The Post-Socialist City

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The Post-Socialist City

Urban Form and Space Transformations in Central and Eastern Europe after Socialism

Edited by

KIRIL STANILOV
University of Cincinnati, Ohio, U.S.A.

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To my daughter, Maria, born in 1989 in Bulgaria.

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PART 6. PLANNING THE POST-SOCIALIST CITY

INTRODUCTION

1 Taking stock of post-socialist urban development: A recapitulation

Kiril Stanilov
School of Planning, University of Cincinnati, Cincinnati, Ohio

Fifteen years after the sudden collapse of the socialist system, half of the Central and Eastern European (CEE) countries that bravely toppled their communist regimes announced the successful completion of their transition to market-oriented democratic societies. This historical moment was officially sealed by the signatures of the heads of these states on the Accession Treaty of 2003, which granted these countries full membership to the European Union. Two more countries of the former Eastern Block joined the Union in 2007, and another two are on the candidates list. This recapitulation underscores two obvious but important points. First, the majority of the former socialist countries have made significant advances in implementing profound political and economic reforms. Second, these efforts have proceeded at differential rates in the CEE region, producing mixed results.

Both of these conclusions render the last fifteen years in the social evolution of Central and Eastern Europe as a perfect laboratory for exploring the fundamental relationships between market, politics, and history (Thornley, 1993). Social scientists have dutifully grasped this unique opportunity, producing an avalanche of publications exploring the various stages and angles of the transition period. After all, warps of such magnitude rarely happen in history, this one affecting the lives of close to a third of the world's population (China included). Naturally, the focus of the overwhelming majority of these studies has been on issues related to politics and economics. These two areas became the main foci of reform, their success or failure impacting all facets of society through which the waves of social changes reverberated.

In the large body of literature produced over the last one and a half decades on the issues surrounding the transformation of the CEE region, studies investigating changes in urban form and structure have been quite rare. There are two major reasons for this. First, as already stated, the main focus of public attention during the transition period has been on matters related to the economic and political spheres considered central for the advancement of social reforms. Therefore, issues related to political struggles, economic development, markets, social inequalities, and class polarization have dominated the public discourse and scientific research alike. Urban form evolution, in this context, has been considered one of the many consequences of social restructuring, with minor influence on the success of reforms.

K. Stanilov (ed.), The Post-Socialist City, 3–17.

The second reason why the spatial aspects of the transition period have received relatively little attention is that changing the form and the structure of cities simply takes considerable amount of time. The built environment of a city is much more enduring than its social structures. As Sýkora noted with regard to post-socialist reforms, "[t]he political change took only a few weeks and the core institutional transformations of economic system were accomplished within a few years, however, the change of settlement structures will take many years or decades" (Sýkora, 1999: 79). While some may argue, based on the experience from the transition period in Eastern Europe, that changing institutional structures presents the greatest challenge, even the most rigid institutions rarely outlast the physical setting which they inhabit. Urban history abounds with examples of churches turned in succession to mosques, museums, and then churches again. Castles have been used as government quarters, colleges, and even production facilities. Changing the physical fabric of cities and towns proved a difficult task even for the heavy-handed communist regimes. It took almost two decades before the post-World War II cities of Central and Eastern Europe began to change their image in line with the vision pushed forward by their totalitarian governments.

1.1 The significance of the post-socialist urban form transformations

More than fifteen years have passed since the revolution of 1989, a period that has allowed the forces reshaping post-socialist societies to unfold and leave their mark on the ground. Some trends in the spatial evolution of Central and Eastern European cities that emerged during the 1990s have solidified over time, others eclipsed as temporary incidents of the turbulent early years of the transition period. It appears that the time has come to take stock of these changes and sort them out, and there are a number of good reasons why this should be done.

The first one is the sheer scale of the post-socialist urban form transformations. They have impacted the lives of over 300 million people in Central and Eastern Europe, including Russia. Close to two thirds of the population in this region lives in cities and towns. The spatial organization of activities within these settlements has become a subject of intense reorganization, which has directly impacted the quality of life of their urban residents. Access to housing, jobs, and services has been restructured, affecting not only the life of local inhabitants, but also the rest of the population that depends on the resources provided by cities.

The second reason why the analysis of urban form and space transformations during the post-socialist period is of great social significance is the multifaceted nature of spatial restructuring. The changes in the ways in which the reformed societies are appropriating space have an enormous impact on the use of resources. The new spatial patterns determine the manner in which urban areas use environmental assets such as land, water, and air. The spatial allocation of urban activities

could be efficient or wasteful, setting the level of public expenses on the provision of infrastructure and services. The way in which urban space is used can also determine the level of social integration (or segregation) in a given region or nation. All of these environmental, economic, and social consequences underscore the great importance of the physical patterns of urban development and the ways in which urban form impacts society.

Related to that conclusion is a third justification for investigating urban form transformations during the transition period. It is based on the assumption that the patterns of spatial organization, which are being established during this fairly limited but critical timeframe, are likely to set the course of the future development of CEE cities for a long time. While the built environment is constantly evolving, the dynamics of urban change vary in speed and character. Some periods are characterized by a continuation of existing trends and traditions, accumulating slow evolutionary changes. Others are much more turbulent, condensing significant transformations within short stretches of time. The latter are known as periods of paradigm shifts and revolutionary changes, and there are many reasons to believe that the years since 1989 mark such a period in the history of Central and Eastern Europe.

Urban form has been often described in social theory as a passive element of our social existence, a mirror reflecting past and present socio-economic conditions, or a "text" serving as a basis for their interpretation (Dingsdale, 1999: 65). Without leaning too far into the opposite end defined by spatial determinism (of which both modernist and socialist city planners have been rightfully accused), it could be said that the post-socialist transition period provided good evidence that urban space utilization is an active element of structuring social relations. The particular way in which urban space is organized has a strong impact not only on issues related to resource allocation and quality of life, but it is a key element for the economic wellbeing of cities as well. In the beginning of the new millennium, the quality of the built environment is becoming one of the main factors in the global competition for capturing investors' attention. The recent success of Prague and Budapest in attracting international capital is contributed as much to their well developed business infrastructure and labor force characteristics, as it is to their popularity as great places to live in.

Given the importance of urban form transformations in post-socialist Europe, and the relative paucity of literature on the subject, it is the ambition of this book to describe the patterns of spatial development evolving in cities of Central and Eastern Europe since the crash of the communist regimes. The detailed accounts of the physical transformations that have been taking place since that time, are linked with the underlying processes of socio-economic reforms and their determinant forces. This inductive approach to urban analysis, based on empirical investigations of observed spatial phenomena, dominates the work of the authors featured in this volume. In this sense, the book does not advance specific theories of urban transformation in periods of transition, but serves as a test for some theoretical ideas and a basis for the future development of such constructs.

The focus of the book is centered on the most dynamically evolving urban areas in post-socialist Central and Eastern Europe. Naturally, the capital cities of the

countries that have made the greatest progress on the path of reforms have been selected as major case studies. It is in those cities that the new patterns of spatial development have appeared first, setting the trends to be followed by other settlements, trickling down to the lower levels of the urban hierarchy or across national borders. The book includes also a couple of examples from regions where progress towards democratic reforms has been much slower. The two chapters on cities in Siberia and Belgrade serve less as a contrast than as a reminder that the main issues of spatial restructuring, which post-socialist cities have experienced since the early 1990s, are remarkably similar regardless of variations in the national context. The biggest differences among the post-socialist countries in terms of their urban development trends have been related to the rate with which the urban patterns are transformed, rather than the principal direction of these transformations.

1.2 The rate and direction of spatial restructuring

Neither the common direction of spatial adjustments nor the differential rate of these urban changes reviewed in this volume present a surprise finding. The main parameters of urban transformation have been set by the neo-liberal framework of post-socialist reforms, implemented under the strong influence of the major international institutions. As residents throughout Central and Eastern Europe observed with a typical mixture of self-irony and pessimism, after five decades of "building socialism," the CEE countries embarked on yet another grandiose project, this time involving the "construction" of a capitalist society. It is unrealistic to expect that all former socialist countries would have marched forward towards democracy at the same pace. They did not keep the same pace even during the forceful imposition of the socialist system after World War II. The more gentle approach of the West today, involving the use of carrots instead of sticks, has produced significantly less resistance, but also a greater variation of results due to the policy of rewarding the overachievers, while ignoring those who fail. Thus, during the 1990–1994 period, the amount of FDIs directed to Czechoslovakia (later the Czech and the Slovak republics), Poland, and Hungary exceeded 20 billion EUR, while the rest of the CEE countries received collectively a mere 3.5 billion EUR (UNCTAD).

Contributing the variations in the rate of social and urban restructuring entirely to the external forces of international institutions and global capital, however, would be highly inaccurate. National, regional, and local policies, as well as the phenomenon of path dependency (the ability of the past to impact the future) have exerted great influence on the post-socialist patterns of urban development, leading to differential rates of processes such as housing privatization, property restitution, commercialization of city centers, decentralization of housing and retail, growth of automobile ownership, etc. The general direction of change, however, has been quite clear. It is described by the swing of the pendulum from the far left to the far right. As John Friedman pointed out, urban development can not be characterized as a "smooth process towards an imaginary equilibrium state," but it

rather "lurches forward from imbalance to imbalance" (Friedman, 2006: 14). Thus, the post-socialist reforms in the CEE region can be depicted as an attempt to make a desperate leap from totalitarian existence to capitalism in a matter of only a few years. Therefore, it is not surprising that the post-socialist city takes on many of the characteristics of the North American patterns of urban development, rather than settling in on the more balanced model of Western European urbanization.

The rate of the post-socialist urban changes is striking, leading to radical transformations in the character of the Central and Eastern European cities. From high-density, monocentric settlements, dominated by high-rise public housing and communal modes of transportation, the CEE cities are being transformed into sprawling, multi-nodal metropolitan areas reaching extreme levels of privatization of housing, services, transportation, and public space. Privatization has become "the leitmotiv of post-socialist urban change" (Bodnar, 2001). Similar processes have, of course, taken place in Western Europe as well. There, however, these adjustments in the urban patterns have been taking place much more gradually, spanning the entire course of the second half of the twentieth century. Western European societies have had a chance to test these trends and respond accordingly by formulating public policies mitigating their most negative impacts. This, certainly, has not been the case in Eastern Europe where the laissez-faire model of social development was quickly embraced as an antidote to the totalitarian past.

The speed with which the built environment of the largest Central and Eastern European cities is being remolded, coupled with the zest to promote, without the slightest reservation, the new patterns of urban space appropriation, has presented enormous challenges to the cause of sustainable development in the region. Such massive realignments of functional systems are by definition bound to cause great stress, yet there are instances when drastic changes are needed to assure survival. The socialist cities were structured with little regard to the logic of market forces and the spatial transformation of the post-socialist urban areas in accord with the principles of market efficiency has required significant adjustments in the spatial arrangement of urban activities (Kessides, 2000). A question that remains open, however, is whether the ongoing spatial transformations are advancing the CEE cities towards a more sustainable future. Unfortunately, there are many signs that the majority of urban changes taking place since the early 1990s are moving the post-socialist cities in the opposite direction (Tosics, 2004). The clear political priorities on economic development, restoration of property rights, and improvements in the material standards of living has pushed concerns about sustainable development further down the list (European Academy of the Urban Environment, 2003). The new development patterns are embraced by the public at large simply as signs of becoming "like the rest of the world," marking a clear break from the past when the urban environment was used as an ideological instrument for suppressing individual freedoms and imposing the will of the totalitarian state.

The dramatic changes in the patterns of urban development, established during the last fifteen years, are rapidly gaining momentum. Yet, they cannot delete and replace the urban form elements accumulated over the past. Gradually, urban properties

are being redeveloped, buildings are replaced with larger and shinier ones, streets are widened, and the urban envelop extended. But the two patterns – the socialist and the post-socialist – coexist as layers of new development are superimposed over the old urban fabric. Just as the socialist government preferred to direct its attention to the urban periphery, where the majority of the large housing estates and giant industrial zones sprung up, most of the energy of the post-socialist growth has been channeled to the suburban outskirts, where new shopping centers, office parks, and clusters of single family residences have popped up, leaping over the belt of socialist housing estates. Unlike the socialist times, however, the new market mechanisms have also oriented the attention of investors to under-utilized inner city sites, creating post-modern juxtapositions of luxury shops and condominiums placed side by side with crumbling residential or industrial structures.

The reference to post-modernism is not accidental. Socialism is a true construct of modernism, having adopted all of its principal tenets.[1] Some observers of the current transition from socialism to capitalism have argued that the rationalist fallacy, committed earlier by Marxist ideologists believing that societies can be changed through conscious design, is bound to be repeated again (Stark, 1992). The experience from the last fifteen years has refuted this claim, as the transition of the CEE countries to market democracies is proceeding very unevenly, characterized by experimentation with various measures of reform, rather than a carefully orchestrated march forward under the dictate of a hegemonic theory. The collapse of the socialist system might not have marked "the end of history," as Fukuyama eloquently argued (1992), but it appeared to be the most spectacular announcement of the end of the modernist project – a Pruitt-Igo on a global scale. What followed after 1989 in the former Eastern Block was a typically post-modern situation characterized by a lack of moral certainty and clear authority, and the rise of multiple voices previously oppressed by the meta-narrative of communist ideology. On the urban scene, this post-socialist/post-modern condition has been reflected in a chaotic pattern of development, generated by the retreat of central authorities, the appearance of a multitude of new players, and the frivolous application of patterns of development "borrowed" from the West. The once monolithic structure of the socialist city has been shattered in multiple fragments, pulled in different directions by various economic, social, and political interests, yet somehow it is holding together, brimming with energy suddenly released after half a century of comatose existence.

1.3 The impacts of urban spatial restructuring after 1989

Fifteen years after the beginning of the transition period, it is clear that the numerous changes that have taken place in the way urban space is produced and restructured in the post-socialist CEE cities have had both positive and negative results on the built environment and the quality of life of its residents. The summary, provided below, is an attempt to list the main urban development trends,

Table 1.1 Post-socialist urban transformations in CEE cities

Positive characteristics	Negative characteristics
URBAN MANAGEMENT	
○ reestablishment of private property rights ○ reestablishment of real estate markets ○ decentralization of power ○ rise in entrepreneurship ○ greater role of public participation and NGOs	○ retreat from planning ○ lack of institutional coordination ○ insufficient financing ○ reduction in public service provision ○ poor implementation of laws and regulationss
URBAN PATTERNS	
○ break-up of the mono-centric model ○ diversification of mono-functional areas ○ revitalization of some urban districts ○ redevelopment of brownfield sites ○ improvements in building standards	○ chaotic development patterns ○ suburban sprawl ○ depopulation of city centers ○ decline of socialist housing estates ○ derelict industrial areas ○ surge in illegal construction
URBAN IMPACTS	
○ increase in individual standards and choices ○ increase in home ownership rates ○ diversification of market choices ○ increase in shopping opportunities ○ increase in personal mobility	○ decline in communal living standards ○ loss of open space ○ decline in public service provision ○ privatization of public realm ○ increased congestion, air, and noise pollution ○ the costs of sprawl ○ social stratification

Source: K. Stanilov

which have taken place during the transition period. It is intended to get a sense of the overall balance of impacts, structured in three main areas (Table 1.1).

The first area lists the general processes concerning changes in urban space management. The main developments here have been related to tipping the balance of initiatives from the public to the private sector as a result of the reestablishment of private property rights and real estate markets, and the concomitant reduction of the role of the government in managing urban affairs. This process has been paralleled by a policy of decentralization of power. Pressed by the need to cut subsidies, the central authorities have grudgingly relegated considerable share of their former responsibilities to local governments. The positive impacts of this redistribution of power from the public to the private sector and from the central to the local governments has been the rise of the general spirit of entrepreneurship among the urban population, and its more active involvement in matters related to urban development. This process has been reflected not only in the mushrooming number of small and medium size private construction firms and real estate agencies, but in the greater level of participation of citizen organizations and NGOs in the process of urban planning and development.

The downside of this trend towards democratization of the urban development process has been the general retreat of public authorities from urban planning. The concept of comprehensive planning, which seemed to have had exhausted its social credit during the communist rule, could not (particularly in the early stages of the transition period) master enough support among a public suspicious of any initiatives appearing to reinstate centralized government control. The weakened position of planning in the post-socialist climate dominated by neo-liberal sentiments has been further eroded by the chronic lack of funds needed to support urban planning activities. In addition, the lack of horizontal and vertical coordination among the various government and planning agencies (undergoing a painful process of structural reorganization themselves) has rendered urban planning as an impotent vestige of a bygone era. Under these conditions, the effectiveness of urban development regulations has been seriously undermined and the provision of public services drastically curtailed.

The overall impact of these processes, transforming the system of urban space management, has been reflected in the chaotic patterns of post-socialist urban development. From Siberia to East Germany, the efforts of myriad private investors and developers began to reshape the urban landscapes in an incremental and haphazard fashion, grasping opportunities wherever they could be spotted, often without waiting for the government's blessing. Gradually, the rigid structure of the former socialist cities has been softened by these relatively small-scale but innumerable incursions. Their combined effect has triggered a process of profound structural transformations: from monocentric to polycentric metropolitan spatial structures, from compact cities to sprawling urban areas, from city centers dense with institutional and residential activities to intensely commercial Central Business Districts. The reawakened entrepreneurial energies of the urban population have infused with new retail and service establishments the once dormant monofunctional residential areas. Skyrocketing land values have directed the attention of high-profit, risk-seeking investors to some of the numerous brownfield sites, derelict monuments of the era of socialist industrialization.

This invigoration of the urban fabric with garish new structures and a mosaic of various activities has not affected all areas equally. Much of the real estate investors' attention has been concentrated in the city centers, the prestigious neighborhoods, and, most of all, in the suburban periphery where rampant commercial and residential construction has obliterated the landscape, blurring the once well-defined urban edge. Many of the remaining urban areas that have been less appealing for developers have been left to age not very gracefully, most notably the large expanses of socialist housing estates forming a discontinuous ring around the inner city. The other legacy of the communist period – the industrial zones covering up to a third of the territory of the socialist towns – have been lying vacant or underutilized, forming large patches of dead tissue in the urban fabric.

Thus, the overall impacts of the new patterns and processes of urban development introduced during the transition period have been quite mixed, with a tendency of the negative trends to outweigh the positive changes. The main direction of

urban spatial restructuring could be defined as a transfer of assets, resources, and opportunities from the public to the private realm. This has resulted in an increase of individual choices and standards of habitation paralleled by an overall decline in communal living standards. Thus, while the market has diversified individual choices in terms of the available types of dwellings, work environments, shopping and leisure opportunities, many neighborhoods have witnessed the closure of community facilities and the disappearance of playgrounds and open spaces. Many of the new suburban developments lack basic public services. Homeownership rates have increased dramatically at the expense of a drastic reduction in the provision of public housing. In the area of transportation, while personal mobility has increased with the explosion of automobile ownership, the level of public transportation services has decreased considerably. This has resulted in significantly higher levels of congestion and sharp increases in air and noise pollution. The situation has been worsened further by the suburbanization of housing, offices, and retail with all negative environmental, fiscal, and social consequences, well-known from the experience of the Western cities with such patterns of urban growth. Last but not least, while most of the energy of the housing construction industry has been focused on serving the needs of the newly emerging upper and middle class population by concentrating investments in certain prestigious neighborhoods and the suburbs (often behind closed gates), the spatial redistribution of the population has resulted in increasing levels of social stratification of the once fairly homogeneous (at least, by Western standards) social fabric of Central and Eastern European cities.

1.4 Urban development trends beyond the transition period

Will these trends continue and what will be their long-term impact, if they maintain their course, on the spatial structure and the urban form of the post-socialist city? The answers to these questions lie in the realm of speculations, but there are, basically, four possible known scenarios that could be played out in the next couple of decades. In the first one, the CEE cities continue to transform in the direction of becoming more like their Western European neighbors, characterized by controlled rates of suburbanization, relatively vibrant central and inner city areas, good level of public service provision, and a detectable but not excessive pattern of social stratification. The second scenario is the North American model of urbanization characterized by a high level of privatization of urban resources, a high degree of deconcentration of activities, and a rigid delimitation of urban areas by income and ethnicity. The third scenario is the model of "over-urbanization" or "dependent urbanization" characteristic of Third World countries where the rate of urban population growth exceeds the ability of the economy and the government to provide jobs and services. Most of the population in these cities lives in poverty-stricken neighborhoods, which compose the majority of the urban fabric dotted with a small number of enclaves for the rich and a few middle class areas. The forth model is provided by cities in East Asia, where a combination of rapid economic

growth and commercialization, coupled with strong cultural traditions, has resulted in a unique brand of city form characterized by high density, mixed-use, more socially integrated environments.

So far, the post-socialist cities of Central and Eastern Europe exhibit select features of all of the models listed above. They have the urban vitality of the Western European inner city neighborhoods; the degree of privatization of urban resources typical of North American cities (not to mention the fascination with the lifestyle culture of malls, suburban houses, and private automobiles); an eroded level of public service provision characteristic of Third World countries; and the booming economy of the East Asian cities from the 1970s and 1980s.[2] It should be noted that the four models outlined above are broad generalizations of the main characteristics of dynamically evolving environments, and the turn of the millennium has been marked by a pronounced tendency for global conversion of urban form. Thus, while suburban shopping centers and gated communities continue to stretch out the periphery of Asian and European cities, metropolitan areas in North America are redesigning their inner city and suburban centers according to the European model, infusing them with public attractions and residential activities.

In our times, marked by the processes of globalization, it is logical to assume that the greater role of the market in structuring the post-socialist cities will bring them closer to the capitalist cities of the world in terms of their position in the global system (Szelenyi, 1996), as well as in their urban form. Enyedi (1984) has, indeed, argued that the process of modern urbanization is a universal phenomenon distinguished by its various phases, and that variations in the urban development patterns among different societies are based mainly on their particular location along a common path of urbanization. Thus, while the Second (socialist) and Third World countries are representative of the first phase of urbanization, characterized by strong rural to urban migration, rapid urban growth, and industrialization, the second phase is typical of the post-World War II developments in Western Europe and North America, marked by processes of suburbanization and the growth of the tertiary sector. In the third phase, which, according to Enyedi, has been entered by the United States and some of the most developed countries of the First World, population growth is concentrated in non-metropolitan areas and the economy is driven by the development of the high-tech sector.

Based on Enyedi's model, the post-socialist countries in Europe are just coming out of the first phase of modern urbanization and entering the second. This conceptualization, however, does not explain how the CEE cities will deal with two of their unique urban problems inherited from the socialist past: 1) over half of the population in these cities lives in large housing estates of poor and rapidly degrading quality; and 2) up to a third of their territories are taken up by derelict industrial sites. Given Enyedi's prognosis that suburbanization will dominate the development patterns of this urbanization phase, the enormous expanses of urban land covered by the socialist housing estates and sprawling industrial districts are doomed to become the urban slums of the post-socialist city, a forecast

echoed by several other prominent scholars of the CEE region (Tosics, 2004; Szelenyi, 1996).

In the last fifteen years, however, the cities of Central and Eastern Europe have shown a remarkable ability to recover from periods of deepest crisis. Looking back in time, these cities have passed in a continuous succession through the most severe destruction of World War II, followed by four decades of totalitarian rule, ending with a post-socialist socio-economic crisis deeper than the Great Depression. Yet, only within a few years, they emerged resurrected, full of energy and desire to succeed. Naturally, the repudiation of the principles of communist rule after 1989 pushed the political climate in these countries to the opposite extreme marked by radical neo-liberalism, but there are signs that a more balanced approach to social organization will prevail.

The massive re-channeling of resources towards individual consumption has created new pressure points in the urban system, which the market has failed to alleviate. The decline of some urban areas, the growing social polarization, the disappearance of open space, the increase in traffic congestion and air pollution are problems which could not be resolved without active government involvement and there is growing public awareness of the need to strengthen government's role in managing the process of urban development. The new legal frameworks, which were drafted in a hurry during the 1990s, and which were heavily skewed in favor of private property rights, are being revised to allow more power for national and local governments to act in defense of public interest. In this, governments are aided by the enormous resources that they inherited from the old system. Although the process of intense privatization transferred ownership of most state enterprises and public housing into private hands, many national and local governments have retained significant portions of the most valuable asset in real estate – land. Some municipal governments (most notably Moscow) have actively used this resource to influence the patterns of urban development. Other governments, which have squandered these chances (either due to inexperience, political expediency, or ulterior motives), are developing strategies on how to best use what is left of their public assets.

The lack of clear vision about how cities should grow, which dominated the early years of the transition period and was used by many private developers to maximize their short term profits, is currently bemoaned not just by the residents, who were left with the short end of the stick, and municipal authorities, who find it difficult to service the chaotically developed urban areas, but by the private investors themselves, who have found out that good urban planning can improve the marketability of their products and, ultimately, increase their profits.

Another reason why the role of CEE central and local governments in regulating urban development is likely to increase is related to the significant role that foreign capital has played in economic development during the transition period. The share of foreign investment in CEE economies is continuously increasing as these countries are successfully completing the process of political stabilization and economic restructuring reflected in their high rates of sustained economic growth (Figure 1.1). As the former socialist countries are being integrated in the global

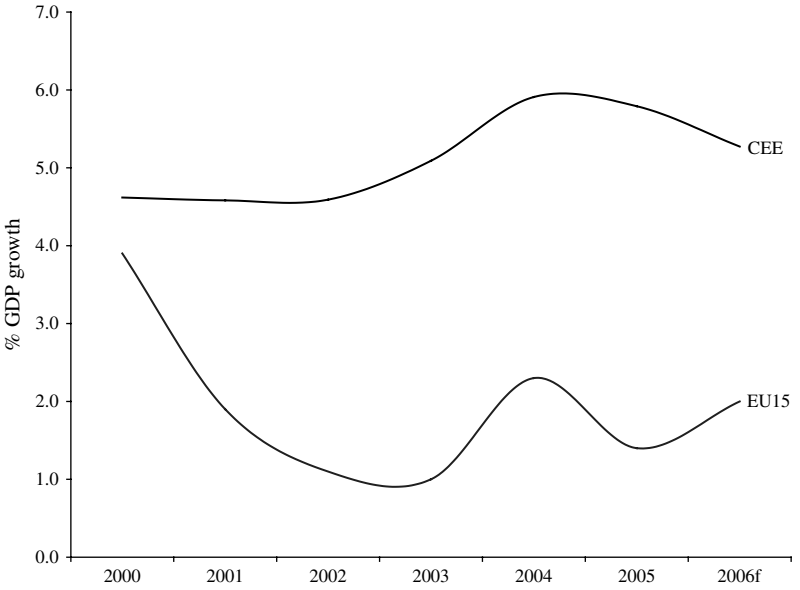

Fig. 1.1 GDP growth rates, 2000–2006

Source: Eurostat and CIA World Factbooks, 2000–2005
Note: Data on CEE countries include all newly accepted members of the EU plus Croatia

economic system, CEE governments become increasingly aware that their efforts are critical in securing the future success of their states, regions, and cities as competitors in the global marketplace. In this competition, the quality of life in urban areas is recognized by international investors as a main factor, particularly with the tendency of the other factors (such as communication systems, labor costs, institutional and legal environments, etc.) to equalize across the European continent and even globally. This fact is not very likely to escape the attention of the CEE governments looking for ways to attract foreign investments.

One specific characteristic of the global economic system, which the post-socialist cities will first have to confront, is that global capital is footloose. As quickly as it injects local economies with investments, it can retract them if better opportunities arise, leaving little behind in terms of assets that can serve the abandoned community. Therefore, as Friedman has pointed out, it is critical for cities to remember that instead of "prostrat[ing] themselves before the power of global corporations, promising to deliver what is wanted of them, from virgin sites to low wages," they should invest in the development of their own resources, relying primarily on local funding and the support of international aid (Friedman, 2006: 4). This, again, will require a much more proactive role of local governments and institutions in developing and implementing strategies for the best use of their local resources, including urban land and infrastructure.

The efforts of CEE cities to evolve in this direction should receive the strong support of the European Union. The EU pre- and post-accession policies and program requirements have served as critical instruments during the second phase of the transition period, assuring that the CEE governments aspiring to join the union are committed to the process and maintain the charted course of political, economic, and institutional reforms. There is a growing recognition within the European Union of the need to focus more resources to issues related to regional and urban development in the countries of Eastern and Central Europe given the magnitude of the challenges in these areas. The experience gained by the Western European countries in managing urban growth can serve as a great source of knowledge for planning authorities in the CEE region as many of the problems confronting the post-socialist cities are similar to the issues that their Western colleagues have been struggling to resolve since the end of World War II.

While the challenges of managing urban development in Central and Eastern Europe are great, and much of the trends set during the transition period appear to point in a direction opposite to the principles of sustainable development, there are reasons to be optimistic about the future of the post-socialist city. These reasons include: the proven ability of the countries in the region to come out of the greatest crises; the growing political, financial, legal, and institutional power of local governments to control urban development; the increasing role of citizen participation in the planning process; the rising awareness of developers of the benefits of planned growth; the increasing importance of the quality of the urban environment in economic development; the integration of urban and regional development into the framework of EU policies and planning; and the spread of knowledge on the theory and practice of sustainable urban growth.

1.5 Book organization and structure

The goal of this publication is to provide an overview of the main trends in the spatial development of the Central and Eastern European cities during their transition period to market-based democracies. The analysis of the urban form transformations serves as a basis for understanding the forces that have triggered the restructuring of urban space, looking for empirical evidence of the impact of these changes on the quality of the built environment. In order to disentangle the complex web of spatial transformations and relationships, the book is organized in several sections, each one focusing on a different segment of post-socialist urban development. We open up the exposition with a discussion of the broader patterns of post-socialist urbanization, relating regional growth trends to the progress of political and economic reforms, setting the context for the processes of urban spatial restructuring. The next sections of the book zoom down to the scale of the metropolitan area, tracing the transformations of the urban fabric that have occurred as a result of the new patterns of urban space appropriation. The first of these sections investigates the evolution of the real estate market and the patterns of non-residential development.

We then turn to the critical subject of housing, completing this part of the book with a section on the evolution of the concept of public space and its utilization. The book ends with a couple of sections discussing the role of public policies and planning in shaping the direction of urban development during the post-socialist era.

The core of the book is composed of case studies of the largest cities in the most dynamically transforming CEE countries. This selection includes the ten new EU members plus one candidate country (Croatia). In addition, three other countries are included, presenting special cases in the evolution of the region. These are: Russia, as the most influential state of the preceding period and one trying to determine its own course in the post-socialist era; the former country of East Germany, which completed first the period of transition aided by its reunification with West Germany; and Serbia, the country coming out of the deepest political and economic crisis in the region at the turn of the millennium. The case studies included in the individual sections of the book are preceded by introductory chapters providing an overview of urban development in the CEE region related to the particular area of concern covered in the sections, outlining the major issues and trends reflected in urban practice and theory. Each of the chapters in the book is authored by urban scholars with extensive professional and personal experience of the CEE region. Some of the contributors are well-known to Western audiences, having authored numerous publications in international journals on urban development in Eastern Europe. Others are relatively fresh voices, representing a new generation of scholars exploring the post-socialist evolution of urban affairs in the CEE region.

We hope that this volume will enhance our understanding of the linkages between society and space, casting light on a key moment in urban history – one that will determine the urban experiences of millions of people for the next several generations. We hope that our studies will add to the knowledge that is needed for resolving the difficult challenges facing cities throughout the globe in the beginning of the twenty-first century.

Notes

[1] These include the beliefs that: (1) there is only one universal truth (the wheels of history spinning towards the inevitable victory of communism); (2) it could be scientifically uncovered (by applying the methods of Marxist dialectical materialism); (3) its principles should be employed for the progress of humanity (towards communism); (4) under the leadership of an enlightened elite (the Communist Party and its intelligentsia).

[2] The recent economic boom has lead cities like Moscow, Warsaw, Belgrade, and Sofia to the idea of creating their own high rise business and financial "city" districts, characteristic much more of East Asian and North American metropolitan areas than of European towns.

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PART 1

REGIONAL DEVELOPMENT TRENDS

2 Political reform, economic development, and regional growth in post-socialist Europe

Kiril Stanilov
School of Planning, University of Cincinnati, Cincinnati, Ohio

The collapse of the political system in the Eastern Block countries during the second half of 1989 ushered in a new period, commonly referred to as *post-socialism*. Similarly to the terms *post-industrialism* and *post-modernism*, already quite popular at the time, this expression signified a condition that was defined primarily by the disintegration of the characteristics of the preceding system, rather than by a coherent vision of what should follow. Like the ambitions of most uprisings in history, the goal of the 1989 revolution was to undo the old system by tearing down the tenets of a crumbling political structure. It was less clear what the post-communist countries should be transitioning to, after dismantling the monopoly of the Communist Party over government affairs. The general intention was to establish a Western-style democracy, but how this was to be done was a question that each country had to figure out on its own. At that time, and to this day, no theory existed on the transition from a totalitarian socialist to a democratic market-based society, and comparisons with reforms in Southern Europe, Latin America, and Southeast Asia have been found to be inadequate (Dahrendorf, 2004: 79).

While the main principles of the transition – reestablishment of private property rights, free market economy, and pluralist political life – were quite clear, their implementation was proven in history to be a difficult task. Finding a balance between economic and social goals within a rather short time in the absence of well-established democratic institutions was an enormous challenge, raising legitimate concerns that some countries may slip into commercialism, characteristic of the bazaar economies of Third World countries (Andrusz, 1996). At the same time, the population of Eastern Europe, which had just overthrown totalitarian rule, was very resentful of the idea of having to follow yet another hegemonic model. In this sense, the 1989 revolution was a very post-modern affair in its zest to deny all meta-narratives. The very notion of imposing another universal model of economic, political, and social organization was vehemently opposed. Eastern Europe seemed destined to transform itself into a version of Carl Popper's open society, marching to the unknown through trial and error, joining the quilt of European cultures, all moving in the same direction, yet each following its own path (Dahrendorf, 2004: 120).

K. Stanilov (ed.), The Post-Socialist City, 21–34.

Pretty soon it became clear that throwing away the heavy weight of the past was not going to be that easy. Most Eastern European countries seemed mired in a web of historical dependencies, which threatened to delay significantly, and in some cases to subvert entirely, the processes of transformation. Naturally, help was sought from the West by soliciting assistance from the ranks of national governments, international organizations, and corporate institutions. What the developed countries of the West could offer at that time was influenced by their own experiences of coming out of the 1980s. The neo-liberal economic doctrines, developed and employed during the era of Reagan and Thatcher, were thus transplanted in the post-socialist context (Harloe, 1996). The largest international financial institutions – the IMF, the WTO, and the World Bank – quickly stepped in, pressuring the CEE countries to comply with their prescriptions for strict monetary controls, budget cuts, and market deregulation. There were a few critics, opposing such policies as a forced, top-down intervention in the affairs of democratically elected governments. Their arguments that such policies primarily promote the interests of large multinational corporations were quickly silenced by governments desperate to assure their electorate that actions are being taken to guarantee progress on the path to reforms. The only questions that were left on the table for discussion were just how much government involvement is needed, and how quickly the prescribed measures should be carried out.

In the ensuing debate over the advantages and disadvantages of the radical/revolutionary vs. the moderate/evolutionary change model, revolving around the intellectual heritage of the works of Hayek and Keynes, the radical approach seemed to gain the upper hand. Many of the CEE countries, dedicated to the cause of reform, embraced a strategy that became known as "shock therapy." Its most vociferous proponent during the early 1990s, Jeffrey Sachs, recommended the immediate release of all price controls and government subsidies. He insisted that all state assets should be privatized, pointing to the success of Spain as an example of a country where such strategy produced spectacular results within a short period of time. Poland was one of the first post-socialist countries to embrace enthusiastically Sachs's ideas, which formed the backbone of the Balcerowicz Plan. Other countries, while agreeing with the principles of the suggested measures, were more cautious with the pace of their implementation. Yet, the metaphor comparing the structures inherited from the socialist system with a cancerous growth than needed to be cut off was quite daunting, and most countries decided to take the treatment. For some of them, it provided a lot of "shock" with little "therapy." In a few years, the insights of Keynes proved to have a prophetic power, predicting with a stunning accuracy that a "rapid transition will involve so much pure destruction of wealth that the new state of affairs will be, at first, far worse than the old, and the grand experiment will be discredited" (Keynes, 1933: 245).

To many contemporary observers and social analysts, the first years of the transition period delivered a surprise in terms of the depths and the duration of the economic decline (Hamilton, 1999). The expectations of an almost immediate economic boom, brought on the wings of reawakened private initiative, proved illusory. The bleak experience of the initial post-socialist years was summed up in theory by the term

"transformation crisis," referring to what appeared to be an inevitable jolt reverberating through the socio-economic frame of the former socialist countries stepping on the path to reforms (Schmieding, 1993). It was reflected in a 30 to 50 percent drop in GDP, a rise in unemployment rates from virtually zero to a quarter of the population, an even more spectacular explosion of inflation rates reaching double and triple digits, a removal of government-provided safety nets, and a precipitous decline of living standards. The crisis was commensurate to, and in many aspects deeper and wider than, the Great Depression. In East Germany, for instance, between 1989 and 1995, the number of jobs in different industrial branches shrunk between 70 and 90 percent (Nuissl and Rink, 2003).

The economic turmoil of the early 1990s impacted significantly the growth of CEE cities. The traditional pull of urban centers weakened, ceasing to attract population from rural areas and small towns. In fact, a reverse pattern was observed as the outflow of population into rural areas became a widely practiced survival strategy (see Chapter 4, this volume). With the exception of Hungary, Bulgaria, and Croatia, the steady growth of urban population characterizing urbanization patterns in the CEE countries during the 1980s was discontinued abruptly in 1990. Throughout the decade of the 1990s, the share of urban population remained stagnant in most countries of the region and declined in the Baltic and the Czech republics (Figure 2.1).

This trend was reflected also in the population dynamics of many CEE capital cities. The decade of the 1980s was marked by positive growth – quite fast in the first half, and significantly slower towards the end of the decade. Of the thirteen CEE capitals

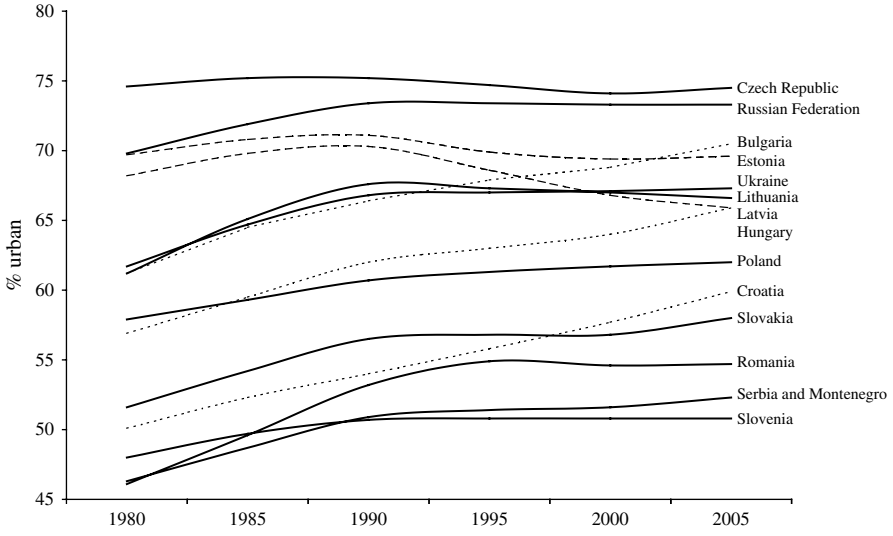

Fig. 2.1 Percent urban population, 1980–2005

Source: United Nations, World Population Prospects

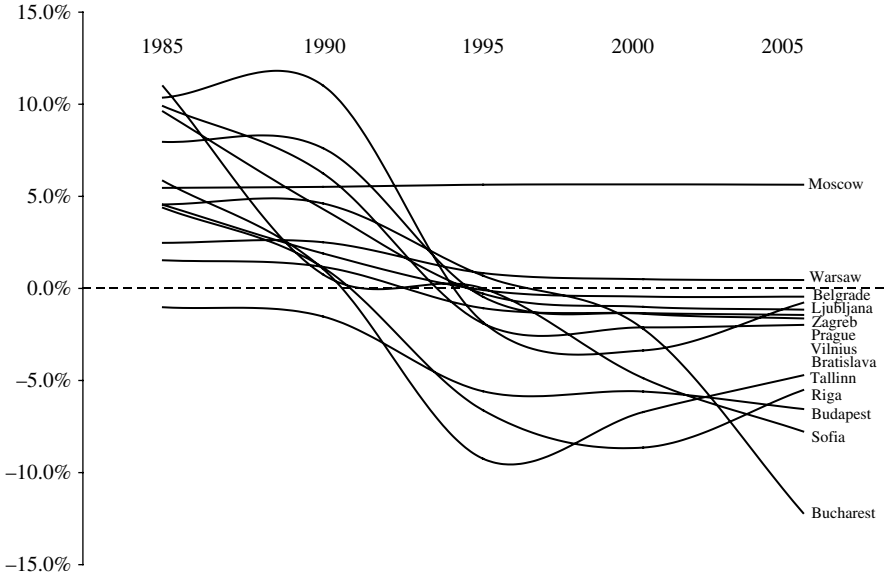

Fig. 2.2 Population growth in CEE capital cities, 1985–2005

Source: United Nations, World Population Prospects

presented in this book, Budapest was the only one which lost population during that decade. Between 1990 and 1995, however, Moscow was the only city in the pack that continued to add population at a steady pace. All other capitals experienced significant population decline with the exception of Warsaw, which barely managed to stay in positive territory. From 1995 to 2005, population growth rates generally stabilized but with most cities still loosing population, albeit at lower rates (Figure 2.2).

The economic recovery of the region, which began in the mid-1990s, did not impact significantly the trend of negative urban growth established in the beginning of the decade, except for preventing further precipitous decline. Rising mortality rates, decreasing fertility levels, and sizeable migration flows out of the CEE region led to continued population reduction in most CEE cities (UN Habitat, 2004). What the dynamics of population growth do not reveal is that at the turn of the millennium some countries were making significant strides ahead on the way to economic, political, and social reforms, while others were falling desperately behind.

2.1 Cross-national variations

By the mid-1990s, the basic parameters of political and economic reforms to be undertaken by the former socialist countries were well articulated and generally agreed upon. It was up to the CEE governments to decide on the manner by

which they will be implemented and this became a major factor determining the cross-national variations in the development of the region during the next ten years (Hamilton, 1999). Three major groups were formed based on their level of government commitment to reforms. The first one was composed of the countries which embraced enthusiastically and began to carry out without further delay the neo-liberal reform policies outlined by the international financial institutions. Their efforts were later recognized, when, in 2004, they were all granted full membership to the European Union. The second tier of countries was composed of those states that accepted the outlined framework for reform in principle, but either delayed significantly its implementation or applied selectively some policies while disregarding others. This relatively smaller group was comprised of Romania, Bulgaria, Croatia, and Russia. The remaining Eastern European countries showed little progress in adjusting their institutional structures along the lines of free market democracies due either to delayed political reforms, as in the case of Ukraine, Belarus, and Moldova, or to the impact of the ethnic wars raging through the western Balkans during the 1990s. The division of the CEE countries in these three groups and the level of their success on the path to reforms are clearly demonstrated in their economic output per capita at the end of 2005 (Figure 2.3).

The variations in economic performance among the first and the second group of CEE countries (the reformers), examined over the 1989 – 2005 period, show several interesting trends (Figure 2.4). The first one is that all of the CEE countries included in these two groups have followed the same general pattern of up and

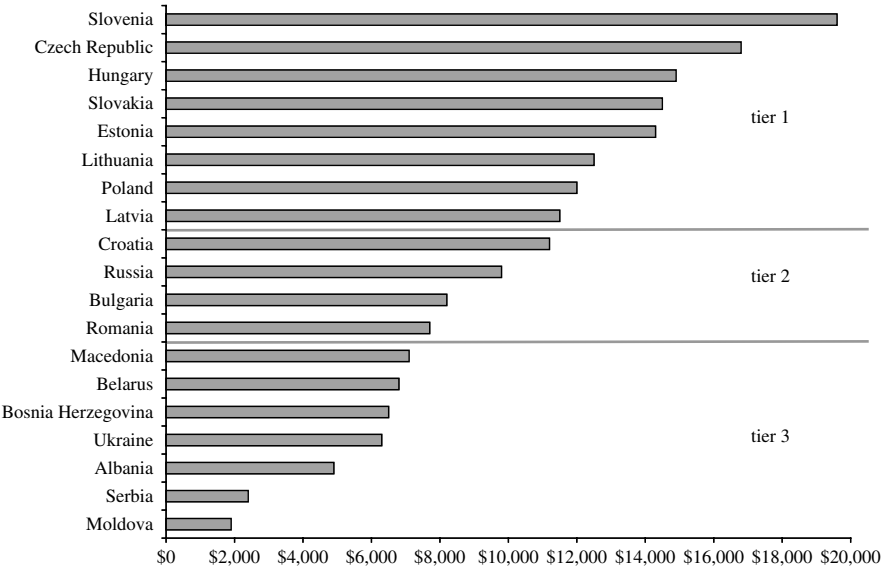

Fig. 2.3 GDP per capita in 2005 (USD)

Source: CIA, World Factbook 2005