

Determinants and Consequences of Spatial Restructuring in Post-Socialist Cities

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The paper concentrates on a very exciting and for sure the most visible aspect of the post-socialist city development: the spatial changes and their mutual links to urban planning and policy making. The turbulent last decade of the XXth century resulted in immense changes not only in the spatial structure of the central-east European cities, but also in the out-looking and functioning of each of their different areas, zones. Surveying the determinants of the spatial changes, the paper raises the hypothesis that the transition period consists of subsequent stages. The step from one stage to the next one is politically decided, while the content of the stages and the speed of their introduction, implementation influences to a great extent also the economic determinants of the spatial changes.

Based on the detailed analysis of the spatial changes, the paper aims to answer some basic research questions related to the post-socialist development of central-east European cities. To what extent are these cities moving towards the market-oriented city, losing their characteristics from the socialist period? Are there any of these characteristics which could/should be preserved in the new development phase? What role is the emerging new public sector, urban planning and policy making, playing in the subsequent stages of transition regarding the 'management' of the changes, the control over the market processes? The paper largely concentrates on the case of Budapest, but there will be an attempt to put the analysis into a comparative perspective with the use of information from other cities, where available. On the basis of these attempts of comparison some hypotheses will be raised at the end of the paper, how different the development paths of the post-socialist cities are, regarding the changes against their socialist past and regarding the differences in the city models where they are heading to.

The overall conditions: political, economic, institutional determinants of the spatial processes in the transition from central planning towards the market

City development under socialism

There is a debate since long whether the cities of the socialist countries are qualitatively different in their development from other cities, or not. Another form of this question is, whether a 'general model' of city development in advanced societies exists or not (Szelényi, 1996, p. 286). Those defending the idea of the existence of a general model base it on changes in developed Western (American and West European) cities, describing such changes as sequential periods of urbanisation, suburbanisation, desurbanisation, and re-urbanisation. In this 'ecological' model of city development model the process of industrialisation is considered to be the decisive factor, while other variables, such as the type of the political-economic system is treated as subordinate (see van den Berg et al., 1982). The development of central-eastern European cities is regarded as part of the general model, being only 'deferred' compared to the case of the Western European and especially the American cities. Consequently, '... socialist urbanisation was not a new model of modern urbanisation. Rather, Central European socialist countries replicated stages of a more generally applicable global process of urban development.' (see Enyedi, 1996, p. 102).

The other theoretical stance, the 'historical' approach emphasises the importance of the mode of production (the neo-Marxists) or of the political-economic order (the neo-Weberians) and considers the process of industrialisation as of secondary importance. According to this approach, no general, linear model of city development exists. The starting statement of the historical approach is that "... societies with different socio-economic orders will produce qualitatively different urban conditions." (Szelényi, 1996, p. 290).

The starting position of this paper is the last statement quoted. Derived from the socialist political model and the system of planned economy, the following political-institutional factors are considered as important specific determinants of the eastern European urban and housing policies (Hegedüs-Tosics, 1996):

- residential incomes under (in the beginning total) state control
- strong and direct state control over land use, leading to very specific land-use patterns expressing the preferences of the socialist state (Bertaud-Buckley, 1997)
- significant state ownership of the land and housing stock in cities (as a consequence of confiscation)
- administrative limitation of housing consumption (one unit per family)
- administrative limitation of the size and development (inflow of population, industrial growth) of major cities
- direct control over the financial resources of the cities, and over the political decision-making process.

There were significant differences in the timing and extent of the measures introduced (e.g. control over urban land was total in Moscow from the 1920s, while in most CEE cities it was only partial - concentrating on the most dense core of the city - and in some cases introduced only at the end of the 1950s). Yet the logic of state control was the same, and had very similar consequences.

One of the quite visible characteristics of the socialist cities, which is very different from the capitalist cities, is the density gradient: contrary to the gradually decreasing density from the centre to the periphery in market-oriented cities, socialist cities usually have 'camel-backs' due to the 'hollow' of the transitional belt and the 'peak' marked by the outer zone dominated by large housing estates. (Bertaud-Buckley, 1997)

The beginning of the transition period

In most of the central and eastern European countries urban spatial changes came about as a consequence of the collapse of the socialist model (in political, economic, institutional sense). It was only in the more market-oriented countries, most notably Hungary and Slovenia, where some spatial changes preceded the political changes, as an early expression of the market orientation of the economy.

The gradual modification of economic policy towards the market resulted in Budapest in an early upgrading of the CBD area of the inner city: a whole neighborhood was allowed to be converted into an area of international hotels, extended with the first pedestrian street. Even the decision about the first new office buildings according to international standards (East-West Center) came before the change of the political system.

Another 'forerunner' of market oriented changes was the housing sector, where privatization started around 1986 with gradual lifting of prohibitions for the sale of council housing. Families becoming owners could immediately trade their positional advantages on the market, which was already open for new private construction since decades.

Even in these countries, however, where the regime change started somewhat earlier with the gradual modification of economic policy, the most important spatial changes came after the establishment of the new political system. This shows that some types of new investments, leading to spatial changes, are connected to the economic system, while others depend also on the political system.

There is a whole series of new developments which leads to spatial changes after the establishment of the new political system: shopping centers, new office buildings, greenfield industrial and logistical investments, residential parks, suburban housing, new inner city housing construction (in connection with subsidized mortgage lending).

The reason why these developments could only come after the political changes is simple: some conditions were determined by politics (e.g. large-scale privatization in the productive sectors and in housing, decisions on infrastructure development in smaller settlements, the introduction of mortgage lending). The emerging new types of developers carefully selected the sectors of the real estate market (petrol stations, offices, commercial sector, residential developments, etc.) for their investments, influencing the spatial reorganization of work-places, the new patterns of commercial and service delivery, finally also the residential sector.

Understanding the transition: subsequent phases of changes

As a pre-requisite for understanding the changes in the urban spatial structure of the post-socialist cities, the transition of the overall political and institutional framework has to be analysed. The shift of the city from socialist into post-socialist period was accompanied by the collapse of the old structure and the emergence of a totally new one. In reality, however, the sudden collapse of the old structure was not followed immediately by the introduction of a well-developed new system. One potential way to conceptualize the process of change is through the following model, which differentiates three main elements ('landmarks') of transition:

- basic political decisions
- detailed regulations
- public policies.

The transition starts with basic political decisions on the political parties, on elections, on the local government system, on the restructuring of the socialist economy, housing, etc. Detailed regulations, the establishment of a concise new legal system, however, usually comes only with substantial, several years' delay. There is a further delay until the appearance of the first new public policies, adjusted to the new circumstances of market oriented development.

On the basis of the distinction between basic political decision, detailed legal regulation and new public policies, it is possible to differentiate three main stages of the process of transition: vacuum period, adaptation period, adjustment period.

Between the basic political decisions and the introduction of a detailed legal regulations, in almost all countries there was a shorter or longer "vacuum period", when no clear regulation was in place or different pieces of legislation contradicted each other (giving opportunity to actions which were not allowed in "normal" times). The length of this period is very different: in Germany it took only some months, in Hungary 2-3 years, in some other eastern European countries almost the whole decade.

This 'vacuum period' was the shortest in Germany, where it took only several months to take over and apply the quite strict west German legal system and procedures. Even so, there are numerous examples in and around east German cities on developments (e.g. suburban shopping centers) which would not have been possible later. In Hungary this period lasted for 2-3 years, up till the final decisions have been taken on privatization (in housing in 1993). In Romania, Albania almost the whole decade passed without regulating the functioning of privatized housing – not even the rules for maintenance were clarified.

By the middle of the 1990s in most countries the new legislations for the different economic sectors have been put in place and the major changes in the ownership relations (privatization, restitution) have also been completed. Thus the period of 'adaptation' started, in which the major players adapted their strategies to the new circumstances. In the lack of public policies (social support schemes, subsidies expressing different public preferences), however, the markets could not function yet in their entirety, full prices could not apply as consumers were not able to pay.

In Hungary in the second half of 1990s the land registration system has been put in place, however, overarching targeted subsidies (social protection system) and financial incentives for lending were not existing yet. Thus banks did not issue mortgage loans, and the earlier formally acquired properties did not function yet fully as market properties (see the description of the the transition from the socialist regulation into a 'non-state and non-market' situation in Hegedüs-Tosics, 1998).

Around the end of the 1990s in many of the central-east European countries the first new public policies were discussed and adopted on national and local level. From this moment on markets can in principle function without artificial constrains, the actors, institutions related to the new system can make their last adjustments, develop fully their strategies, as public policies defend the losers to a given extent. Thus, after an adjustment period, real market-based development starts, the transition is over.

Table 1. Subsequent stages in the transition of the central-east European cities

Landmarks of development	Political changes		Introducing regulations		Introducing policies	
Stages of transition		Vacuum		Adaptation		Adjustment, functioning
Public politics	Universal, national		National, local		Local, national, EU	
	Decision on privatization, etc.		Legal regulation, e.g. housing law		Territorial development, social policy...	
Private investors		Everything is possible		Exceptional opportunities		Saturation
		Windfall gains		Differences (territorial, etc)		
		Productive investments		Commercial, office, hotel		Housing
Public invest, national		Equalizing infrastructure				Motorways
Public invest, local		Restructure own institutions		Physical infra		Transport, rehabilitation
DEMAND		Get new position in job, housing (without terr change)		Marketize positional advantages, buy car		Adapt to emerging market

Although the model developed for the understanding of transition is probably valid for all countries, these differ from each other substantially in the details of the model, e.g. in the extent and pace of the political changes (the withdrawal of direct public control and of public sector ownership), in the new regulatory framework and also in the public policies developed in the emerging market society.

The new institutional system: the role of the local government level

In the course of 1989-1990 (in some Eastern countries one or two years later), in most countries there was a peaceful transition from a one-party system into a democratic multi-party system with free elections. The basic political, institutional and economic conditions of the former socialist model were abolished, overall state control was terminated and long-term politically motivated planning has been replaced by short-term, usually one year planning (Tosics, forthcoming, a).

Parallel to the establishment of democratic multi-party parliamentary systems with free elections, the key question for the political transition was the *strengthening of local governments*. In all socialist countries sub-national levels of government (counties, local councils) existed but these had not been at all independent: political and financial decisions were directed from above and were controlled by the party apparatus. "Sub-national governments were essentially deconcentrated units (or branch offices) of the central government and had little or no financial autonomy." (Bird-Ebel-Wallich, 1995:1)

Very soon after the establishment of the new democratic government at the central level, totally new legislation was adopted for local self-governments (in Poland and Hungary already in 1990). The new legislation ensured the establishment of independent local self-governments and much of the public sector decision-making rights (and responsibilities) could be transferred from the central to the local government level. "There is no direct involvement of any central government officers or politicians in local decision-making and central supervision is restricted to checking the legality of procedures" (Bennett, 1998:38).

"Decentralisation is ... a key dimension of the national transition from a command to a market economy. ... The total level of public sector activity must be dramatically reduced, but at the same time the new sub-national governments must be allowed to build staff and institutional capacities." (Bird-Ebel-Wallich, 1995:2)

Decentralisation is unquestionably a big success, as during the course of the first decade of the new political system independent local governments have been developed in most countries. In many countries the number of local governments increased dramatically (in Hungary doubled, in the Czech Republic by 50 percent), which means that *the new local governments became small* in number of population, even smaller than before (average size in Hungary 3000, in Czech Republic and Slovakia below 2000 with 50-80 percent of the settlements below 1000 population). Consequently, the new communes became too small to be able to administer some of the services, and this became, in fact, a serious obstacle to real decentralisation within the state as a whole (see Bennett, 1998:41).

Central governments were not very keen to allow the local governments to develop into powerful political entities. Therefore *no substantial financial autonomy was given to local governments*: where local taxes have been established at all, their magnitude was strongly limited and settlements continued to depend mainly on central transfers.

Furthermore, in many countries the intermediate level (e.g. counties) of sub-national government was terminated or made insignificant - as a reaction on the very big role these entities played in the socialist system in the allocation of political directives. All these facts prove that *decentralisation was limited in the post-socialist countries*. Although power sharing between the national and local level changed substantially, compared to the socialist period, the central state managed to preserve strong power. The establishment of independent local governments "... has been accompanied by a higher degree of centralism than was first intended ... as a consequence of the fragmentation of the local level, the weakness (absence) of an intermediate level and as a result of the desire for efficiency and expedience in the context of economic transition." (Michalski - Saraceno, 2000:19) In this situation the role of the large cities, especially the capitals, increased as the only potential alternative power-centres.

The supply side: new developments, the role of FDI

As a logical consequence of the collapse of the socialist economy and the deep restructuring procedure of the public sector, the public hand lost its previously dominating role in the economy. Within the first 4-5 years of transition in many CEE countries more than half the GDP was already produced by the private sector.

The selected methods of changing the ownership relations in real estate (privatization, restitution, etc.) and more general economic/political factors influenced the amount of FDI arriving into the different post-socialist countries. In the first years of the transition Hungary was the main target of FDI, while in the second half of the 1990s Poland and Russia took over the leading role in this 'competition' (most recently the Czech Republic and Slovakia are the forerunners). Together with privatisation, and partly related to that, the influx of foreign investments was the most important driving force for the economic change. By October 1999 about 20.5 billion USD of FDI came in into Hungary, more than half of it to Budapest. A substantial part of this investment came as machinery.

Foreign investors valued political stability, general economic development and some other specific conditions (such as the size of the internal market, solvent demand of the population and geographical location) when deciding where to put their investments. It is clear that the "... economic restructuring that took part was largely left to market forces as the legacy of central planning had discredited top-down policies of economic and regional development. As a result of transition regional and social inequalities have risen substantially within the CEECs." (Michalski - Saraceno, 2000:21) As a general rule it has been the biggest

cities who have been the winners, and gained most FDI, and hence who managed to carry out economic restructuring in the shortest time.

The demand side: mobility and consumption patterns

The demand-side changes (the demographic trends and mobility processes, the changing patterns in transport with the emerging motorization) were in dynamic relationship with the supply-side changes. Countries differ from each other in the relative weight of these changes: there are examples on the leading role of the supply side changes (where developers 'dictated', e.g. Germany), but also on the opposite (where developers more or less followed the decisions of the population).

The change from planned to free market economy brought changes also in the relation between the large cities and their surroundings. In the early 1990s in Hungary there was a definite reorientation of central level public subsidies to smaller settlements, which helped the settlements in the agglomeration belts to clear their backlog of infrastructure, and sometimes even overtake their core cities in infrastructure supply. Moreover, the Law on Local Government, giving almost total administrative freedom to the settlements, paved the way for a sharp tax-competition, in which suburban settlements were able to attract higher income households and new economic investments.

In the course of the 1990s many factors changed, which influenced the mobility decisions of the population: as a result of the mass, give-away privatization most families became owners, income differentiation has increased, and there was a huge growth in private car ownership. All these conditions led to an increase of residential mobility, the novelty of which was the emerging 'real' suburbanization process: the prestige and also the value of real estate in suburban settlements increased, as opposed to the decline of many urban areas.

Table 2. Population in Hungary, Pest county, Budapest and its agglomeration, 1993-2002*

	Hungary		Pest county		Budapest		Agglomeration belt	
	'000	change%	'000	change%	'000	change%	'000	change%
1993	10 310		964.9		1 995.7		579.5	
1994	10 277	- 0,3	973.3	+ 0,8	1 930.0	-1,2	585.1	+ 1,0
1995	10 246	- 0,3	985.1	+ 1,2	1 906.8	- 1,1	588.8	+ 0,6
1996	10 212	- 0,3	994.5	+ 0,9	1 886.2	- 1,3	615.1	+ 4,5
1997	10 135	- 0,7	1 006.2	+ 1,1	1 861.4	- 1,2	618.3	+ 0,5
1998	10 092	- 0,4	1 018.2	+ 1,2	1 838.7	- 1,2	628.6	+ 1,7
1999	10 043	- 0,5	1 032.7	+ 1,4	1 811.5	- 1,5	640.5	+ 1,9
2000	10 196		1 080.0		1 774.0		n.a.	
2001	10 175	- 0,2	1 089.5	+ 0,8	1 739.6	- 1,9	678.0	
2002	10 142	- 0,3	1 105.4	+ 1,4	1 719.3	- 1,2	691.3	+ 1,9

Source: Budapest Statistical Yearbook 1993-1999, Census 2001

* at the end of the year.

Agglomeration zone, 1993-96: Calculated data

From Table 2 it can be seen that the population of Hungary has been decreasing (since 1980). Similar processes have taken place in Budapest, too. The natural decline in Budapest began as early as the beginning of the 1970s and was related to the ageing of the population. Even so, the number of inhabitants of Budapest was constantly growing until the end of the 1970s, due to the strong positive balance of migration. However, since 1993 even the consolidated index of changes of permanent and temporary residence between Budapest and the rest of the country has become negative for Budapest. This led to a totally new situation: compared to the rest of the country, the decline of the population is much faster in Budapest.

Contrary to the tendency in Budapest, the population of the agglomeration belt is increasing. Pest County, which covers the entire agglomeration zone (which represents 2/3 of

the population of the county), is the only medium-level unit in the country, the population of which has grown for the last few years.

The changes in the mobility tendencies is of course in close relation to the changing transport patterns. Although public transport is comprehensive and still covers 60% of mobility within the city, this share has decreased substantially in the course of the 1990s (at the end of the 1980s the modal split was 85:15). The increase of the number of cars is quick: compared to 130 cars per 1000 inhabitants in 1980, the 1990 figure was 234, while by 2002 this further increased to 346. There is no hope for this 'development' to slow down, as Hungary and Budapest are still far from the EU-15 average, which was 488 cars per 1000 inhabitants in 2001.

Table 3. The change in motorization (number of vehicles per 1000 population), 1990-2000

	1990	2000
EU-15	393	479
Vienna	365	500
Budapest	235	309
Ljubljana	335	420
Prague	277	523
Zagreb	220	245

The shortly summarized market-oriented development has led to sharp increase of inequalities between the different strata of society, and among the different areas of the country and even within the larger cities. The social consequences of the market oriented transition are analysed in detail in OECD, 2001. As a consequence of the impoverishment of many households, there is an increase in the share of population under the national poverty line. Social exclusion, negative demographic trends, deteriorating health situation are all indications of growing social problems, particularly in remote rural areas and poor urban districts.

Spatial changes and restructuring in the post-socialist cities: the main territorial conflicts

The gradual change in the political, economic and institutional conditions, the new trends on the supply and on the demand side lead to important changes in the spatial structure of the post-socialist cities. The focus of the analysis will be directed to the most dynamic areas, to the conflicts of their restructuring and on the consequences these changes have on the spatial structure of the metropolitan regions.

Historic background: dynamic areas in the socialist period of city development

In the socialist period city development was dominated by the public sector, which was the biggest land-owner (in Budapest 2/3 of the housing stock and the majority of the urban land was in public ownership), having also control over all the aspects of urban development, as decision-making rights were centralised on municipal or even higher level. Consequently, the most dynamically growing areas of the city were those, to where public investments were concentrated:

- the large high-density new housing estates, mostly on the periphery of the big cities, considered to be of key importance in fighting the housing shortage

- the elite zones with high housing quality in the green belt (the target area of the political and economic elite groups, acquired through the nationalisation of earlier elite districts and developed by the government and by subsidised private investments).

On the other hand, the most quickly deteriorating areas were those, the development of which was not supported or even restrained by the public sector:

- the building prohibition areas (designated for demolition to give place for new housing estates),
- the publicly owned inner city areas, dominated by a deteriorating stock of old buildings (due to the neglect of the confiscated or nationalised stock and rent controls at a low rent level),
- the transitional zone with mixed building dominated by obsolete large industry and other functions.

Although getting much less or none at all of public subsidies, the private development processes also resulted in dynamic areas, especially in

- the agglomeration settlements, experiencing fast growth with low-level infrastructure, due to the move-in of the new urban workforce who could not move into the city because of administrative restrictions.

Dynamic areas in the post-socialist city development

As the post-socialist period of city development is dominated by the private sector, the ownership of land is largely privatised, and the public decision-making rights are decentralised (to district level), the most dynamically growing areas of the city are those, to where the financially strong strata of society want to move, and the office- and retail developers want to invest. The upward mobile areas are therefore:

- the wealthy inner city areas (condominiums in centrally located residential areas, easily accessible mixed use areas),
- the examples of gentrifying urban renewal
- the target areas of the suburbanising middle classes.

As a consequence of the pull effect of these dynamic areas, middle- and upper class families move out from certain parts of the housing stock. In the lack of public interventions from the unwilling upper level and the unable local (district) governments, some areas are quickly deteriorating. Amongst the downward mobile areas are

- the deteriorating, ghettoising areas on the edge of the inner-city (dominated by minority ethnic groups and low income strata),
- the brownfield areas,
- some of the large housing estates (those which are the worst located, most difficult to access)
- some of the suburban settlements (being located at the edge of the agglomeration, offering cheap real-estate, becoming the target of 'social suburbanization', of families moving out from the expensive-to-run housing estates).

In the following three important types of territorial conflicts in post socialist cities will be analyzed and illustrated with selected case studies. These, for different reasons „dynamic“ areas of restructuring pose the greatest challenge towards planning and urban policy to get a new type of public control over spatial processes.

The conflicts arising from the dynamic development in areas of newly acquiring high prestige

The 'target' areas of post-socialist spatial restructuring are at the first sight on the winning side, witnessing both physical improvements and social upgrading (higher status population). These changes, however, are not without conflicts, as it is shown by the following case studies.

- Dynamically redeveloping inner-city urban renewal areas: the case of középső Ferencváros
Mass privatization made territorially concentrated, organized urban renewal an exception, instead of usual case. The reason why this became possible in Ferencváros was indeed exceptional: the decision of the district local government on area-based renewal preceded the Right to Buy law, thus this area became exempt from compulsory privatization. As a consequence of a well-elaborated PPP strategy, and concentrated help also from the Budapest municipal level, this area is the most successful case for urban renewal in Budapest. Despite the relatively high share of public investments (amounting to some 20-30 percent of total investments), the partial exchange of population, i.e. gentrification was unavoidable. Even after the pushing-out of the lowest income and ethnic portions of the original residents, there are conflicts between the original and the incoming new residents. Even larger problems are caused by the families moved to other parts of the city (although with improvement of their housing situation). (Tosics et al, 2003)
- Quick development in high-prestige green-belt areas: densification with the emergence of new dynamic forms of housing, the case of Zugló
From the point of view of the whole of the city the densification of the residential areas on the edge of the inner city is most welcome, as the best alternative to suburbanization. Under the given circumstances the densification is the result of pure market processes: single family or low density multi-family areas are rebuilt by developers with higher density residential parks. There are two types of conflicts emerging from this densification process: on the one hand the original residents complain about the spillover effects (deteriorating parking situation, increasing traffic, decreasing green areas), on the other hand environmentalist groups attack the new higher density developments in the green-belt areas within the city, interpreting this process as the win of investment interests against environmental values.
- The sudden and dramatic growth, densification of suburban settlements: the case of Törökbálint
As a result of the lack of strong medium-level (regional) governments and the fragmented local government structure, the restructuring processes in the metropolitan area (functional urban region around Budapest) are uncontrolled: the quick suburban growth and urban sprawl strengthens the position of the areas around the cities. This process creates huge problems in the core city with the leave of the most dynamic social strata. Besides, in the agglomeration belt the quick growth, the increasing car ownership and car use leads to the 'usual' environmental problems of suburbanization. Moreover, in addition to that, due to the quick population increase also new tensions are emerging within the suburban settlements, between the original residents and the newcomers, between the demand for social infrastructure and the very limited supply. Törökbálint, a neighbouring settlement to Budapest, is a good case for the conflicts of the most dynamic suburban settlements. Currently there are three areas before decision to re-zone from agricultural into residential zone. In the short term this brings financial gain to the settlement, as the settlement will get in return to the agreement for rezoning some plots, in the value 1.2 million eur, while the extension of the school, the medical center, etc will only cost 0.8 million eur. In the long run, however, the extension of the residential area will be a loss, as the management of the infrastructure is costly, while the new residents bring only very limited tax revenue to the settlement. Therefore there are no logical reasons to endorse the rezoning – the reason while it will be accepted finally is simply the fact that some of the council members have personal interest in voting so...

The conflicts arising from the diminishing prestige of areas once having been in the focus of urban development

It is not unusual that areas, which were once in the focus of urban development, get relatively less attention. Such changes, however, might become problematic if the given areas drop too low in the urban hierarchy and become the 'clearing station' of marginalizing social groups.

- The emerging concentration of the poor in ghettoising areas at the edge of the inner city: the case of Magdolna street and Hős street

Some very densely built-in neighborhoods at the edge of the inner city are becoming increasingly deprived in physical and social sense. Despite mixed tenure structure, the social structure becomes more and more homogenous, leading to ghetto symptoms in the public schools (extreme segregation with large majority of ethnic groups) and the general feeling of unsafety in the neighborhood. The local, district government is unable to change the unfavourable trends, and the fragmentation of the local government system, with the lack of coordination between the sectoral policies, does not give more hope for that. The most difficult of such crisis areas can only be tackled by area-based direct interventions, with the participation of the central level.

- The deterioration of the transitional zone: brownfield crisis areas: the case of Óbuda Gasworks

The collapse of the socialist industry led to the emergence of large brown-field areas in the transitional zone. As the share of industrial areas was much larger in the socialist cities than in their western counterpart, it is clear that most of these areas can only hope in total functional change. Taking regard of the financial difficulties of the city local governments, and of the increasing supply of green-field development options towards investors, many of the brownfield areas have no chance for close restructuring. Restructuring will most probably be very polarized, according to the locational characteristics of the brownfields

- The deterioration of the large housing estates: the case of Havanna estate

The share of large housing estates is much higher in the post-socialist cities (amounting to 40 percent of the urban population), than in their western counterparts (3-7 percent). Since the early 1990s substantial polarization prevails among the estates: due to the extent of housing privatization, the demographic processes and the geographical position of the estate within the city, the position of the different large housing estates in the real-estate market hierarchy became very different. In some of the estates, notably Havanna in Budapest, privatization has led to a (most probably temporary) increase of the estate in the real-estate market hierarchy, further strengthened by the efforts of the district local government to improve safety and the conditions of the public areas (Erdösi et al, 2004). However, some large housing estates will quickly deteriorate in the near future, first from the perspective of social structure, later reinforced by the physical aspects, as well.

Conflicts between different development interests fighting for the same area

There are some areas of the city where different development interests fight for the same area. This might be a chance for the area, if the outcome is balanced development, as opposed to the case of dominance of only one function/interest.

- New non residential investments and the decrease of residential functions in the CBD areas

Already in the early stages of the transition process the 'value gap' between the existing, mainly residential functions, and the potential other – office, commercial – functions of the CBD areas became evident. The unavoidable restructuring of the inner-city areas, however, proceeded almost without any public control, leading to very controversial processes: the strengthening of the CBD functions went parallel with

the polarisation of the forms of commerce, and with sharply diminishing residential use. As a result areas in geographical proximity might look very differently (parallel presence of renewal and urban decay).

The role of the public sector in the 'management' of spatial restructuring in the post-socialist cities

The problems of the public sector to re-gain control over the emerging market processes

The post-fordist change in the middle of the 1970s in the western European countries led to complex problems emerging with the end of the welfare regimes. One decade later the central and local governments of these countries aimed at the development of integrated public policies, to be able to answer the complex challenges.

In the case of the post-socialist countries the partly similar changes happened with two decades' delay. Due to the different development path of these societies in the socialist period, the effects of these market-oriented changes were also partly different:

- After the equalizing policy during the socialist period, the market-oriented changes of the early 1990s led to more sudden and more dramatic increase of social inequalities than in the western European countries.
- The spatial consequences of the fast polarising societies can easily become dramatic, as in the fragmented and privatized circumstances of the post-socialist period the development of new, integrated public policies is especially difficult.

The change from socialist to the post-socialist period means in fact a total turnaround: in the course of the 'historic pendulum' the dictatorship of central planning and public sector has been replaced by the dictatorship of the market and the private sector. Under the new circumstances the task of the public sector (both on the central and on the local level) has changed substantially: instead of determining the processes from a dominant position, the task now is to regulate the processes from a very much subordinated position.

Based on the case studies it is clear, that the post-socialist cities are not performing well in this new role, as a regulator of the quick market development. The reason for that is that the local public sector in the post-socialist cities is poor and very much limited in power. The financial problems of the post-socialist cities are rooted, on the one hand, in the over-centralized financial model, in which the local level gets only very limited support from the state (central) level compared to the broad task and responsibilities devoted to the local level. On the other hand, the public sector is only to a limited extent able to get the real price from the private actors for services and for real estate sold to them:

- in the first stage of the transition the private actors simply did not pay the price (privatization, windfall gains), because in the vacuum period there was no clear regulation and enforcement;
- in the second stage of the transition the private actors start to pay some price, however, special problems are emerging:
 - the payment is collected and used on another level of government (a typical example on that is transport in cities: the users pay high oil prices, of which in the post-socialist cities only a small fragment comes back to the local level as marginal central support to local street repair and public transport costs)
 - increasing part of the private actors is unable to pay the price (families under bad financial conditions, in serious arrears, not covered by the thin social safety net).
- in the third stage of the transition the above mentioned financial problems of the local governments should in principle be solved: the payments should come to the city level, and an income tested overall social subsidy program should enable private actors to pay.

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The end of the transition period should be marked by the improvement of the financial situation and the power relations of the local public sector. Until this is reached, however, there are serious consequences of the limited financial and political power (fragmentation) of the local public sector. Under the given circumstances the local public sector is unable to exert real influence on the market processes. Not even an equal partner position is possible with the private sector in PPPs, as the public sector has to hand over extra rights to the private actors, to compensate them for the missing public contribution. (An example on that is the case of the Zöldváros residential park in Zugló: instead of the local government the private developer financed the decontamination of the land, getting as compensation permit for higher density – which means that the final price is partly being paid by those of the original residents, who stay in the area and whose property values will decrease due to the over-densified new development.)

The attempts of the local public sector to re-gain control over urban development

Even under the present unfavourable conditions there are some attempts at the Budapest municipality level to get control over the market-led urban development processes. In urban renewal there is a limited action-area approach, aiming at integrated solutions. The municipality has completed the first steps in strategic planning, with the approval of the Budapest Strategic Development Concept and the launching of a pilot integrated programme. The governance ideas on regional level are less successful so far, it is difficult to gain control over regional development.

Compared to the case of the richer and more powerful public sector of the western European cities, the post-socialist cities are very much lagging behind in the level of control over market processes. There are numerous examples on large-scale public interventions in the western European cities, e.g. the extensive re-building of inner cities in the 1990s, correcting the mistakes committed in the road-building period of the 1960s-70s, or the extensive refurbishment, partly even demolition of large housing estates, since the 1990s. Under the present circumstances the post-socialist cities are very far from such overarching interventions. Even their limited ideas for public involvement are criticized from different angles by other stakeholders:

- the big developers argue against more public control, emphasizing that the public sector withholds development with unnecessary regulations
- the environmentalists, on the other hand, claim that the public sector is too weak and corrupt to regulate private development.

Thus, in the third stage of the transition there are still substantial barriers hampering the expansion of public control over the market processes. Consequently, the conflicts between the municipality and districts (green areas, building rights), between the municipality and the surrounding settlements (spillover effects of development), between the public actors and the private developers (shopping centers, etc), between public/private actors and the residents will last for long, without easy solutions.

Implications for future planning and urban policies in the post-socialist cities

There are two reasons, why the territorial conflicts are still not extremely dramatic in the post-socialist cities, especially compared to the case of some of the western European cities:

- the share of the most excluded strata of society is relatively low within the urban population (the share of immigrants is still insignificant in most of the post-socialist countries, while the excluded roma population is not overrepresented in the cities);
- the opportunities of the higher strata of society to carry out housing market mobility towards segregated high prestige areas are up till now quite limited.

The second aspect, however, is changing fast, as the supply of high-quality new housing is increasing, both within and outside the city. Further delays in the development of integrated

public policy answers on the emerging challenges of market development will lead quickly to similar dramatic conflicts than in many of the western European cities one-two decades ago (UK urban riots, French and Italian housing estate deterioration and slum problems, etc).

The EU accession could help the post-socialist cities to re-gain some control over the market processes, parallel to their increasing financial means and political power. Even more so, if the EU would concentrate not only on the development of the environment and of the physical infrastructure, but also on the development of integrated public policy, as e.g. with the Urban programme. The strong emphasis on the 'equalizing', minimal requirements of solidarity would give chance for the post-socialist countries and cities to develop their new integrated public policies, parallel to the preparations for the increasing competition between cities.

Post socialist cities – 15 years after: the emerging development types (summary)

As the paper concentrated very much on the case of Budapest, it is difficult to give generalizing answers on the questions, research topics raised in the introduction. Thus the following statements about the territorial effects of the three-stage transition are to be considered only as first hypotheses.

To what extent are these cities moving towards the market-oriented city, losing their characteristics from the socialist period?

The residential density structure of Budapest – the 'camel form' of which was one of the distinctive element of socialist city development according to Alain Bertaud – is changing towards the 'decreasing density with distance from city centre' model of the market cities, as in Budapest

- the CBD is losing in residential density, as especially the first two stages of transition led to the decrease of the residential function, although in the third stage new residential construction development is partly compensating this trend
- the transition belt becomes more dense, especially in the third stage of transition the smaller brownfield areas and single family areas are being rebuilt with higher density (see the Zugló case), while the larger brownfields are remaining unchanged
- the suburban areas are quickly densifying.

Thus, regarding at least the residential density structure, Budapest is heading towards the market city. Other post-socialist cities are probably in similar situation – with the exception of Moscow, where the edge of the city is keeping its high density.

Are there any of the characteristics from the socialist period which could/should be preserved in the new development phase?

The primary role and the high density network of public transport should be preserved from the socialist period, although this is a difficult task, especially regarding the explosion in the number of private cars. The 'heritage' of the large housing estates is a more difficult question. Solutions for that should take into account that this housing form has substantial advantages in regard of sustainable urban development, being a dense residential form with good public transport links and environment-friendly heating system (Tosics, 2004).

What role is the emerging new public sector, urban planning and policy making, playing in the subsequent stages of transition regarding the 'management' of the changes, the control over the market processes?

Recent trends in post-socialist city development show changes mostly towards the free-market oriented cities. In order to avoid the serious problems of this type of city development (spreading out of cities, growing differentiation between the dynamic and the stagnating/deteriorating areas, sharpening social conflicts with increasing socio-spatial segregation, etc.) there is a need for a new version of public control over market development processes. This would need a more pro-active public leadership, which – in intense cooperation with the private actors – should lead to a more balanced, controlled market development of the post-socialist cities.

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