Enough of roundabouts!

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The municipal elections are being considered from a mainly political viewpoint. They should be primarily considered from an economic stance. We have asked the government to make an effort, which it is not doing sufficiently, we have asked Social Security to make an effort, but its efforts are not enough. We should demand that local authorities, which are in charge of an increasing share of public spending, make a strong contribution to recovering France’s competitiveness. This is far from being the case. The number of municipalities in France remains abnormally high at 36,769, i.e. 40% of all municipalities in the European Union! This hinders spending cuts through economies of scale. As recently announced by the iFRAP think tank, many European countries have successfully reduced the number of their municipalities. In thirty years, Germany has gone from more than 30,000 to only 12,196 today. Sweden has dropped from 2,532 to 290 municipalities in the space of a few decades. In twenty years, Belgium has decreased its total from 2,739 to 589. There are only 431 municipalities in the Netherlands, where the law stipulates a minimum of 25,000 inhabitants. What exactly are we waiting for?

In recent years, the number of employees in local government has increased sharply without any valid justification. According to the French National Institute for Statistics and Economic Studies, INSEE, between 1996 and 2007 local governments created 440,000 public-sector jobs, including at least 50,000 to deal with the powers handed over by the national government. And local authorities are not always known for their focus on productivity. The abolition of the withholding of the first day of public-sector employee sick pay (effective since 1 January 2014) is a very worrying sign. A study by Sofaxis has demonstrated, however, that the application of this measure resulted in instances of sick leave decreasing by 43.2% in local authorities between 2011 and 2012.

The role of local authorities is too broad. The so-called general competence clause has led to disorganisation and additional spending. On every level, local authorities want to be involved in public policy! This general competence clause had been removed for regions and départements in December 2010, with effect from 1 January 2015. It has now been reinstated through the so-called “modernisation of local public action” law dated 27 January 2014. The mind boggles!

The use of the private sector should be promoted: local authorities should entrust to private companies everything that the latter can do more efficiently. Often, the opposite occurs, with local governments taking an increasing number of tasks under their control, hastily justified by the fact that this prevents consumers from contributing to the “profit margins” of private companies. With the local public company law which was passed unanimously by Parliament in 2010, elected representatives can now even create structures that are partly under local government control but governed by private law, thus allowing them to bypass public accounting rules and competitive tendering obligations, and giving them a win-win situation. Local authorities should only do what they are capable of doing efficiently!
The cuts requested of local authorities remain insufficient. The reduction of the general operating grant paid out by the State, presented as an austerity measure, was actually largely offset by the transfer of other public resources or by local tax increases. The most recent example is the transfer duty increase from 3.8 to 4.5% in two thirds of French départements. As a result, local authority spending continues to grow dynamically.

Of course, there are many responsible administrators among our country’s elected representatives. However, the blatant lack of financial transparency prevents citizens from identifying them and voting accordingly. The overall financial architecture is highly complex, with State funding on top of local resources, making it difficult to understand the accounts. The presentation of accounts should be standardised and a one-page summary should be sent each year to voters so that municipalities may be compared with ease. This would also enable citizens to separate the superfluous operating expenses, which explain most of the increases noted in recent years, from actual investment efforts. Local investments would still have to be refocused on real priorities. According to The Economist, there are 60,000 roundabouts in the world, and half of them are in France. With a cost that can fluctuate between €100,000 and €1,000,000, particularly due to the sculptures (sometimes of dubious taste) that decorate them, the total bill is expensive and represents billions. We are at a crossroads in terms of reforms. Rather than going round in circles, let’s put public spending back on the right track!