect in coordinating the various policy instruments available.;
- Coordination committees.

On which strengths can the cities rely in order to tackle the crisis?

| Strengths | Paris and Ile-de-France | Barcelona and Catalonia | Frankfurt and Hesse region | Madrid | Amsterdam and North-Holland region | The Great London | Berlin | Geneva |
|---|-------------------------|-------------------------|----------------------------|--------|------------------------------------|------------------|--------|--------|
| Strong sector specificities | 28% | 29% | 22% | 21% | 19% | 18% | 11% | 8% |
| Stability of banking sector | 15% | 4% | 22% | 7% | 16% | 28% | 13% | 41% |
| Strong capacity to adopt to changes | 10% | 13% | 10% | 5% | 10% | 19% | 16% | 6% |
| Presence of multinational companies | 7% | 8% | 9% | 7% | 13% | 11% | 10% | 12% |
| Important State support to weaker sectors | 7% | 5% | 6% | 1% | 6% | 7% | 5% | 5% |
| High skilled public managers | 4% | - | 1% | 2% | 1% | 1% | 4% | 1% |
| Good flexibility of man power | 2% | 4% | 9% | 9% | 6% | 3% | 9% | 5% |

Based at the ability of the country or region to cope with the crisis

Source: Survey of the Greater Paris Investment Agency, 2010

What are the reasons that hamper these cities to overcome the crisis?

| Reasons | Paris and Ile-de-France | Barcelona and Catalonia | Frankfurt and Hesse region | Madrid | Amsterdam and North-Holland region | The Great London | Berlin | Geneva |
|--|-------------------------|-------------------------|----------------------------|--------|------------------------------------|------------------|--------|--------|
| Risk of degradation of social or/and political climate | +++ | ++ | ++ | + | | + | + | |
| Risk of falling growth | + | + | + | + | + | ++ | | |
| Salaries/ prices too high | + | + | | | | + | | |
| Fragility of banking sector | + | + | +++ | ++ | +++ | +++ | + | +++ |
| Sector specificities severely hampered by the crisis | + | +++ | + | ++ | ++ | + | +++ | ++ |
| Metropolises already economically weakened during the crisis | + | +++ | + | +++ | ++ | + | ++ | + |

Limited numbers, results not mentioned in %

Source: Survey of the Greater Paris Investment Agency, 2010

Conclusions

- The main tasks to fight against crisis were placed at the State authorities and the role of the State local representatives was increased:
 - annual meetings of the EU State territorial representatives organized by the European Association of State Territorial Representatives (www.european-days.org/)
- When fighting the crisis, Paris and its region does not differ by nature from the role of other regions and cities, it differs by the scale (roughly 1/3 population and GDP= 1/3 of anticrisis investment projects);
- French cities participate in implementation of the National stimulus plans and have their own strategies in this framework;
- French Stimulus Plans do not focus specifically on Paris and its regions, but tried to support much better weaker regions.



**Thank you for your
attention!**

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