

Enterprise Zones and Zones Franches Urbaines: 'Greenlining' urban neighbourhoods in Britain and France

Introduction

Spatially targeted fiscal and planning deregulation initiatives have proved an important component of the urban regeneration toolkit of numerous western governments during the past quarter century.

The origins of this approach lay in Peter Hall's advocacy, in the late 1970s, of simplified planning and business-friendly tax regimes as a vehicle for reversing the fortunes of declining urban areas in Britain (Hall, 1982, 1992). Hall's ideas dovetailed conveniently with the liberalism of the Thatcher government and the EZ initiative became synonymous with the 'enterprise culture' approach to regeneration of the 1980s (Robson, 1988; Lawless, 1989; Deakin and Edwards, 1993). As such, the programme is, generally, considered to have been consigned to history. However, in 2004, the initiative remains 'live', if largely forgotten, in the UK, with active EZs in the coalfields of the East Midlands, Yorkshire and the North East.

In France, *Zones Franches Urbaines* ('ZFUs') have been adopted, enthusiastically, by right-of-centre governments during the past decade. In 1996, the Juppé administration designated 44 ZFUs as part of its *Pacte de Relance pour la Ville* (Green, 1996; Idrac, 1996). In 2003, these (time-expired) zones were re-animated by the Raffarin government, and a further 41 ZFUs designated.

This paper traces the evolution of the EZ / ZFU model from its liberal Anglo-Saxon origins to its adoption, in France, as the economic dimension of a broader approach to regeneration, planning and social policy. The paper contains five further sections.

First, we discuss the very different ideological dispositions that have informed the development of policy in the two countries. In the UK, the EZ programme must be interpreted in the context of the Thatcher government's broader ideological challenge to the post-war Keynesian welfare state (Deakin and Edwards, 1993; Thornley, 1993). The objectives of the programme, were, substantively, narrowly economic in nature (to generate additional economic activity and to contribute to physical regeneration), and, ideologically, to demonstrate the primacy of market-based solutions. Conventional wisdom suggests that France has eschewed the neo-liberal experiments of the Anglo-Saxon world. Indeed, in France, the geographical positive discrimination inherent in the ZFU model has been justified in terms of promoting equality and solidarity nationally (Guelton and Chignier-Riboulon, 1998; Chignier-Riboulon and Guelton, 2000). ZFUs are the economic dimension of a multi-faceted approach to planning, regeneration and social policy that

incorporates a number of objectives, e.g. promoting social mix and tackling social exclusion. Moreover, ZFUs have been subject to a vigorous 'moral' debate focusing on their redistributive impacts, and the nature and duration of employment created (ibid.).

Second, we consider the national policy frameworks for EZs and ZFUs and the rationale for these. In both countries, a variety of fiscal incentives have been offered to businesses. However, in the UK, this policy has been implemented on a universal, non-discretionary basis whereas, in France, the granting of financial support to business has been more selective and conditional upon recipient firms meeting job creation and other targets. The EZs in the UK have also been characterised by a simplified planning regime, whereas, in the French ZFUs, normal planning procedures remain intact, the incentives to business are purely financial.

Third, we consider the different ways that EZs and ZFUs have been implemented locally. In both countries, implementation between zones has differed along a number of dimensions: the degree of political support locally, the extent to which local objectives have been defined narrowly or broadly, the extent to which zones have been supported by accompanying investment (e.g. provision of sites and premises, training, transport, marketing), the location and development potential of the zones (e.g. available property, local skills base).

Fourth, we consider the outcomes of EZ and ZFU policy in Britain and France. The programmes have been subject to vigorous academic and practitioner evaluations. In both countries, the zones have been criticised for creating too few jobs at too high a cost to the exchequer (Hall, 1992). This is especially true of French official reports, even though these exclude (for example) data on self-employment. (Guelton and Chignier-Riboulon, 1998). However, it is argued here that formal national evaluations have placed too much emphasis on aggregate quantitative measures, at the expense of a more qualitative assessment of the impact on local economies and accommodating differential local outcomes.

Finally, some brief conclusions are offered.

Ideology

In the UK, EZs are generally considered to be archetypes of the business-led, property oriented approach to urban regeneration championed by the government of Margaret Thatcher during the 1980s (Robson, 1988; Lawless, 1989; Deakin and Edwards, 1993; Thornley, 1993; Tiesdell and Allmendinger, 2001).

The intellectual provenance of EZ policy is normally traced to Peter Hall's (1977) call for the establishment of zones that would be: outside normal UK exchange, tax, social security, planning and other regulatory frameworks to

enable the free flow and valorisation of goods, capital and labour; and, would operate on the basis of 'shameless' free enterprise (Hall, 1982; 1991). Hall argued

'If we really want to help inner cities and cities generally, we may have to use a final possible remedy, which I call the "Freeport solution". Small, selected areas of inner city would simply be thrown open to all kinds of initiative, with minimal control. In other words, we aim to create the Hong Kong of the 1950s and 1960s in Liverpool or Glasgow' (cited in Hall, 1991, p.180).

Hall's proposals complemented the ideology of the opposition Conservative Party. This 'New Right' disposition, commonly considered a watershed in British politics, challenged the prevailing post-war political settlement based on Keynesian demand management, full employment, and a universal welfare state. The priorities of the 'New Right' were, generally, to reduce the role of the state to maintaining the conditions for the market to operate efficiently and, specifically, to restrict public bureaucracy and representative democracy through the development of new forms of market democracy based on privatisation and the recommodification of public services (cf. Hall and Jacques, 1983; Riddell, 1985; Gamble, 1988). Paradoxically, these objectives could only be achieved by greater central government intervention in key areas to maintain market order. As Gamble argues *'the free market requires a strong state'* (1988, p.116).

Following the election of Margaret Thatcher as Prime Minister in 1979, the incoming government adopted a (heavily amended) variant of the 'Freeport solution' which provided for the preparation, by local authorities and other agencies, of EZ schemes in which a simplified planning regime plus certain fiscal incentives (e.g. exemption from local business rates and development taxes) would apply for a ten year period. The EZs would be freestanding initiatives, separate from mainstream regional, urban and rural development policies.

In practice, the legislation eschewed some of Hall's more radical proposals in, for example, its rejection of (de-facto) domestic tax havens, its retention of employment protection legislation, and the acknowledgement of an important implementation role for local authorities (Lawless, 1989).

The EZs illustrate well some of the paradoxes of the 'New Right' regime. For example, Massey (1982, p.433) describes the programme as more 'straightforward subsidy' than 'laissez faire'. Likewise, Thornley (1993) argues that the EZ programme, inevitably, required a greater degree of public intervention than similar areas elsewhere. Nevertheless, the EZs have remained synonymous with the Thatcherite approach to urban regeneration. Thornley argues that they are ideologically significant in two respects: 1) the EZs promoted greater freedom of action for economic interests through a reduction of state regulation and control; and, 2) the EZs represented a

diminution in the political influence of elected local authorities and the general public (1993, p.191).

In France, *Zones Franches Urbaines* ('ZFUs') were introduced, in 1996, by the right-wing Prime Minister Alain Juppé as part of a new national strategy for declining neighbourhoods. During the presidential campaign of 1995, the right-wing candidate, Jacques Chirac, had based his campaign, in part, on a commitment to reduce social and spatial inequalities through a new 'Marshall Plan' for large social housing estates. He also championed a reaffirmation of 'Republican principles' (equality and respect for all French citizens and residents) across the entirety of France. Thus, on assuming office, his Prime Minister was charged with developing a new programme to deliver these commitments; the *Pacte de Relance pour la Ville* ('PRV'). Juppé considered that past urban policies had failed to tackle increasing urban segregation, social exclusion, insecurity and anti-social behaviour¹. He duly proposed 10 specific actions, including: improving the employability of young people through vocational training; increasing policing levels in disadvantaged neighbourhoods; streamlining the judicial system as it related to anti-social behaviour; increased investment in urban renewal programmes; and, of course, the fiscal concessions offered by ZFUs (the most contentious element of this broad strategy).

Juppé's strategy was based on a new premise: that the renewal of declining neighbourhoods had to be linked with the development of new enterprise at a local level, as the large social housing estates targeted had, typically, been dominated by a single land use; housing. It was, therefore, considered important to provide additional employment opportunities, especially for young people. Accordingly, a new official 'league table' of disadvantage was established, and 751 neighbourhoods were selected to benefit from different degrees of fiscal deregulation. The 44 most disadvantaged of these neighbourhoods were designated as ZFUs². The remainder were designated as *Zones Urbaines Sensibles* ('ZUSs') or *Zones de Redynamisation Urbaines* ('ZRUs') that benefited from more modest deregulatory regimes. However, this strategy attracted much opposition from media commentators, Mayors, left-wing *Deputés* who considered the new policy, perhaps from an anti-capitalistic ideological perspective, to represent an unjust 'wind-fall' for local employers.

It is important to interpret this political opposition in the context of French politics more broadly. It is commonly argued that, until recently, there has been widespread suspicion within the French political elite of the very principles of Anglo-Saxon style neo-liberalism. This has been interpreted in a very narrow manner leading to scepticism that state subsidies for private sector interests in large social housing represents a high risk strategy in that they relate to wholly profit-oriented interests seeking to be underwritten by

¹ Alain Juppé: Policy presentation discourse, Marseille, January 18, 1996

² A further 6 ZFUs were designated in the French overseas territories

the state. Many stakeholders referred to the ZFU strategy as a de facto 'wind-fall' for the private sector (cf. DIV, 2001, p.17). For many, the new policy was reminiscent of that adopted by the Thatcher administrations in the UK during the 1980s. To many French stakeholders, especially on the left, such an approach to economic policy and its consequences – unemployment, poverty structural crises in traditional industrial regions – was an anathema.

The ideological differences between France and the UK also need to be interpreted in terms of the long-established principles of French regeneration policy. First, while urban policy in France was launched by a right-wing government in the 1970s, it has tended to be based on leftist principles. In the late 1970s, the national planning agency, the *Commissariat général au plan*, sought to implement the embryonic urban policy, *Habitat et vie sociale*³ ('HVS') in large social estates characterised by a thriving 'associational' sector (Estèbe, 2001), especially those with active political groups seeking a greater degree of local autonomy (e.g. trades unions such as *Confédération française des travailleurs* or the now defunct *Parti socialiste unifié*). The rationale for this type of devolved self or joint management parallels that promoted in the productive sector (Rosanvallon, 1976). Secondly, a profit-oriented approach to public services was alien to the culture of French policymakers. The private sector was excluded from public policy, as its sole motive was perceived as profit oriented, including making profits out of the unemployed and poor people. Finally, in the 1980s, there was a clearly defined division of labour between the *Délégation interministérielle à la ville* ('DIV'), responsible for urban policy, and the *Délégation à l'aménagement du territoire et à l'action régionale* ('DATAR'), responsible for, and highly protective of, economic planning. Furthermore, following the decentralisation reforms of 1981, economic planning became the competence of the Regions. Public action to re-integrate the jobless into the labour market focused on supply-side measures, such as training, etc.

Thus, the principles and practice of French regeneration policy have a strong social dimension. As such, many assessments of the ZFU programme highlighted its social shortcomings. For example, the *Inspection générale des affaires sociales* ('IGAS', 1998) argued that ZFUs were in contravention of European Union legislation, especially in respect of the size of firms likely to benefit from assistance and the size of fiscal concessions offered. Secondly, IGAS noted that these incentives were not linked strongly to employment conditions, e.g. the longevity or quality of employment created. Finally, there was a high cost to the public finances for the employment created; approximately 30,000 euros per job (ibid.).

In response to these concerns, the left-wing government of Lionel Jospin (1997 to 2002) decided to change the terms and conditions of ZFU policy. The main objective of Claude Bartolone, Minister for Urban Affairs, was to

³ HVS was a national regeneration programme based on housing refurbishment, local participation and neighbourhood management.

impart a greater 'morality' to the programme for the remainder of its lifetime. Thus the *Loi Solidarité et renouvellement urbain* (Loi 'SRU') of 2000, introduced new conditions linked to financial assistance, prohibiting the granting of fiscal concessions to those enterprises that had laid off workers in the previous financial year, transferred from elsewhere within the ZFU, and those for whom employees did not work a minimum of 16 hours a week. The aim of the government was to consolidate the economic dimension of the new Grand projet de ville⁴ ('GPV') policy, and to phase out ZFUs with a taper applied to fiscal incentives (60, 40 and 20 per-cent) over a three-year period.

Notwithstanding the above analysis, official assessments of ZFU policy differ according to the political orientation of the commissioning government. For instance, during the period of office of the left-wing Jospin government, the assessment was predominantly negative. (cf. IGAS, 1998; DIV, 2001). Conversely, the assessments of reports commissioned since the election of the right-wing Raffarin administration (2002 to date) have been more favourable (DIV, 2002; André Report, 2002). The debate is highly polarised between those who utilise terms such as 'moralisation' and 'grant hunters', on the one hand, and 'hostility' and 'suspicion', on the other (for example, the André Report of 2002 describes the IGAS evaluation of 1998 as 'highly subjective' (pp 10-11)).

As a consequence of this polarised debate, the policy of the Raffarin government has been informed by the most recent (favourable) assessments of ZFU policy. According to Jean-Louis Borloo, Minister for Social Affairs (including urban policy), fiscal concessions are part of a broader package defined in the *Loi sur la ville et le renouvellement urbain* (August, 1, 2003), alongside a renewed emphasis on urban renewal (demolition and reconstruction of large social housing estates to promote greater diversity of land use and social mix). The Raffarin government expanded ZFU policy to 41 new sites, anticipating the creation of 80 to 100,000 new jobs in five years. In most respects, the new ZFUs operate mainly according to the regulations previously established, although some additional regulations apply. For instance, the new law states that 30 per-cent of employees in assisted firms must be resident from within all disadvantaged neighbourhoods (ZUSs) within the broader conurbation (compared to 20 per-cent within the ZFU boundary, as existed before). The objective is to provide a more diversified employment base to assisted employers.

EZ and ZFU policy

A total of 38 EZs have been designated in the UK, of which three-quarters were established during the period of office of the Thatcher government. The Local Government, Land and Planning and Finance Acts of 1980 provided for the designation, in 1981, of the first wave of EZs (Corby, Dudley, Hartlepool,

⁴ GPV was a multi-dimensional area based regeneration programme, introduced in 50 neighbourhoods in 2000.

Isle of Dogs, Salford – Trafford, Speke, Tyneside, Wakefield, Swansea, and Clydebank), the objectives of which were

' ... to test, as an experiment, and on a few sites, how far industrial and commercial activity can be encouraged by the removal of certain fiscal boundaries, and by the removal and streamlining of certain statutory or administrative controls' (cited in PA Cambridge Economic Consultants, 1995, p.1).

A second wave of EZs followed in 1983/4 (Allerdale, Glanford, Middlesbrough, North East Lancashire, North West Kent, Rotherham, Scunthorpe, Telford, Wellingborough, Delyn, Milford Haven, Invergordon and Tayside) and two further zones were established by the Thatcher government in Inverclyde (1989) and Sunderland (1990). By 2005, four EZs, established by the Major government in the English coalfields remained (Dearne Valley, East Durham, East Midlands, Tyne Riverside).

The majority of EZs were designated in former industrial sites rather than residential neighbourhoods. Early EZs were, typically, comprised of a single contiguous site, whereas later zones comprised multiple sites. In each area, a significant diminution of fiscal and planning regulations applied, specifically:

- A 100% allowance for corporation and income tax purposes for capital expenditure on industrial and commercial premises.
- Exemption from local authority rates (subsequently Business Rates) for industrial and commercial premises.
- Exemption from Development Land Tax (a 'betterment' tax, levied on profits generated by change of use). This concession applied until 1985, when the tax was abolished nationally.
- Exemption from industrial training levies and the obligation to supply information to Industrial Training Boards.
- Simplified planning regimes, in which proposals conforming to a published scheme would not require individual planning permission.
- Streamlined process for Customs applications.
- Reduced government information and monitoring requirements.

The ZFU programme in France is a spatially targeted programme of fiscal concessions, with social safeguards. The incentives offered are wide:

- Exemption from land, building, profit and production taxes for firms employing fewer than 50 persons and with a turnover of less than 10 million Euros in 2005.
- Exemption from social security contributions in respect of employees with long-term contracts and employees with contracts of at least 12 months, with a wage limit of 1.5 times the national minimal wage.
- For self-employed workers (e.g. shopkeepers, craftsmen, medical occupations, etc.), the threshold is around 22.000 Euros for 2004

- Fiscal concessions are granted for a modest length of time, 5 years at the full rate, followed by a 'tapered' exit (60, 40, and 20 per-cent) over three years.

The present ZFU programme is considered more consensual than that established in 1996, in relation to feedback from local representatives who participated in the first phase of the programme (local mayors of right or left wings dispositions), and in terms of Raffarin's attitude in respecting changes introduced in the Loi SRU, and in terms of accommodating the demands of left and right-wing stakeholders that wish to provide greater protection for the employment created and to focus on smaller firms to improve their survival rate. Finally, in order to comply with European Union legislation, the only firms eligible for assistance under the Loi Borloo are small ones (those with fewer than 50 employees).

Thus, the objective is to assist small firms, especially the very smallest (fewer than 5 employees). These benefit from a longer tapered exit period (nine years). The principle of 'small is beautiful' is applied. The stakeholders consider this permits a greater degree of support to social activities within neighbourhoods and generates consensus between left and right. Left-wing interests prefer subsidies for small business rather than national and transnational ones. For right-wing interests, the measures introduced support the market and provide an opportunity for young business to develop. The fiscal concessions and tapered exit are considered appropriate to support a higher survival rate, as the early years on new businesses are the most precarious. Thus, five years full assistance followed by a nine year taper is considered an appropriate form of assistance to embryonic firms, before re-integrating them into the market.

In order to develop the broader local economy and employment offer, the policy-makers formulate complementary planning and service delivery proposals to increase the effectiveness of ZFU initiatives. However, geographical conditions are important for the success of the policy.

Evaluation of EZ/ZFU policies

The results of the ZFU programme must be interpreted in a proper ideological context. Thus, the results are perceived to have differed over time, even if, as noted above, the approach of the Raffarin government has been more consensual. However, in terms of official figures and debates, evaluations have only been partial, due to the diversity of participants, political dispositions and flaws in the evaluation process. In this respect, according to the last Senate annual report published to inform the preparation of the next budget (Marini Senate Report November 11th 2004, p.38), the most up-to-date data on employment creation and enterprise formation are omitted from the most recent national evaluation conducted by the DIV, in December 2002. In order to provide an assessment of the outcomes of the ZFU programme, therefore, the report draws on three sources (pp. 24-25): INSEE

statistical reports, reports published by regional Prefectures, and local authority data (this latter source drawing on secondary sources, especially the André Report of July 2002. Thus, new firm formation has been estimated, by INSEE, to be between 12,000 and 21,000 from January 1st 1997 to December 31st 2001. For the same period, the Prefectures estimate a figure between 6,781 to 18,202⁵. For the smallest business, single self-employed workers, for example, the figure is about 5,000 new firms but the evolution of this sector is largely unknown (DIV, 2004).

So, the issue of national results is an on-going problem. For the reports cited above, there were common problems. The DIV report of 2001 presented a variety of result tables, but each constructed with different data. For example the commentary on new firm formation is based on returns from 29 ZFUs (p.13), the figures on total employment are based on 15 ZFUs and so on. Moreover, the results for ZFUs in the French overseas territories are not published, even in official documentation (DARES, 2004). Finally, some data are included and some excluded with respect, for example, to the financial costs of ZFU policy. Thus, firm comparisons are not really possible and debates have been based on incomplete information. For example, the authors of the IGAS report of 1998⁶ considered the impacts of ZFU policy to be limited because economic growth was occurring nationwide and preceded the launch of the policy. Naturally, right-wing observers were in disagreement with this interpretation. Moreover, sometimes jobs transferred are included within the figures, and sometimes not. Evaluation has, probably, recently, been improved with the establishment of new public agencies. The Raffarin government anticipates the creation of between 80,000 to 100,000 new jobs during the next five years, according to Jean-Louis Borloo, and 60,000 within the new ZFUs only., according to Gilles Carrez and François Grosdidier, Members of Parliament, in their 2004 report (p.75), including 15,000 jobs for local residents.

The combination of exemptions from taxes and social security levies have ensued some success in the ZFUs at an aggregate level, even if local benefits may be limited, as in Chênôve (Dijon) or Dreux (Paris), or Nice (2,000 jobs created to mid 2004). So, the results vary in size and over time. For example, more than 1,500 new jobs have been created in St Quentin (Picardie), almost 9,000 in Marseille (from a base of approximately 2,000 to 11,000) and 800 in Mureaux (Paris). The growth of new firms has mirrored these trends, a threefold growth in Marseille, a twofold increase in Garges les Goneses (Paris), but many of these new firms are based on single self-employed individuals.

The rate of creation of new firms by ZFU residents is encouraging. These comprise 35% of the 390 new firms established in Valance (Rhône Alpes) to December 2003 and 60% of new firms in Vaulx en Velin (Rhône Alpes).

⁵ The precision of these statistics is notable, given the lack of precision of the data on which they are based.

⁶ See also Bartolone Report of 1999.

Finally, according to the DARES survey of 2004 (p.4), about 80% of new employment contracts are long-term in nature. In spite of these results, unemployment rates may improve or not; in Mureaux, the rate has remained high, declining from 31% to 24%. In fact, success depends on geographical conditions and the actions of local stakeholders.

Geographical context of EZs and ZFUs

French governments have been consistent in their approach to the designation of ZFUs, seeking a balanced distribution geographically and politically, that is, a balance in terms of the political complexion of the communes in which ZFUs are designated. Thus, the constituencies of both Alain Juppé and Jean-Claude Gaudin, both Ministers in 1996, are included within the programme. The development potential of ZFUs is strongly influenced by its geographical location – within France as a whole and within the specific conurbation – and the nature of the area included within its perimeters.

The success of a ZFU is contingent on its location within the major regional development axes in France, of which the dominant axis is that of Paris – Lyon – Marseille. Many cities with ZFUs are in a peripheral location relative to this axis (e.g. Bourges, Charleville, Cherbourg, Rheims). However, there are other important regional development axes, such as that towards Le Havre or northwards, to Lille. There are also independent axes such as that along the Mediterranean coast or on the Rhine (e.g. Mulhouse, Stratsbourg). Finally, the dynamic economy of the Parisian conurbation provides a favourable context for ZFUs (e.g. Champigny, Grigny, Garges, etc).

The success of a ZFU also depends on its location within the wider conurbation. Some are located in close proximity to interchanges on the national motorway network (e.g. Amiens, La Seyne sur Mer). Others are located adjacent to Universities (e.g. Calais) or other potentially beneficial concentrations of high-technology research and development facilities (e.g. Montpellier). Conversely, some are located in disadvantageous areas of cities. For example, the Ariane ZFU in Nice is located in the northern suburbs, whereas the most economically dynamic part of the conurbation is by the coast. A similar example is found in Saint Etienne, where the ZFU is divided between a large and physically isolated social housing estate located on an elevated plateau and an area on the plain adjacent to the city centre; the latter is successful with the development of high technological activities; whereas, conversely, unemployment has remained high on the plateau. In general terms, a central location, adjacent to the city centre represents an advantageous location for a ZFU, as this permits links to service sector expansion and gentrifying housing areas. The ZFU in Bordeaux is centrally located for these very reasons. Finally, the case of the Tourcoing ZFU, in the northern suburbs of the Lille conurbation, is an interesting and particular case. It is located close to the Belgian border but this offers no real

advantages, as there are no infrastructure links across the border. In fact, the ZFU is also cut off from the town centre of Tourcoing by a motorway.

The location of the ZFU is, therefore, an important factor but the nature of the area included within the perimeter of the ZFU is no less significant. The key common factor of each ZFU is the inclusion of significant areas of social housing constructed in the 1950s and 1960s. Beyond this, they differ greatly in terms of their development potential permitted by the prevailing land use. Some ZFUs are very large, allowing greater flexibility in terms of their long-term development (Chignier-Riboulon, 2004a). For example, the ZFU in Bordeaux is the result of several political compromises. First, it represents a compromise between the left-wing mayors of the northern suburban communes and the right-wing municipality of Bordeaux. Secondly, the large size of the area permits major development projects such as the renewal of the Bastide neighbourhood in Bordeaux or the regeneration of shopping centres such as Les Quatre Pavillons. The nature of the space within the ZFU bordering the social housing estates is crucially important. Often the ZFU boundaries include existing or planned major economic developments (e.g. Calais, Clichy, Grigny, Nimes, Saint Etienne). The aim is to use the ZFU provisions to stimulate development within these landholdings, a strategy that can be successful such as in the case of the eastern part of the Calais ZFU. The nature of the ZFU boundaries is also of importance with respect to the number of sites implicated. Of the first generation ZFUs, approximately one-third are multi-site zones. This suggests a strategy of linking sites of development potential with neighbourhoods in decline. For example, in Bourges or Creil – Montataire, some sites are located within greenfield areas designated for future development. In other cases, the aim is to valorise vacant development land within the city, such as in Amiens or Roubaix or to facilitate planning in very dense urban spaces such as the Paris conurbation (e.g. Champigny, Chennevière, Clichy – Montfermeil).

The perimeter of ZFUs, therefore, reflects the strategic interests of the stakeholders as does the expectation of positive effects.

Local EZ / ZFU strategies and economic consequences

The policy context is, obviously, identical for all ZFUs in France. We have argued that location and nature of the zones is a key determinant of their success. However, the development strategy of local authorities and their partners is the key success factor. A ZFU programme can succeed independently due to the fiscal concessions inherent within the programme. However, the intervention of the different stakeholders can change the nature of the project outcomes. For example, Cherbourg and Charlesville – Mézières are located in economically peripheral areas. However, Cherbourg commune had adopted a nationally noted supporting development framework (Chignier-Riboulon, 2004b). In other cases, such as Le Mans, the ZFU operates smoothly because of its favourable location and committed bureaucratic management. However, it is not given special status within the

city at a political level, reflecting the left-wing orientation of the local mayor. Thus, the vision for developing declining neighbourhoods is an essential prerequisite for understanding the success or failure of ZFU policy. A number of different types of intervention can be noted and stakeholders may intervene through a variety of supporting mechanisms. We conclude by considering how local interventions influence success.

Local experience exhibits both uniformity and diversity. In the case of the former, the majority of communes promote their ZFUs through brochures, websites, and so on. This is the most basic level of involvement. In addition, local actors can amend national policies through, for example, targeting small business or new business start-ups. Specifically, they can build new premises to assist new firms. This is a popular amendment to national policy, including the most recent ZFUs (e.g. La Rochelle, Valenciennes). This type of intervention is combined with a focus on technological development in St Quentin. The 'technopole' is an established tool to improve the image of disadvantaged neighbourhoods and can generate new economic activities in combination with a ZFU. This approach is applied in an uneven manner. For example, cities build often develop a sectorally thematic 'pole' to increase demand for semi-skilled and unskilled labour, as in Valence with its packaging works, or to renovate past industrial activities, such as Calais with lace workshops. ZFUs are routinely integrated with broader planning and regeneration strategies. For example, the fiscal concessions offered by ZFUs are being used to regenerate the declining town centres of Vaulx en Velin and Mantes La Jolie. Finally, ZFU policy has been used to restructure former industrial sites. For example, this applies to the former site of the Chausson motor works in Montataire (Creil – Montataire) or the Alstom works in Belfort.

First and foremost, the ZFU has proved an important planning tool. Success depends, of course, on its geographical location and the nature of the immediate environment (e.g. proximity of universities, research clusters, etc., as in Montpellier) but also, crucially, the development vision of the local stakeholders, especially the mayors. Thus, we offer four examples, to illustrate stakeholder involvement in ZFUs locally.

For some mayors, the ZFU has been exploited as a new tool within a broader development strategy. For instance, in Vaulx en Velin (Rhône Alpes) the mayor (a former communist) was initially opposed to this apparently liberal initiative. Today, he is more or less satisfied; given his ability to influence the activities of local companies, improving daily safety, training the jobless to adapt to employment demand, work on relations between employers and (especially) young people. Thus, the ZFU initiative has been incorporated into a longer-term employment policy.

In some case, the ZFU has become a tool to permit faster urban renewal. This is the case in Bordeaux, Roubaix (Nord Pas de Calais), and Marseille. The ZFU is used to facilities the transfer of former industrial neighbourhoods

within the cities: textile based areas in Roubaix, port related neighbourhoods in Bordeaux and Marseille. In Roubaix, there was considerable employment loss in the 1970s and 1980s. In the other two cities, the same process existed but it was accompanied by relocation of economic activities from the suburbs and adaptation of the ports to large-scale international container traffic. New growth areas are those that benefit from tertiary sector investment and are located close to the city centres.

ZFUs have also been used to promote the development of the wider city, not just the declining neighbourhoods in which they are located. The objective is to develop a citywide dynamism involving the excluded neighbourhoods. For instance, this is an objective in Amiens and St Quentin. The aim is to exploit the ZFU to present a new urban image, based around technological and service sector related activities.

In the cases cited above, public investment (especially in terms of human resources) is very important. By contrast, some cities have been less actively involved in promoting the initiative (e.g. Nice) but the situation is never definitive. For example, in St Etienne, the real project to develop the plateau has been pursued only since 2001; the Communes economic development team has been reinforced by new appointments; co-operation between employment agencies, businesses and the Commune have been improved by transfer of computer files; inter-communal partnerships have been strengthened to avoid intra-city competition.

ZFU policy has been a policy to promote great economic participation in neighbourhoods in decline through the promotion of new economic activities and employment. The fiscal measures on offer have prompted a degree of success. Those residents assisted into the labour market have achieved good results, in spite of the prevailing high levels of unemployment in some areas, in terms of enabling the poorest households to access low cost neighbourhoods and of linking increasing labour supply to demand.

However, new firm formation and employment creation are not the only effects to note. For the most successful ZFUs, according to mayors, the result has been the promotion of wider neighbourhood change, in terms of the mix of activities, population and physical land use. Specifically, gentrification and service sector employment growth are forecast and, sometimes, sought. The ZFU can be a tool for facilitating the physical and social dimensions of urban regeneration. One of the results can be a more diverse neighbourhood. In contrast, one result may be the promotion of self employment and, thus, economic empowerment. Of course, the most excluded individuals are not party to this progress, nevertheless, new social facilities have been organised to help and train them. In fact, the social and economic sector has expanded within the ZFU programme, according to the ZFU office in Vaulx en Velin.

Finally, the results are, therefore, encouraging, especially if links are built between local stakeholders, and to more sustainable practices, particularly in

the field of employment. In spite of the criticisms, many mayors (e.g. Montpellier, Calais, Rouen) are keen to expand the zones to incorporate new neighbourhoods. Moreover, new sites have been developed in anticipation of this initiative (e.g. Valenciennes, Marseille⁷, etc.). In fact, the policy is now seen as an opportunity even if certain mayors did not present their cities as candidates at the time of its launch (Vitry sur Seine, Clermont Ferrand).

Case studies

Dudley Enterprise Zone

Dudley, West Midlands, has a population of approximately 315,000 (Census 2001) and is located in the Black Country sub-region, 15 kilometres west of Birmingham.

Birmingham and the Black Country had, by the middle of the 19th century, become the centre of the British heavy engineering and metalworking industries (Spencer et al, 1986). By the late 20th century, however, the manufacturing economy and close links with the once dynamic industries of the West Midlands that contributed to Dudley's past prosperity became factors contributing to its relative decline (JURUE, 1980).

Political control of Dudley Metropolitan Council (DMBC) has changed periodically in the past two decades. In 1981, at the time of EZ designation, the ruling Conservative political group displayed a marked neo-liberal disposition (New Statesman, 29.4.83). The Conservatives were displaced in 1986 by a Labour group influenced, initially, by the 'urban left' politics of the former West Midlands County Council (cf. Mawson and Miller, 1986) and, subsequently, by a more pragmatic 'Blairite' disposition. In 2003, Labour lost their overall majority and in 2004 the Conservatives regained control of the council.

Dudley had not originally been considered by the government as a potential EZ site. Its preferred option was the former Bilston Steelworks in neighbouring Wolverhampton. Indeed, DMBC had expressed concern about the possible adverse effects locally of a Bilston EZ. However, the government accepted applications from other local authorities, on the basis that they were 'second favourites'. The establishment of the Dudley EZ was, thus, the result an opportunistic bid. The positive, enthusiastic stance adopted by Tory DMBC contrasted with the antipathy of (Labour controlled) Wolverhampton MBC and, thus, EZ designation, was secured for Dudley.

The Blackbrook Valley in Brierley Hill, two kilometres south west of Dudley town centre, was a self-selecting location for an EZ, as a basic planning framework had already been established there. The (non statutory)

⁷ Marseille has obtained another ZFU to permit the redevelopment of a former railway station and marshalling yard. Jean-Louis Borloo is the mayor of Valenciennes.

Blackbrook Valley Plan (1980) had sought to promote industrial development in the area, with limited success. The EZ, therefore, represented a means of implementing the Council's existing planning policies.

The first Dudley EZ (22 ha.) was designated in July 1981 and the second for the site of the former Round Oaks Steel Works (44 ha.) in October 1984.

The first draft of the EZ Planning Scheme was akin to a Simplified Planning Zone in listing uses planning permission would *not* be required. However, the scheme was subsequently 'inverted', and the final draft listed only limited, 'bad neighbour' uses for which planning consent would be required (e.g., nuclear installations, aerodromes). A number of small sub-zones were designated in which normal planning controls would remain and special provision (a 2,500 square metre limit) was made to guard against retail development.

In 1981, the EZ scheme was without precedent so the *modus operandi* was established incrementally. It was originally anticipated that the EZ would be administered by 'three men in a portakabin'; one from the private sector, one from government and one from the council. However, as the private sector failed to galvanise itself, DMBC was obliged to market the EZ and act as a broker for all development enquiries.

Dudley EZ was atypical of the original EZs in that it had been designated in an area not in receipt of major government or European assistance. Therefore, initially, the scope for public sector pump priming was very limited. This problem was compounded by the state of the land within the Zone. In 1981, only 4% of land was available for immediate development (Tym 1982 P22). In the mid 1980s, greater development resources became available (Dudley became an Intermediate Area in 1984 and an Urban Programme authority in 1987). However, the council made no conscious attempt to 'bend' these programmes to service the EZ, seeking, instead, to ensure a fair distribution of funds across the Borough. Nevertheless, by the end of the decade, an atypical high level (£4.6 million) of City Grant, Urban Development Grant, Derelict Land Grant, and European Regional Development Fund resources had been invested in the EZ (DoE, 1993).

However, the most important factor in the development of the EZ proved to be land ownership. In contrast to many of the other EZs established in 1981, land ownership (89% of EZ land) was, on designation, concentrated in the private sector, with only 5% owned by DMBC (Tym 1982 P22). To rectify this problem, the government, uniquely for Dudley, required that landowners enter legally binding agreements under S.52 of the 1971 Town and Country Planning Act to bring forward land for development. Non-compliance rendered the land subject to compulsory purchase by DMBC at below market cost.

However, these circumstances were quickly overtaken by events and ownership of land within the EZ underwent fundamental change due to extensive acquisitions by Black Country based Richardsons Developments Ltd. By far their most significant purchase was of Merry Hill Farm and the Round Oaks Steelworks, in early 1983, when the latter was not part of the EZ. Richardsons filled the private sector leadership vacuum that existed at the time of designation.

The most controversial aspect of development in the EZ since the mid 1980's has been the expansion of retail uses (particularly the Merry Hill Shopping Centre) and the dramatic impact on existing town centres. As noted earlier, the EZ Planning Scheme did not permit retail development to exceed 2,500 square metres. By late 1984, several retail warehouses were under construction at Merry Hill and the provisions of the Planning Scheme were being tested to the limit. In February 1985, the council applied to the government for the return of development control powers within the EZ. This request was declined, but amendments to the existing Planning Scheme permitted. In February 1986, Richardsons submitted an application for a 120,000 square metre retail and leisure development. The magnitude of the proposals necessitated an extraordinary meeting of the full council, which voted (by a majority of one) to grant planning permission, subject to the application not being 'called in' by the government. In the local election of May 1st, Labour took control of DMBC and sought to halt the Merry Hill development. However, on the same day, the DMBC Chief Executive, on receipt of a letter from the Secretary of State confirming his decision to uphold DMBC's decision, sanctioned the council's letter of approval for the Merry Hill development to the Richardsons.

By the early 1990s, sources within DMBC were equivocal about the outcomes of the EZ. The Merry Hill Centre was, without doubt, very popular with residents and visitors. There also remains a strong argument to suggest the Blackbrook Valley would have remained underdeveloped and the EZ had provided beneficial employment opportunities, particularly for women and part-time workers.

The controversy surrounding the Merry Hill Centre has tended to obscure the real nature of development within the Zone. Indeed, in December 1990, retailing represented only 16.8% of total floor space within the EZ, compared to 38.8% for manufacturing, 42.6% for warehouse type uses and a mere 0.9% for the other EZ 'flagship' project, the Waterfront office development (DoE, 1993). The major significance of the Merry Hill development has been its adverse effect on existing shopping centres – a problem that was not anticipated at the time of EZ designation – and, thus, its confirmation of the 'experimental' nature of the EZ initiative. One local official described the outcomes of the Dudley EZ in the following terms:

'You have to say that it was developed in a way that was not in line with the policy of members ... it was not wished by them ... but it was developed ... it

was the difference between something and nothing ... We were caught out on the basis of it being a new concept without any clear idea of what the future should be' (1993 interview).

By the late 1990s, a process of 'post hoc rationalisation' of the EZ outcomes had begun. This cast results in an altogether more positive light:

'Today, Merry Hill and the adjoining Waterfront development is the most vibrant, dynamic and powerful economic force within Dudley Borough and arguably the Black Country. From the first tentative and subsidised investments in the EZ, by local entrepreneurs, confidence and aspirations for the area have grown beyond all expectations' (DMBC, 1998).

DMBC (1998) argues that, in all but the formalities of planning terminology, the EZ had given rise to a new 'town centre' centred on Merry Hill and the Waterfront (ibid.). An 'area development framework' for Brierley Hill, prepared in 1998 by David Lock and Associates, put forward three future development scenarios: to reverse the process of change; to halt the process of change, to accept what had been achieved, but prevent further evolution; and, to nurture the emerging 'town centre' (ibid.). In the past five years, DMBC has strongly supported the third option. DMBC's First Deposit Unitary Development Plan (2000) sought to consolidate the role of the new 'town centre' through *acknowledging 'the role of Merry Hill as the primary retail centre in the Borough, and as a principal economic force for wider investment within the area', 'building upon the momentum created by the high quality development achieved with the Waterfront around the canal basin', and maintaining and enhancing 'other essential town centre functions'* (DMBC, 2000). However, these aims have been stymied by DMBC's inability to have the area formally recognised as a town centre. For example, the Planning Inspectorate required all references to 'Brierley Hill Town Centre' to be removed from the First Deposit UDP (2000). Likewise, the Regional Planning Guidance for the West Midlands, RPG11, (GOWM, 2004) excludes Brierley Hill from its list of 25 'strategic' town and city centres' (but includes Dudley). It argues that Merry Hill has the potential to assist in the regeneration of the sub-region but *that 'it is necessary to balance delivery of this regeneration role with the regeneration needs of other strategic and vulnerable centres'* (ibid.).

Dearne Valley Enterprise Zone

The Dearne Valley, South Yorkshire, is centred on the towns of Goldthorpe, Wath upon Dearne and Mexborough. The area has a population of approximately 76,000 (Census 2001) and is located 20 kilometres north east of Sheffield. The area is divided administratively between the districts of Barnsley, Doncaster and Rotherham.

The area became a pre-eminent mining centre during the mid 19th century when new rail and canal infrastructure enabled local coal to be distributed to

factories throughout Britain. As recently as the early 1980s, mining provided 60% of total employment and 85% of male employment locally (BMBC, 1984). The post-war, corporatist consensus, epitomised by the coalfields, was anathema to the Thatcher government. Which pursued a regional policy involving the state-assisted deconstruction and 'flexible' reconfiguration of manufacturing and coalfield regions (Sadler, 1992). In early 1984, the state-owned National Coal Board (NCB) duly proposed to close Cortonwood Colliery (now part of the EZ) as the first phase of a broader rationalisation of the UK mining industry. This action precipitated a yearlong national miners' strike. The magnitude of employment decline in the coalfields, following the failure of the strike, has been extraordinary. In 1984, the NCB employed some 210,000 miners at 191 collieries (including 11,000 miners in the Dearne Valley). By 1992, the renamed and privatised British Coal employed 53,000 miners at 51 deep pits. By 2005, UK Coal employed 4,200 miners at 7 collieries (none in the Dearne Valley).

By the early 1990s, the three councils faced the triple problem of: rising unemployment; the physical legacy of; and, the inappropriate skills of the local workforce for the new post-coal economy. The challenge was well summarised by a (Barnsley) local authority official:

' It's seen that we need instant solutions really ... The scale of the pit closures has been so great that we've got to replace jobs very quickly ... in the desperate situation we found ourselves in after the strike, political objections went out of the window, as long as we could attract reasonable quality employment, we were happy' (1993 interview).

In 1989, the three councils commissioned Coopers and Lybrand Deloitte and Sheffield City Polytechnic to undertake an economic study of the Dearne Valley to inform a 10-year regeneration plan designed to reduce unemployment to the regional level. The plan proposed a comprehensive restructuring of the supply side of the local economy although the magnitude of the challenge was formidable: land was derelict and / or contaminated and, thus, not immediately available for development; the area's location was poor and transport links were inadequate; and, local labour was inappropriately skilled and parochial in its job search perspective (Owen, 1992).

The Dearne Valley Partnership was launched in April 1991. It was immediately successful in leveraging large scale redevelopment monies into the area: a £36 million government aid package, including the largest ever City Grant to enable the reclamation of the former Cortonwood Colliery plus funding for a strategically important M1 – A1 link road; and, a City Challenge programme focused on the reclamation of the Wath – Manvers site (the largest derelict site in Europe).

In November 1995, six sites in the Dearne Valley were designated as EZs: three in Barnsley (Highgate Fields End, Goldthorpe, and Waterside and Valley

Business Parks); two in Rotherham (Manvers East and Cortonwood Park); and, one in Doncaster (Denaby Lane Business Park).

Les Mureaux

Les Mureaux is a small town to the north west of the Paris conurbation. It has a population of approximately 30,000. The ZFU represents about 15% of the surface area of the commune, and about 30% of its population live within the ZFU boundary. Its location exercises a decisive influence on local economic development, as, like similar towns (e.g. Mantes la Jolie, Chanteloupe les Vignes), it depends on the prosperity of the broader Paris conurbation. In spite of this, each commune pursues its own planning and economic development strategy, often in isolation. There is a paucity of co-operation in planning across the conurbation.

Les Mureaux is a former industrial centre located in the Seine Valley (Paris to Le Havre) whose former prosperity was based on the motor industry. There is, currently, an 'urban crisis, in the sub-region (Subra, 2005, p.211), which suffers from high worklessness and strong negative stigmatisation. In the 1960s and 1970s, the sub-region was a centre of international migration for workers attracted by employment in the automotive sector. Today, however, industrial restructuring has produced high levels of unemployment, about 14% on average, rising to 30% or more within the ZFU itself, according to a local official.

The ZFU is one element of a broader package of regeneration measures implemented locally. The commune has, for example, entered into a Contrat de ville agreement with central government and other stakeholders to address economic, social and physical problems. Likewise, a number of thematic initiatives are in operation, focusing on educational attainment and physical restructuring (Grand projet de ville). Les Mureaux has also benefited from support from the European Union URBAN programme since 1989, the most recent programme focusing on employability and providing managed workspace for small businesses. The ZFU, thus, represents the economic dimension of this set of programmes.

Typically, ZFUs are considered generic economic development programmes. In Les Mureaux, the primary objective is to assist a declining social housing estate. However, it is hoped that the ZFU will also benefit the commune as a whole.

Each ZFU boundary is the product of negotiations between local stakeholders and offices of the Ministry of Urban Affairs, the objective of which is to produce the largest possible free tax zone and a site that can be marketed successfully to potential investors.

The historical centre of Les Mureaux is located adjacent to the Seine. The post war housing development is to the south. The ZFU is oriented from the

motorway (north) to the railway (south). The ZFU incorporates the five main neighbourhoods of the estate. It also includes two zones of economic activity, the first in the north adjacent to the railway station, the second in the south adjacent to the railway station. The railway links Les Mureaux to Paris St Lazare, located in proximity to major economic and political sites in Paris, such as the Champs Elysées - La Défense axis. The nearest access point for the A13 (Paris to Normandy motorway) is only 300 metres to the south of the ZFU. The northern and southern fringes of the zone are vacant land, designated to receive future investment. Thus, in spite of the economic and social difficulties experienced locally, the area has significant locational advantages.

The commune has sought to exploit this geographical situation, since 1994, prior to the ZFU.

To comply with the national objectives of the ZFU programme, local planning initiatives have been targeted at supporting small businesses.

In general terms, new economic activities have been sited at both the northern and southern fringes of the ZFU. Specifically, new blocks have been developed to assist the newest, smallest businesses. These facilities 'hotels d'entreprises' (i.e. managed workspace) permit new firms to access, easily, permanent or temporary accommodation. Three such facilities exist in Les Mureaux. The first was built in 1994, prior to the ZFU, by a partnership of local authorities (commune, département, region). The second in 1999 and was part financed (27%) by the European Union. The third is different and occupies the lowest four floors of a tower block, which have been converted to accommodate economic activities. This was part financed (45%) by the URBAN programme. The three blocks provide 4000 square metres of floorspace, which can accommodate 14 small workspaces and 50 individual offices.

In 1999, the local authorities created the Espace pour l'économie et l'emploi. According to local officials, this project derives partly from the British 'Job Centre' model. The centre has two main objectives: first, to improve employability through training, tackling illiteracy, and work-search counselling; and, second, to act as a labour exchange, matching demand and supply through linking the unemployed and employers.

Partnership and contract-based actions involve initiatives to improve the urban environment (e.g. landscaping, open space management). However, the most important initiative in this field is the refurbishment of the local shopping centre. The previous centre was in decline, prompted by insecurity and a lack of investment on the part of the owners. The facility was entirely transformed, as was the related infrastructure. In 2004, a new centre comprising 18 shops, employing 91 people, was opened.

In general terms the ZFU may be considered a success. However, it improvements has encountered geographical hurdles.

The ZFU has, undoubtedly improved the local economic situation. The stock of local companies had more than doubled in the lifetime of the ZFU. In 1997, there were 152 firms operating locally, compared to 326 in 2001. At the end of 2001, some 800 new jobs had been created, of which 300 benefited residents of the local ZUSs. Thus, the proportion of local GDP represented by the ZFU has risen from 28 to 37%. Likewise, the physical environment has improved and local land use diversified.

Nevertheless, unemployment locally remains high, albeit decreasing. In terms of the geographical distribution of success, it is possible to suggest that the northern part of the ZFU has proved more attractive, not least because of problems of insecurity in the south. Three privately financed managed workshops for small firms have been built in the northern sector.

Valence

In spite of the active interest and rhetoric of the commune, the case of Valence is more typical of stakeholder involvement in ZFUs in France. Valence is a medium sized conurbation of 120,000 inhabitants, of which about half live in the commune of Valence. The town is located in the Rhone Valley between Lyon and Marseille, about 100 kilometres south of the former. This region is one of the most economically attractive in France due to its extensive transport links (motorway, TGV, etc.). Industrial development began in the 19th century and continued into the 20th with the development of the petrochemical and pharmaceutical industries that still exist. However, Valence has remained, predominantly, a middle class town with a service sector employment base.

The Rhone Valley is narrow but heavily developed and urbanised. The commune of Valence is small and there is little scope for economic expansion, given the location of an industrial zone (chemical manufacturing) to the immediate north and major rail lines to the immediate south. There now exists a new motorway to the north east, joining Grenoble to the Rhone Valley.

Thus, during the post war period, the very large social housing estates of Le Plan and Fontbarlettes were developed outside the modern city, close to the last surviving agricultural land locally. However, thanks to the new Grenoble motorway (A49), adjacent vacant land, and their proximity to the city's principal ring road, these neighbourhoods have become central to development planning in Valence. There is a dual pattern of tertiarisation in the town centre and a more 'classical' pattern of development in the east.

Social polarisation is a more important consideration in Valence than Les Mureaux. This is, perhaps, a reflection of the historical development of the

city, which has been less influenced by being part of a major conurbation. The large social housing estates are considered an error of past planning policies by many local residents. Valence's characteristic as a medium size town that has developed autonomously, perhaps, gives rise to different perceptions of social division.

The commune of Valence has, since 1995, been controlled by a right-of-centre political group, with a liberal orientation. The political orientation of the Mairie reflects local social composition. Thus, the economic office of the commune is politically important. Two major themes have emerged; first, actions to attract new firms; and, second, policies to encourage new firm formation.

As elsewhere, the boundary of the ZFU is the product of negotiation. The north east shopping centre is outside the zone, but the commune was able to include municipally owned land to facilitate rapid progress.

The municipal actions have three elements. First, the ZFU has made more attractive an economic zone (Briffaud Est) planned before the ZFU. Second, two large publicly owned sites within and adjacent to the large estate (Mozart and Martins) were included within the ZFU. Today, Mozart has been developed as an industrial area and Martins is more a mixed development, with manufacturing (micro-engineering) and service sector uses. Third, two 'hotels d'entreprises' have been developed in the heart of the social housing estate. Local social housing landlords decided to convert tower blocks. There are located in the main area of local and conurbation-wide amenities, including a school of fine arts and local training centre. These blocks were developed as a partnership between the landlord, commune and local chamber of commerce.

As elsewhere, training initiatives and support for unemployed are in evidence. However, the situation is different from Les Mureaux. The central objective is to provide appropriately skilled labour for local employers. This does not mean that social issues are important, merely, that matching supply and demand in the local labour market is considered the primary objective. In this respect, the Martins area has been based on packaging activities, a traditional economic sector locally. The aim is to provide unskilled jobs for local people.

The second economic priority is to encourage new firm formation. Since the establishment of the ZFU, some 390 new firms have been created.

The last ZFU 'balance sheet' (end 2003), according to one local official, represents significant positive progress. Between January 1997 and December 2003, the stock of businesses locally increased from 79 to 572. This figure comprises firms that predated the ZFU programme, firms that have relocated into the ZFU since designation and genuinely new firms. The latter represent 70% of the total stock of firms locally.

The effect on local employment has been positive. Currently, about 3,100 people work within the ZFU, compared to only 600 at designation. Of these, some 500 live locally. Approximately, one third of these have become self-employed as a result of the ZFU provisions. The majority of jobs are long term, above the average rate for the town as a whole. The new jobs are not precarious.

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