

## **DP34 South East Europe Series**

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### **Cities after Socialism as a Research Issue**

#### ***Introduction***

Post-socialist societies are simultaneously facing at least three types of transformation, causing complex structural changes:

1. From totalitarian to democratic society, from the planned to market based economy and/or from supply to demand driven economy
2. Developmental: from an industrial to post-industrial (service) economy and society
3. Transformation from an isolated to an integrated position in the world economy, which is itself transformed from an international to global type.

All of these types of transformation have affected cities, which themselves are spatial projections of society (Lefebvre 1968: 64).

In spite of their potential analytical importance, post-socialist cities are still a neglected research subject. The main aim of this paper is to underline unique aspects of post-socialist cities in terms of their institutional and actionable capacity for transformation into capitalist, post-industrial cities that are integrated within global urban networks. First, the paper briefly reviews the basic approaches to the study of cities in urban sociology, considering the ways in which they capture the complex transformation of post-socialist cities. Second, in view of that, important aspects of post-socialist city transformation are analysed. Third, after pointing out divergences and/or convergences

between post-socialist cities within Europe, the paper investigates ex-Yugoslav cities as a sub-type of post-socialist cities. Finally, paper concludes that historic and path-dependency approach is most appropriate for researching the transformational capacities of post-socialist cities.

### ***Basic analytical approaches to cities***

Depending on the way in which the physical and social structures of the city in general, and of the socialist city (urbanisation patterns) in particular, are understood, there are several analytical approaches to a post-socialist city.

The ecological approach emphasizes industrialisation as an independent variable of the urbanisation process, while socio-political organisation represents an intervening variable that may cause some deviations from optimal spatial concentration of the population generated by economic growth, in general, and industrialisation, in particular, as manifested in the West (Szelenyi 1996: 289). Szelenyi takes the ecological explanation as significantly different from the historical one, which is more sensitive to institutional specificities of urban development and based on an assumption that societies with different socio-economic orders produce qualitatively different urban conditions.

Although Enyedi follows the basic principles of the ecological approach his interpretation of socialist urbanisation in Europe is more sociological. Thus, he considers it as a belated and distorted pattern of universal urban development that prolonged rural-urban dichotomy, hindered the development of the urban middle class and promoted proletarianization (Enyedi 1998: 11). Szelenyi argues that during the extensive industrialisation of the socialist era, East European countries became “under-urbanised”. This term refers to the lag of growth in urban population behind the growth of industrial jobs, and a lack of coordination between infrastructure development and industrial growth, unlike the Western experience. Nevertheless, Szelenyi did not pursue the ecological interpretation, which assumes that the urbanisation pattern, as exemplified in

the West, will eventually be replicated in post-socialist countries (Szelenyi 1996: 294-295).

Two theoretical positions developed in urban sociology within the historical approach: neo-Marxist and neo-Weberian (Szelenyi 1996). For neo-Marxists, the socialist city was identified by its mode of production that contrasted with that of the capitalist city, and which in turn determined qualitatively different social and spatial structures. The neo-Weberian approach emphasized various systems of social organisation. Thus, Szelenyi (1983) focused on the dominant type of integrative mechanisms (market versus state re/distribution), corresponding power relations and resulting inequalities.

In spite of their differences in explaining the socialist city, both theories presume that socialist structures are in many ways inappropriate for the socialist city's transformation towards a developed capitalist model. Marxists consider the urban policy of the socialist city from the perspective of conflict of interests polarised between work and capital, while the neo-Weberian approach takes state intervention as a rational instrumental action that regulates potential conflict of interests between different/pluralized social groups (not only work vs. capital). Thus, according to the Marxists, urban policy reproduces dominant power relations and generates social polarisation through spatial dimensions, primarily by the means of collective consumption – social services. For the neo-Weberians, urban policy not only reproduces the existing class divisions in the production sphere but also affects its modification within the sphere of consumption (of housing, urban services, etc). The effects of urban/housing policy measures are seen in the context of civil versus class status, in which the former overcomes the limitation of the latter by allowing individuals/social groups to make choices beyond the limits of their class identity. Apart from connecting urban policy matters with civil rights' issues, the neo-Weberians instigate a theoretical discussion about the effects of urban/housing policy measures on social classes' identity formation, as this is no longer defined primarily by occupational status but also by consumption strategies, lifestyle options, etc. (Saunders 1990; Lash 1990).

Most urban sociologists dealing with post-socialist city development accept the under-urbanisation thesis and approach it from a neo-Weberian perspective (Szelenyi 1996; Tosics 1997, 2003; Bodnar, 2001). Following this perspective, Tosics assumes that by applying consciously interventionist measures and by influencing certain elements of the socio-economic system, the process of urban development may be modified and certain steps of the global urbanisation model might be simply avoided (Tosics 1997: 757).

The restructuring of the welfare state in the West and the collapse of the socialist state in Eastern Europe gave credence to theories that overcome the clear distinctions between neo-Marxists and neo-Weberians, such as the regulation theory (Hall and Hubbard 1998), and Bourdieu's theory of habitus (Bourdieu 1990).

The urban regime concept is based mainly on the regulation theory that differentiates various regimes of capital and respective macroeconomic relations according to the role of the state in facilitating the transition of the economy in the interest of capital accumulation, while absorbing the social costs of this transition. Urban regime is also defined as informal but relatively stable cooperation between public and private actors who have the capability to govern the city. The regulation theory also introduces the concept of the entrepreneurial city, which presupposes a specific proactive local government strategy to secure competitive advantages within an increasingly unpredictable and global economy (Franz 2000: 136). Such a framework raises questions about the unique aspects of post-socialist urban regimes, such as the socialist legacy of the concentration of power, no public-private partnership and underdeveloped civil rights and civil society actors.

The same holds true for the implementation of Bourdieu's theory in post-socialist city research, because it focuses on the power structures within the arena of urban policy. The main actors within this arena are divided into those providing and those receiving the services. Strategies of both groups are generated through specific "habitus" (Bourdieu

1990), which refers to the interplay between structural limitations and possible strategic inventions. Only actors with sufficient resources will be successful considering the effects of (urban) social policy (Peillon 1998: 220-221). In this context, even assuming properly defined urban and housing rights in post-socialist cities, the relevant question might be: are these rights sufficient for social groups that are lacking other resources (not only economic but also cultural and social capital)?

Relying on Bourdieu's analysis of different forms of capital and their reproduction, particular attention is paid to informal practices existing in post-socialist cities, which have been inherited from socialism. During the post-socialist period these practices become strategies aimed at reducing risks from unleashed market forces. Self-built, mostly illegal housing construction, and illegal use of public spaces for informal trade activities (open area markets - OAMs) are the strategies most frequently analysed. They are based on investments in social relations (social capital), which supplement or substitute for the lack of financial capital (Sik and Wallace 1999).

The path dependency approach emerged in urban sociology from the neo-institutional theory. Institutions are seen as rules defining the games between actors in different arenas. In urban /housing policy, they mainly refer to the political and market arenas. In this context, historical development has been perceived as an ongoing chain of institutional (and discursive) design, while its possibilities and/or options of innovation are limited by the institutional legacies of the past (Bengtsson 1995; Nielsen et al, 1995). This approach has been particularly fruitful in researching differences between capitalist welfare states and respective urban/housing policies (comprehensive versus residual policy types). Similarly, Enyedi (1992: 879) found that urban processes in regions such as the Balkans were different to those in the West due to supposedly immutable traditions of egalitarian peasant societies. In thinking about the socialist and post-socialist city, path dependency is often presented as a general theoretical perspective of institutional sluggishness that specifies factors that have blocked the road towards some otherwise plausible historical development. Nevertheless, by combining elements of structural and

strategic approaches, the path dependency framework bridges the simplicities of determinism versus voluntarism.

The path dependency approach has been broadly accepted in the research of the post-socialist city because it allows different theoretical positions or even no explicit theoretical approach. It emphasizes that decomposition of state socialist economies and political systems has created a conjuncture in which further strategic choices of city development could be made. Therefore, complex institutional legacies still influence the expectations and patterns of conduct of different social groups. This is particularly significant in relation to the development of flexible social patterns and networks necessary to compensate for the rigidities of socialist urban and housing systems (informal practices, self-building strategies, illegal construction, etc). Thus, from the path dependency perspective, the uniform direction and speed of transformation have been questioned, while the need to ground city transformation processes in the discourses and strategies of the key actors has gained importance (Pickvance 2002: 196-7). How post-socialist cities will develop, for example, following the model of advanced capitalist countries, peripheral capitalist countries of the Third World, or developing a new hybrid form, is unknown at the present time (Harloe 1996: 6). Due to the complexity of the city as a system it would be impossible for post-socialist cities to copy urban models from the West because they lack not only the institutional but the cultural infrastructure on which such cities rely. Consequently, the actual effects of adopting such a model might be quite different from those intended.

The world-system analytical framework might be approached from different theoretical perspectives. Generally, it demonstrates that, in the context of contemporary globalisation, it is the constellation of particular production and consumption sites accommodated in cities that gives them a coordinating and powerful position within the world hierarchy of cities. Due to different development characteristics of cities, the world's centres and peripheries have not disappeared but multiplied in the new global urban system (Sassen 2000: 149; Knox 1995). From the perspective of the world-system

approach, Marxist urban sociologists interpreted the problems of Third World urbanisation as an expression of dependent capitalist development (Castells 1975).

The world-system approach considers socialist urbanisation as yet another type of dependent urbanisation (Tosics 2003; Bodnar 2001). Consequently, the inherited backwardness and decay of post-socialist cities puts them on the periphery of the global urban hierarchy, thus less attractive to big multinational corporations. Accordingly, these cities are relegated to a semi-peripheral position within this hierarchy.

### *Main aspects of post-socialist city transformation*

The following analysis is focused on the relevant aspects of post-socialist city transformation in line with the analytical and theoretical approaches outlined above. Although interrelated, these issues are divided into four thematic groups, with the aim of presenting their specific analytical assumptions.

#### *1. Urban policy options*

In almost all post-socialist cities radical reforms of housing and urban policy are seen as a necessary step because of their economic inefficiency and social ineffectiveness. During socialism, the role of urban rent and other market mechanisms in city development were deliberately neglected, resulting in destruction of resources for urban development. (Caldarevic, 1989). One of the problems is that new policy concepts have developed in an almost exclusively top-down manner. The political elite is usually open to economic globalisation, as internationalisation, westernisation and Europeanisation are among the prime goals of post-socialist transformation. Hence, The new political elites of post-socialist countries are prone to pressure from international financial institutions to implement neo-liberal strategies that favour the fastest possible abandonment of all aspects of state socialism, with the least possible role for the state compatible with free market and private ownership (Harloe, 1996: 5). Such (urban) policy approach suggests

a monolithic ideology based on the unquestionable superiority of a market-driven world in which there exists allegedly only one “correct” type of state-regulating policy - the minimalist and residual one (Ferge 1997: 24; Deacon 2000: 112). Also, the winners in the first phase of marketisation (who often including members of the old nomenclature and new political elite) use their position to block new fiscal policy and social redistribution (Hellman 1998: 233).

In a way, urban and housing policy changes are in line with respective changes in the West as they assert a regulating, rather than a providing, role of the state. This change in the West could be seen as a shift from urban government to urban governance, underlying the rise of various actors with the capacity to influence governance, apart from those in political power (Hubbard and Hall 1988: 9). Although informal connections between the political and economic elites operate in post-socialist cities, they are not as transparent and institutionalised as they should be due to the socialist legacy. Also, unlike in the West, such an urban regime has no capacity to reintegrate fragmented local civil society even on the elite level (Hubbard and Hall 1988). The entrepreneurial governance strategy generally assumes greater spending on infrastructure development, required for attracting capital investment, than for social protection and looks to non-profit and civil society actors to replace the role of state in providing the social safety net within the city.

Bearing in mind the preferred decentralisation of financing and control over collective services the entrepreneurial city model involves, post-socialist municipal offices lacked sufficient institutional capacity, knowledge and funds for these new approaches to complex city governance because they were merely units subordinated to the state administration during the socialist era. Also, typically the new political elite at central government level is reluctant to allow local government to develop as a powerful political entity and, therefore, is reluctant to bestow any substantial financial autonomy on it. Additionally, the means of controlling local government become less direct, which results in the increasing importance of taxes and obvious tension between the aim of attracting



capital investments and need to provide social services. Consequently, the traditional spatial/urban policy aim of an 'equalisation of life conditions', has been radically redefined as a tendency towards 'desolidarisation' (Brenner 2000: 336). This further complicates the role of local government in relation to social citizenship rights, whose fulfilment is based on urban and housing services.

Urban governance in post-socialist cities is more reactive to the interest of capital investments as well as tolerant of illegal practices than it is strategically proactive, which leads to organic rather than comprehensive entrepreneurial city development. Therefore, for post-socialist cities, adopting the so-called entrepreneurial city development model has high social costs and serious negative effects. In this respect, some post-socialist cities resemble Third World cities in which public authorities have abandoned *de facto* control and given up efforts to integrate their population due to social dumping strategies and weakening national and local fiscal capacities to provide public goods (Scott et al. 2002: 23). One of the consequences might be the decreased ability of local populations to defend themselves against developers since planning itself has the potential to 'empower' disenfranchised communities (Ascher 2000). The result is a weak state and/or corruption (Woolcock 1998).

In many cases, the political elite's attitude might be expressed as follows: the best urban/housing policy is no policy. The process of political globalisation (primarily integration in the EU) still fails to tackle social issues of urban/housing policy development (Deacon 2000: 1591). Increased socio-spatial inequalities and respective problems are slowly appearing only on the political agenda of urban governments of post-socialist countries accessing the EU (Simson and Chapman 1999). The EU imposes certain social cohesion measures on them as preconditions for the full membership, which calls into question the neglected issue of how to define people's rights to the city and housing, contrary to their conceptualization as gifts of the authoritarian socialist state. In this respect, it is important to note that although housing privatisation was implemented as a recommended strategy from the West to cut (local) government

responsibilities/expenditures, it produced more serious negative social effects than expected. This is due, on the one hand, to a much larger share of poor families in relation to the share of the remaining public rental sector and, on the other, to an insignificant and only slowly growing share of other types of rental housing (housing associations, private renting) in comparison to the Western countries that served as the model. An increase in homelessness is just one of the serious consequences of a policy that has left many without affordable housing.

Responsibility to provide urban/housing services is being shifted to families, the voluntary or NGO sector and to the market. Considering the weak civil society tradition inherited from socialism, this might enhance the role of civil society as a service deliverer but not as a political actor (in giving voice to the claims of urban/housing civil movements) (Ferge 1997: 27). Generally, there is little research focused on urban and housing movements, which are rare and isolated (Pickvance 1996; Pickvance 2000; Rink 2000). On the one hand, people are not used to evaluating politicians and lack information about their rights, and on the other hand, the political elite is unused to considering public opinion, and developing the institutional mechanisms needed to reconcile the interests of different social groups. The unwillingness of the post-socialist political elite to take into consideration demands of civic groups towards re-defining certain social rights (including right to housing, and right to the city) is often justified by insufficient financial resources. (Ferge 1997: 27).

Further, post-socialist societies have inherited mistrust in institutions and social restructuring. People do not have a clear idea about their social identity and whom they must fight. Therefore, post-socialist citizens embrace a partial version of social democracy. Whereas in the West, it implies that lower income groups should be given priority in improving their living conditions, in post-socialist countries distributive concerns are based on the assumption that the state should prevent those already rich from becoming richer (Ferge 1997: 235). Also, post-socialist transformation in Europe has taken place in the dual context or cognitive frame of reference, of the West and of the

past. (Offe 1996: 231-235). This creates a danger of betrayed expectations that might cause resignation and political passivity. Consequently, the political elite must contend with the tension between the promotion of economic stability, on the one hand, and the maintenance of political legitimacy in newly democracies, on the other hand. (Offe 1996: 230). The possible legitimisation crisis (stemming from unfulfilled expectations) has been emphasized by researchers dealing with more advanced post-socialist democracies (Cooper and Morpeth, 1988).

## *2. Urban economy change and spatial restructuring*

Cities have been the main arenas of post-socialist transformation, reflecting the deployment of market mechanisms in real estate allocation as well as housing and land privatisation. In comparison to market driven cities, the relatively neglected role of urban rent and other market mechanisms during socialism meant less diversity in urban services, higher shares of industrial and residential land use, less land use by services and offices in the inner city and a lower level of socio-spatial segregation, etc. In other words, an urban policy that ignored land value, particularly in central locations, resulted in empty spaces in areas that were extensive used in capitalist cities, even in districts with relatively good infrastructure (Tosics 2003).

The introduction of market/rent principles in the use of urban space led to a specific kind of a rent gap, which has attracted new investors particularly foreigners. The rent gap refers to a disparity between capitalized ground rent (the actual rent, which depends on the site's current intensity and type of land use) and potential ground rent (the rent that could be obtained if the site was in the highest and best use). The low utilization of urban space, which is the socialist legacy, created a functional gap as a form of the rent gap, particularly in the inner city. (Sykora 1998a) This major functional gap prompted rapid replacement of many of the previous functions of the city-centre, whereby office and commercial functions crowded out residential function in post-socialist cities (Sykora 1998b). By contrast, in some cases the recovery of inner cities has been delayed by real

estate restitution claims, resulting in an "empty" centre as investors ran away to locations on the outskirts. (Keviani et al 2002).

The rent gap approach also points to the inclination of capital to move towards suburban/green field locations because the cost of recycling huge areas of previously industrial land exceeds the costs of setting up in green field locations. This primarily refers to international retail chains, and office and commercial functions that require a lot of space (Timar and Varadi 2001). As a consequence, industrial areas remain derelict, like parts of inner cities, creating challenges that cannot be solved simply by market mechanisms. The local political elite exacerbates such problems by giving priority to infrastructure development of suburban locations and/or by willingness to cooperate with investors attracted by the functional gap, a practice labelled as entrepreneurial behaviour under the new scheme of revenue mobilisation and retention (Tosics 2003). The interplay of the socialist legacy, private capital investments (particularly of FDIs) and policy options makes commercial suburbanisation more advanced than residential development. Hence, it differs from Western suburban development.

There is no general trend of de-industrialisation in post-socialist cities but only a shift from traditional and ineffective economic sectors towards cleaner and modernized industries relocated from developed European/Western countries (Enyedi 1996: 21; Kiss 2002: 83). Such changes correspond with the peripheral position of post-socialist cities within the European urban network. Industry will most probably remain an important sector of the urban economy even in Budapest, one of the most extensively restructured of all post-socialist cities. In the next 10 to 15 years it will reveal the effects of being a peripheral economy and will remain an industrial center in a semi-peripheral Hungary (Barta 1996: 205). The experience of ex-socialist countries in Central Europe proves that only large cities can become competitive within European urban hierarchy while smaller cities seem doomed to reproduce inherited under-urbanisation. Thus, 80 per cent of FDIs in the Central East European region went to Prague, Budapest and Warsaw because these cities had the physical conditions necessary for the operation of foreign firms in the

region (Keivani et al 2002: 195). By contrast, even the more advanced towns in Hungary are 20 years behind Budapest, and this gap has not narrowed during the last two decades (Nagy, 2001b:335)

### *3. Legacy of informal practices, consumer patterns and city transformation*

Informal local practices are stimulated both by the socialist legacy and economic globalisation due to rising structural unemployment.

Wallace and Sik (1999) point to the continued role of open area markets (OAMs) that served during socialism as compensators for its production and distribution failures. After 1989 they became suppliers of goods needed by impoverished social groups. With the introduction of capitalism, the OAMs have been regulated and thus transformed from sites of illegal activities to ones with a more traditional supplementary role.

Nagy (2001a: 346-347) argues that 'consumerism' emerged in a 'rough' form in post-socialist cities not due to the refinement of shopping behaviour and individuation that differentiates urban society, but because the locations where people shop have become markers of social status, even in the case of goods for daily consumption, which are hardly considered to be a status symbol in Western Europe (Nagy 2001:347). The fact that the city centre has increasingly become a setting for highly specialized services (for example specialist shops), that expanded at the expense of lower order services providing for 'local' people, has particularly affected the residents of inner city districts as well as lower income households in the outer districts, for whom the city centre was the traditional focus of daily/weekly shopping. Besides, new hypermarkets are easily reached mainly by car and, consequently, are not accessible to low income individuals for whom the OAMs remain a prime source of cheap goods. Therefore, society has become strongly differentiated in terms of access to shopping facilities and consumer habits.

#### *4. New patterns of socio-spatial differentiation*

With the new patterns of socio-economic differentiation, more based on income inequalities than was the case during socialism (Weclawowitzs 2002), new patterns of socio-spatial polarisation have been unleashed. Households are beginning to be concentrated irrespective of their occupants' place of work, while the housing system has been shaped increasingly by a demand-driven housing market (Kostinskyi 2001). Also, new patterns of residential segregation based on ethnicity are emerging (Ladanyi 2002). The present social mix in different neighbourhoods can be seen as a remnant of the socialist city that is soon to disappear (Weclawowitzs 1996: 66).

Privatisation has led to the increasing ghettoisation of the public rental sector and/or the lower end of the new multi-family condominium sector. Poor families are pushed out by indirect and sometimes direct methods from rich neighbourhoods to areas where the concentration of the poor increases (Tosics 2003). Middle class families have started to leave housing estates with higher concentration of manual workers and signs of the decay of housing stock.

Growing spatial segregation is reflected in significant difference in life expectancy between best and worst districts, which has reached six years within Budapest (Tosics 2003). Budapest has split in two parts: one inhabited by higher social groups in areas that look western, other parts inhabited by those who have lost out in the post-socialist transition, which tend to resemble areas in the cities of developing country. .

Unlike in the West, the increase in the suburban population during socialism was not due to the relocation of middle class residents from the cities, but the arrival of lower classes from rural areas who were unable to move into the city due to urban and housing policy restrictions. In post-socialist cities, massive residential Western type suburbanisation is slowly emerging along with the creation of the new middle class. Developments of suburban space sometimes serve as the ostentatious 'showrooms' of private property.

They are in stark contrast to housing estates of low income and less educated indigenous inhabitants who were the main actors of suburbanisation during socialism (Sykora 1998a). The inner city areas from which the middle class has fled will be occupied soon by an underclass (those without a proper job, social security and/or pension during their life time) (Tosics 2003).

Also, there is a polarisation between the newly built housing market for those better off (including foreigners who create a housing demand for suburban family houses and low rise multi-dwelling buildings in attractive inner-city locations) and for those worse-off, which are built in unattractive or less equipped locations, often illegally and/or with low construction standards. This poses new challenges for local government to set minimum building standards

### *Divergent or convergent urban patterns and ex-Yugoslav cities*

The fragility of new institutions and significant influence of neo-liberal policy has led to the creation of so-called “clone cities” (Cooper and Morpeth, 1998: 2264). It has resulted in a predominance of a convergent model for reasons of both socialist legacy and post-socialist policy choices. At the same time, if informal forms of regulations are taken into account, it might be concluded that the so-called “wild city” emerged as well, particularly in post-socialist countries lagging behind in the process of building new institutions (Tosics 2003). Nevertheless, in both cases, the clone and wild city type, post-socialist cities are exposed more to organic than regulated development.

Taking into consideration the possibilities of urban governance characterized by comprehensive urban/housing policy, Tosics (2003) formulated the following sub-types of development of post-socialist cities.

- *East German cities*, close to the regulated city model due to the influence of integration into the capitalist system of the Western part of the country, whose

- final outcome still depends on the continuing battle between investment lobbies and public control;
- *Hungarian and in some respect Slovenian cities*, close to the unregulated capitalist model due to the huge capital investments and dissolution of the previous type of public control, with very slow establishment of its new type;
  - *Czech, Slovakian, and Polish cities*, somewhere between the unregulated and regulated capitalist city model regarding some remnants of state control elements and very slow establishment of a new type of public control;
  - *Bulgarian and Romanian cities*, close to an unregulated capitalist city, with some elements of Third World development due to limited capital investment, dissolution of a previous type of public control and a slow establishment of the new one;
  - *Russian cities*, following the investment-led city development model with a curious mixture of political and market elements because the dissolution of public control has been replaced by political power concentrated at the local level, which functions along political and personal lines;
  - *Albanian cities*, close to unregulated Third World city development, with a total dissolution of the previous public control and no new type of regulations, with limited capital investment but with the substantial illegal or unofficial commercial and housing market.

In order to evaluate the position of ex-Yugoslav cities (except Slovenian) within such a typology, it is important to note two facts. First, the Yugoslav policy of socialist self-management led to the greater importance of market-like relations in the mainstream economy, as well as more liberalised income regime and consumption patterns, than in other socialist countries. This resulted in a higher standard of living and lower under-urbanisation in its qualitative terms (investments in infrastructure and resulting functional diversity of cities). Second, the phenomenon of blocked transformation during the 1990s took place in ex-Yugoslav countries not only due to the war but also because of the



behaviour of the new elite, which tended to adapt old institutions, or create new ones in a way that enabled them to preserve political power as long as possible.

Considering the issue of *urban policy* development, very few policy reforms, were undertaken. Due to the extent of international isolation, external incentives for economic liberalisation were absent. Political elites were not very interested in supporting the role of cities in the global economic competition. Also, they opposed political decentralisation and supported a continued authoritarian style of governance. Such circumstances allowed political actors to be more powerful than the slowly emerging new economic ones as well as those in the civil society sector.

In Serbia, the political elite was committed in principle to uphold certain social service provisions (keeping some remnants of the socialist regime). In practice, it misappropriated scarce resources and responded slowly even to the needs of the most vulnerable groups, like refugee households. Within the framework of urban policy, key actors of the socialist system, such as central planning agencies, slowly declined in importance while the emergence of new actors (market-oriented private developers, non-profit organisations) was very painful, marginalized and often illegal. One of the key transformation issues – enhancing (local) state power to collect taxes was undermined both by the black market economy and close connections between the new economic and political elite, who were, at the same time, the debtors and the collectors. A similarly slow pace of curbing political influence over the economic sphere also characterized other ex-Yugoslav countries affected by the war.

With regard to *urban economy changes and spatial restructuring*, multinational companies have been slow to invest in ex-Yugoslav cities due to political instability (Deacon 2000: 158). For the same reasons, even Ljubljana has attracted much less foreign direct investments (FDIs) in comparison to Prague, Warsaw, Budapest, in relative terms (Pichner-Milanovic, 2001a). Therefore, Western retail chains arrived in much smaller numbers and with a considerable delay in ex-Yugoslav cities. Even after political

stabilisation took place, foreign investors awaited the creation of institutional preconditions and more solid demand (Tosics 2003). Some limited FDIs have been made in city centres, which parallels a widespread practice of subleasing premises of (formerly or still) state owned retail outlets, an easy source of profit. At the same time, this practice was conducive to financial abuse and corruption. Therefore, city centres have seen a growing number of shops and office space but without multinational headquarters, while considerable commercial sub-urbanisation has not started yet.

Such development places ex-Yugoslav post-socialist cities in a particularly negative position in view of political and economic globalisation. The fact that cities were exposed to war, huge population movements and/or immigration pressures (refugees and displaced persons) puts additional pressure on the accessibility of housing, urban services and employment. In turn, this makes their competitiveness within European urban hierarchy even more difficult. Another problem is that the development of international services within the regional sphere of influence can only be expected in one or two big cities in the Balkans that are competitive by European standards. It might provoke further hostilities within the region and/or further hesitation of investors. The initiation of inter-city cooperation would be a good solution. However, there is little likelihood of this happening, not only because of the recent war, because even the urban governments of successful post-socialist cities cooperate primarily with cities/regions of developed countries and not among themselves (Tosics 2003, Pichler-Milanovich 2001b).

Economic crisis and blocked institutional transformation fuelled *informal practices* in housing and in the use of the urban space. In the absence of adequate policies to address these problems they became so widespread that one might hesitate to call them illegal. Illustrative of this is illegal housing development in Belgrade during the 1990s, which in comparison to the socialist period changed in several respects. First, the actors are different, as illegal construction was predominantly associated with marginalized social groups during socialism, but it is now undertaken by the affluent and powerful as well. Namely, members of the political/economic elite participated in illegal housing

construction by usurping exclusive and luxury residential locations in Belgrade, such as Dedinje which has become one of the main areas of illegal construction. Second, illegal housing used to be built on the outskirts of cities, but has become common in the metropolitan area and central city locations, as well. Third, the number of illegally built flats increased so much that it has equalled the number of newly legally built flats per year since the mid 1990s (Petrovic 2001).

Open area markets are another example of the influence of informal/illegal practices on urban development, which are much more evident in the Balkan cities than in the Central European post-socialist cities. This is due to the higher unemployment rate, lower average income and less state power to formalise and legalise OAMs. Local governments' initiatives to relocate the OAMs commonly trigger protests by street traders. For the time being, consumption cleavages are more evident concerning the type of shops frequented by different social groups, not their city location because both luxury shops and OAMs are mostly concentrated in the city centres.

Considering *socio-spatial differentiation* in ex-Yugoslav post-socialist cities, a minority of rich people have been increasingly concentrated in luxury low-rise apartment buildings in the city centres and/or in individual houses in the pre-socialist elite suburbs that are nowadays integrated in the central part of cities. By contrast, a wide layer of the poor is still immobile or slowly moving towards the lowest end of the housing market. The development of residential Western sub-urbanisation has been very slow because of the poor infrastructure and a high residential prestige of the city centre. Besides, ex-Yugoslav/Balkan cities still lack a middle class.

In spite of the fact that ex-Yugoslav cities are faced with slower socio-spatial differentiation due to the slower socio-economic transformation and gradually emerging re-stratification patterns, these cities are facing new residential segregation based on ethnicity. Cities like Sarajevo, Kosovska Mitrovica and Mostar are now divided cities. While ethnic enclaves might have positive attributes in so far as they promote solidarity

and supportive networks, equally they have negative implications because they separate and inhibit social interactions among citizens of the same city/country. Further, at least in Serbia, certain fractions of the poorest refugees or internally displaced persons are concentrated in collective centres and/or part of the cities with poor infrastructure. This introduces a new dimension of spatial segregation between domicile and immigrant population even if they are of the same ethnicity.

Going back to the question of ex-Yugoslav cities' unique characteristics and/or similarities with other post-socialist cities, it could be argued that they differ from Romanian and Bulgarian cities, and particularly from Albanian cities, because they have a better socialist legacy in terms of city infrastructure and diversities, but resemble them in the slow pace of post-socialist restructuring and establishment of new types of public control, and respective elements of the Third World development. The danger of unfulfilled expectations is particularly evident in the ex-Yugoslav case due to higher living standards during socialism compared to other socialist cities. Because of a high tolerance of illegal practices, the creation of new regulations in urban development will have to solve a more serious de-legitimisation crisis in Central European post-socialist cities.

The most likely outcome is that ex-Yugoslav cities will become unregulated capitalist cities with more or less evident elements of Third World cities. Nevertheless they will differ from the Albanian experience because huge rural immigration and consequent urban sprawls are unlikely to happen (Hartkoorn 2000). Nevertheless, in all cases with a high incidence of informal networking, it seems that even the emergence of NGOs and other non-profit associations as providers in housing and urban services might be a step ahead in developing civil society. It would force a change of perspective in the definition of insiders and outsiders between the people of different social status but not of their asymmetric power relations (Baerenholdr and Aarsaether 2002).

### *Concluding comments*

The analysed aspects of post-socialist city transformation point on the one hand, to the relevance of path dependency and the historical approach, as well as to fruitful results of combining different theoretical assumptions within them. On the other hand, they highlight the simplistic failures of ecological presumptions. Their socialist heritage has left post-socialist cities with few of the conditions needed to develop both their economic and political role in global transformation. These cities require certain standards of infrastructure in order to attract foreign capital, irrespective of possible advantages derived from cheaper labour, rent gaps and/or social dumping strategies. Also, post-socialist cities need to enhance the capacity of institutions and other actors, including strong civil societies, which are considered a potential complement to the expansion of the global economy and weakening the role of the national state and/or of the creation of the supranational institutions (Castells 1994: 32.; McNeill 1999).

A research focus on post-socialist cities would have beneficial policy outcomes by helping to enhance their reflexivity as vital social agents and define adequate policy measures. In this respect, particularly the research of ex-Yugoslav/Balkan cities should pay attention to the simultaneous existence of three institutional patterns: those rooted in the previous socialist system, those created by the informal sector and those designed by policies consistent with a market driven urban economy. The third pattern presumably is to integrate city and subordinate institutional remnants of socialism and of informal economy (Hegedus and Tosics, 1998: 5). A particular research problem lies in the fact that the process of disembedding their socialist city legacy and informal practices is more painful than expected.

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