

Postsocialist City

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INTRODUCTION: SOCIALIST CITIES AND THE TRANSITION INTO CAPITALISM

In the course of the 40 years of their development (in Russia, 70 years), socialist cities grew in a fundamentally different way from capitalist cities, not so much because of differences in economic growth but rather because of the lack of market principles (land, housing, industry) and the domination of politically determined decision-making about all development aspects (Szelényi 1996, 290). The distinct spatial characteristics of socialist cities can be summarized as “compactness, grand scale of public projects, oversupply of industrial and undersupply of commercial uses, absence of key built forms typical of capitalist cities (from squatter settlements to upscale suburbs), and visual monotony” (Hirt 2013, 536). A further characteristic is the shortage economy and the suppression of consumption and infrastructure against productive factors (Tosics 2005, 48).

After the fall of socialism (1989–1990) the earlier, quite similar, conditions for urban development fundamentally changed. In Central and Eastern European (CEE) countries, which are the subject of this entry, capitalism was built “from the outside,” toward liberal capitalism, according to the Chicago School prescription, introducing neoliberal economics. In Russia and ex-Soviet states, capitalism was built “from

above,” while in China it came “from below,” starting with the agricultural sector (Szelényi 1996).

CENTRAL AND EAST EUROPEAN POSTSOCIALIST URBAN DEVELOPMENT IN THE LAST THREE DECADES

A rough periodization of postsocialist urban development

Certain “milestones” can be identified, based on changing political, institutional, and public policy factors, which help to divide the postsocialist period into a number of stages (Tosics 2006, 133):

1. “*Vacuum*” period, from the first political decisions about decentralization and privatization to the introduction of detailed legal regulations (the very early 1990s); largely uncontrolled development triggered by massive privatization of the economy and the housing sector, dominated by investors’ attempts to acquire good positions in the urban restructuring process, using the opportunities arising from missing or contradictory legislation.

2. “*Market-adaptation*” period, from the introduction of new market-conforming legislation to the recognition of the need for new public policies (from the early/mid to late 1990s). Fragmented and inexperienced local governments aim for private investments, subordinating all other considerations to the wishes of potential developers (opportunity-led planning).

3. “*Public policy development*” period, developing national and local public policies in order to regulate market processes (from the late 1990s to the early 2000s). National

welfare policies and local government strategic development plans are developed and approved.

4. “*EU accession*” period, introducing the European Union framework for planning (from the early to mid-2000s). In a gradual process, from the pre-accession funds through the partial planning period (2004–2006) to the first full planning period (2007–2013), the EU planning terminology and approach (including integration between policy areas, rules for participative planning and monitoring) is adopted. A huge pot of money for development has been opened.

5. “*Financial crisis*” period (from 2008 onward). Emergency steps are followed by the systematic withdrawal of welfare policies and reduction of state transfers to local governments.

This very general periodization (which applies with slight differences to the countries of the region) can be “filled up” with more detailed analyses of certain aspects. There are many books which analyze the cases of the restructuring of larger cities of the region, revealing interesting differences: in the Visegrád Four countries (Czech Republic, Hungary, Poland, and Slovakia) public policies were developed relatively early, as a reaction to the serious conflicts of the free market process, while in the more eastern and southern countries, such policies developed only later or not at all. Fewer analyses are available of the last two periods, in which postsocialist cities were barely affected by the financial crisis but continued to be the main beneficiaries of EU structural funds.

The conditions: Institutions, public policies, and market players

On the way to developing a democratic multilevel government system in the postsocialist countries, decentralization from the

central to the local level was of key importance. In many countries, the intermediate level of government (regions/counties) was terminated or rendered insignificant, while a new system of independent local governments was developed. All earlier mergers of local municipalities were dissolved, resulting in fragmented local government systems – “democracy” was favored over efficiency of service provision. In this situation, the role of the large cities – especially the capitals – increased as the only potential alternative power centers.

In the postsocialist cities, as a logical consequence of the collapse of the socialist economy, the public sector lost its previous monopolistic position in the economy and the private sector became dominant, particularly regarding investments flowing into urban areas. In the second and third period, the most common characteristic was the efforts of the public sector to attract private investment. Tasan-Kok (2006, 191) analyzed the behavior of urban governments as entrepreneurs, introducing the notion of opportunity-led planning as a “shift in planning regimes from controlling urban development to enabling piecemeal development that notably brings financial benefits to municipal governments.”

The institutional and regulatory conditions changed substantially around the beginning of the 2000s, since when the EU has played an increasing role in shaping urban development processes in the CEE cities. On the one hand, the new member countries/cities have received a substantial amount of EU funding. On the other hand, and even more importantly, with EU accession a new planning framework had to be developed with new elements, such as the introduction of NUTS 2 regions (an abbreviation denoting Classification of Territorial Units for Statistics) and multilevel governance, integrated

development, participative planning, involvement of stakeholders, and monitoring. These are undoubtedly important innovations in the institutional structure and planning processes – although there is room for critical analysis of how postsocialist countries/cities adopted these innovative elements (Tosics 2016).

In the late 2000s some interesting policy initiatives emerged in postsocialist countries and cities, bringing them for a while into the mainstream of urban innovations in the European Union. Hungary launched an integrated urban development policy with a new regulation for the use of EU resources, ensuring social proofing (cities got access to urban renewal funding under the condition of decreasing social segregation). Poland introduced a new regional policy with the reinforcement of regional centers, enforcing functional urban area-level planning (which otherwise would not exist). Hungary enhanced integrated and participative local regeneration with strong social goals (see Tosics 2013, 93; 2015, 181) and strove also for the compulsory integration of Roma children at the lower level of education. All these could be considered as good practices also on the pan-European level – proving that postsocialist countries and cities, if the political will is there, might even become leaders in institutional innovation within the EU.

Unfortunately, most of the policy innovations could not prevail: they did not become embedded enough into policy thinking and practice. After changes in national politics, such innovative multigovernance structures were usually quickly swept away.

The main development processes in postsocialist cities

The UN-Habitat publication *The State of European Cities in Transition 2013* (2013) gives an overview of the state of the postsocialist European cities in 2013, taking stock

after 20 years of reform. The most important factors of development can be summarized as follows.

Most of the CEE countries have had to face population decline since the middle of the 1990s. The extremely low fertility rates have led to a shrinking population while outmigration to Western European countries has sharply increased, leading to a brain drain (and, in the receiving countries, to brain waste). Capital city regions – that is, the city together with its functional urban area – are growing (Prague, Warsaw) or stagnating (Budapest, Bucharest, Sofia) in population numbers. Even with the very limited (or even no) growth, capital cities outperform in population development the secondary cities of their countries, and the gaps are increasing.

By the middle of the 2000s, the economic development of postsocialist countries, measured by gross domestic product per capita in PPS (purchasing power standards), ranged from €10 thousand in Bulgaria and Romania to €20–22 thousand in the Czech Republic and Slovenia. In contrast, in the old EU member states this figure ranged from €25–26 thousand in Italy and Spain to €32–36 thousand in the Netherlands and Ireland. The years before the financial crisis of 2008 showed greater economic growth in the postsocialist countries (4–8%) than in their Western counterparts (1–2%); thus a catching-up process was observable. In almost all of the postsocialist countries (except for Romania and Latvia) the growth rate in capital cities was higher than in second tier cities. The situation in the old EU member states was quite the opposite: leading second tier cities outperformed their capitals (except for Greece and Portugal). As second tier cities can help national economic performance with less external costs than capitals (Parkinson et al. 2012), decentralization and deconcentration of national economies would also be needed in the postsocialist countries.

Considering the environment-related sectors in postsocialist cities, privatization and later Structural Fund-financed investments greatly improved the level of services – parallel to the explosion of utility prices. State subsidies were eliminated, which led to rationalization of consumption but also to an increase in inequality (not handled efficiently by the the deficient social welfare system). Some other specific environmental problems of postsocialist cities are linked to their socialist past: the large amount of industrial land means today huge brownfield problems, while the prefabricated housing estates, as the dominant housing form, raise the need for energy-efficient urban regeneration.

A positive heritage of socialism is the extensive public transport system in all cities. Postsocialist cities struggle to keep large parts of these systems operational, although with the help of “used tram swapping” from richer Western cities, for example, the rolling stock is being gradually modernized. Even so, many lines have had to be shut down due to the deterioration of the tram tracks. Car ownership has increased rapidly which, together with the acceleration of urban sprawl, has led to congestion and an increase in air pollution.

EU accession had a great impact on the development of postsocialist cities. Despite the undoubted positive results, critical analysts mention the dominance of hard infrastructural investments at the expense of soft investments into education, housing, and social issues. Although the main aim of the EU Cohesion Policy is to decrease the gap between more and less developed regions, the effectiveness of this policy is limited, partly due to mismanagement and corruption. Since the launch of the Structural Funds in the postsocialist countries the same regions are the most lagging behind and the gaps have not closed.

The urban consequences: The dynamics of urban transformation in postsocialist cities

The fundamental changes in postsocialist cities were accompanied by large-scale spatial restructuring of population groups and other factors of urban development: jobs, housing, commercial facilities (Tsenkova 2006). In the first decade of transition, investments concentrated on gentrifying central areas and new suburbs, at the expense of deteriorating older city areas and large housing estates. As Bodnár (2009) comments, “postsocialist cities have lost their compactness, which used to be their unique feature, during the post 1989 process of rapid suburbanization. In fact, it seems that residential suburbanization became the most visible symbol of post-socialist urban transformations, but not to the same extent in all major cities.”

Market-dominated development led to the increase of regional differences, with the largest cities as the clear winners. In addition, social inequality increased, due to housing privatization, the development of high-skilled sectors of the economy at the expense of traditional ones, and the withdrawal of the socialist welfare system. As a consequence, the number of poor people increased sharply and they became much more visible in the postsocialist cities. Some areas in the inner city, in the mixed-use transitional belts and in the periphery, became pockets of poverty and deprivation (Figures 1 and 2).

Gentrification of the central city areas was surveyed by Kovács, Wiessner, and Zischner (2013) using the case of Budapest. According to their analysis,

gentrification in its traditional sense affects only smaller areas of the inner city, mostly those where demolition and new housing construction took place as an outcome of regeneration programmes. At the same time, the old housing stock has been less affected



Figure 1 Budapest, Józsefváros, Magdolna quarter, 2013 (source: author)



Figure 2 Katowice, 2009 (source: author)



Figure 3 Budapest, Belváros (central business district), 2010 (source: author)



Figure 4 Prague, inner city, 2015 (source: author)

by gentrification. This is mainly due to the high share of owner-occupation and the social responsibility of local governments. Thanks to renovation and new housing construction, a healthy social mix will probably persist in the inner city of Budapest in the future.

Their prediction for the future is that in the regeneration processes the islands of gentrification will expand further, pushing the gentrification frontier outward. Even so, they expect the inner city building stock will remain heterogeneous in Budapest, without aggressive gentrification (see Figures 3 and 4).

Sýkora and Mulíček's research into suburbanization in Prague (2014, 149) shows clear similarities to the processes in American cities. In Prague,

the suburban zones have experienced an influx of younger and better educated households, with much higher incomes than the original population ... The two population groups are spatially quite distinct: the residential districts of the prosperous newcomers are located at the edges of settlements and often contrast sharply with the older parts of the village core.

Quite similar processes are described for the case of Budapest by Kovács and Tosics (2014) (see Figures 5 and 6).

Changes in the social status of the large housing estates are influenced by contradictory factors. On the one hand, Sýkora and Mulíček (2014) observe the process of social decline: "While suburbanization has lifted the social status of the population in



Figure 5 Dolny Brzezany (suburb of Prague), 2015 (source: author)



Figure 6 Üröm (suburb of Budapest), 2013 (source: author)



Figure 7 Prague, Cerny Most housing estate, 2015 (source: author)

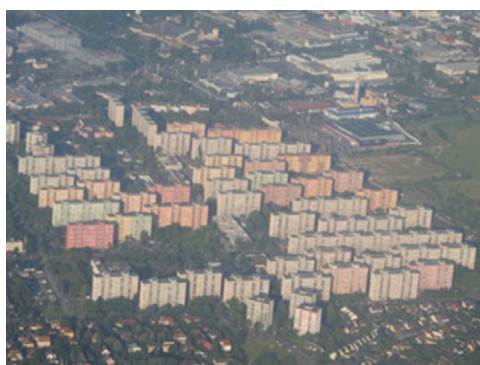


Figure 8 Budapest, Kőbánya Újhegy housing estate, 2016 (source: author)

the metropolitan periphery, it has contributed to a decline in social status for the population residing in the socialist housing estates.” On the other hand (see Figures 7 and 8), Tosics (2013, 84) notes that

privatization also brought unexpected side effects. Empirical surveys in the early 2000s have shown a sudden decrease in socio-spatial segregation in some parts of Budapest, especially as a result of the increase in the social status of the worst housing estates. This was because many of the poorest households (often belonging to the Roma ethnic minority), after receiving market value for their apartments, sold their expensive-to-run housing estate apartments and moved to single-family houses in smaller towns

or villages. The out-moving, low-status families were usually replaced by in-moving young families, resulting in an increase in the social status of the housing estate. This unexpected consequence of give-away housing privatization, however, will most probably only be temporary and after a while the socio-spatial differentiation in the housing classes will increase again, according to “normal” (land value-based) logic.

From these results we can conclude that the market-based processes of gentrification, suburbanization, and privatization do not lead in postsocialist cities exactly to the same sociospatial outcomes as in capitalist cities, regarding the spatial segregation between

social groups. The analysis of Marcińczak, Gentile, and Stępnik (2013) fully underpins this observation:

The comparison of data from 1978, 1988, and 2002 in three large Polish cities led to the denial of the popular hypothesis that the transition from socialism to capitalism led to the increase of residential segregation. In fact, the level of social residential segregation in the three cities has been decreasing steadily since 1978 ... both during late socialism and early postsocialist transition, the higher social groups “captured” the new residential developments erected in the inner city amidst existing pre-socialist tenements, as well as, and especially, in peripheral (suburban) areas of rural character. Because both areas, bar some exceptions, largely housed the lower social categories, the entry of relatively affluent new residents into these locations had a heterogenizing effect on their sociospatial structures.

To sum up: the market-dominated transformation of postsocialist cities brings middle and higher income groups into run-down inner city areas earlier dominated by poor tenants and into suburbs with originally low infrastructure services and low income populations. Thus, the newly arriving population groups change in the first phase the population structure toward more of a social mix. However, according to Marcińczak, Gentile, and Stępnik (2013), “we believe that social mixing is an intermediate stage in the development of social segregation patterns. We also believe that the length and depth of this intermediate period will depend on the specifics of each city’s socioeconomic profile.”

Although there are no recent data available, piecemeal observations in Budapest since the late 2000s suggest that this social mixing effect is diminishing. In the central city areas, the explosion of real estate prices leads to accelerated gentrification not only in newly built buildings but also within existing condominiums (through the push toward higher-level

renewal). Increasing real estate prices lead to similar tendencies in the best suburban areas.

POSTSOCIALIST CITIES THREE DECADES ON: DEBATES ABOUT MODELS AND FUTURES

With the passage of time since 1990, it is becoming more and more difficult to find publications that are oriented exclusively toward the postsocialist cities – even though the debate about this category of cities is far from over. Significantly different views can be detected:

1. Some analysts argue that this category has ceased to exist. Stanilov (2007) states that many of the postsocialist countries successfully completed their transition to market-oriented democratic societies with the 2004 EU accession. According to Bodnár (2009), “Postsocialism is over. There is a generation in the former state socialist countries which does not have memories of state socialism and does not compare their current experience to their lives under socialism. The usefulness of postsocialism as an analytical category has also faded. The time has come to not compartmentalize the experience of eastern Europe as socialist, not separate state socialism from capitalism, and post-socialism from the rest of the world.”

2. Some other academics raise doubts whether the analysis of this issue could be closed down: “the term the ‘post-socialist city’ reflects a regrettable lack of forward-looking imagination. Like other terms that start with ‘post,’ the term implies that we know what happened in the past (in this case, socialism) and we also know that the past is, indeed, past. But the term says nothing about the future, as if the future does not deserve a name. We may not have known the future to name it back in 1989/1991, but now the future has become the present. Does the

present still deserve no name of its own?” (Hirt, Ferencuhová, and Tuvikene 2017).

3. There are some attempts to find the “future” of postsocialist cities within the mainstream literature on capitalist cities. “The potential emergence of several urban sub-types in East-Central Europe challenges the very idea that the ‘postsocialist city’ is a meaningful term. The mere fact that we are beginning to think about splintering the postsocialist urban world and appending different parts of it to different parts of neighboring regions suggest [*sic*] something else: that there is no single contemporary ‘capitalist city’; there are, rather, several capitalist urban sub-types” (Hirt 2012).

4. In the view of Sýkora and Bouzarovski (2012), postsocialist cities undergo multiple transformations, and some of these have not yet been finished: “post-communist cities are subject to three aspects of post-communist transition: institutional transformations; transformations of social practices; and, transformations in urban space. While the formal remodeling of the institutional landscape has now been largely completed in many former communist countries, social practices and structures still retain some socialist features and large parts of post-communist cities exhibit a typically socialist urban character. Therefore, we have argued that post-communist cities are still cities in transition.”

5. There are analysts who predict the survival of the “postsocialist” category of cities/countries due to the emergence of new splits within the EU. According to Hirt (2012), “Some walls fell, but many others were erected: some visible, like the US–Mexico border walls; and some less visible, like the new borders of the European Union, which now set apart a slightly expanded geographic version of the civilized West from its less deserving East European ‘others.’ ... There are now all kinds of walls, material and

immaterial, economic and political, legal and social, which separate the newly rich from the newly poor, and the ‘right’ from the ‘wrong’ ethnicities.”

6. Finally, there are views which similarly predict the survival of the “postsocialist” category of countries, but largely due to their recent political developments. Szelényi (1996, 309) hypothesized in 1996 that the transition of the postsocialist countries might lead from plan to clan, instead of market. Recently, on the basis of new facts, Szelényi (2015) examines the assumption about a new political convergence in the postsocialist countries (following the years of divergence). The change started with the rise of Putin to power in Russia in 2000, establishing a new political system called “prebendalism” by Szelényi. Property rights were becoming uncertain and elected officials and government workers felt they had a right to a share of government revenues, and used them to benefit their supporters. East-Central Europe has also got the Putin virus, making property rights insecure, introducing price controls, making tax levels unpredictable, provoking criminalization. Some of the postsocialist countries are heading toward illiberalism, diminishing the separation of power and eliminating checks and balances. If this becomes widespread, postsocialist countries and their cities will remain together as one (very unfortunate) category.

This short summary of six different views about postsocialist countries and cities shows that the topic is far from being closed down.

SEE ALSO: Divided Cities; European Cities; Housing Estates; Housing Policy; Land and Housing Tenure; Land Markets; Metropolitan Area; Migration and Urban Flows; Property Rights; Rental Housing; Segregation/Desegregation; Sociospatial Differentiation; Sprawl; Suburbanization; Urban Governance; Urban Policies; Urban Poverty; Urban Renewal

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