FOREWORDS :

In the long run, the new towns are meant to form balanced cities whose operating will depend on the same procedures and the same revenues as any other French town. However, under construction, this equilibrium may not yet be achieved and is always precarious. The realization period now underway spreads over more than fifteen years: one must be in a position at any moment to manage what has already been carried out, while continuing with the construction of the town. This rapidly evolving but relatively lasting situation is characteristic of the new towns and justifies the implementation of specific means.

The French case is also characterized by the following fact: the realization of the new towns has been undertaken without ever suspending the French General Law prerogatives granted to the local authorities, whose territory was concerned. Of course, these prerogatives have been re-inserted within inter-municipal cooperation schemes necessary for the consistency of decisions, but in spite of the national, sometimes regional—but never local—aspect of the new towns' policy, the dialogue with local officials, while respecting their abilities, has been looked for from the start. This choice, resulting from the political balance of power in the late 60's, has unfortunately led to conflicts between local and national interests, throughout the realization period of the new towns. On the other hand, it ensures a progressive rooting of each new town into its environment. It also enables the settling population to enjoy at once
the completeness of its local civil rights and to be administered by its elected representatives (as soon as the municipal councils are re-elected) rather than by governmental experts.

**I-Insight into General Law in the French context**

**I 1. Local abilities**

The communes (French units of local government) run most of the public services:

- Within the educational fields, they provide and maintain primary school premises, are responsible for accommodating the teachers (who, on the other hand are paid by the State). They also contribute to the charges relating to the Secondary schools in proportions which vary with the status of these establishments.

- Within the sports-socio-cultural and socio-educational sectors, such as stadiums, swimming-pools, town district centers and cultural centers, they finance the whole of facilities and community services, both for investor and operating. The intervention of other bodies such as the State, the department or the region, by means of subsidies is very limited.

- Except for the specialized national public expenditure programmes such as unemployment, health, old age etc... the costs of welfare assistance are borne by the local authorities (communes and départements).

- The social and health sector, especially all that regards the very young children (mother and child welfare, day nurseries) widely depends on the initiatives and financial capacities of the communes, although it benefits by specific aids (e.g. by the family allowance funds).

- Security and fire protection costs are also borne by the communes, even when those services are organized at a departmental or inter-municipal level.

- Besides, the communes fill the key role of building, maintaining and operating the urban infrastructures: road system, street lighting, public green spaces, drinking water supply, cleansing and sanitation. Those last two services, (with sometimes the district heating) are also considered as presenting a commercial interest: therefore, they generally form the subject of individualized budgets ("budgets annexes") balanced with taxes and rentals, levied on the users according to what they consume. Those services are often granted (or trusted) to private companies.

Finally, the communes are the basic units of government: as such,
BUDGET STRUCTURE
OF A FRENCH COMMUNE

(*)

REVENUES

OVERALL
OPERATING
GRANT
(701F/Inh)
other received transfers
(115 F/Inh)
DIRECT
TAXATION
(933F/Inh)
other revenues from taxation (192 F/INH)
other revenues (48Finh)

EXPENDITURES

STAFF
COSTS
(929F/Inh)
TRANSFER PAYMENTS
(384F/Inh)
INTEREST PAYMENTS
(229F/Inh)
OTHER
EXPENDITURES
(452F/Inh)
GROSS SAVINGS
(211F/Inh)

INVESTMENT
951F/Inh
GROSS SAVINGS
(211F/Inh)
SUBSIDIES (166F/Inh)
TRANSFERS AND OTHER (25 F/Inh)
INDEBTEDNESS
(489F/Inh)
-For loans
ONLY : 476F/Inh

REPAYMENTS OF DEBTS
(167F/Inh)
GROSS
EQUIPMENT
SPENDING
(638F/Inh)
EXCEPTIONAL
EXPENDITURES (146F/Inh)

**Those figures are drawn from the average of the communes of more than 10 000 inh in 1978 discounted on a 1981 basis.**
they are responsible for the registry of births, marriages, deaths and the electoral rolls; they take the census of the conscripts called up for national service (the draft), deal with the building permit files and the population census.

Globally, a commune with more than 10,000 inhabitants spends for its operating costs in 1981 an average of around 2,200f per inhabitant, and invests 950f. It employs 130 people for each 10,000 which costs 930f per inhabitant. It borrows 480f per inhabitant and pays off nearly 400f (as redemption of its previous debt).

The communes' expenditures rapidly increase as the services they offer diversify and widen, especially in urban environment.

While rural communes limit the services they offer to road system maintenance, primary education and, if the case arises, water supply, cleansing and sanitation, towns on the other hand tend to increase initiatives such as day nurseries, music schools, school winter sports classes, thus widening the scope of the public service and of the collective consumption in any field where it may be possible at a local level. The school winter sports classes in the mountains (snow classes) are significant: within some thirty years, what had been the isolated initiative of some teachers of a commune of the Paris suburb has become a common service and even a rule for any town exceeding 5,000 inhabitants. Classes being moved to the mountains are 100ds each year.

I—2 Communes: ordinary revenues

To meet its ordinary expenditures, the commune has three main types of revenues at its disposal:

- The pricing of some services and public property revenues
- The overall operating grant from the State
- The local direct taxation.

The first of these three revenues does not exceed 10% of the total on average.

The overall operating grant is allocated according to a complex pattern which takes into account first and foremost the population figures but also the tax base of the commune as well as the amount of the taxes it is ready to impose. In 1981 it represents on average around 700f per inhabitant.

And then, the local taxation builds up half the communes' ordinary revenues (51%); Most of them (83%) comes from the direct taxation made out of four taxes:

- The dwelling tax (25%)
- The land (7%) and buildings taxes (17%)
- The business taxes (51%)

The tax yields vary from one commune to another according to the importance of the business tax base i.e. the type and the number of industrial and commercial
THE FRENCH COMMUNES

average distribution of the local direct tax revenue

Dwelling tax
- tax payers = Lodging inhabitants
- taxable base = cadastral renting value
  (on a governmental evaluation)

Taxes on land
- tax payers = owners of land
- taxable base = income derived from the land
  (on a governmental evaluation)

Business tax
- tax payers = industrial corporations and trading companies, professionals settled in the area of the communes
- taxable base = total of the fixed revenues
  - workforce

Taxes on buildings
- tax payers = buildings owners
- taxable base = income derived from the property
  (on governmental evaluation)
establishments settled in the territory of the commune: the richest commune of the Ile de France (Paris region), as far as fiscal potential pro inhabitant is concerned, is a small commune of the Seine et Marne departement, with some 100 inhabitants only. It benefits from a commercial center which has a regional interest. In order to meet the charges entailed by a rapid growth, a French commune must above all succeed in enticing enterprises on its territory.

II-The particular case of the new towns under construction.

The abilities of the local authorities in the new towns, as well as in ordinary communes, are the same as those we have briefly described above. The public services operated by "the new urban agglomeration" (whatever its status may be) (I) are mainly those given to the communes by the French General Law. However, the development of those services, linked with the urban growth, is for a major part, the result of supra-municipal initiatives (State or Region) which guide the choice of the facilities to be built even when this choice is made by the local authority. Considering this, the role of the public development corporation because of their technical abilities and means is of a paramount importance. It is only from a certain level of development that the services of the new agglomeration are extensive enough so that the locally elected representatives are in a position to actually control the facilities programmation. But the public corporation works towards the quickest construction of a complete town, with good facilities and services, and that is its raison d'être. The concern for graduated limitation of very short term management difficulties is much less important, if not inexistent, in comparison to other requirements. This attitude is unescapable, and to a large extent, justifiable. But it often presents the local authority with the hard facts of services or facilities ready to use, whose costs must be borne, whatever the financial position at that time may be.

On a whole, the growth of the town, and therefore of the public services is generally very rapid: the population of Marne-la-Vallée Val-Maubué for example, has doubled within a year several successive times and with around 25 000 inhabitants, its annual growth is near 30%.

An adequate adaptation of the management pattern

(I) The various possible status of the local authority in new towns will be mentioned later on.
BUDGET STRUCTURE
OF A NEW AGGLOMERATION
(1981 initial budget of the inter-municipal
development district of Val-Maubué)

REVENUES

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.7%</td>
<td>Public and operating profits property (366F/Inh)</td>
</tr>
<tr>
<td>17.2%</td>
<td>Operating grant (819F/Inh)</td>
</tr>
<tr>
<td>6.6%</td>
<td>Other received transfers (312F/Inh)</td>
</tr>
<tr>
<td>34.0%</td>
<td>Direct taxation (1620F/Inh)</td>
</tr>
<tr>
<td>5.2%</td>
<td>Other revenues from taxation (247F/Inh)</td>
</tr>
<tr>
<td>1.9%</td>
<td>Divers (90 F/hab)</td>
</tr>
<tr>
<td>12.2%</td>
<td>Mitigation of debt instalments (820F/Inh)</td>
</tr>
<tr>
<td>10.3%</td>
<td>Balancing grant (489F/Inh)</td>
</tr>
</tbody>
</table>

EXPENDITURES

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>33.9%</td>
<td>Staff costs (1613F/Inh)</td>
</tr>
<tr>
<td>19.2%</td>
<td>Transfer payments (913F/Inh)</td>
</tr>
<tr>
<td>23.9%</td>
<td>Interests payments (1137F/Inh)</td>
</tr>
<tr>
<td>23.0%</td>
<td>Other expenditures (1100F/Inh)</td>
</tr>
</tbody>
</table>

INVESTMENT

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>39.2%</td>
<td>Subsidies and participations (1013F/Inh)</td>
</tr>
<tr>
<td>60.8%</td>
<td>Indebtedness (1572F/Inh)</td>
</tr>
</tbody>
</table>

REPAYMENTS OF DEBTS
(284F/Inh)

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.0%</td>
<td></td>
</tr>
</tbody>
</table>

GROSS EQUIPMENT SPENDING
(2285F/Inh)

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>88.4%</td>
<td></td>
</tr>
</tbody>
</table>

Exceptional expenditures (16F/Inh) 0.6%
DIRECT LOCAL TAXATION

comparison of the structure of the 1981 revenue
in three new agglomerations

SCA of CERGY-PONTOISE

T.L 1.2%

D.T 13.7%

T.B 17.8%

B.T 67.3%

2 409 F/inhabitant

SCA of SENART-VILLENEUVE

T.L 4.7%

D.T 23.1%

T.B 25.3%

B.T 46.9%

860 F/inhabitant

SCA of VAL-MAUBUE

T.L 1.2%

D.T 16.8%

T.B 13.8%

B.T 68.3%

1 620 F/inhabitant

* SCA = Inter-Municipal Development district
of the town (staff number and its composition, for example) is very difficult under these conditions. The extra costs linked with the growth pace is not easy to measure objectively, but it cannot be denied, and it mainly explains that the new agglomerations operating expenditures ratio per inhabitant is generally very high. The Val-Maubuè case discussed page 7 is not an exceptional one, although its operating costs per inhabitant are twice as high as the average of the communes of more than 10,000 inhabitants. The heavy debt resulting from the importance of the investments that have been made (and whose interests are five times as high as it is usually the case) must naturally be taken into account; but this discrepancy represents only 25% of the extra costs per inhabitant.

As far as the revenues are concerned, it is very difficult to adapt the growth pace of the taxable stuff to that of the expenditures, and this at any time. In a new town, the role played by taxation for the revenues, and especially the business tax, is greater than anywhere else. The public property revenues are virtually null and the overall operating grant, although higher than usual (per inhabitant) is not increased as far as the amount of the expenditures per inhabitant. (The increase is less than 20%)

The settlement of highly tax yielding activities are not regular:
The delays can generate considerable deficits (Val Maubuè's deficit in 1979 and in 1980 reached 14 millions francs; in 1981, it still amounts to 11 million).

On the other hand, to put into service important enterprises can sometimes bring about a considerable amount of revenue derived from taxes, and this can momentarily be the source of a sometimes dangerous affluence. For then the growth keeps on increasing, and the relative level of the revenues may not always keep pace with it. There may be the danger of engaging the new town into the setting up of costly services that will be later financed with difficulties.

The examples listed on the opposite pages, show how diverse the revenues derived from taxation in the new towns and their composition are.

The State must then specifically intervene, so that the revenue may meet the annual expenditures; and as the chief sponsor of the new towns, it must, of course, see to the conditions of their realization and of their functioning, so long as they are not able to fall within the competence of French General Law.

This aid can take the form of additional grants, meant to balance the budget, which has previously been thoroughly examined. The whole appropriation procedure is the occasion of a yearly, sometimes tough negotiation, between the State and the local authority. Agreement programmes and financial commitments, lasting for more than a year, are therefore sought in order to
mitigate the tasks of the representatives of both partners and to ease a management, which looks on over the very short term. These will be mentioned later on.

III Local distribution of responsibilities in each new town

The fact that the new urban area does not exactly coincide with the surface of our existing commune has made necessary the creation of new statutory bodies of inter-municipal districts, which take over from the commune concerned for everything relating to the realization and the management of the new town.

The most generally used form is the inter-municipal development district (Syndicat Communautaire d'Aménagement or SCA in French) which exercises on the new agglomeration zone most of the municipal abilities, particularly the fiscal power. However, the deliberative body (the district committee), is made up of delegates of the municipal councils of the member communes, who, thus, keep the control of their new town and of the territorial integrity. The pattern of the "Ensemble Urbain" solely adopted by the new town Le Vaudreuil, heralds more directly the creation of a new commune: new agglomeration zone is not included in the territories of the existing communes and is administered under a temporary scheme, to which the communes contribute, as well as the general council of the department. The "Ensemble Urbain" is converted into a commune as soon as the number of the inhabitants enables a municipal council to be elected.

As far as functioning is concerned, the inter-municipal development district imposes onto the new town two levels of management, which often compete with one another, although they are placed under the responsibility of the same elected representatives. The municipal level refers to a General Law legitimacy to demand that the services should be managed by the commune (with, of course, financial compensation from the inter-municipal body).

Considering this, the procedure which had first been established answers problems, which are no longer the same as those met in the beginning of the new towns:

- Originally, there was the purpose of preserving the inhabitants of the old towns from the drawbacks of the new ones (especially in term of taxation): Hence, a very strict sharing of the abilities between both levels, according to the territory concerned: existing villages or still empty new agglomeration zone and often a complex territorial partitioning (see on the opposite page, the example of Saint Quentin en Yvelines).
INTER-MUNICIPAL DEVELOPMENT DISTRICTS AND URBAN ASSEMBLY

1981 operating budget repartition
(in millions Francs)

LE VAUDREUIL
GRAND-MELUN
L'ISLE D'ABEAU
SÉNART-VILLENUEVE
ÉVRY
VAL-MAUBUÉ

N.W of L'ÉTANG-DE-BERRE
St QUENTIN-EN-YVELINES
CERGY-PONTOISE

direct management expenditures

debts instalments

grants given to the communes

165,2
60,6
58,9

284,7
75,2
97,8

224,9
168,3
Today, it is the new town—whose rapid population growth generally implies its demographically prevailing upon old villages—which is the key political stake that the locally elected representatives can no longer ignore.

Relations between the two levels have become extremely complex, especially as regards financial matters:

Services statutorily taken over by the communes on their whole territory (chiefly general administration services: i.e. registry, elections ... as well as welfare aid) are subject to repayments from the District as part of the new agglomeration zone scheme. The assessment of these repayments often brings about tough negotiations in which the District officials are in an ambiguous situation as they belong to both bodies. Further, following a very diversified sharing of abilities depending on the new agglomerations, the Intermunicipal District has delegated the management of certain facilities in new agglomeration zone back to the communes which, as they are deprived of the direct collecting of corresponding revenues, are financed by subsidies whose calculation, in theory fixed by contract, also occasions hard negotiations.

The diversity of those situations is illustrated by the chart on opposite page which shows the very different ratios of repayments allocated to the communes in the Intermunicipal Development District Budgets.

IV - Specific assistance from the State (and Region) as appearing in new agglomeration budgets.

The material and financial support that the national government gives to the Public Development Corporations represents a major part of the State contribution to the realization of new towns. However, we shall only discuss here the direct sorts of assistance to local governments supporting new towns, in the form of revenues appearing in their budgets.

IV-1 Investment assistance

According to French general law, the State subsidizes the realization of most facilities initiated by the local governments. This participation constitutes a part of the total costs which varies with the kinds of equipments and with the départements (for the subsidies which are administered at this level). As an average, it equals one fourth of gross equipment expenditures. In this matter new towns enjoy an individualization, within the State budget, of appropriations in each of the ministries concerned. Without modifying, or only exceptionally, the ratio of subsidies, the individualization makes possible the financing of many more public facilities and avoids direct competition for the
allocation of subsidies between new towns and other communes. It is the major dynamic factor of the accelerated realization of new towns, which is their characteristic.

Besides subsidies, public facilities are mostly financed by loans. According to French general law, the local government must give evidence of a minimum self-financing capacity (allocation of definitive own revenues). This requirement was removed for new towns.

Most of the loans are contracted with public loan banks (Caisse des Dépôts et Consignations : Depository and Consignment Bank) which offer much lower rates than the market's (currently 10.25 or 10.75 for under or over 20 years respectively) but introduce loan conditions (kind of appropriation, financial condition of the local government). For the new towns, public bank loans are systematically prolonged by 5 years, thus reaching a maximum (30 years) for a great variety of public facilities, especially school premises.

Further, loan qualifications about financial condition are considerably more flexible, as the State implicitly acts as a guarantor. It is obvious that, without this guarantee, no lender could authorize further loans to local authorities whose net indebtedness reaches 9 000F per inhabitant (1st January 1981) as an average, and sometimes soars over 15 000 F (compared to a national average in 1980 slightly over 2 000 F).

Finally the State and, in the Ile de France (Paris Region), the Region bring an original support to mitigate the debt burden: the "new town deferred repayment conditions" which is discussed below.

IV-2 Operating assistance

Not to be confused are:

a) - Subsidies allocated to the operating of given facilities or services, and initiated by specialized authorities, e.g subsidies for operating cultural centers, and those covering the deficit in public transportation budgets.

Generally this assistance is not only allowed to new towns, which rank however among the first beneficiaries, due to their substantial and varied facilities.
EXAMPLE OF A PUBLIC FACILITY FINANCING

"Les Regalles" school complex in Grand-Melun

<table>
<thead>
<tr>
<th>EXPENDITURES</th>
<th>TOTAL PROGRAM</th>
<th>INSTALMENTS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13 039 153</td>
<td>8 027 867</td>
<td>5 011 286</td>
<td></td>
</tr>
<tr>
<td>Acquisition of equipment and furniture</td>
<td>510 000</td>
<td>150 000</td>
<td>360 000</td>
<td></td>
</tr>
<tr>
<td>Library books</td>
<td>8 400</td>
<td>-</td>
<td>8 400</td>
<td></td>
</tr>
<tr>
<td>Acquisition of fire protection devices</td>
<td>3 250</td>
<td>3 250</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Works as direct principal contractor</td>
<td>354 000</td>
<td>354 000</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Works as delegate principal contractor (EPA)</td>
<td>12 163 503</td>
<td>7 520 617</td>
<td>4 642 886</td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td>13 039 153</td>
<td>8 027 867</td>
<td>5 011 286</td>
<td></td>
</tr>
<tr>
<td>State subsidies</td>
<td>1 919 000</td>
<td>858 500</td>
<td>1 060 500</td>
<td></td>
</tr>
<tr>
<td>Assistance fund</td>
<td>565 674</td>
<td>507 250</td>
<td>58 424</td>
<td></td>
</tr>
<tr>
<td>Self - financing</td>
<td>309 976</td>
<td>-</td>
<td>309 976</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>10 244 503</td>
<td>6 662 117</td>
<td>3 582 386</td>
<td></td>
</tr>
</tbody>
</table>
b) - Assistance for mitigating the debt burden

The prolongation of loans, already mentionned, implies, for a same rate, a mitigated annual instalment.

Besides, the "new town deferred repayment conditions" relieve the local government concerned of the heaviest instalments: The State, and, for half in the Ile de France, the Regional Public Corporation take over the first four instalments of the loans contracted for the development of the new town. This cover which was total until 1976 has been qualified from 1977 on, through a first rough scheme (20% abatement for the communities whose business tax bases are the highest) and then in more detail from 1979 on: the cover ratio now depends on relative fiscal wealth of local governments concerned (fiscal potential per inhabitant) on the one hand, and on the other hand on the growth pace of housing stock. This ratio can be increased given particular circumstances. Thus the local government concerned must bear a full loan repayment burden only 5 years after the loans have been raised. This burden is then mitigated as much by monetary erosion over the first four years as by the new town increased revenues following its growth.

In theory those covers represent advances repayable without interest on 20 years from the fifth year on. For most new agglomerations, the State remits the repayment of those advances which are thus converted into grants.

c) - Additional grants to the balancing of budget

This kind of assistance has already been mentionned. Until 1980 it was systematically subject to a particularly heavy local budget procedure. Indeed the new agglomeration first of all voted its budget without knowing the assistance amount it could expect from the State. The budget was then examined by a special commission in which the Central New Town's Group played a key role. This commission presented the elected representatives with several propositions: cuts in expenditures, increased revenues (especially increased taxation) and finally the amount of the authorized deficit covered by State assistance at the end of the financial year. There was then a second vote followed on occasion by a new commission meeting and a third vote. In case of a persisting disagreement, the budget was automatically settled by the Prefect. In fact certain budgets were sometimes operative only in September of the same financial year.
This very heavy procedure is still current, but a new method tends to supersede it this year: it consists in an overall and inclusive calculation of State assistance on the basis of objective criteria which take into account temporarily weak business tax bases and the population growth pace. This assistance can thus be assessed by the local government during the first stages of budget planning. As compensation for this advantage the local government must commit itself to a lasting balancing of its budget with this assistance which theoretically covers it against the major hazard: delayed creation of business tax bases. This new procedure lies in the context of improved contractual relations between the State and the local governments supporting new towns. This theme will be discussed in more detail below.

V - Critical survey of State assistance procedures.

V-1 Drawbacks of special State assistance

As new towns are initiated at a national level and often against the local will, they definitely need direct State support implemented by exceptional procedures. France has made the bet of succeeding in not bypassing locally elected representatives, even during the realization stage; which means the acceptance of unescapable conflicts:

a) State assistance cannot be granted without discernment: it sometimes represents almost 30% of revenues as appearing in ordinary budget. The whole new agglomeration budget then needs be subject to State control, all the more fastidiously as it is then impossible to supervise efficiently its implementation. This dependence is often resented: as it is very much alike that imposed on local governments which are in the red because of a bad management, it brings about elected representatives' protest who consider, and rightly so, that they have not decided the creation of new towns and tend then - and less rightly so - to refuse any sort of responsibility for the financial difficulties they come across.

b) The communes which have joined an Intermunicipal District show towards the new agglomerations a complex attitude which reflects both the refusal of an imposed urbanization which threatens the personality of existing important villages, and also the desire to make the best of the State generosity. In the negotiations of subsidies, exaggerated claims generally emerge as it is too tempting to make the intermunicipal body foot the bill since its budget is balanced by the State.

c) An understandable consequence of financial difficulties following a rapid urbanization, the State assistance sometimes tends, through a process of
SCA (intermunicipal district) in MARNE-LA-VALLÉE VAL-MAUBUE

comparative evolution of contracted loans and debts role of the "new town deferred repayment conditions".

<table>
<thead>
<tr>
<th>Year</th>
<th>Loans (€)</th>
<th>Gross Debt Charge (€)</th>
<th>Deferred Amount (€)</th>
<th>Net Charge (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>60,7</td>
<td>17,1</td>
<td>10</td>
<td>7,1</td>
</tr>
<tr>
<td>1979</td>
<td>77,8</td>
<td>25,2</td>
<td>17,2</td>
<td>8,0</td>
</tr>
<tr>
<td>1980</td>
<td>50</td>
<td>19,8</td>
<td>15,2</td>
<td></td>
</tr>
<tr>
<td>1981</td>
<td>65</td>
<td>40,9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1982</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1983</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
INTERMUNICIPAL DEVELOPMENT DISTRICTS (SCA) AND "ENSEMBLE URBAIN"

Debt instalment and "new town deferred repayment conditions" in 1981 (in millions of francs)
reversed causes and effects, to be at stake of a bargaining of local decisions concerning the continuation of the new town.

d) - Last, but certainly not least, the special treatment given to new towns generates the jealousy of local communities which don't enjoy similar privileges and consider that they are unjustly frustrated, especially when they spontaneously make efforts in favor of urbanization, sometimes similar to those undertaken by certain new towns.

V- 2 Effectiveness

As a whole the effectiveness of the process widely offsets its few disadvantages:

. The "new town deferred repayment conditions", provided a rapid urban growth, allows to tolerate an exceptionally high indebtedness, for a rather moderate cost borne by the State or the Region.

. The systematic compensation of delayed revenues may seem to be a privilege that any commune could rightly claim for. But it permits a smoother growth, independent of hazards not easily controllable. It ensures the continuity and hence the quality of urban development.

. State contribution to the managing of new towns has been such that concerns about operating have been increasingly integrated into the preparation of public facilities programs. The necessity of forecasting the budget evolution of the local authorities, effectively resulted in financial projections in terms of housing, public facilities and activity programmation. In turn, those studies have often led to a questioning of this programmation and have been the source of a positive confrontation between the local authorities and the public corporations.

. Finally the constant dialogue between the State and local representatives, which went into details to an unprecedented extent, has aroused, on both sides, a keen interest for contractual schemes lasting more than one year and likely to make relations more plain:

Four new agglomerations have already signed three-year agreements with the State and sometimes a third partner (Urban Community or Region), which state the town development program and the partners' commitments to bring it to completion. Three other agreements, initiated by local authorities concerned, are presently under study. Those successful contractual relations give evidence of the local rooting of a project which, however, conformed so little, originally, to local interests.
Conclusion:

The role played by the local authorities in the realization and managing of French new towns is highly dependant on the specific features of France territorial structure. That is why the French experience in this matter may not seem easily transferable. That is true if we stick to the detail of implemented procedures and mechanisms. On the other hand, however, this experience is exemplary in terms of the possibilities and limits of a close participation of both old and new populations concerned to a nation-wide self-determined urbanistic project.

Indeed the preservation of a general law territorial status for new towns under construction has generally been achieved, in spite of the few difficulties mentioned. The advantages of this scheme for the future of the new communities deserve our attention: long before it is completed, the town under construction is a full- fledged town for which its elected representatives take on all their responsibilities. Even when accelerated, the realization of a town is a very long term undertaking and cannot be, once completed, "handed over easy to use", without damaging the community liveliness. Without intending to be perfect the French scheme is a good example of successful compromise between technical and financial requirements of such an undertaking on the one hand, and on the other hand the refusal to accept a too inordinate status in the eyes of general law.

In terms of financial mechanisms it may be interesting to compare the "new town deferred repayment conditions" with the elsewhere wide-spread use of extra long term loans with reduced rates. In both cases the aim is to bring the community into a position to bear an unescapably high indebtedness, due to the large public investments on a short period. The "deferred conditions" do not result (unlike prolonged loans) in spreading over two generations the repayment of investment expenditures. Its effectiveness depends upon two mutually intensifying factors: a dynamic effort of urban growth and a rapid monetary depreciation. The "deferred conditions" have been said to be a bet on inflation. Which may lead us to wonder whether it is a very sound economic option. Besides it is an anaesthetic device whose use may be followed by painful side-effects, if growth is less rapid than expected. From an exclusively financial point of view, however, this mechanism fully plays its role and avoids resorting to loan conditions which differ too widely from the market's, and which are difficult to institute when the cost of money is high.

Finally the systematic State contribution to the annual balancing of the budget must not be considered as a sign of failure. Very few indeed are the undertakings of any kind -we'll only quote as an example the big industrial projects- whose economic profitability in the long run can be accompanied with a financial equilibrium reached during the early years. All the more so when public investments especially are at stake for which the notion of balanced management under ordinary operating conditions prevails upon profitability.