

World Bank
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Some orientations

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I will present some aspects of past french housing policies which might be useful for planners in developping countries to-day :

1) Haussmann's transformation of Paris (1852-1869-1905)

1.1 - the framework :

- Paris population doubled in 30 years (between 1800 and 1830) and then reached 2.7 millions at the end of XIXth century. Very bad epidemics : cholera : 1832, 1834, ...

- The need to adapt the city to a new era was felt as soon as 1793, when a Commission of Artists of the National Convention prepared plans for a better city. These plans were mainly followed by Haussmann between 1852 and 1869. His projects were completed only in 1905.

1.2 - implementing the projects :

- Up to 1852, a special law was necessary to expropriate any piece of land, a very slow and cumbersome process. The Second Empire decided that an imperial decree would be sufficient.

1.2 - financing the projects :

- Evaluating the cost :

Paris Budget :

- 1820-1850: in equilibrium ; around 50 million francs (300 million \$)
- 1849 : 49 millions F
- 1859 : 59 millions
- 1868 : 150 millions (940 million \$)

Haussmann's works : - some 25 million F/year (160 m \$) then increasing

- total (1852-1890) :

* in gold : 2.5 billion F (16 billion \$)

* 1 year budget : **260 billion € = 350 billion \$**

- Who paid ?

State : paid 50 million F ; perceived 250 millions : won 200 m !

Paris taxpayers : tax per head : 1851 : 48 F ; 1868 : 83 F

Loans : City's debt :

1871 : Paris' debt : 636 million F (war costs included)

1898 :

* Paris : 236 F/person ;

* New-York : 123 F ; London : 74 F ; Tokyo : 5 F

- Recovering public investments :

Haussmann knew the main question in any huge urban project : investments come from public sources but profits go to private landlords. How to recover these profits ? He used a simple but effective device : he sold back on the market, at a much higher price, the piece of land which he had expropriated but not used. In this way, projects paid for themselves by increasing the value of land, which was thus partly recovered. But in 1856, the Conseil d'Etat, in order to protect private property, ordered the unused land to be given back to its landlords : they profited now from public investments.

Haussmann, then, had to float a huge quantity of bonds. The city of Paris was in debts until 1938. Fortunately, if I may say so, the Great War destroyed the national currency : after inflation, the city paid back only a very small fraction of its debts. Rentiers covered actually the cost and many were ruined.

1.3 - Comparison with developing countries (DC) :

- some common points :

- housing building and city transformation badly needed
- large rural exodus of un-skilled farmers providing abundant and cheap manpower
- authoritarian regimes able to expropriate easily

- some differences :

1) - Haussmann sold to private landlords (which implies a certain amount of private capital available for long-time investment) : his buildings had to be attractive and profitable. The currency was stable (gold-franc) : creditors were confident.

- DC : investments are likely to come from the State or from international sources ; there is a danger of political and prestige operations. Inflation will be a huge problem.

2) - In Haussmann's time, brute, unskilled manpower satisfied the building industry which offered many low-paid jobs ;

- to-day, even in DC, the availability of powerful machines requires a small manpower with skills.

3) - Haussmann did not build for poor households but for the bourgeoisie, hoping industrial workers would occupy the flats left by the bourgeois ; it did not work this way because salaries were still too low ; workers were pushed away outside the city, into the suburbs.

4) His was an effort to maintain wealthy population within the city (opposite to the american scheme) ; as a result, suburbs became poor working areas, poorly connected to the center and still very much estranged to-day.

2)- Basic conflict between a central State and its huge capital city : the art of dividing and conquer ; the Paris example (Dupont-White)

3)- Different anthropological value of land for the farmer and the urban dweller ; examples from France (Alsace-Lorraine) and south-american latifundias (Llanos de Venezuela)