POST-SOCIALISM AND URBAN TRANSITION: TRANSFORMING THE SOCIALIST CITY

UDC 316.334.56(4-191.2+4-11)

Dejana Nedučin, Milena Krklješ

University of Novi Sad, Faculty of Technical Sciences, Novi Sad, Serbia

Abstract. The paper investigates causal relationships and correlations between transitional reforms and various levels of urban restructuring that has taken place in the Central and Eastern Europe since the fall of the Berlin Wall. Numerous urban changes were not regarded as series of separate “events” with a specific background in political, institutional, economic and/or social context of transition, but as a set of results which, in a radical and chaotic manner, deconstructed socialist and stimulated formation of the post-socialist city. The post-socialist city is treated as a temporary phenomenon that adapted to the rules and conditions of transferring from socialism to capitalism or as a socio-spatial manifestation of various transitional processes. The aim of the paper is to detect common influential factors of genesis of the post-socialist urban landscape.

Key words: post-socialist city, transition, urban transformation, socio-spatial structure

1. INTRODUCTION

The fall of communism in the Central and Eastern Europe (CEE) set off the post-socialist transition with its three main goals - achieving political pluralism, establishing democratic society and implementing principles of market economy. The intricacy of these reforms illustrates one Russian joke that a New York Times’ journalist heard in Moscow during the 1980s, according to which socialism might be considered as "the longest and most painful road from capitalism to capitalism" (Schmemann, 1989). If transition is defined as “a process of complex changes that encompass at least five main macro-problematic levels: political, economic, social, cultural and ecological”, then space presents an integral part of every level – “once it is a cause, another time a consequence, but most often both” (Pušić, 2002: 12).

While there was an abundance of relatively quickly conducted researches that dealt with various influences of political and economic factors on the progress of social reforms, the analyses of direct and indirect causes and consequences of the post-socialist spatial
restructuring were scarce. The reason may be found in the fact that transformation of urban form takes considerable amount of time, while its short-term results are difficult to evaluate (Stanilov, 2007a). Same as it took almost two decades for the injection of communist ideologies into the CEE urban fabric to produce significant changes in urban form, the transition needed a temporal distance to spatially manifest itself, which has not been established until recently.

The transitional period in this paper is treated as a laboratory for investigating causal relationships between political, economic, institutional and social reforms, and various levels of urban transformation. The aim is to detect common elements, patterns, principles and influential factors of vanishing of the socialist urban matrix and genesis of the post-socialist urban landscape. The significance of this type of analysis lays in the fact that the post-socialist city is a very specific segment of the European urban texture, which summarizes mutual characteristics of urban environments with a unique political and socio-economic heritage.

2. LEVELS OF TRANSFORMATION

The differences between socialism and capitalism were most visible in Berlin, where these two opposed social and state orders existed just one metro station away from each other through two urban concepts as their mirrors. It was the fall of the Wall that set off systemic reforms which later served as catalysts for all changes in socio-spatial structure of the CEE cities. In other words, urban landscape has been reflecting the impact of intertwined political, institutional, economic and social reforms. In terms of urban development, this period implied evolution from the socialist city, as a starting point, to the post-Fordist capitalist city as a final destination (Nedović-Budić et al., 2006; Petrović, 2009). The post-socialist city thus may be defined as a temporary phenomenon that adapted to the rules and conditions of the transfer from socialism to capitalism or as a socio-spatial manifestation of various transitional processes.

Multiple and multi-layered transformations of the CEE cities may also be interpreted by using a more holistic approach, which makes a distinction between three levels of transition – the first transition encompasses political and institutional transformations; the second refers to economic restructuring and the third implies urban restructuring (Sýkora, Bouzarovski, 2012). The first and the second transition came out as direct results of a sudden and almost declarative break with socialism and gradual adoption of capitalist postulates. All implemented reforms had a profound impact on urban development and instigated the third transition, creating the post-socialist city as we know it today.

2.1. Impacts of political and institutional transformations

The first measures of political transformation were implemented in early 1990s and included establishment of multiparty system, organization of democratic elections and government decentralization. In the economic domain, newly elected governments used the shock-therapy method, which encompassed sudden reduction of direct state interventions, privatization of state property, price liberalization and creation of competitive market economy (EBRD, 1999). The outcomes were much poorer than in case of gradual reforms and incorporated negative growth and recession (Tsenkova, 2006). In an open-market competition with more developed capitalist countries, the economy of socialist cities, with industry as its most important branch, felt the consequences of technological backwardness, inefficiency
and excessive employment – or of the socialist development model in general, which turned out to be too optimistic and unrealistic. All this had an effect on the overall economic situation and quickly led to a significant decrease in volume of production and an increase in inflation and unemployment rate. The standard of living has drastically dropped and the poverty rate has increased, resulting in an omnipresent nostalgia for the socialist times.

According to Bodnar (2001), restitution of confiscated property and privatization of state- and socially owned assets, including housing, presented two crucial segments of institutional transformation and became the main drivers of upcoming urban restructuring. Through facilitating purchase of apartments at under-market prices, the primary purpose of housing privatization was to amortize and absorb negative social effects of initial transitional reforms (Struyk, 1996; Tsenkova, 2009). While this process was carried out relatively quickly, the process of restitution was progressing slowly due to unresolved ownership relations. Its pace differed from country to country, but it had a crucial impact on the development of real estate market, since most of the property was centrally located and reached very high prices. The success rate of these two measures lays in the fact that in 1998 more than 90% of the total CEE housing stock was in private possession – compared to 62% in the Western Europe at that time (Tsenkova, 2000; Dimitrovska Andrews, 2005). Given the numerical outcomes, it may be said that housing privatization presented the most radical and the most efficient systemic measures of institutional transformation, which resulted in real estate market liberalization, diversified housing choices and increased residential mobility.

2.2. Impacts of economic restructuring

The institutional transformation brought neo-liberal political practices, strengthened legal framework and raised awareness about the benefits of the new system. It also generated almost all prerequisites for the second transition, which was marked by an advent of foreign investments, internationalization of markets and economic restructuring through deindustrialization and tertiarisation (Tosics, 2005a). Although the inflow of foreign capital has succeeded in modernizing production and adjusting it to contemporary market conditions, the urban economy accepted contemporary global trends and turned to tertiary sector. Cities adapted to this change more or less successfully - those with a long tradition of heavy industry got inert, which led to high unemployment rates and urban poverty, while the other ones, primarily capitals and second-tier cities, relatively quickly revised and modified priorities, rearranged their economies and entered the period of developed transition and gradual, but steady economic growth.

Deindustrialization and tertiarisation have generated two trends – growing number of well paid jobs for highly skilled professionals and expansion of low-paid jobs (Sassen, 2000), hence social consequences of the second transition are primarily deriving from significant discrepancies in wages. Differentiation based on monthly incomes triggered social polarization and created more visible disparities in the geography of inequality.

Due to growing needs of the tertiary sector, but also because of restitution and privatization, this period was flagged by a more intensive development of real estate and land market. The urban land got back its value and its price was determined by the mechanisms of supply and

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1 The share of apartments in private ownership was extremely high in Romania (91.7%), Slovenia (90.3%), Croatia (87.9%), Serbia and Montenegro (87.4%), Hungary (82.6%) and Slovakia (76.5%), and much lower in Czech Republic (56.5%), Bulgaria (54.5%) and Poland (49.1%) (Hegedüs, Struyk, 2005; UNECE, 2006).
demand. Market tyranny replaced the state tyranny (Häussermann, Kapphan, 2004), initiating the period of urban space marketization.

During the second transition, former socialist cities have been converted into true market cities. This fundamental transformation derives from very radical changes in the system of urban management, i.e., transition from a decision-making process that is citizen-oriented and focused on improving the quality of services and achieving social welfare, to a more entrepreneurial-minded one, with profit making and economic growth set as the main strategic goals (OECD, 2007). As a consequence, clientelism and *ad hoc* decisions, aimed at satisfying private interests, have taken priority in the process of urban planning and creating long-term strategies of urban development, which had a significant impact on the socio-spatial structure of all CEE cities.

### 2.3. Urban restructuring

If urban form is defined as a mirror that reflects past and current socio-economic conditions and a text that serves as a base for their interpretation (Dingsdale, 1999), the post-socialist transition may be described as a crucial factor in the development of all CEE cities. All transitional processes had a causal character, while their direct and indirect impacts on urban restructuring, as well as on changes in urban economy, are intrinsically linked and synergistic. It is precisely for this reason that urban transformations cannot be viewed as a series of separate ‘events’ with a specific background in political, economic and/or social context of the first or the second transition, but as a set of results which, in a radical and chaotic way, deconstructed socialist and stimulated formation of the post-socialist city. Multi-connected, interdependent and the most distinctive common factors of the third transition or transformation of urban structure are: 1) housing policy reform; 2) city center commercialization; 3) gentrification of the city center; 4) rise of consumption; 5) residential suburbanization; 6) decay of socialist housing estates; 7) emergence of brownfield and 8) changes in socio-spatial structure.

#### 2.3.1. Housing policy reform

The housing policy reform was aimed at devising a new and radically different approach to production and distribution of housing, which would liberate the state from previous commitments and responsibilities. It included the following processes: drastic reduction of state funding; state withdrawal from almost all activities related to housing maintenance and allocation; privatization of state or socially owned apartments and market control of residential construction. In early 1990s, state financing of housing construction has been cut down by 50% while the records also show reduction of the GDP share allocated for this purpose – around 1% in most of the countries, with the exception of Serbia (2%) and Macedonia (3%) (Tsenkova, 2009: 128). Due to various incentives for private investments at the national and/or local level, the volume of housing construction at the onset of 2000s has reached or even exceed the values from the late 1980s.

By abolishing the egalitarian socialist principles of rejecting market mechanisms in housing construction and distribution, citizens’ financial possibilities became the main precondition for solving the housing problem. In the process of privatization, some CEE countries maintained a relatively large percentage of housing in public ownership (*e.g.*

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2 At one point during the 1990s, the ratio between the prices of real estate in the city center and suburban areas was 10:1 (Tosics, 2005b: 61). It took almost a decade for the real estate market consolidation.
Czech Republic 17% and Poland 16%), while in others it nowadays ranges from 5 to 10% and is significantly lower than in the Western European countries (Damjanović, Gligorijević, 2010: 87-88), which indicates a significant lack of social housing.

2.3.2. City Center Commercialization

In capitalist countries, the second half of 1990s was marked by a rapid economic growth and a consequent search for new and underdeveloped markets, which made the CEE region an attractive destination for foreign capital. The influx of foreign investments instigated a change in the pattern of urban development and introduced new key actors in the process of decision-making. In contrast to the socialist period, when urban land had no market value and its allocation was subordinated to the socialist determinants of urban development, during the second transition the manners and modes of its use became almost fully compliant with private investors' needs. This shift in priorities produced two main trends in spatial distribution of commercial uses within the CEE cities – formation of western-style CBDs with small-scale retail and positioning of large-scale retail and office space on cheaper greenfield locations in suburban areas (Stanilov, 2007b).

The first trend has been facilitated by restitution and privatization of state owned property and presented one of the direct causes of the rent gap that characterized all city centers at the beginning of the post-socialist period. As Sýkora (1999: 83) stated, the common mechanisms of city centre commercialisation were: switching from residential to commercial use within the existing building stock; replacing existing buildings of less intensive residential or commercial uses with new taller and larger buildings; and intensifying the land use through new commercial developments on vacant land.

Commercialization of the city centers had several benefits – it contributed to revitalization and restoration of old urban fabric, brought new and optimal uses, initiated recycling of underutilized urban land and increased the overall tourist attractiveness of the city. On the other hand, it instigated a drastic jump in real estate prices and caused expelling of traditional trading activities from the city center, relocation of retail to the urban fringes, traffic overload and congestions. Commercialization also set off some new forms of residential migration, including gentrification and suburbanization, which were typical for Western European cites, but novelty for the post-socialist ones.

2.3.3. Gentrification of the city center

Raising the quality of life in previously forgotten city centers through commercialization, revitalization and reconstruction of existing residential buildings, as well as through introduction of luxury housing, led to a change in their social structure. Due to the process of rehabilitation of housing function and a substantial increase in apartment prices and rents, well off elite was gradually replacing more marginal social groups, setting off gentrification and thus creating a need for new facilities and services of higher quality. A wider context of gentrification involves precisely this type of urban change, while its manifestations are recognized as a common post-socialist feature of almost all CEE capitals. Regardless of the fact that a number of local authorities was encouraging housing construction in the vicinity of already commercialized city centers, with the aim of preventing further displacement of local

3 According to Smith (1987), the rent gap may be explained as a measure of the difference between a site's current value, based on its purpose and intensity of use, and its potential value at 'best use'.
population, these attempts actually had a counter-effect and additionally accelerated gentrification (Stanilov, 2007c).

Although gentrification is nowadays seen as a global phenomenon, global urban strategy and a unique expression of neoliberal urbanism (Smith, 2008), one cannot ignore its national or local context that delivers a wide range of varieties, especially those related to very specific conditions of the post-socialist urban development (Kovács et al., 2013). This process is closely tied to an evident shift in social classes that reside in city centers (Smith, 1996), which caused a re-emergence of the pre-socialist patterns of residential segregation.

2.3.4. Rise of Consumption

At the onset of political and socio-economic transition in the CEE, Western societies have already entered the phase of mature capitalism and postmodern consumerism (Nagy, 2001). On the other hand, the consumer logic and experiences of Western and Central-Eastern Europeans from the post-socialist perspective share certain similarities. Regardless of their well-timed or delayed implementation, economic reforms have improved the standard of living and increased the purchasing power, which ignited middle class aspirations to attain the Western European modus vivendi (Nedučin et al., 2014). Consequently, private investors have focused on satisfying those needs and shopping malls, as true representatives of contemporary everyday life, began to dominate the centers and suburbs of post-socialist cities. City centers across the CEE nowadays reflect the global homogeneity of consumption by offering the same brands as in any other place in the world. The internationalization of retail has also changed the urban identity – while evaluating the effects of this process in Prague, Sýkora (1994: 1159) pointed out that the “united fashions” of global culture are responsible for creating the consumer landscape of a post-socialist city.

2.3.5. Residential Suburbanization

In contrast to the socialist period, characterized by extensive rural-to-urban migrations, the third transition accepted the global trend of moving from cities to suburban areas. Residential suburbanization is one of the most controversial processes of the post-socialist urban development, which is described either as an enrichment of the housing choice under free market conditions and a mean of decentralization of urban population, or as a cause of social, economic and environmental non-sustainability of a contemporary city (Sýkora, Bouzarovski, 2012). The standard of living in these newly built neighborhoods on urban fringes emerged as one of the principle driving forces of migration of wealthier population. A broader context of the impacts of residential suburbanization refers to the resulting socio-spatial segregation, decentralization and/or decrease in urban population4, as well as to urban sprawl. This process was partly slowed down by gentrification of the city centers, primarily through enlarging the offer of luxury apartments (Couch et al., 2005). Stanilov (2007c) points out that the additional stimulus for residential suburbanization in the CEE presents the citizens’ desire to imitate the American lifestyle, which derives from the socialist times.

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4 In Prague, for example, local government supported conversion of abandoned lots with non-residential uses in the central city area for the purpose of luxury housing construction (Sýkora, 1999).
3 While between 1990 and 2001 the population of the Budapest’s metropolitan area increased by 18%, in the urban area it decreased by 14.3% (Földi, 2006).
2.3.6. Decay of socialist housing estates

Decay of socialist housing estates is a problem many CEE cities are nowadays faced with. Previous attempts to improve the quality of prefabricated buildings and reduce broader social consequences of their physical degradation have been hampered by numerous difficulties. Apart from the lack of financial resources in cities' budgets, one of the main obstacles is the fact that different actors - the city authorities, relevant institutions and local population - often do not share a common vision on the necessary measures and actions, which need to be undertaken in the circumstances of privatized housing and limited financial means of the apartment owners (EAUE, 2000). On the other hand, some successful CEE examples, such as the ones from Prague6, show that a combination of long-term strategic planning, good marketing and adequate coordination of actions may motivate local population and raise its awareness about the effects of improving housing conditions, encouraging it to actively participate in the process of revitalization.

In addition to various socio-spatial problems the decay of socialist housing estates might generate, the ratio of the supply and demand of housing in the CEE cities also points to an urgent need for their renewal. According to Sailer-Fliege (1999), two indicators of the demand for the apartments in prefabricated buildings illustrate the impact socialist housing has on the local real estate markets - an exceptionally high percentage in the total housing stock7 and a relatively affordable price.

2.3.7. Emergence of brownfield

The emergence of brownfield in the CEE cities is closely tied to the process of deindustrialization. Dilapidated industrial facilities, embedded in a densely built urban fabric and often centrally located, have a great commercial potential. In accordance with the practice of more developed neighbors, a number of post-socialist countries has integrated European models of brownfield activation in the legal and planning regulations at the beginning of 2000s and set up local and national development strategies. Brownfield investments that some cities have managed to attract contributed to their economy and promoted new social, cultural, commercial and/or environmental image. For private investors, on the other hand, bringing derelict industrial buildings to a new purpose is often unprofitable, while local authorities are either uninterested or do not have adequate financial means, therefore brownfield sites, especially in the cities with industrial tradition, are most likely to remain a dilapidated ring around fully renovated city centers.

2.3.8. Changes in socio-spatial structure

The social structure of residential areas may be described as the most visible indicator of location-specific conditions, but also of very influential global residential trends (Kostreš, Reba, 2010). Due to sky-rocketing prices of centrally located real estate and poor housing conditions in pre-war and socialist buildings, the upper middle class started moving to suburbs and newly built neighborhoods, while the well-off elite opted for luxury apartments in gentrified areas or

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6 For further reading, see Temelová et al. (2011).
7 In 2002, the share of socialist housing in the total stock was as follows: Bulgaria – 78.8%, Serbia – 74.6%, Croatia – 72%, Romania – 69.4%, Hungary – 68.1 and Slovenia – 66.9% (Delft University of Technology, 2010; RZS, 2004; Tsenkova, 2005: 61).
single-family houses in closed suburban communities. Neglected and deteriorated socialist housing estates offered much cheaper rents and became the prime destination for the member of working and lower middle class. The third transition has initiated transformation of a relatively homogenous socio-spatial structure of the socialist city through spatial redistribution of local population based on preferences, priorities and social and economic status.

Sýkora and Bouzarovski (2012: 44) stated, hence the differences that are currently visible in socio-spatial structures of the CEE cities are not caused by some specific divergences from the path to capitalist city, but by numerous nuances in manners the transitional reforms were implemented and coordinated in a particular country.

Each of the post-socialist urban processes contributed to softening a rigid socialist urban form in its own particular way, while their combined effect may be seen in some substantial transformations - from monocentric to polycentric, from compact to dispersed, from industrial to consumer-oriented, but also from a socially homogeneous to a more stratified city, as a reflection of the new ideology and new socio-economic relations. Although the post-socialist city, even with a very dominant socialist heritage, nowadays shares many more similarities with the Western European one than before the fall of the Berlin Wall, two important questions remain unanswered – what is the next level of transformation of its socio-spatial structure and which are the factors this process during the post-transitional period will depend on.

3. CONCLUSION

Most of the post-socialist urban processes did occur in the Western Europe during the second half of the 20th century as well, but they were well planned and constantly subjected to corrections if the results proved to be unsustainable or inadequate. The CEE cities did not have time for a more strategic approach due to urgently implemented political, institutional, economic and social reforms, aimed at rapidly overcoming an evident lag behind the capitalist countries. They quickly adapted to quite tricky transitional circumstances, which made the transformation of urban landscape a rapid, chaotic and unsystematic process that lacked a balance between public and private interests and the time necessary for evaluating multiple long-term effects. Since the post-socialist patterns of urban development present a direct consequence of a bundle of paradigmatic and almost revolutionary systemic changes and, more often than not, questionable interests, the third transition can be defined as an expected outcome of the first and the second. All these patterns shared "a common logic", as Sýkora and Bouzarovski (2012: 44) stated.
Acknowledgement. The paper was done within the project “Optimization of architectural and urban planning and design in function of sustainable development in Serbia” (TR36042), funded by the Ministry of Education and Science, Republic of Serbia. A part of the research was presented at the 3rd International Academic Conference on Places and Technologies, 14-15 April 2016, Faculty of Architecture, University of Belgrade, Belgrade.

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Rad istražuje korelacije i kauzalne veze između tranzicionih reformi i različitih nivoa urbanog restrukturiranja na teritoriji Centralne i Istočne Evrope nakon pada Berlinskog zida. Brojne promene u urbanoj strukturi nisu sagledavane kao serije pojedinačnih „događaja“ u gradskom prostoru, od kojih svaki ima konkretno zaleđe u političkom, ekonomskom i/ili društvenom kontekstu tranzicije, već kao skup rezultata koji je, na radikalni i haotičan način, razgradio socijalistički i stimulisao stvaranje postsocijalističkog grada. Postsocijalistički grad je u okviru istraživanja posmatran kao privremeni fenomen koji se adaptirao pravilima i okonostima prelaska iz socijalističkog u kapitalistički sistem ili kao društveno-prostorna manifestacija različitih tranzicionih procesa. Cilj rada je utvrđivanje glavnih činioca i zajedničkih faktora geneze postsocijalističkog urbanog pejzaža.

Ključne reči: postsocijalistički grad, tranzicija, urbana transformacija, društveno-prostorna struktura