

PARIS

“IT IS PAYING THE PRICE FOR BEING A GLOBAL CITY”

By Fatih Eren



National Emblem of France

In this volume, Paris the capital city of France, which is also the fifth strongest economy of the world, has been examined in detail from a globalisation perspective.

Paris is located at the north of France. With its 12 million population, it is the biggest metropol of the country as well as it is one of the most populated metropol in Europe. Paris is usually remembered as one of the most historic, culturally vital and physically beautiful global city by the world society. It has a significant role in making France as the most attractive country for tourists in the world. In 2009, in total 76,8 million tourists came to France and the fifteen million of these tourists visited Paris (Paris Convention and Visitors Bureau, 2010). The Paris region, which is also called as one of the world's leading business, culture and

tourism destination, accounts for almost a third of France's gross domestic product (GDP).

France, which is one of the leading playmaker actors of the globalisation process, is naturally a member of the world's first and strongest global organisations such as G20, NATO, WTO, OECD and UN. It is clear that France benefited very much from the globalisation process as two-sided thanks to its playmaker role. On one hand, France is the fourth country which attracts foreign direct investments in the world at the most. International companies were recently invested in Research & Development (R&D), energy and recycling sectors in the country in general. On the other hand, the number of French companies is at the highest among European-origin companies in the Top 500 Global Companies list (Fortune Magazine, 2011). >>>



Location of Paris in France

International French-origin companies (For example Renault, Peugeot, Danone, Carrefour, Axa, Groupama, BNP Paribas, GDF Suez and so on) mainly invested in strategic sectors such as automotive, retailing, insurance, food and cement in other countries.

France has an advantageous geographical position in Europe. In recent decades, using this advantage in a good way, it established a strong transportation and logistical infrastructure and network for itself in the European Union. In this way, it achieved to attract huge foreign capital. In 2010, 70% of all foreign investments in France were made by European countries especially by Germany and UK. France makes both



Global city Paris



import and export trades mostly with Germany, Italy, Spain, Belgium, UK and USA. Therefore, it can be said that France is getting its economic power mainly from the European Union.

Due to changing world economic conditions, France's share in the world trade decreased gradually in the last 10 years. 2008 global crisis became a turning point for the country. USA and Europe, which are the main trade partners of France, were affected badly from this crisis so the French economy entered in a harsh rocky road after this year. The number of investment projects with foreign capital decreased about 31% in 2010 when it was compared with the year 2008. This fall showed its direct impact quickly on the country's unemployment rates. The unemployment rate rose to 9.8% in 2011 where it was 8% in 2007. The unemployment rate among young population was measured over 22% in the country (INSEE, 2011). The French government then took some measures to increase employment and to fire non-financial sector. The cost of these measures was very high so the government went into debt of a high percentage. The government planned an important and large project, which is called 'the Great Paris Project', for national economic recovery and development. It decided to borrow 35 billion euros for the realisation of this project. It then borrowed another 8 billion euros in May 2012 for other purposes. The public budget deficit went beyond 150 billion euros in 2012 where it was 60 billion euros in 2004 (France Economy Profile, 2012). The only way to get over this crisis was to attract more foreign direct investments into France according to the government. In this context, the government started a new practice, which is called 'single window implementation', to facilitate fiscal and administrative operations for foreign investors in the country. Incentives for FDIs were also increased.

The impact of global concern for Paris: Analysis

It has been found out that the globalisation process had four important impacts on Paris. Firstly, this process developed Paris into a global city; inflows

and outflows increased in every respect. Secondly, a territorial fragmentation in socio-spatial terms emerged in the city. Thirdly, land and property prices and the cost of living increased dramatically. Finally, at the end of this process, social tension increased and social peace disappeared in Paris. These outcomes have been explained briefly below.

Paris has a strong global identity like London, New York and Shanghai in the world, today. For many years, Paris is ranked in the first five cities in the global city index which is conducted annually by A.T. Kearney Global Management Consulting Firm and the Chicago Council on Global Affairs. However, it has been argued that Paris has started to lose its strong global city image and its global attractiveness for foreign investments recently. In a new global city list which was conducted by KPMG, Paris was ranked seventh; it fell backwards to Berlin, Beijing and Mumbai. Again, in the global attractiveness index, Paris was ranked thirteenth. This decline can be explained with the rise of Asian countries such as China and India as well as the rise of some other developing countries such as Turkey, Brazil and South Korea as new political and economic global powers. Probably, the metropolises of this kind of fast developing countries will be ranked at the highest levels in these lists in the next 10-20 years because the future of a global city is an issue which is directly associated with the political and economic global power of its home country. In other words, the decline of Paris in the indexes is an outcome of the deceleration of the development of the French national economy; its economic growth rate remained below the growth rates of other countries in recent years.

City of Paris has some bilateral agreements with some other cities such as Montreal, San Francisco, Chicago and Shanghai. These agreements were signed to exchange best practices in innovation, transport and urban development fields and to set up joint businesses between these cities. In the development process of Paris into a global city, cooperation/partnerships with other strong cities played an important role.



A ghetto in Paris (social division)



Today, Paris became an important centre for trade fairs, seminars and professional conferences in the world. Again, it became an important destination for art and culture with its 130 theatres, 56 museums and 2 opera houses in the globalisation process. Sixteen institutions which have world-wide reputation exist in Paris. In short, the city provided significant contributions to the world in politics, entertainment, media, fashion, science and arts fields thanks to the globalisation process. However, this process also brought some problems to this city.

Paris became a magnet for immigrants for many years in relation to France's imperialist history. According to INSEE 2006 data, four millions



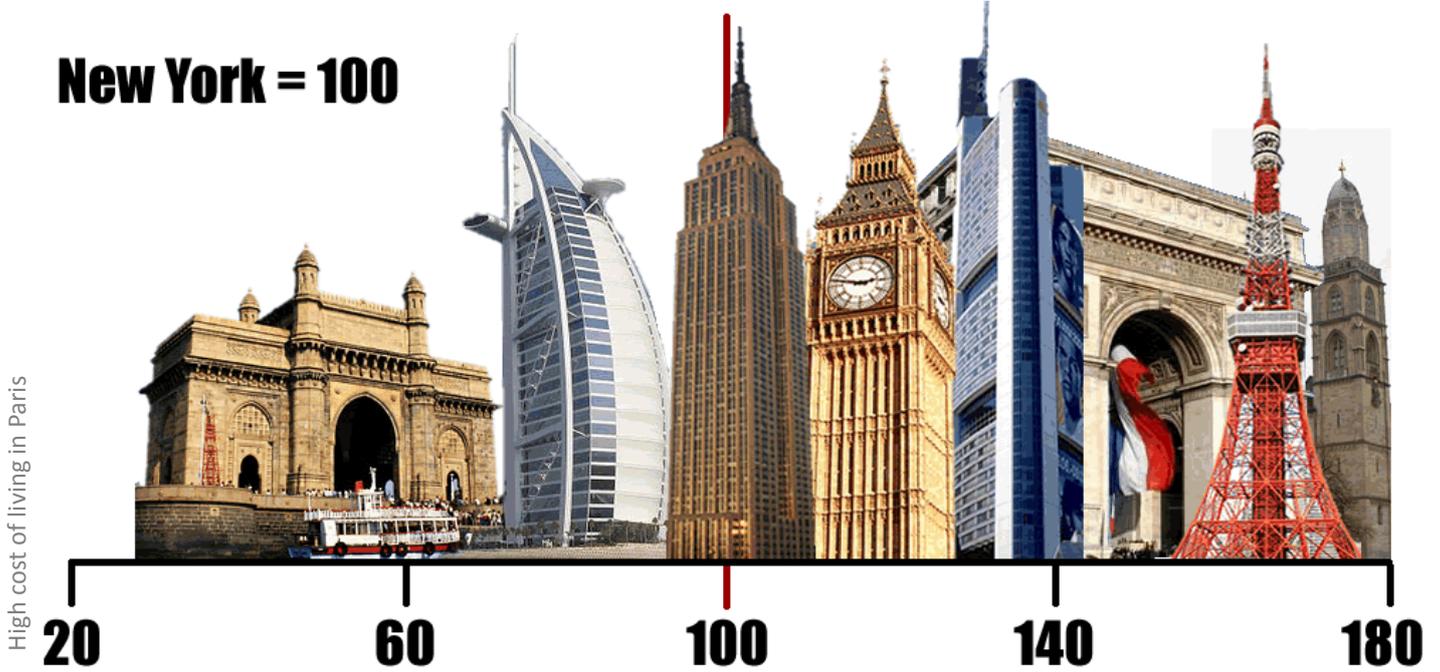
2005 Paris riots



How much?

Cost of living comparison of selected world cities

New York = 100



immigrants live in Paris, today. It means the 35% of the city's total population consists of immigrants. In other words, Paris attracted many less skilled, less educated and poor people from other countries while attracting world's elites and riches for a Bohemian life. The application of unsuccessful social policies which did not bring all communities together in peace in the city and did not bring social justice to Paris started to develop this city into an unliveable city in recent years. Paris was not ranked among the first 10 cities in the world's most liveable cities list which was conducted by the Economist Intelligence Unit in 2011. Again, it was ranked thirtieth in the Mercer's Quality of Living Index.

The social division between riches and poors also created a clear spatial division in the city. The northern and eastern regions of the city were mainly occupied by poor immigrants in years whilst the western and southern regions were occupied by rich elites. One of main reasons for the emergence of this sharp socio-spatial division was undoubtedly the removal of traditional

manufacturing industries from the northern and eastern regions (deindustrialization) and the addition of high-value-added services and high-tech manufacturing industries in the western and southern regions in a planned way beginning from the 1970s.

This socio-spatial division between riches and poors caused a social explosion in 2005. Parisians who could not take enough share from the economic growth of the city, especially immigrant youths, held destructive demonstrations for three months. Cars were burned down and public buildings and shops were looted in the riots. The globalisation process developed Paris into a global city but at the same time, it increased social tension significantly in this city.

As it has been experienced in all cities which were mostly developed with the help of foreign direct investments, life in Paris became more expensive but the purchasing power of local residents dropped significantly in the last 30 years. According to UBS's 2011 survey, Paris was ranked

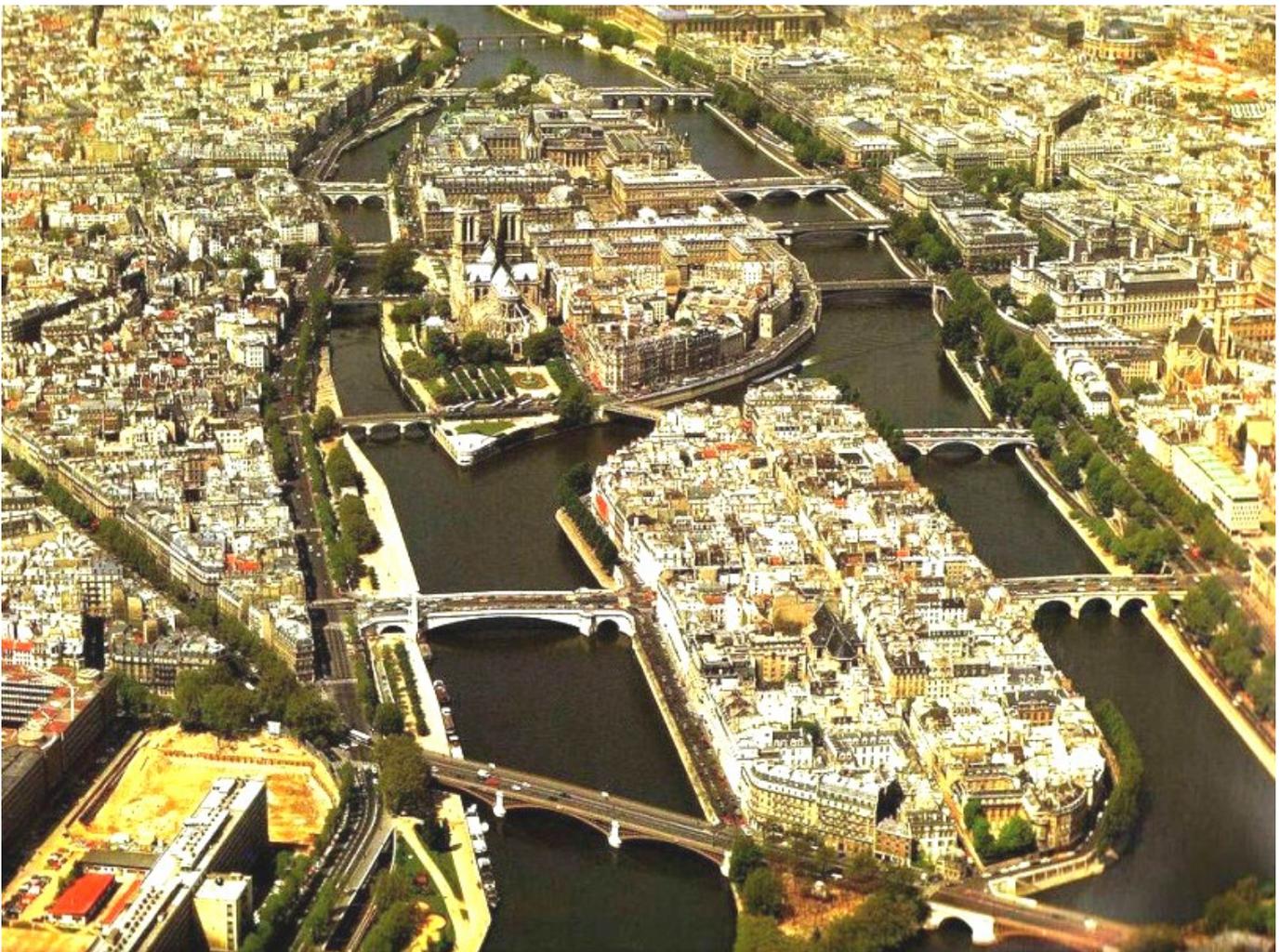


9th at the world's most expensive cities index whilst it was ranked only 27th in the list of cities with the highest purchasing power for residents. Probably, this is the cost of being a global city.

Paris developed attracting foreign investments in its western and southern regions in economic terms. Some jobs were created thanks to these investments. However, foreign investments increased land and property prices dramatically in the urban and rural area. The main reason for this increase was that the property market players of Paris made generally speculative investments. They developed many residential and commercial buildings without finding final users for them. They considered that in the internationalized property market environment, they could easily find a global user or investor for their properties. Incoherences and ruptures between developers

and final users developed Paris into the most expensive capital city of Europe in terms of the prices and rents of both residential and commercial units. The price/rent of one squaremeter of a flat or an office in Paris is over than London and Stockholm.

The French government and the governors of Paris are aware that the global attractiveness is decreasing and social problems are increasing gradually in the city. To find a permanent solution to these problems, two master plans were prepared for Paris recently. First was 'the Paris Region Master Plan' which was accepted and confirmed in September 2008. This plan basically aims to develop Paris into a more compact and more polycentric city region in the next 20 years. In addition, it aims to improve living conditions for residents, to develop 72.000 affordable new



Beautiful city Paris



housing units, to extend and strengthen transportation network and to decrease territorial fragmentation and inequalities in the Paris city region up to 2030. Second was 'the Greater Paris Master Plan' which was accepted and confirmed in June 2010. This plan targets initially to develop Paris into a city region, it then targets to increase the global attractiveness of this city region, to strengthen the global city identity and role of Paris, to make this city region a national economic growth motor and to increase life quality in this city region. In this context, it is planned to develop 8 territorial clusters of excellence and to establish strong transportation links between these economic development clusters and urban suburbs in the capital region in the next years. It should be kept in mind that all these investments will be made with loaned money and with the support of foreign capital.

Looking at these plans, it can be predicted that urban projects which aim to decrease social tension and to ensure economic vitality will gain speed in Paris. Large scale urban planning operations and iconic architectural projects have already been started in the city (For example the Plaine Saint Denis Renaissance and Paris North East Renewal Project the Paris Rive Gauche Redevelopment Project). The number of skyscrapers was low up to now because of height limitations in the city but many new skyscraper development projects have been started in La Defence to strengthen Paris's global financial centre image in line with master plan decisions.

At this stage, the consistency of French government's future Paris vision with Parisian's future vision for their city should be interrogated and discussed. The government wants to protect and sustain Paris's global city character opening its national economy, science and values to the world without seeking national borders and national discrimination. In contrast, the French society has entered in a more inward looking and more nationalist road in recent years. As seen in most of EU countries, nationalist, radical-right, dissociative

tendencies and anti-global/anti-liberal expressions are on the rise in French society. Looking from this window, the answer of the below question stands as crucial for Paris: 'What Paris really needs: more globalisation/liberalisation OR more localisation/nationalisation?'. Which one brings social justice to Paris? Which one solves the chronic problems of Paris? Which one receives a support from the Parisian community?

It is predicted that Paris's property tax system will change soon because current tax system works for making wealthy regions more wealthy and for making poor regions poorer in the city. The Paris city governors do not want to live with this problem anymore. Again, it is predicted that urban operations to create residential mixity will speed up to decrease territorial fragmentation in the city. all empty or less dense urban areas will be reconsidered and probably these areas will undertake new mixed use functions in the near future in the context of attempts for making Paris a compact and a peaceful city region. Thanks to planned large transportation investments, which will be put into action with borrowed public money or with foreign capital, mobility from every corner to every where in the city will increase; but transportation costs will also rise significantly in the future.

In conclusion, Paris is a beautiful city with its man-made design and structures, wide three-line boulevards, street life, iconic buildings, individuality and eccentricity. It also has a strong global image, today. More importantly, Paris became a role model/good example for other world cities with its unique social policies and planning decisions in the last 100 years. Time will show us whether or not today's proposed urban policies and planning decisions will make Paris again a good role model for other world cities and again a beautiful city in 2030.

Note:

* **Fatih Eren** is a Doctoral Researcher at the University of Sheffield.

