ECONOMIC GROWTH POLE OR MIRAGE, THE CASE OF EURODISNEY.

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ABSTRACT The region that includes the eastern suburbs of Paris has always lagged economically. Major industries located on the Western and Southern side of Paris, while their pollutants blew East. The French government's planned office center was built on the western fringes of Paris (La Defense). When the Disney company was looking for a European location for a new park, the local political elite recognized it as a potential economic locomotive to enhance its New Towns development policy and was driven into a hard bargain, (it made a number of financial and fiscal concessions but the company also had many assigned duties). In spite of snagfree communications and favorable working conditions, Eurodisney courted financial disaster in March 1994. Will Eurodisney spark the economic revival of this region, especially if Europe does not come out of recession soon? Could this leave the area with a white elephant or a derelict landscape?

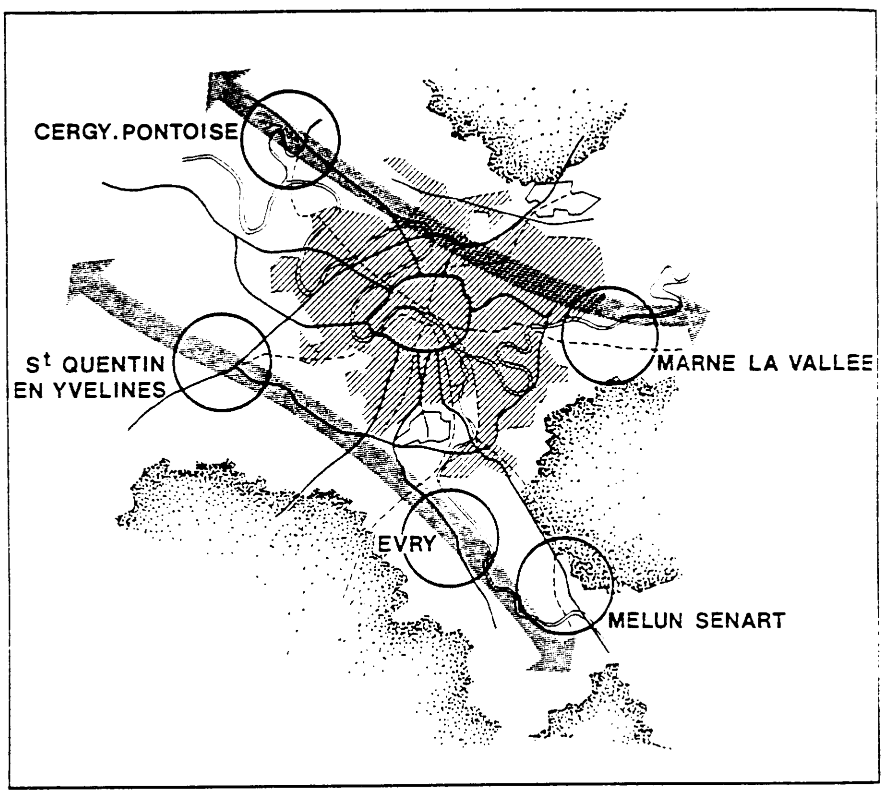
The arrival of Eurodisney in the Francilian landscape ignited a vituperative press campaign by French intellectuals who stood adamantly opposed to American cultural imperialism. Was this American commercial project going to jeopardize or imperil French culture? Eurodisney was established in Marne-La-Vallee to act as an economic growth pole, complementing the state's policy of urban development of the Eastern Suburbs of Paris. Theme parks should not be condemned for exploiting faked reality because it is not their vocation to represent reality. "What is more, intellectuals seem to be demanding that Disney follow ethical guidelines not required of other large companies such as Renault. Does selling a cultural product (from whichever category of culture) require unusual deontological obligations" (Rencontres EPA, p 93)?

Contrarily to popular opinion which accused it of caving in to the bullyish tactics of Disney, the French government had already resisted approaches by the company in 1976. French negotiators needed proof that this product could be exported. Tokyo Disneyland could not serve as a model in European negotiations and development, because the Disney company was not a direct participant. It sold the exploitation rights to a Japanese company (Oriental Land Co) who financed, owns and runs the park. It did, however, serve the purpose of proving that the Magic Kingdom could be successfully transplanted onto foreign soil. "We were finally able to convince the French negotiators that we really meant business". The Company had definitely opted for the French site in 1985, in spite of its unfavorable weather conditions, following studies conducted since the 1970's in several European countries on the feasability of a number of sites. Disney was looking for a site that was easily accessible to a large number of potential customers year round. When the company returned to court French authorities in the early 1980's, it had realized that its projects needed a minimum critical mass to allow them to function as resorts. They were thus looking for a site whose size would allow them to plan the final project right from the beginning, a site that would garantee the land area needed not only for its theme parks (a total of three are planned into 2017) but also for the hotels, restaurants, residences, offices that would be built because of the demands generated.

ECONOMIC GROWTH POLE OR MIRAGE

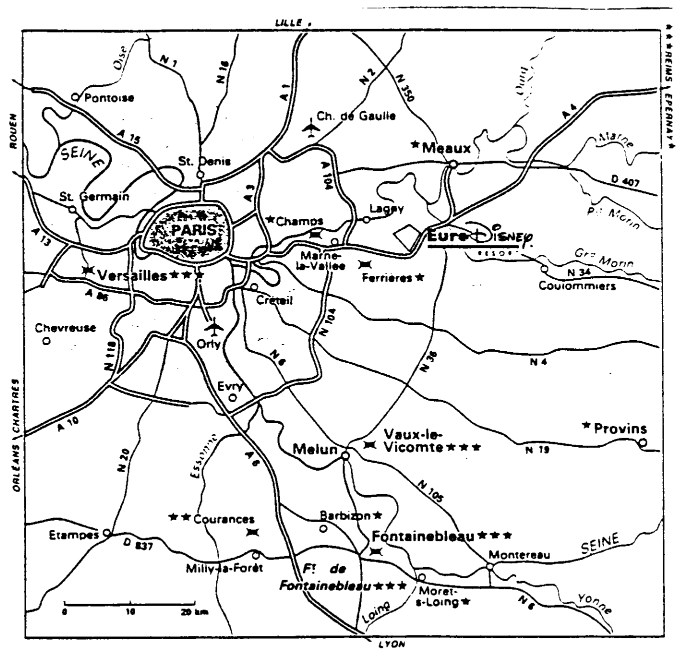
Why Europe? EuroDisney has mentionned two major reasons. It can draw on 350 million customers (one and a half times the size of the population of the United States) over an area half the size of the United States. Long holidays occur over the summer months whereas shorter trips (their targeted travel niche) are taken year round. Unfortunately, this kind of traveling has not grown as fast as predicted in Europe. Eurodisney also relied on the fact that its products-division received 50% of its worldwide revenues from Europe. Fifty five million copies of The Journal of Mickey are published yearly in Europe, including now a Russian version, but only 13 million in the United States. At least 250 European societies have signed licensing contracts with the Disney Co.. Walt Disney Animation, one of the largest european studios for the production of cartoons had been implanted in France earlier. European consumption habits already included Mickey mouse paraphernelia. Some researchers feel that a good deal of motivation in the search for foreign sites came from the saturation of the American leisure market. France was virgin territory for attraction parks in the early 1980's (Rencontres EPA, 1992) and many areas were desperate to stem unemployment.

Why close to Paris? It is one of three major population concentration poles in Western Europe, the other two being London and the Rhine Valley, and it is the most accessible to these other two. The Paris Basin is at the juncture of North and South Europe: it is an unavoidable thoroughfare. Paris is also one of the most attractive cities with 25 million visitors throughout the year. Those who will come to Eurodisney, the company reasoned, will remain in the Eurodisney hotels 2 or 3 nights to visit Paris too. The Paris area was also the best equipped to handle such a large real estate project thanks to the state's "New Towns Policy" initiated 30 years ago: large virgin plots of land were ready for rapid urbanization (see Map 1). This readiness includes not just the transport and other physical



infrastucture, but also the judicial and administrative mechanisms for integrated project developments conducted by both the state and private companies. New Towns were created by the French Government in 1964 to garanteee a more harmonious economic development of the Ile de France by emphasizing the Eastern side until then neglected. These new towns were to offer a dynamic urban life within an architecturally stimulating environment. French intellectuals have always underlined the importance of the qualitative aspects of urbanism. Modern urban developments, to them, were too often a conglomeration of functions in architecturally similar and boring structures. The new towns were also to be a remedy to the earlier uniformity of suburban high rising housing projects constructed to house the lower French classes, and little else. The government chose suburban locations for the New Towns (see Map 1 above for the Paris area) because they were to counteract the main characteristics of all suburbs: their distance from town centers which turns suburban dwellers into second-class citizens. More than a million people now live and work in these towns.

The exact location as well as the layout of these new towns was to respect the physical characteristics of the area and to take advantage of its environmental amenities. In Marne La Vallee, Disney found 4000 hectares of preserved forests, 30 kilometers of manicured river banks, 15 urban parcs, as well as a young and skilled labor force, for whom Eurodisney could step in as a residential developer. This new town celebrated its millioneth square meter of office space in 1990. By 1992 it contained 200,000 jobs and specialized higher education schools. Eurodisney came on board when the third section (Bussy-St Georges: 7000 housing units, 600,000 square meters of offices and a 90 hectare technological industial park) was just started. Eurodisney's size made it an ideal addition to the new town. Until Eurodisney's arrival, Marne La Vallee was only one third the size of La Defense, its competition on the Western side of Paris. It was not just an amusement park, but a large urban developemnt, supported by major improvements in the transport network financed by the French government. Transportation had been a key to New Town development from its inception. The existing transport network was capable of draining towards Eurodisney all those millions of anticipated visitors. All main communication routes in Europe or within France converge towards this area (see Map 2).



It is linked to Paris via the A line of the RER in 30 minutes thanks to an extension of the line and a station built at the gates of the Magic Kingdom. Two freeways (A4 towards Metz, Strasbourg and Germany and the Francillian Connector between all major routes) cross the area. Two complete exits were created off A4 to serve Eurodisney. Two international airports are within a half hour drive, by bus or private car. The French rail company has built a line connecting 4 major TGV lines, at a total cost of 5.5Bff, with a station right inside Disney's domain capable of processing 6 million passengers a year. The station's cost of 700Mff is split between Eurodisney and the French government. London is now only two hours away, Brussels just an hour and a quarter.

In the French government's view, for the French new towns to really develop, ie. to grow beyond the need for constant state subsidies and to successfully change into old towns, attracting private investment was as important as constructing subsidized housing. Eurodisney's implantation crowned a development strategy conceived many years before. The long term objective was to make this area one of the main economic pivots of Europe, as revealed by its name "Val d'Europe". This objective was based on improvements in transport systems that would restore freedom of choice to town dwellers and provide access to the labor force and distribution networks for businesses. Even if Eurodisney were to fail (close its doors), these transport improvements would remain as the basis for attracting other private investors to an area that has always been designated for urban growth. The TGV routing through Eurodisney had already been considered in the original master plan.

Eurodisney is located in the fourth sector, furthest East within Marne La Vallee, in a rural area reknown for its large wheat farms. Continuous urbanization from the other three sectors had been planned for this area, for some indefinite time in the future. Eurodisney only accelerated the process. There are two main themes to the development of Marne La Vallee as a new town. One is an office complex ten kilometers from Paris, with direct links to the capital. The other is the complex of Val d'Europe centered around Eurodisney one of its featured attractions, with a large number of offices serving as headquarters for Disney in Europe (100,000 m2) that should attract other office functions to occupy another 200.000 m2. The French state did require that this development occur within guidelines set up in a "Projet d'Interet General" that seeks to garantee a coherent approach that would, for example, enable the villages in the area to maintain their present specific characteristics. This evolution will transform the living conditions of the residents of the old villages of the area who thought they could maintain a rural lifestyle only thirty minutes away from Paris and who are going to be invaded by millions of tourists. Agriculturists and ecologists have joined forces to fight for the preservation of agricultural areas within the new town to counterbalance this mounting urbanization. The area has been divided into 8 sub-sections each with its specific program of urbanization. An association of owners and cultivators of sector IV of Marne La Vallee represents their rights in negotiations with the French government over the pre-emption of their lands "in the name of the public welfare". Their land was bought at the prevailing market price, which was low because it was agricultural land. They were also prevented from benefitting from speculative increases in land values. That is the purpose of the new towns who purchase land tracts 25 years before any development appears, and thus without garantee that it will occur. These owners received monetary compensation for the inconvenience of having to move. Complaints about this agreement have been extremely rare.

Although the French government seems to have given in to Eurodisney's demands, for example by agreeing to an international rather than a French court to settle disagreements, a detailed contract attributes obligations to both sides. The French government spent several billion French francs to provide first rate transportation links, which have meant added jobs for the area (4500 for the rail line, 1300 for the RER). Eurodisney must garantee a minimum number of rides for the RATP on the extended RER A line or pay for the difference. A detailed program of development of the land offered Disney schedules each step. If Disnev defaults it gives up its right to the land acquired and to future developments Disney can acquire only that amount of land stipulated in each step and must develop it according to the plan. It was not given all 1945 acres to speculate with at will. Eurodisney spent only 500Mff to acquire the land necessary for its first theme park (covering the costs of the infrastructure provided with the land) but it invested 10Bff. Other major projects exist in the area, encouraged in part by Eurodisney's existence.Disney company appreciated dealing with one main negotiating team, the EPA (Etablissement Public d'Amenagement), whose existence was permitted by the new town judicial structure. This is a public development corporation which fulfills both commercial and industrial functions. It is established by government decree and has powers of pre-emptive and compulsory purchase, as well as legal and financial autonomy. It can thus function as developer in the new town, while it also represents the government. Communication remains remarkably static free between this private company and French authorities, thanks to the single government voice and thanks to the detailed blueprint that indicates who does what, when, and how (Convention, 1989). The company also underlines the importance of continuity on the French side, adhered to through the years, since the first negotiations in 1985, by the French government in spite of political changes at the helm.

The Departement of Seine et Marne wants to increase the potential attraction of the southern part of the department, ie. the region that includes Fontainebleau, from Melun to Chateau-Landon and from Barbizon to Montereau. Its cultural and natural landscapes are rather exceptional since they include a number of famous castles (Fontainebleau and its museum, Vaux le Vicomte, Moret sur Long) and beautiful natural forests. It is also an area frequented by locals (9 millions per year) and by many foreign visitors. Eurodisney is a wonderful opportunity to increase the level of visits by outsiders to the area which has suffered until now from its location in the shadow of Paris (25 million to the capital, less than 1 million to this area). The convention that Eurodisney signed includes the necessity for it to advertize other tourist sites in the area beside its own (Michelin guide). Tourist operators who do not have exclusive contracts with Eurodisney are also sollicited to include these other stops in their packages. The departement is also trying to increase partnership agreements with a variety of service providers. Europcar, for example, the official car rental agency of Eurodisney will put inside each vehicle a tourist map of the whole departement, as well as discount coupons for castles and restaurants in the area.

Such a large attraction park is both a chance and a challenge. "The chance we grabbed, and together with our American partners we have worked to make the park a success so the 11 million visitors will bring wealth to this whole eastern region. The challenge we are facing is to become a strong pole of attraction culturally and economically. Marne la Vallee is blessed with an extraordinary opportunity to sell its millions of square meters of office space, its ideal of an urban area, its strategic position. New towns often encountered skepticism from potential private investors. Marne la Valle is a creation in progress and it needs to become credible in the eyes of private investors. Although a negative image was created by the press during the construction phase, based on its americanness, its business of selling false reality for pleasure, and its bullyish tactics, the more positive one of leisure and festivities and of successful business knowhow has since been emphasized. Eurodisney is more than the magic kingdom because of the hotels, leisure equipments, offices and residences it plans to construct. It has developed an image as a solid business enterprise, the kind Marne La Vallee wants to attract. Knowhow can be applied to both Eurodisney and Marne La Vallee, so that Mickey's notoriety in Europe can increase that of Marne La Vallee, its present location. There does exist the danger that it become "Disney Vallee". Two strategies need to be adopted to counteract such a danger. At the national level the state must put in place structures that define the identity of Marne La Vallee so it does not drift into that of the company's trade mark. At the local level, endogenous and original solutions must be found so that each and every inhabitant can identify culturally with the specific part of the Brie plateau he or she lives in.

Within Eurodisney's perimeter, the ratio between public and private investment is 1 to 8, similar to the one found in most new towns. Construction employed 5100 local workers and 180 companies, for a cost of 13Bff, 47% of which went to Ile de France companies, 76% in the case of residential developments. In 1993, Eurodisney paid 81Mff in local taxes and expected to pay 250M in sales taxes. On opening day it employed 11500 people, two thirds of which were French, one fifth of other european origin (they are down to 9700, representing a savings of 7% in operating costs for Eurodisney). They were paid 2Bff in salaries and benefits, a substantial addition to the new town. They generated another 25000 jobs in the area. The fifty tons of laundry generated daily by Eurodisney, for example, led to the construction of two plants in the area. A little over 40% of these employees live in the Seine and Marne Departement and thus consume within the area. There are another 5000 seasonal jobs, 10% of which should be filled by local residents. In the fiscal year 1991-92, the company spent 2,7Bff in goods and services (insurance, laundry, electricity ...): for example, 93% of food products are bought in France, 65% in Ile de France. The company also had to construct 1800 housing units occupied by 3500 of its employees. Every hotel night sold by Eurodisney engenders the sale of at least one other hotel night in the area. This resort has imposed new norms in the forms of greeting, the quality of services, the attention given to detail which will certainly help to raise the level of prestations offered the tourist public in France.

"The success of the office centers of Marne la Vallee, of the Cite Descartes (an area of higher learning) and the presence of Eurodisney, demonstrate that betting on Marne la Vallee to assure the economic development of the Eastern part of the Paris Basin, was the way to go, even if success was long in coming" (Merlin, 1989, p.77). Both sides have benefitted from this partnership. Eurodisney has maintained the momentum of development in Marne La Vallee. New large projects are being constructed (a soccer stadium as a future World Cup venue in Melun-Senart). Jobs and their multiplier effect, taxes, new transport lines are all increasing. Eurodisney obtained a site it can grow in, with the necessary communication links to one of the most densely (in numbers and in purchasing power) settled areas in the world. The contract binding the two parties distributes obligations to limit the ability of private companies to speculate on investments made by public bodies financed by the general public, while it garanteed the timely completion of these investments. Optimism was justified when Eurodisney opened as scheduled on April 12 1992.

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