Sub-national governments and central-local relationships in France

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INTRODUCTION ........................................................................................................................................................................... 3

1. MORE FUNCTIONS AND MORE RESOURCES FOR A RATIONALISED SYSTEM OF LOCAL GOVERNMENT........................................................................................................................................................................... 5

1.1 A RATIONALISED SYSTEM OF LOCAL GOVERNMENT .................................................................................................................. 6

1.2 AN INCREASED WEIGHT IN POLICYMAKING ................................................................................................................................. 13

2. STILL FRAGMENTATION AND INSTABILITY: THE END OF THE GARDEN "À LA FRANÇAISE" OF TERRITORIAL ORGANISATION AND CENTRAL-LOCAL RELATIONS ........ 23

2.1 THE INCONSTANT STATE ........................................................................................................................................................................... 24

2.2 TOWN AND COUNTRY: A HIGHLY DIFFERENTIATED LOCAL GOVERNMENT SYSTEM ............................................. 30
France has gone through important changes in the last two decades. But these changes are far from being unambiguous and unequivocal. In 1987 Yves Mény insisted on the fact that despite being commonly considered as "the prototype of centralization" (1987, 88), the French system of relations between centre and periphery has always been more complex than commonly thought. Two aspects were in particular underlined. First, the strong presence of the "local" at the central level and the persistent of "localist" values in the French political culture; second, the ability of local actors to tame central influence in the daily negotiations of public policies implementation (Grémion, 1976).

On the first aspect, recent researches conducted from a socio-historical perspective (Politix, 2001) have gone even further, showing that the birth of the republican regime in the late 19th century was not simply a story of the imposition of new rules by the centre on peripheries. On the contrary, the consolidation of the regime was the result of the colonisation of the centre by local republican "notables" and of the federation of "petites patries" (Chanet, 1996). From the very beginning, the local was present at the centre and the commune was considered as the cradle of Republican values. The later reinforcement of the central State and of ministerial bureaucracies, in particular with the creation of the 5th Republic in 1958 (François, 2004), at the expense of Parliament and local governments' representatives, never really succeeded in marginalising local actors in central and local policy-making processes (Tarrow, 1977).

Paradoxically, the impression of a strong centralisation was also due to the Jacobinism of local politicians, and in particular mayors, who considered the local interest as a mere variation of the general interest defined at the centre (Borraz, 1998), and which they helped to forge thanks to the multiple office holding system. But the very same politicians who contributed to the reinforcement of central State legitimacy were also very active in trying to obtain amendments to this general interest from State field services in order to preserve local interests.

Thus, the actual functioning of the French local political system was that far from the stereotype of a highly centralised country and of the image of localities and their representatives utterly dominated by central politicians and technocrats that even the pertinence of the centre-periphery framework was increasingly questioned even before the Decentralization Acts of the early 1980's. And as far as the current situation is concerned, that
ambiguity is far from having disappeared. It could be tempting to affirm that two waves of decentralisation (1982-83 and 2004), the assault of globalization and the EU institutionalisation on the central State and the localisation of economic interactions (Balme 1996) have definitively made the local level as the more vivid, legitimate, efficient and influential scale of government, along with the regions, and at the expense of those levels seen as less adapted to current economic and social changes, i.e. départements and the central national State.

The actual situation is in fact more complicated than that for three main reasons. First, because the fate of the different levels constituting the three tiers system of French local government (communes, départements, regions) is not only determined by deep economic and social developments, but also –and perhaps mainly- by political inflexions and strategies at the central level (Pinson, Le Galès, 2005). From this point of view, it is remarkable that the French central State's strategy in matters of territorial reorganisation and decentralisation has fluctuated immensely during the two last decades, reflecting political and ideological change or opportunistic considerations. Second, the trend of territorial reorganisation is unclear because in a three tier system in which none of the three components exerts a formal tutelage over the others, each tier is tempted to play its own cards in the reorganisation process. The territorial and institutional reorganisation is therefore a competitive game whose outcomes are uncertain and will potentially diverge from one local/regional situation to another. And it is even more uncertain when the "favorites" of the central State change from one term to another. In concrete terms, it is no easier in 2007 –25 years after the first Decentralisation Acts- to say which level has won the great game of political authority redistribution than it was in 1987 (Fontaine, 2007 ; Zeller, 2006). It is very likely that the answer to this question will vary infinitely over time and space. Third, the high degree of differentiation in the actual balance between different levels of local/regional bodies is reinforced by the fact that, at each individual level, and particularly at the municipal level, there has been a powerful process of internal differentiation over the last two decades. To be precise, there have always been differences between a small rural commune with a population below 100 inhabitants and an urban commune of one million inhabitants, despite the fact that French law has never made any formal difference between the two since the Revolution. Differences arise because of different political issues, and because of variations in the way policies and programmes are implemented. But there were also similarities. In both cases the capacity to address problems largely depended on access to central government's resources, programs and funds, and in both cases the mayor was a key person whose capacity was linked to his ability to mobilise
political connections to obtain those resources. In both cases, vertical relationships were more important than horizontal networking to build up political capacity, because of the concentration of resources at the centre. This situation has changed radically, but still varies from one place to another. In large thriving cities, a pluralist political landscape has emerged where actors, groups and institutions have multiplied in number, resources are dispersed and the State field services are not the dominant actors they used to be (Pinson, 2006). These pluralist situations are requiring intergovernmental arrangements (Goldsmith, 2004) among which inter-municipal co-operative institutions are the prominent feature. These arrangements have changed the nature of political styles and relationships and have allowed the rise of a metropolitan capacity for collective action. Elsewhere, in rural areas, in declining middle-sized towns, inter-municipal co-operation is much more difficult, since each individual commune is tempted to put itself under the patronage of a superior tier, the département or the State. Mény (1987, 90) noted that the appearance and the deepening of a urban-rural cleavage was one of the clearest feature of the evolution of the French territorial organisation over the 1945-85 period. In 2007, with the rise of influential "pouvoirs d'agglomération" in big cities, the landscape of communal powers is even more variegated and is likely to undergo further stages of differentiation.

In this chapter, we first outline how the communal system has changed during the 20 last years. It is seen as a process rationalisingation of the municipal map that occurred with the so-called "inter-municipal revolution" (Borraz, Le Galès, 2004). We will also present an overview of the new functions and resources that have enabled communes to become central actors in policymaking. In the second part, we will address the reasons for the fragmentation and instability of the French local/regional system. We will see that the central State has an important responsibility in this situation. We finish by discussing the increasing differentiation of the communal system in France.

1. More functions and more resources for a rationalised system of local government

For two decades now, the French local government system has changed profoundly, and so as a consequence have central-local relationships. These changes are due to developments
following the Decentralization Acts of 1982-83, but they are also the result of subsequent reforms. France changed and is now recognised by the Constitution, revised in 2003, still as an indivisible republic but one whose organisation is "decentralised".

1.1 A rationalised system of local government

- The resilience of a French peculiarity: the institutional fragmentation of local government

With the first direct election of regional councils in 1986, France completed its three tiers system of local and regional government. Transformed into full political and administrative authorities by the decentralisation acts, the regions joined the communes and départements created during the revolutionary period. In 2005, metropolitan France had 36 570 communes, 96 départements and 22 regions. The most famous and documented problem of French local government system is its high degree of fragmentation. As Borraz and Le Galès (2004) note, almost 98% of French communes have a population of less than 10 000. Another ay of marking this point is that almost a third of the French population live in communes of more than 100 000 inhabitants, but these represent less than 1% of all communes.

Table 1: Distribution of municipalities and population in France by size of municipality, 1999.

<table>
<thead>
<tr>
<th>Population</th>
<th>Municipalities</th>
<th>Inhabitants</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Per cent</td>
</tr>
<tr>
<td>Less than 1 000</td>
<td>27 794</td>
<td>76.0</td>
</tr>
<tr>
<td>1 000 to 5 000</td>
<td>6 922</td>
<td>18.9</td>
</tr>
<tr>
<td>5 000 to 10 000</td>
<td>975</td>
<td>2.7</td>
</tr>
<tr>
<td>10 000 to 30 000</td>
<td>633</td>
<td>1.7</td>
</tr>
<tr>
<td>30 000 to 100 000</td>
<td>205</td>
<td>0.6</td>
</tr>
<tr>
<td>100 000 to 300 000</td>
<td>31</td>
<td>0.1</td>
</tr>
<tr>
<td>Over 300 000</td>
<td>5</td>
<td>0.01</td>
</tr>
<tr>
<td>Total</td>
<td>36 565</td>
<td>100.0</td>
</tr>
</tbody>
</table>


The reform of the municipal level has always been a very delicate issue. The fact that after 1875 the republican regime was consolidated at the local level; the vertical system of articulation of local and national political elites in which local and national politicians actually
constitute the same social group (Mabileau, 1985), and the deeply rooted image of the commune as the keystone of French democracy all made the reform of the communal map not only impossible but also unimaginable over a long period. Until the installation of the 5th republic in 1958 and the conquest of the central State by the Gaullist elites, territorial fragmentation was not a problem. Indeed, the new regime represented the revenge of modernist central bureaucrats over the members of the parliament and local notables (Béhar, Estèbe, 1999). These bureaucrats considered that the modernisation of the country, i.e. its industrialisation and urbanisation, required a strong involvement of the State's field services in local policymaking and a reform of the local government system. The commitment of central gaullist élites proved successful: from the 1960's onwards. National programs of modernisation were launched in different fields and the field services of the State were the utterly dominant actors in the local implementation of these programs. The best illustration of that conquest is the way the grand corps of the State's civil engineers (Ingénieurs des Ponts et Chaussées) took control of urban policies (planning, housing, transports, infrastructures, etc.) after the creation of the Ministère de l'Equipement in 1966 (Thoenig, 1987).

If the central elites were successful in taking over local policymaking, they were not successful in reforming local government. The Gaullists' targets were the three pillars of notables' power: first, the Senate, stronghold of local interests resisting to reform; second, the département scale and the conservative arrangements between local notables and prefects; third, the communal map. De Gaulle was unable to reform the electoral system of the Senate that gave power to rural notables. On the second front, even with the creation of regional consultative council and the promotion of the region as the new scale for the organisation of State's field services, he did not manage to destabilise the département scale. As far as the communal map was concerned, the failure was even more obvious, as exemplified by the decision to create inter-municipal co-operation structures in large cities (communautés urbaines). This was adopted in only 12 cities, and most of them never really functioned from a political point of view. 9 inter-municipal structures were also created in new towns where executive power was in the hands of public agencies controlled by the central State. The most striking evidence of the incapacity of Gaullist administrations to reform the municipal system was the failure of the "Marcellin Act" (from the name of President Pompidou Home Affairs Minister) in 1971. This law created financial incentives for the amalgamation of communes, but completely missed its target: the number of communes only declined from 37 700 to 36 400 between 1971 and 1977.
In the absence of radical institutional reform, communes invented new forms of co-operation. Single or multi purpose(s) intermunicipal co-operative bodies (syndicats intercommunaux) were created to manage utilities and services. Those instruments had the advantage of realising scale economies and avoiding the creation of supra-municipal institutions who would have threatened the legitimacy and political visibility of the mayors. Rather than creating an incentive to engage in more ambitious and institutionalised forms of co-operation such as the communautés urbaines, the decentralisation reform of the early 1980's pushed mayors towards municipal chauvinism and encouraged competition amongst them. In 1980, there were more than 14 000 bodies of this kind in France producing and/or providing public goods and services such as water, waste collection and treatment, transportation, public equipments management, etc. By 1992, they were more than 17 000 (DGCL, 2006c). In some pioneers cities, however, there were innovative forms of more integrated co-operation. Some were imposed by the State in the late 1960's, the (communautés urbaines), but others, the districts urbains in particular, were created in a more spontaneous manner in cities where a propensity for co-operation emerged following the involvement of communes in such practices as city-visioning or strategic planning, or due to the political alignment among communes.

It was only in the 1990's that the central State started to legislate in order to foster inter-municipal co-operation, increasingly seen as the most reasonable and realisable solution in a context that made the creation of metropolitan government (UK style) unlikely (Lefèvre, 1998). Two first laws had very modest effects, but had the merit creating both a political incentive for inter-municipal co-operation and legal frameworks for it. In 1992, the "Administration territoriale de la République" Act created two formulas of co-operation –the communautés de communes for rural areas and the communautés de ville for medium size cities- both levying their own tax and undertaking functions like planning and economic development with which syndicats did not deal. With this law, the number of inter-municipal co-operation bodies levying their own tax rose from 232 in 1993 to 1102 in 1995. In 1995, the Pasqua Act (from the name of the Minister for Aménagement du Territoire of the Balladur cohabitation government) created the notion of pays. The law indicates that the State's territorial development policies, in particular those targeting rural areas, would finance the projects emerging on the pays scale, i.e. at a coherent territorial scale embodying economic and cultural basins and organised in inter-municipal bodies. Nevertheless, in the absence of consequent funds provided by the central State, the law had structuring effects only in places
where the départements or the region did relay financially the State's call for the creation of those pays.

- **A decisive step towards a greater inter-municipal integration: the Chevènement Act and its effects**

Another law, voted in 1999 and baptised with the name of the Jospin government Home affairs Minister, Jean-Pierre Chevènement, had a much more decisive impact on the redesign of the local government map. This act aimed to reduce the number of institutionalised co-operative bodies created by successive laws to rationalise the landscape of intermunicipal co-operation. The choice was reduced to three co-operation formulas, two of them fit for urban agglomerations (CU and CA), and the last being designed for small communes in rural areas. This act was a great success, mainly because it articulated strong legal constraints with attractive financial incentives. On one hand, the act compelled every existing multipurpose tax-raising co-operative body to shift to one of the three formulas by 2002. The prefect had the power to force one commune to enter new bodies if it would otherwise be an isolated enclave within the new entity. Furthermore, the communautés urbaines and communautés d'agglomération were expected to define a uniform business tax rate (Taxe Professionnelle Unique) to put an end to fiscal dumping, a common practice between communes in urban agglomerations. On the other hand, the central government guaranteed a very attractive financial transfer bonus. The more integrative the chosen formula, the more interesting was the transfer bonus.

The ingenious device had a spectacular impact during the years following its voting. Two new urban communities were created in two major cities, Marseilles and Nantes, neither of which were known for their co-operation tradition. This is the most ambitious formula for co-operation since CUs are legally required to undertake such functions as economic development, urban planning, transportation, housing, urban regeneration, sports and cultural facilities, roads, environment, and water treatment and distribution. The second formula, the communauté d'agglomération (CA), was created ex nihilo by the Chevènement Act. It was designed for second range urban areas and is less constraining in terms of the "communitarisation" of functions. Nevertheless, CA administrations have compulsory strategic functions such as economic development, urban planning, transportation, housing and urban regeneration. Furthermore, the communes integrated in the CA are compelled to transfer three functions among the following five to the inter-municipal body: sports and
cultural facilities, roads, environment, water treatment and water distribution. Last but not least, a single rate business tax has to be enforced across the CA. Between 2000 and 2006, no less than 164 CA have been created, covering almost 21 millions inhabitants. Finally, the Chevènement Act conserved and reshaped the communautes de communes (CC) created by the 1992 Joxe law. Specifically designed for rural areas and small communes, this formula limits compulsory functions to economic development and land-use planning and regulation; three other functions having to be chosen among road management, environment, social assistance, housing and sports and cultural facilities. With the fiscal incentives linked to the "new CC" the number of such co-operative bodies has risen from 756 in 1995 to 2389 in 2006. Nowadays, 26 millions Frenchmen live under the umbrella of a CC.

In 2006, 32 913 communes (53,3 millions inhabitants for a total population of 62 millions) have been integrated into an inter-municipal co-operative structure, among which 15 130 (40,9 millions inhabitants) are integrated in a structure raising a single rate business tax. It should be noted that in this amalgamation process, the central government officials, i.e. the prefects had very rarely to impose integration on communes. Instead they acted as a facilitator (Baraize, Négrier, 2001). This role reflects the State’s strategic shift toward local government issues. Since the decentralization acts, the State has progressively abandoned hierarchical and authoritative strategies (imposed amalgamation for instance) and tends to favour constitutive policies. It provides frameworks and incentives to foster horizontal co-operation and orientates local policymaking toward strategic themes (Duran, Thoenig, 1996).

<table>
<thead>
<tr>
<th>Table 2: The evolution of the number of inter-municipal co-operation establishments between 1988 and 2006.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inter-municipal co-operation establishments</strong> (with own tax levying right from 1992 on)</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>- Communautés urbaines</td>
</tr>
<tr>
<td>- Communautés d'agglomération</td>
</tr>
<tr>
<td>- Communautés de communes</td>
</tr>
<tr>
<td>- Syndicat d'Agglomération Nouvelle</td>
</tr>
<tr>
<td>- Districts</td>
</tr>
<tr>
<td>- Communautés de villes</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>- Number of communes gathered</td>
</tr>
<tr>
<td>- Population gathered (millions inhab.)</td>
</tr>
<tr>
<td><strong>With a single rate business tax</strong></td>
</tr>
<tr>
<td>- Number of communes gathered</td>
</tr>
<tr>
<td>- Population gathered (millions inhab.)</td>
</tr>
<tr>
<td><strong>Source</strong>: DGCL (2006c).</td>
</tr>
</tbody>
</table>
Nevertheless, the situation is far from idyllic. If the creation of strong inter-municipal co-operation bodies represents undeniable progress, in most cases the boundaries of these bodies far from correspond to functional territories. They are usually tighter than economic, residential and mobility basins and are thus far from being on an optimal scale for territorial planning and to contain suburbanisation. To illustrate this point, it is useful to compare in table 3 and map 1 the boundaries of the largest French cities’ inter-municipal institutions with what the National Statistics Office (INSEE) calls "urban areas"\(^1\), i.e. the territory over which large cities exert an actual influence.

<table>
<thead>
<tr>
<th></th>
<th>Inter-municipal institutions perimeters</th>
<th>Urban areas (INSEE)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number communes</td>
<td>Population</td>
</tr>
<tr>
<td>Lyons (CU)</td>
<td>55</td>
<td>1 186 754</td>
</tr>
<tr>
<td>Marseilles (CU)</td>
<td>18</td>
<td>991 983</td>
</tr>
<tr>
<td>Lilles (CU)</td>
<td>85</td>
<td>1 108 533</td>
</tr>
<tr>
<td>Toulouse (CA)</td>
<td>25</td>
<td>600 305</td>
</tr>
<tr>
<td>Nice (CA)</td>
<td>24</td>
<td>500 000</td>
</tr>
<tr>
<td>Bordeaux (CU)</td>
<td>27</td>
<td>671 875</td>
</tr>
<tr>
<td>Nantes (CU)</td>
<td>24</td>
<td>568 517</td>
</tr>
</tbody>
</table>

Source: INSEE.

Map 1: Comparison of geographic extensions of urban areas and urban communities (CU and CA)

\(^1\) According to the INSEE definition, an "\textit{aire urbaine}\" is a group of communes constituting a territorial continuity without enclave and which is made of an "urban pole" on one hand (at least 5000 jobs), and of rural communes, on the other hand, in which at least 40 % of the residing population work in the urban pole or in one the communes attracted by the pole.
The maps also illustrate a constant problem as far as inter-municipal co-operation is concerned: the profound institutional fragmentation of the Paris region and the backwardness
of co-operation there, which can be explained by several factors. The region has been directly managed by the central State for a long time which did not constitute an incentive for the communes to co-operate. Second, the Ile-de-France region is the richest territory in both France and Europe (with a GP/inhab. of 39 900€ in 2003, i.e. 56,5% superior to the second richest French region, Rhône-Alpes), which means that this wealth is sufficient to discourage any wish to share it. In particular, hosting 40% of the economic activity and all of firms headquarters, the City of Paris has never been eager to organise its periphery. Third, the region is traditionally very polarised from a sociological and political point of view, with the "red" communes of the inner suburbs controlled by the communist party and the bourgeois communes of the western part of the region both very jealous of their municipal autonomy. Last, for a long time the départements have benefited from the communal fragmentation, whilst the region was a too weak political level to encourage co-operation (Béhar, Estève, 1999b ; Estève, Le Galès, 2003). The situation is only starting to change now as a result of the Chevènement Act, but progress is slower than elsewhere in France and in most of the cases co-operative bodies are created along partisan solidarities rather than functional ones. More generally, it is not clear that the recent progress in inter-municipal co-operation has really allowed local governments to make scale economies. A recent report by the National Audit Court (Cour des Comptes) pointed out that, instead of improving decisively the quality of services delivered to citizens, the new communities have increased the fiscal pressure on them. Sometimes the creation of new administrative and technical structures at the inter-municipal level has not been accompanied by the disappearance of the corresponding services in the municipalities, their mayors being eager to preserve a capacity for counter-expertise. According to the Court, in many cases the mayors managed to repatriate the State transfers bonus to the commune, depriving the communities of sufficient resources to function properly or to address the question of territorial inequalities, the main objective of the Chevènement Act. The Court also deplored the inadequacy of the new communities’ boundaries, since many rich communes managed to regroup and to constitute "defensive communities" that excluded their poorer counterparts.

1.2 An increased weight in policymaking

- New functions for local governments ?
In France, the functions that local governments have to exert were never really clarified. The vague principle established by the 1884 Communal Liberties Act, according to which the municipal council is in charge of matters of municipal interest has not been clarified since. This imprecise division of labour between local, regional and national levels has been even further blurred throughout the whole 20th century. During the first part of the century, confronted by a relatively weak central State, some communes –in particular those eager to develop "municipal socialism"- were tempted to intervene in matters such as public health and economic development. After World War II, a more powerful central State tended to infringe on communal matters and functions, assuming a central role in the reconstruction and the urbanisation of the country (Thoenig, 1987). Recently, confronted by a growing public debt, the central State has been more eager to involve communes in the funding and implementation of policies normally coming under its jurisdiction, such as the construction of universities and halls of justice. The story of the distribution of functions in the French system of central-local relations shows more signs of opportunism than any logic (Mény, 1987). In France, there has never been a clear distinction between high and low politics, or a distinction between policy design afforded to central authorities and policy implementation granted to local governments.

Neither the 1982-83 Acts nor the later legal innovations really modified the situation. Yet, the law 83-8 of January 7th 1983 established an apparently closed list of communal functions: school building and maintenance, land use planning, social assistance, local road maintenance, school bussing, waste collection, water treatment. But, despite the appearance, the system established many opportunities to blur the line. For instance, each of the three levels of local/regional government has a responsibility for transportation, respectively at communal level (school bussing and urban transports system), at départemental level (public road transport and road building and maintenance) and at regional level (public rail transport, planning of the transport system regional scale). With the increasing concern for an integrated approach to "mobility" articulating different scales and various transportation means, it has become obvious that a neat division of labour in that matter is impossible and could even be counter-productive.

The system has been made even more complex by the possibility afforded to local and regional governments to exert discretionary functions. Indeed, municipalities can add to their mandatory functions policy initiatives in various matters such as economic development, culture, tourism, housing, health, etc. For most of them, these functions have been taken
charge of and developed through practice by local officials playing with the ambiguity of the formal division of labour between levels. Often, the laws were passed afterwards to ratify these initiatives and to provide them with a legal framework. For instance, in the field of the aid to industry where a first law came in 2002 (February 27 2002 Act "démocratie de proximité") legalised direct aid given to businesses by municipalities as a part of regional schemes, whilst a second was passed in 2004 (August 13 2004 Act "libertés et responsabilités locales") authorising municipalities to have their own aid system. In actual fact, the communes had been were granting aid to businesses for a long time previously (Le Galès, 1993 ; Teisserenc, 1994). The last Constitution reform (March 28 2003) opened a right for experimentation for local and regional governments that is also a way to recognise, yet to regulate, this ability of local governments to be the most reactive political level in covering new social needs.

The functions of local governments have thus gradually expanded to almost all policy matters including the most unexpected ones: justice or internal security for instance. As said before, local governments have been involved by the central government in the conception, building and financing of justice facilities. In a more significant way, local governments and mayors in particular have become crucial actors in security policies. In recent years indeed, local actors have been identified as being able to identify the different local factors of crime and "anti-social behaviours" of and to co-ordinate different policy responses. This role has been acknowledged through the creation of Local Security Contracts, local forums gathering different national and local services who are entrusted with the responsibility of defining security strategies; to negotiate the sharing of resources and to monitor the evolution of the situation. The mayors are the pivotal actors in these forums (Roché, 2004). The expansion of local government intervention in this area can also be seen through the creation and reinforcement of municipal police forces and the hiring of security experts and field mediators by municipal administrations (Le Goff, 2005).

But the most important thing to say here is that municipal functions have been actually multiplied by the creation and reinforcement of inter-municipal co-operative institutions. It is not that the creation of these new bodies has enabled municipalities to undertake new functions –which the largest communes would have developed anyway-, but that the increased resources have enabled municipalities collectively to undertake those functions in a more ambitious, efficient and influential way. That is to say that, if local governments have gained more political capacity, influence and enlarged their functional scope, it is mainly through the rise of inter-municipal structures and the "collectivisation" of resources rather
than through the formal attribution of new functions. Of course, not all the communes have benefited from the "multiplier effect" of inter-municipal co-operation since in many cases, there is very few resources to put into the common pot. In other cases, as noted by the National Audit Court, communes preferred to keep these resources for themselves and to transfer only the “legal minimum” to inter-municipal institutions.

- **An important weight in public spending, a consequent fiscal autonomy**

The share of local and regional governments' capital investment in global public investment has not changed much since 1987. It has even slightly decreased from 74% to stabilise around 70%, among which 64% are investments by the communes and inter-municipal institutions. How can we explain that? The 1980s were a time of "investment euphoria" following decentralisation and the giving local governments the right to borrow money on an extended capital market and to invest. Until 1993 local and regional governments’ capital investment was growing faster than global public investment and national investment due to the euphoria of decentralisation. This euphoria engendered numerous excessive financial practices. In the late 1980s and early 1990s, debts and the share of interest payments reimbursement in local budgets reach worrying levels in many communes. These were paralleled by an increasing number of corruption scandals involving elected officials, as revealed in cities well-known for their ambitious investment policies such as Lyons, Grenoble, Nîmes or Angoulême. 1993 saw the start of local finance normalisation. Local governments started to reduce their investments, tried to reduce their debts, and to self-finance their new facilities. As a consequence, between 1993 and 1996, the rate of growth of local and regional investments declined, while national investment was stabilised. After 1996, the two figures follow similar curves. It took 15 years after the decentralisation acts to normalise local finances and to redefine the place of local investment in global national investment.

| Table 4: Share of local and regional governments capital investment compared with Nation's capital investment and public bodies capital investment. [NB: all growth rates expressed in constant euros] |
|---------------------------------|---------|---------|---------|---------|---------|---------|
|                                 | 1999    | 2000    | 2001    | 2002    | 2003    | 2004    |
| 1. National Gross Investment    | 256,75  | 280,67  | 291,64  | 290,56  | 300,29  | 315,96  |
| (billions €)                    | +8,3%   | +7,2%   | +2,4%   | -1,7%   | +2,7%   | +2,5%   |
| Growth rate                     |         |         |         |         |         |         |
| 2. Public Bodies Global         | 40,12   | 44,46   | 45,06   | 45,32   | 49,02   | 52,50   |
| Investment (billions €)         | +6,3%   | +11,6%  | -0,2%   | -1,0%   | +8,3%   | +3,3%   |
| Growth rate                     |         |         |         |         |         |         |
Graph 1: Distribution of investment expenses between different levels of local and regional governments in 2004.


This "normalisation" of the place of local investment has come along with a normalisation of financial practices at local level. Globally speaking, the financial situation of local governments financial has been quite healthy for the last ten years, especially compared to the situation of the central State. From 1996 on, the proportion of interest payments to global expenditure has continuously decreased, and the average level of local government debt has regularly decreased. Once past the "investment euphoria", communes and départements progressively learned the danger of financing the investments exclusively with loans. After the 1993-1997 period of crisis, local governments started to invest again, but relied much more than before on their own resources. In the 1990's, the average share of loans in investment financing was two-thirds: it is now around half.

As far as local government’s fiscal autonomy is concerned, in contrast with what is commonly said about French centralism, local governments enjoy a relatively high degree of financial autonomy. In the 1980s, local taxes made up 50% of the resources of communes and départements. By 2003, this figure had not changed much as far as communes, départements
and regions are concerned. Nevertheless, if we examine the figures more precisely and focus on communes with more than 10,000 inhabitants, the reality is slightly different. Official figures show that for these communes, the distribution of resources is different and that local taxes revenues and that provided by sales and services account for 59.9% of the resources of communes. Current transfers and subsidies for investment represent 29.8% and the remain (10.3%) is provided by loans.

**Graph 2 : Distribution of financial resources provenance for operation and investment expenses of municipalities of more than 10,000 inhabitants in 2004.**

Since the Decentralisation Acts, the discretionary power of local governments to decide how to spend State transfers, as well as local tax income has constantly increased. According to Gilbert (1999), the French index of local fiscal autonomy (i.e. the ratio of local fiscal income/global resources) is one of the highest in the EU, second to Sweden. Furthermore, a law voted in 1980 established the right of local governments to set the rate of local taxes inside limits fixed by the central government. Then, the decentralisation acts and another law voted in 1986 liberalised the loan market and cancelled any form of *a priori* control on raising loans by local governments. But the reader should not be easily misled. Fiscal autonomy does not mean the same thing in Sweden where the average population of local governments is nearly 31,000 inhabitants, compared with France where it is only 1,600. Rather than generating a widespread capacity to act, local fiscal autonomy in France has meant a dispersion of resources and fiscal competition between local government units. To put it simply, for a long

Source : DGCL (2006b).
time after decentralisation, local fiscal autonomy has been used in a very narrow minded and
chauvinistic way and has rarely meant political innovation.

Here again, the 1999 Chevènement Act on inter-municipal co-operation has come to
"discipline" the practice of fiscal autonomy. Indeed, this law contained different incentives for
the establishment of a single rate business tax (taxe professionnelle unique) over the territory
of inter-municipal co-operation bodies. The creation of this tax was compulsory for the
communautés d'agglomération, and optional for the communautés urbaines and communautés
de communes. By the beginning of 2005, however, 11 out of 14 CU and 924 CC out of 2342
had chosen the single rate business tax system. Today nearly 41 millions French live in an
area covered by a inter-municipal co-operation body levying a single rate business tax. Where
this tax is used, it is levied by the inter-municipal structure and redistributed among
communes, according to demographic and wealth criteria. Nevertheless, the new fiscal system
does not solve all the problems of competition. Indeed, fearing the results for their own
commune finances of ambitious systems of redistribution, some mayors created defensive
communities involving only rich communes, as it has been very common in the Ile-de-France.
Furthermore, the new legal device has practically eliminated any incentive for a commune to
attract and host physically economic activities. In actual fact, instead of competing to attract
businesses –in particular, the more polluting and noisy ones-, communes are now struggling
to keep them out. The other problem is that in some far from isolated cases, the richest
communes who previously benefited from previous system and were disadvantaged by the
reform in the name of financial equalisation, have been able to negotiate compensation for the
loss of income loss they suffered with the introduction of the single rate business tax (Baraize,
Nègrier, 2002). Those arrangements reveal the constant resistance of local powers and rich
communes in particular to any form of financial equalisation between communes at
metropolitan or national level.

- New patterns of influence: about access to centre and what it provides to local officials

In the new French system of local government, access to the centre is not what it used to be.
Access to the centre is still important for a local elected official eager to secure his political
authority on his territoryand to gather resources in order to implement local policies. But
access to the centre is only one of the many political resources that can be used in local
policymaking and provides only a part of the resources injected into the policy process, and a
diminishing one.
If access to the centre is not as strategic as it used to be, it is only partly because of the legal limitation on what was for a long time the peculiarity of the French system of centre-periphery relations: the traditional practice of multiple office holding (cumul des mandats). From the Third Republic on, the inter-penetration between centre and periphery was eased by the fact that each French MP was very likely to be both the mayor and a member, and even president, of the départment assembly at the same time. Great "notables" used to secure their power at the local and national levels by monopolising electoral trophies and decisional positions. In 1985, a law introduced a first modification limiting the possibility to accumulate "only" two positions. Despite the increasingly heavy burden of work and both legal and political responsibilities that implies the job of being a local elected official in a post-decentralisation situation, no other law has since discourage multiple office holding. Prime Minister Lionel Jospin (1997-2002) offered the members of his government to make a choice between their MP position and their local office. This informal rule was not widely accepted by his followers. In the absence of any drastic decision to forbid any form of "cumul", a rampant reinforcement of the practice is even observable in recent years. The practice has been encouraged by inter-municipal cooperation. Indeed, inter-municipal co-operative structure constitute increasingly powerful bodies gathering large amount of policy resources and providing influential political positions … and they do not come under the multiple office holding rules. As a consequence, in most large cities, the mayor of the core city is also the president of the inter-municipal structure. Most of the mayors of large French cities actually cumulate three key positions, two elective (MP and mayor), and a non-elective but strategic one in terms of policymaking -president of an inter-municipal structure.

But it has to be emphasised that if "cumul" remains crucial for local elected officials, it is more as an essential tool to reinforce their political capital in the realm of politics than to secure access to resources to implement policies. The strategic importance of "cumul des mandats" has been changed in the two last decades by the shift in the type of political legitimacy local elected officials try to build. This shift can be explained by two factors: first, the transformation of the legitimacy of local elected officials and their increased political

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2 Only in 2000, a new law came to reduced the threshold of population of communes concerned with the limitation of "cumul" to 3500 inhabitants. It also prevents a mayor from chairing a départment or regional council, or to be European MP.

3 A fact indicates that the cumul is more a source of symbolic power than a tool to gather resources for policymaking. Many French politicians run for local elections even if they know that they will be compelled to give up the mandate they will win. Simply because the political campaign provides them with visibility and political surface (Le Bart, 2003, 32).
accountability; second, the pluralisation of local political systems. Broadly speaking, we could say that there has been a move from a situation where the legitimacy by inputs, given by elections), was prominent, to a new situation where the legitimacy by outputs, based on the capacity of local politicians to "deliver", to policies and services is increasingly important (Pinson, 2007). In the post-decentralisation local political system, in which State field services no longer occupy the central place they used to, local elected officials are accountable for the content and effects of local policies. They are judged on their capacity to act rather than on their ability to collect the attributes of social and political power. Decentralisation accelerated a process already noticeable in urban communes during the 1970's: the gradual replacement of "notables" by new figures of entrepreneurial mayors (Le Bart, 1992), less concerned to maintain a local consensus and social status-quo and eliminate political threats than elaborating and implementing a program of local policies. This new way to consider local political mandates and local political legitimacy imposed itself in transformed local social and political contexts. This is the second factor to bear in mind when considering the changing status of the "cumul". Indeed, local political systems, in particular in large cities, have become much more pluralist than they were twenty years ago, i.e. the actors and groups involved in policymaking are more numerous and resources required to implement local policies are much more dispersed (Pinson, 2006). This pluralisation is the result of different factors. The transformation of local agendas and the inclusion in them of new political issues such as economic development (Le Galès, 1993), environmental quality or culture. Intervention in these fields requires resources that are not concentrated in the hands of a single dominant actor. The legitimacy and capacity of the State's field services to intervene in those areas have been questioned. The splintering of urban systems into a myriad of semi-autonomous yet interdependent actors, groups and institutions is another factor in pluralisation. In large cities, the coherent and hierarchical system of municipal administration centred on State field services has given way to more complex horizontal systems composed of autonomous public agencies, semi-public development companies, private utilities firms, representative institutions interacting between each other and with public administrations to articulate resources, build consensus and implement public policies (Lorrain, 1991; Le Galès, 1995; Borraz, 2000).

In the pre-decentralisation context where most financial, technical and political resources were concentrated in the hand of the State, the interceding position of the multiple office holding local politician was crucial and made other local actors mere dominated followers. In this new pluralised local -and above all urban- context, the capacity to mobilise locally, to
build and maintain coalitions of interdependent actors, to build up a development project, to share it with a large panel of partners and to put together resources to implement this project tends to become more important in acquiring political influence than access to centre (Borraz, Négrier, 2006). In a pluralist context, as the literature about local political leadership suggests (Stone 1995 ; Leach Wilson, 2000 ; Borraz, 2003) the capacity of local governments to act and "deliver" depends on local politicians' ability to mobilise beyond the borders of municipal institutions and to create favourable conditions for collective action and co-ordination (Duran, Thoenig, 1996 ; Kubler, 2005). Holding a plurality of mandates and having privileged access to the centre are not useless resources, but they are far from being sufficient and a guarantee of an elected official’s capacity to build a coalition and share a project with his many partners. The central State has pushed in this direction in the recent years. Central subsidies are increasingly conditioned by the ability of local actors to coalesce and to present shared projects to central authorities. In other words, central territorial policies are less and less substantive and increasingly constitutive, which tends to weaken the position of "notables" whose legitimacy was based on their ability to obtain subsidies from the centre and to underline their status as mobilising mayors.

The changing status of the "cumul" is also reinforced by the emergence of new partners for local governments, and in particular the EU. Multiple office holding is of no great help when subsidies come from a diversity of tiers and when they are granted not according to clientelistic considerations but on the basis of a capacity to build both a collective project and stable partnerships. Even if EU regional policies implementation has been captured by the State’s field services in most regions (Balme, Jouve, 1995 ; Duran, 1998), the emergence of the EU as a partner for local government has disturbed the traditional patterns of access, influence and political leadership (Smith, 1995). The development of EU regional and urban policies represent both an opportunity and constraints for local governments. It is an opportunity because the emergence of a new player enabled local governments to escape further from the dependency relation with the State (Le Galès, 2002). But winning EU funds requires the learning of several rules and norms that cannot be learned through Parisian ministries or parliamentary and partisan networks. Being eligible for EU funds requires establishing partnerships and the quick learning of policymaking rules that are not necessarily the same than those operating at the national level. These new constraints have increased the status of horizontal policy networks at national and European levels, where experience and expertise are exchanged (Pinson, Vion, 2000 ; Vion, 2002 ; Pasquier, Pinson, 2004) at the expense of classical vertical the channels of influence and information collection. In these networks and
in the global process of local government europeanisation (Goldsmith, 1993), traditional multiple office holding local politicians are not the prominent actors.

Europeanisation also had an impact on the landscape of local government associations. New transnational networks emerged with the support of the EU, some based on specific policy-domain such as *Quartiers en crise* and Urbact, uniting cities that have benefited from the EU program URBAN, some with a general scope to increase the influence of local and urban governments inside the European polity. These new networks have been heavily supported by urban mayors who see in them a credible alternative to the old and powerful *Association des maires de France* (AMF) created in 1907 by and for large cities but which came to be controlled by rural interests and rightwing parties tended after WW2. If the AMF is still powerful and can influence, in particular through the Senate, the making of legislation on local affairs, it has been progressively weakened by the growing heterogeneisation of local government interests. This heterogeneisation has led to the creation of competing associations representing the interests of the urban communes. Created in 1974, the *Association des Maires des Grandes Villes de France* has become increasingly influential recently, above all during the Jospin government. It played a prominent role in the making of several laws including the 1999 Chevènement Act. The activity of this association is also a good illustration of the shift in nature of local government associations. It is not just a tool for local politicians to influence national policy and law making, it is also a place for urban officials and bureaucrats to network and to exchange good practice. The *Association des maires villes et banlieues*, gathering officials of suburban communes and created in 1983, and the *Association des communautés de France*, created in 1989 and uniting representatives of inter-municipal co-operative structures are further examples of this changing associational world. To put it briefly, *networking* at many levels necessary to obtain resources, to learn about policy and funding opportunities, and to transfer good practice has become as important as – and maybe more than- accessing the centre.

### 2. Still fragmentation and instability: the end of the garden "à la française" of territorial organisation and central-local relations
The continuous rise of a political capacity at a local level should not lead the reader to think of the evolution of French local government in terms of a regular and uniform trend towards more power for all kind of local governments. In actual fact, this process is far from being regular and far from being uniform. In the second part of this chapter we shall see that the irregularity of the march towards greater autonomy has often been caused by the erratic behaviour of the central authorities. We will then see that this march does not benefit all kinds of local governments, but over the last two decades in fact accentuated a trend towards territorial differentiation of local situations between rural and urban areas that was already noticed by classical studies (Grémion, 1976) and reaffirmed by Meny (1987).

2.1 The inconstant State

It is difficult to say in which direction the centre-periphery relations are evolving nowadays. One reason lies in the ambiguity of central State strategies as far as local and regional government and the relations between territorial and institutional levels are concerned.

- Erratic local government reforms

The decentralisation reforms and centre-periphery relations that have marked French political life for twenty years do not correspond to a clear ideological line and a clear institutional perspective. These reforms are the product both of a vague ideological climate favourable to decentralisation and of opportunistic political coups (Pinson, Le Galès, 2005). Invoking decentralisation is often considered as a cost-free political stance that easily looks modern and democratic. The best example of this rhetorical and symbolic use of decentralisation is what has been called the Second Act of Decentralisation whose main outcome was the revision of the Constitution in March 2003. In 2002, Jacques Chirac, re-elected as president against the FN leader Jean-Marie Le Pen thanks to the votes of leftwing electors⁴, was eager to rebuild his weakened legitimacy. One of the publics he wanted to reconquer were local officials. He thus designated decentralisation as one of his new objectives (Le Lidec, 2003). He nominated Jean-Pierre Raffarin, president of the Poitou-Charentes region, as prime minister, four Senate

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⁴ The representative of the dominant leftwing political party, the Socialist Party, Lionel Jospin, prime minister of Jacques Chirac during the "cohabitation" period between 1997-2002, was evicted by the far right leader at the first round.
members entered the government, and the president of the Association des maires de France became minister of public service. Nevertheless, the new decentralisation proved much more modest than promised. If the mention of a "decentralised organisation of the Republic" was included in the first article of the Constitution, many other proposals were abandoned. For instance, the proposal to institute a local referendum open to citizens initiatives was downsized by the Senators who imposed the government a rule affording to local elected officials the right to refuse the organisation of such referenda. The initial project to clarify the division of labour between the three tiers of local and regional government by creating the notion of a "chef de file" tiers, i.e. giving to one of them the power of co-ordinating the interventions of the other was also rebuffed by the Senate, hostile to any form of tutelage of one level of authority on another. At the end of the day, the 2003-04 reforms introduced two minor changes. First, local governments were given the right to experiment in designated sectors for limited periods, albeit within the framework of a specific law. Second, several functions were transferred to départements (road construction and maintenance; social assistance; social housing; management of educational sector technical staff) and to regions (economic development coordination; professional training; airports and ports).

This reform obviously neglected communes and inter-municipal structures and that fact gives a key to the politics of Decentralisation in France over two decades. If there has been a logic in the decentralisation policies, it is a partisan one. Left wing majorities tended to favour large cities and, less neatly, regions, while right wing majorities had privileged the institutions representing rural France, i.e. communes and départements. Most of the progress made on the front of inter-municipal co-operation was due to left governments. In 1992, after a long pause in decentralisation reform, the law Administration territoriale de la République created two new inter-municipal co-operation structures. Between 1997-2002, the Jospin government was very active, passing three laws directly concerning cities: the already mentioned Chevènement Act on inter-municipal co-operation; the Voynet Act in 1999 opened the way for a direct contractualisation of central transfers and co-financed projects between the State and urban agglomerations –bypassing the regional level- and created inter-municipal consultative bodies, the "Conseils de développement". Finally, the "Solidarité et Renouvellement Urbain" Act of December 2000 relaunched strategic planning at the metropolitan level and gave inter-municipal co-operation structures extended powers in the fields of social housing policy and the containment of urban sprawl. During this same period, a commission on the future of decentralisation was installed by the Prime Minister and chaired by a former Socialist prime minister, the mayor of Lille, Pierre Mauroy. The 154 propositions of the commission's report
(Mauroy, 2000) clearly designated inter-municipal structures, and less explicitly, the regions, as the two pillars of a modern decentralised organisation for the country. The integration of every French commune in an inter-municipal structure levying its own taxes before 2007 was advocated. More interestingly, the report recommended the direct election of inter-municipal councillors. The commission also called for the decentralisation of the management of universities and professional training systems to regions, and for a leading role for regions in economic development matters and public assistance to businesses. As expected the report was less favourable to départements, but not in that they were deprived of some of their functions. On the contrary, the report recommended that they manage national roads and the protection of historical monuments. The real target of the commission was not the département itself, but the political composition of most of the conseils généraux and the over-representation of the rural world the departmental electoral system produces. The conseils généraux, i.e. the departmental assemblies, are still elected through a single-member majority voting system. The design of the conseillers généraux's constituencies—the cantons—has favoured rural areas at the expense of cities and their banlieues. The commission wanted to reform this system either by changing the voting system in favour of a proportional system or by making the inter-municipal co-operative territories the new constituencies for the conseillers généraux.

By comparison, right wing majorities have been much more favourable to two kinds of interests: those of individual communes, rural and urban, (reluctant to engage in any form of wealth redistribution), and, more generally, the interests of rural France represented by the trio of communes, départements and the Senate. This conservative stance was embodied by the Gaullist Charles Pasqua called a halt to decentralisation and reaffirmed the central State's role whilst Minister for Home affairs between 1986 and 1988. He is also known for its 1995 Act, which introduced the notion of "pays", i.e. a culturally and economically rural territory on which local development was to be organised. But nothing was really done to give concrete content to those "pays", and above all the law was a symbolic gesture designed to reaffirm a national concern for the future of rural France and to reaffirm the role of the State in territorial policies from the perspective of the 1995 presidential election. This last wish was embodied by the creation of a national scheme for territorial policies (Schéma national d'aménagement du territoire). The 2003-04 Second Act of Decentralisation was also more a way to hearten the communes, départements and the Senate alarmed by the Mauroy Commission proposals, and a way for Chirac to gain support among local politicians, rather
than a decisive step towards increased decentralisation. Big cities and the inter-municipal structures were neglected by the reform. The regions, who expected to be better treated by a Prime Minister who was a president of one of them, were actually disappointed by the fact that no attempt has been made to designate them as the cornerstones of the territorial and institutional reorganisation of the "decentralised" Republic (Le Lidec, 2003). Recently, Adrien Zeller, rightwing president of the Alsace Region who escaped the 2004 regional elections landslide when the left won 20 metropolitan regions on 22, expressed his perplexity in front of the absence of a real choice in favour of a regional level which had been designated as strategic by De Gaulle himself (Zeller, 2006).

Actually, with both political divided on the matter of territorial administration and the centre-periphery relationships, it has always been difficult to discern any clear direction in French decentralisation. And it is also impossible to structure a clear political cleavage on this topic. As a consequence, the virtues of both the decentralisation and proximity on one hand, and of the strong presence of the State on the other, are celebrated by both camps. Neither clearly attempts to defend some territorial interests at the expense of the other. The result is a very unclear public debate on these issues.

- **Local budgets and local fiscal system as adjustment variables**

One consequence of the unclear status of decentralisation and centre-periphery relations issues on the national agenda is the clear trend for central government to consider local and regional governments’ finance and local taxes as "adjustment variables" in national budgetary decisions. This tendency recently has taken two main forms. First, there has been a propensity for national government to manipulate the mechanisms of local tax calculations for both redistributive and electoral reasons. Second, there has also been a tendency to transfer functions without transferring equivalent funds. Those manipulations at the national level tend to blur France’s moves towards decentralisation. They reveal that, even if public policies tend to be increasingly conceived and implemented at the local level, central authorities still control a lot of government parameters and can interfere in the making of local political decisions.
While most French taxes levied by the State or by the social insurance institutions are perceived in a quite painless way (on consumption or on gross wages), local taxes\(^5\) are paid directly by citizens or businesses. It is thus very tempting for national politicians to manipulate the ways of calculating modes these taxes in order to gain an electoral benefits from their reduction. It is an old habit practised by both right and leftwing governments, but the leftwing Jospin government was particularly active in this field, not necessarily for the wrong reasons. At a time of relative prosperity, this government cut several local taxes such as reducing the share of local business tax levied on wages in order not to penalise local employment. The share of the "\textit{taxe d'habitation}" destined to the regions was abolished as was the "\textit{vignette}", a tax levied annually on all vehicles and whose income was transferred to \textit{départements}. If those cuts were justifiable from the point of view of equality, they also resulted in an infringement of local and regional governments' fiscal autonomy. Indeed, although the central government has compensated for the loss of this income with State transfers, these transfers constitute a source of which some features are not controlled by local governments themselves. Furthermore, local and regional governments consider that this compensation have not grown at the same pace as would have the income from the lost taxes. As a result, the share of these transfers in local and regional governments global financial resources has risen from 22\% in the mid-1990's to 34,6\% in 2003 (Laignel, Bourdin:2006). This compensation represents more than the half of the State's transfers to local and regional governments. As a consequence, local authorities now have a growing dependence on the central State's budget. This "recentralisation" of local resources has led to a progressive decline in their fiscal power, and of their autonomous capacity to determine their expenditure (Tulard, 2002). The 2003 constitutional reform integrated an article into the fundamental law guaranteeing that the income from local taxes would have to represent a "significant share" of local authorities resources, but it would be delicate from an electoral point of view to undo what has been done, i.e. to restore direct taxes.

The other kind of central government practice that has tended to compromise local and regional governments autonomy is the transfer of functions accompanied by the transfer of insufficient monies to finance them. In France, decentralisation was used as a subtle way to cut public expenditure without publicising it. The transfer of functions to local and regional

\(^5\) In particular the "4 taxes", i.e. the "\textit{taxe d'habitation}" perceived on every household, the two "\textit{taxe foncières}" perceived with different rates on landlords holding built and non-built properties, and the "\textit{taxe professionnelle}", perceived on businesses.
governments enables central governments to reduce the production of public goods and services. This phenomenon has concerned the départements in the first instance, and the regions to a lesser degree. With the decentralisation acts and then with the creation of a minimum wage (revenu minimum d’insertion), the départements have been entrusted with an increasing number of functions in the high cost area of social assistance. Since 1995, State transfers have not covered anymore the costs involved in this sector. The share of expenditure linked to the transferred functions rose from 13.5% to 17.8% between 1987 and 1996, while the share of financial resources transferred to cover these new functions fell from 9.5% to 8.3% in the same time (Tulard, 2002). The local government associations have regularly protested against this situation, but it has not stopped successive governments from practising this kind of "decentralisation of charges". The recent devolution by the Raffarin government to départements of new functions such as social assistance and road management has raised considerable worries among local politicians. Daniel Hoeffel, the rightwing (UMP) president of the AMF, publicly expressed his fear of seeing local governments transformed into "subcontractors" of central governments rather than partners. An organic law has since been passed to guarantee the financial compensation by the State for the transfer of functions, but it remains to be seen whether this law will not prove to be just another rhetorical reassurance.

The contractualisation of the central State territorial policies has also been a source of ambiguities and transfers of charges towards local authorities (Leroy, 1999; Gaudin, 1999). When the Socialists took power in 1981 and decentralised the country, they were also eager to keep a policy instrument set up at the Liberation to orchestrate the reconstruction of the country: the national quinquennial plan. The decision was thus taken first to invite local authorities and particularly the regions to contribute to the making of the Plan, and second to set out the plan objectives on the regional scale. The Contrats de Plan Etat-Région (CPER) were born and actually survived the death of the national quinquennial plan, whose last version, the 9th Plan started in 1992, was never finished. The CPER has become the main stage where the central State and local and regional governments negotiate local investment priorities and the financial contribution of each participant –State, region, département, inter-municipal structures, communes- to the now septennal investment program. The central State quickly began to finance via the CPER investments in sectors that came under its exclusive responsibility, such as hospitals, universities or halls of justice. The last generation of CPER (2000-06) was marked by intensified conflicts about the ability of the central State to keep its own word. Indeed, on many investment projects such as urban public transports the central
authorities were unable or unwilling to contribute financially at the level announced in the plan. This situation makes an increasing number of local officials believe that the State is the only public body that does not keep its word, and, once again, the central State is suspected of transferring financial charges onto local authorities.

2.2 Town and country: a highly differentiated local government system

If all the levels of French territorial organisation are concerned about the assault of the central State on local fiscal autonomy and the uncertain direction of decentralisation, some local governments are doing much better than others. If the idea of uniformity in the form of local government in every part of the national territory by the virtue of republican egalitarianism has always been a myth, there was a time when it somehow matched reality. There was a time where there were very few differences in the way a rural commune, a city or a département was managed. It was the time of "administration républicaine" (Lorrain, 1991), of the "système politico-administratif", a notion that was designed to describe the whole world of local administration. But by 1976 Grémion (1976) noticed that this notion might be unable to describe properly the political system that was progressively emerging in large cities. This movement towards internal differentiation has intensified during the last two decades with, on one side, increasingly powerful inter-municipal co-operative structures gaining an increasing autonomy and political capacity, whilst on the other side rural communes increasingly dependent on upper tiers, be they départements, regions or State field services.

- The rise of the "pouvoirs d'agglomération" and the differentiation of "big cities politics"

The most spectacular manifestation of this differentiation (Négrier, 2005) is undoubtedly the rise of urban agglomerations as essential political spaces and urban inter-municipal co-operation structures as powerful collective actors. Our hypothesis is that France currently sees the rise of a specific sphere of "big cities politics" (Savitch, Thomas, 1991), i.e. a differentiated politic domain characterised by a specific agenda, specific policy stakes and priorities, specific, populous and pluralist systems of actors, and a specific set of rules and norms framing political interactions and policymaking. French political science has only
slowly recognised the existence of this sphere, but recently published books reveal its acceptance (Borraz, 1998; Jouve, Lefèvre, 2004; Le Galès, 2002; Négrier, 2005).

Metropolitan institutions are bringing together an increasing number of resources and functions and have recently developed considerable political capacity. For instance, in 2006 the Grand Lyon, i.e. the communauté urbaine of Lyons could count on a 1,484 billion € budget, compared to the 0,679 billion € budget of the City of Lyons, the 1,332 billion € budget of the département du Rhône and the 1,877 billion € budget of the region Rhône-Alpes. Of this budget, 31% is dedicated to investment, which makes of the metropolitan institution the major actor in urban policy making, especially in fields like transportation, urban planning and economic development. Metropolitan areas have become essential places for planning and setting visions. If previous several scholars have insisted that the municipal mandate still prevails in the making of local politicians’ legitimacy (Le Saout, 2000) and that inter-municipal policies were frequently the results of harsh bargains between individual communes (Gaxie, 1997; Bué, Desage, Matejko, 2004), they have underestimated the socialising role of prospective and city visioning exercises that have become common in many metropolitan areas. These exercises have proved very efficient tools in developing a collective vision and political capacity (Pinson, 2005). The rise of such a capacity at the metropolitan level has been encouraged by the State, and in particular by the DATAR6. Lately DATAR has been in charge of stimulating the emergence of Projets d'agglomérations, planning documents developed by the communautés designed to be the basis of a specific contract planning investments in metropolitan areas and signed by the inter-municipal bodies, the regions and the State.

One of the most striking changes of the 20 last years also concerns big cities, namely the progressive rolling back of the State and its field services in urban areas. During most of the 1980's, the State field services were ever present in cities, their expertise still superior to that of the municipal officials. They were still able to stifle local political initiatives. Twenty years later, the situation has considerably changed. In most fields over State field services exerted technical domination, that is planning, transport, housing, utilities management, environment, etc., the inter-municipal co-operative institutions have gained skills and authority. State field services now only exert their technical influence on the content of local policies in rural areas.

6 The Délégation Interministérielle à l'Aménagement du Territoire et à l'Action Régionale, the national agency created in 1964 that was a key actor in regional policies in the 1960's and 1970's has been recently renamed DIACT which stands for Délégation Interministérielle à l'Aménagement et à la Compétitivité Territoriale.
Even here they increasingly compete with the départements services. In large cities, the room for manoeuvre of State services is now limited to the channelling of central State subsidies and to the control of the legality of local authorities acts.

In elaborating and implementing their policies, metropolitan institutions can rely on an increasingly competent and professionalised staff. Municipal officials were known in the 1960-70 for their low educational and professional profile. Things started to change in the 1970's and 1980's after the decentralisation (Jobert, Sellier, 1977; Fontaine, 1986; Lorrain, 1989). The qualifications of local civil servants started to improve and an unified national labour market was progressively established with its own norms of excellency. Nowadays, the emergence of powerful metropolitan institutions with more functions requiring greater professional skills has given a new impulse to the professionalisation of local government. Not only do these institutions attract the best qualified staff from the communes, they also attract the administrative and technical elites of the State field services.

Big city political spaces are increasingly differentiated from other local and regional polities. While rural communes and département political spaces are still dominated by the old system of "notables", with politicians in the position of dominating mediators, big cities political spaces are much more pluralist and have seen the emergence of new types of political relationships and governance devices. Big city political spaces have seen the multiplication of actors and interests intervening in policymaking: inter-municipal institutions have emerged next to municipal administrations; local agencies such as universities, port authorities, urban planning or economic development agencies have become political actors; local business representation institutions, externalised utilities companies and consultative bodies have all taken a greater role. All in all, big cities have become pluralistic places in which a multitude of actors are in positions of strong interdependency and uncertainty. In those situations, urban political leaders are less concerned with trying to access the centre than in trying to organise and animate metropolitan coalitions. They are not monopolising political trophies and influence channels as the notables did. Instead they are structuring collective action and pluralist networks of governance in a less authoritarian way (Le Galès, 1995; Duran, Thoenig, 1996), particularly through visions and projects (Pinson, 2002). New policy and political management styles are currently being invented in French big cities where policymaking is increasingly a matter of intergovernmental relationships and of collective action management (Goldsmith, 2004).
The other side of the coin is the demise of urban democracy. The local level has long been the favourite political level of French people. Turnout at municipal elections equalled that at presidential elections, in both rural and urban communes. Now, a difference can be seen between big cities and rural areas. Turnout for any kind of elections tend to decline faster in large cities than in the rest of the country (Hoffmann-Martinot, 1999). It seems that the more urban leaders are involved in the making of elite coalitions and the production of visions, strategies and projects, the less they are involved in grassroots political mobilisation (Pinson, 2007). The shift from notables to urban leaders might be good news in terms of the production of political visions and strategic thinking, but perhaps it is not such good news in terms of political representation. The growing distance between elite groups involved in policymaking and the rest of the urban population has been worsened by the inter-municipal democratic deficit (Baraize, Négrier, 2001). Indeed, while these new political institutions gain increasing power in local policymaking, the inter-municipal councillors are still appointed by municipal councils. Even in these assemblies most crucial decisions are usually taken inside what is called "le bureau" in which usually all the mayors are present. In that way, inter-municipal policies are the result of discrete intergovernmental bargains rather than transparent debates in the inter-municipal assemblies. Furthermore, the intergovernmental dimension of the political process is reinforced by the fact that usually the assemblies are not organised in political groups but on the basis of municipal representation (Pinson, 2005). Globally, the poor situation of inter-municipal democracy raises the question of the increasing discrepancy between the scale of politics and that of policies at the local level. In a pluralist context, where resources are dispersed and actors and institutions are interdependent, policymaking processes tend to be more horizontal and accessible to more interests groups, policymaking is a matter of intergovernmental arrangements, and the whole thing makes public scrutiny increasingly difficult to exert.

What can be called a crisis of representative democracy is only partly compensated by the invention of more participative forms at local level. The Voynet Act in 1999 created the "conseils de développement" whose members are appointed by officials, but who are expected to express the opinion of local civil society on matters in which the inter-municipal structures intervene. Another law, "démocratie et proximité", in 2002 made the creation of neighbourhood councils compulsory in cities with over 80 000 inhabitants. But the members of those councils are designated by the municipal councillors, which limits dramatically the participative dimension of these institutions. To put it briefly the traditional mistrust of politicians towards any form of participation by citizens makes it particularly difficult to use
these new institutions as tools to renovate local democracy. At best, they are useful in collecting the opinion of inhabitants on the way local public services are produced, but they are not currently an efficient tool designed to widen the spectrum of political participation beyond the social groups traditionally most involved in political interactions (Blondiaux, Levèque, 1999 ; Bacqué, Rey, Sintomer, 2004).

- Rural areas and small towns: heteronomous local governments

Alongside these thriving urban agglomerations, there are local governments currently following a totally different path, increasing their dependence on other levels such as the central State or the départements. Compared to other European countries where the issue of "shrinking cities" is central, there are no such cities in France. Most large French cities have benefited during the two last decades from an urban renewal characterised by the return of populations to their core parts.

More generally, those local governments whose situation is evolving in a radically opposite way are rural small communes and small towns located outside the more dynamic parts of the national territory. The situation of small rural communes was not radically changed by the decentralisation acts (Mény, 1987, 93). The share of own resources in their global budget rarely reaches 50%, compared to the 60% of larger urban communes. If they were to be entrusted with new functions like other communes, the lack of financial and human resources would not enable them to develop these functions. Most are still dependent on the State field services to appraise building authorisations or to develop their infrastructures. This situation has long enabled most of the State's field services to maintain a strong influence on rural elected officials and to preserve a strong presence in the field. A close relationship with the State's services has also been a good way for local officials to avoid co-operation with the neighbouring communes, which explains why inter-municipal co-operation took longer to become the rule in rural areas. To put it briefly, what has been for long the strategy of State field services towards local governments, i.e. "divide and rule", remains in rural areas even now.

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7 The two exceptions are maybe Marseilles and Saint-Etienne where the central State is intervening directly with the creation of ad hoc urban regeneration agencies (Etablissement public d'aménagement) to help these old industrial cities to get out of an economic, demographic, urban and fiscal crisis through massive public investments. But those examples are quite isolated.
The decision to transfer local road maintenance taken under the Second Decentralisation Act II of (2003-04) will have a serious impact on this system of dependence linking rural communes and State's field services. The maintenance of these roads by the local services of the Ministry of Public Works (Ministère de l'Equipement) helped maintain the State’s presence at a very fine territorial level. The transfer of this function to départements will reduce this presence and jeopardise the access of small communes to State expertise (Fontaine, 2007). The départements will offer some services such as road maintenance in compensation, but for services like urban planning, building authorisation appraisal, expertise on services and networks, rural communes will have to resort to private sector, which could lead to wider territorial disparities. Inter-municipal co-operation is one of the answers to this risk, but it will not compensate totally for the low level of resources on which most of rural areas can count.

Thus, a very differentiated institutional landscape is emerging almost twenty five years after the first decentralisation act. Thriving big cities are becoming more autonomous from their direct environment and from the tutelage of the central State, and are accumulating important amounts of resources that enable them to implement ambitious policies. In rural areas, communes are much more dependant the State and increasingly on the départements for the resources to develop. France has now become an urban country with two clearly differentiated systems of local governments.

**Conclusion**

As Ashford (1982) wrote more than twenty years ago, France has a political culture that is much more pragmatic than the French and foreign observers usually think. The way local policymaking and the relationship between the national centre and the periphery have evolved over the past twenty years is an illustration of this pragmatism. Central and local politicians found an efficient –yet unsatisfactory in some cases- solution to the problem of municipal fragmentation and to build institutions able to cope with the problems of an urbanised country. In spite of the assaults by the central State trying to reduce public debt and achieve tax cuts, local governments managed to maintain considerable financial and fiscal autonomy and to restore their financial health. New tools have been invented to articulate the projects and resources at the different institutional levels and to develop and implement territorial policies.
From a general point of view, local authorities have definitively escaped their dominated and subordinate status. Until the 1970's, local spaces were thought of as territorial parts of a national community that transcend them. For State officials, the central stake was to assimilate localities in the national community, to diffuse the values of the Republic and to affirm the power of the State. Localities were seen as units to be integrated in a project of nation building. For local politicians, what was at stake was the control of a locality, where they could establish a stable fiefdom from which they could project themselves onto the national stage where serious things were discussed and done. Lorrain called that the "republican administration" model (1991). Since the 1970's, localities (territoires as French call them) have been promoted as the crucial scale at which to tackle public problems, to build up policy responses and to articulate resources to implement those policies. Localities are not mere administrative units and fiefs, they have become project spaces (Pinson, 2006), where social forces are mobilised and social and political integration is actually achieved. While some authors wonder if the State can still have a project (Béhar, Estèbe, 1999), others consider that nowadays the public interest is built at the local level, around territorial projects (Lascoumes, Le Bourhis, 1998).

But if the French can prove pragmatic, they are also very attached to symbols. In common representations, the two keystones of French society and democracy are still the State and the communes. Even if those two scales are increasingly weakened at the level of actual policymaking, political competition is still structured around these levels, and the public eye is still set on them. This increasing and problematic discrepancy between the essential policymaking spaces and the spaces of politics is often utilised by politicians at all levels eager to escape to public scrutiny. This gap will have to be tackled by the next stages of political and institutional reforms.
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