

## URBAN DEVELOPMENT IN CENTRAL AND EASTERN EUROPE: FROM TRANSITION TO »CREATIVE« COMPETITION? [1]

### **Introduction: Globalisation and World City Formation**

Globalisation can be defined as a process which is diffusing, deepening and accelerating the functional integration, competition and co-operation, dependency or interdependency of cities and their regions, across (inter)national borders, continents and oceans. As such, the term »globalisation« had to await the 1990s when broader, more comprehensive approaches, stimulated by the ending of the Cold War, began to encompass a multiplicity of interrelated cultural, economic, environmental, political, social and technological dimensions.

The rapid integration of economies worldwide through globalisation has been most notable since 1980s because of convergence of trends reflecting structural adjustment and internationalisation of production, technological innovation and knowledge-based activities (Lo and Yeung, 1998). The structural adjustments affecting production, use of resources, financial transactions and wealth creation have also stimulated the process of the »world or global city formation«, and transformation of the economic, social and physical structure of cities, and their competitiveness within various urban networks. Simultaneously, the process of globalisation, defined as increasing cross-border functional integration of economic and other activities, is enhancing interdependency among major cities located around the world, as increasingly important nodes among the flows of trade, capital, people and information (see Friedman, 1986, 1995, 2001; Knox and Taylor, 1995; Sassen, 1991, 1994; etc). World city formation is the process by which the global economy impinges upon cities and transforms their social, economic and physical dimensions, focusing on the role of 'command-and-control' activities in large urban areas (Friedman, 1986; Sassen, 1991, 1994) such as: location of headquarters for transnational corporations, international institutions, business-services, transport access, population size, research and education facilities, and convention and exhibition functions. But the world city formation is a continuing and varied process, or multifaceted process. The emergence of specialised or »regional functional city systems« is defining new roles for particular cities or groups of cities in the global urban hierarchy. Those cities integrated into the functional city systems (i.e. cross-border regional urban networks) are also undergoing the process of world city formation. Their inclusion in the system, or urban networks, has had direct effects on urban form, structure and development. According to Brenner (1999) the world city formation, as part of the »reterritorialisation«, implies that, in order to be effective in global and regional networks, cities have undergone physical restructuring of their intra-urban patterns. Many urban policies are formulated as a response to global economic pressure, with the objective to attract capital investments and increase competitiveness in relation to other cities.

Since the end of 1980s Central and Eastern European countries have undergone a political, economic and institutional transition from various forms of socialist structures towards democratic and market-economy systems. Globalisation as a term and concept can be interpreted as a two-fold process. Firstly, in the form of *transition* or structural adjustment as a shift from socialist to democratic societies and market-based economies, and *internationalisation* or functional (re)integration in the global processes after demise of the Cold War. Secondly, the prospective accession of these countries to fully-fledged membership of the European Union (EU) represents a completely new phase of institutional development. The systematic process of EU enlargement and integration - *Europeanisation*, or rather '*EU-isation*' of values, standards, norms and policies can thus be interpreted as a specific "mode" of globalisation of Central and Eastern Europe in a particular macro-regional context, to achieve global competitiveness in the 21<sup>st</sup> century.

In this respect, the pressures of the world economy, particularly in terms of city competition for attracting capital investment and improving the position within the international urban hierarchy, trans-national and cross-border urban networks, – are just as applicable in Central and Eastern Europe as elsewhere in the world (Enyedi, 1998; Keivani et al. 2001; Marcuse and van Kempen, 2000; Musil, 1993). Therefore, the world (or global) city formation and the position of Central and Eastern European capital and other large cities within the wider global - and European urban hierarchy, is yet to be determined.

### **Central and Eastern Europe: The »Region« Defined**

Through long periods of history, the »Central and Eastern Europe« has been plagued by contested definitions, to territorial identity and affiliation, nationalist conflict, and frequent use of these to support geopolitical and geo-strategic interests. Frequent wars and changing political boundaries, relocating territory from one empire or state to another, have distorted urban development, creating real functioning environments of poverty and economic, military and political instability for cities, whose people have had to adjust and readjust to new circumstances. Few cities in the region have enjoyed a stable interaction with the same territory; most have had to adapt to new political, social and economic relationships in space.

The ending of the Second World War and the emplacement of the Iron Curtain effectively destroyed the historic concepts and functional reality of »Central Europe« (*Mittleuropa*), dividing it between East and West. Thus, during the socialist period it became common in the Western world to refer to the region as »Eastern Europe«, an area encompassing Albania, Bulgaria, Czechoslovakia, East Germany (the German Democratic Republic or GDR), Hungary, Poland Romania and Yugoslavia, as distinct from the Soviet Union, i.e. the area lying between the (then) USSR to the east and the civil societies or market economies of Western Europe or the member countries of NATO to the west. The dramatic changes since 1989 – the collapse of Communist power, the break-up of the Soviet Union, Czechoslovakia and Yugoslavia and the end of the Cold War – have reconfigured this region.

*Central Europe* has re-emerged as a distinctive sub-region embracing the Czech Republic, Hungary, Poland, Slovakia and Slovenia (or more precisely *Central-East Europe*). Although former East Germany is now within the European Union (EU), it is also in some respect part of this zone because of Berlin's potential wider regional influence. Very distinctive, too, is the Balkan region or *South-East Europe* comprising former Yugoslav republics of Bosnia-Herzegovina, Serbia and Montenegro, and Macedonia (FYROM), as well as Albania, or Bulgaria and Romania, although Croatia may consider itself marginal and more part of Central Europe despite its division between areas focusing respectively on the southern Pannonian plain and those focusing on the Adriatic (Mediterranean) Sea coast.

With the break-up of the USSR, however, two other distinct sub-regions have emerged: first, the *Baltic states* of Estonia, Latvia and Lithuania; and second, *East Europe* which is used nowadays to describe the western areas of the former Soviet Union, namely Belarus, Moldova, Ukraine, and in some respect also European part of Russia (as far east as the Urals). These regional sub-divisions suggest initially that cities in Central and Eastern Europe, which were subjected to a relatively high level of uniformity in their development under socialism (see French and Hamilton, 1979) may be experiencing much more divergent forces and trends in the 1990s and will do so in the foreseeable future. Yet the situation is dynamic and fluid, not static, because of the accession of eight Central and Eastern European countries to the EU in year 2004 are already shaping trends in cities in much of Central Europe (Poland, Czech Republic, Hungary, Slovenia) and in Estonia (i.e. known as "first-wave" EU candidates in *Agenda 2000* in 1997), but also in Slovakia and two other Baltic states of Latvia and Lithuania that also became EU members in year 2004. Although there could be spill-over effects on cities in adjacent EU candidates such as Croatia,

Bulgaria, Romania (i.e. known as “second-wave” EU candidates), and “long-term excluded” territories from the EU enlargement such as other former republics of Yugoslavia (Bosnia and Herzegovina, Serbia and Montenegro, and FYRoM), Albania, or East European states of Belarus, Moldova and Ukraine.

### **City Transformation**

In the early 1990s it was rather assumed, perhaps both in the East and the West, that transition from a centrally-managed state-owned socialist economy within the context of a single (communist) party system towards a market economy and a civil, democratic society, would project cities in Central and Eastern Europe rather uniformly along a linear trajectory, which would result in their convergence through time towards the spatial-structural and functional characteristics of cities in advanced market economies, or at least with those in Western Europe. Such thinking, however, was not only naïve in the light of subsequent reality, but was often based on a lack of understanding of the »power of the past« to differentiate city trends: to varying degrees contemporary developments in, and the characteristics of, cities in Central and Eastern Europe are »path dependent« on their pre-socialist as well as their socialist-period legacies. Thus, as a starting point, one can argue that current spatial patterns of transformation among cities in the region reflect the impacts of at least three ‘layers’ of influences:

- the first is the highly differentiated pattern of historical legacies before 1945-1949, including imperial division of the region through much of the 19<sup>th</sup> century (in some cases until 1914-1918), the effects of the processes of nationalism and the creation of nation states between 1918 and 1939-1941, and the variable effects of the Second World War on individual countries and their cities;
- the second is the socialist period from the late 1940s to 1989-1991. While being characterised by both a high degree of isolation or closure from the rest of the world (as well as from other socialist states) and the integrating influences of the Soviet Union, this period did, nevertheless, also yield some important variations between cities in different states, as governments either initiated modified ‘paths to socialism’, such as Yugoslav self management model, or more strictly adhered to the Soviet model;
- the third set of influences embody the effects of the opening up of cities to wider European and global forces - post-socialist period since the end of 1980s - through the adoption of more market-orientated principles and practices, leading to their greater or lesser integration or re-integration into a broader European and world urban system.

During the past decade, the paths of city development and change between those in Central, South-East and East Europe appear to be diverging significantly. This is occurring in different ways, to different degrees and on different levels. Globalisation forces and leadership in restructuring national economies is usually creating significant divergence between: (i) capital cities and their capital city regions on the one hand, where the effects of reforms and restructuring are most marked, and (ii) second or third-order and smaller cities where change is or may be less marked and more narrowly confined. And yet significant international differentiation is also occurring between urban systems in different states as a result of major variations in the speed, depth, commitment to or resistance to reform by national, city or local governments.

### **Typologies of City Transformation**

As a result of this »subregionalisation« of Central and Eastern Europe the following groups of territories can be differentiated according to their distinctive features and trends in city transformation and development:

- Cities in former **East Germany** which became integrated overnight into the German social market economy and the EU: instantaneous ‘shock therapy’ has radically altered East German cities as a result, although the regeneration and reintegration of Berlin is a

- special case since it has also been acquiring the capital functions of a reunified Germany within the EU, while also lying close to the frontier with Poland;
- Cities in the ‘fast track’ reforming states in **Central Europe**, and new EU member states, i.e. Czech Republic, Hungary, Poland and Slovenia, together with *Estonia* among the Baltic states. These cities have been experiencing varying degrees of commodification of production factors and productive capacities, and have been amongst cities in the region which are most exposed to globalisation and EU-isation influences through flows of capital, information, people, technology and trade. Such cities are more firmly on a part of convergence towards cities in market economies as a result of de-industrialisation or industrial restructuring, the growth of producer and consumer services, the implementation of diversified foreign investment and the emergence of small firms and entrepreneurship within the context of reorganisation of production systems. Indeed, capital cities in these states have been playing the leading role in achieving a major shift in economic trends from recession and decline in the early-to-mid 1990s to significant economic growth in the mid-to-late 1990s, some more recently than others;
  - Cities in states of **South-East Europe** where attempts to introduce transition have largely ‘stalled’ in the breadth and depth of real implementation by government and people alike and where, therefore, foreign investors have been more reluctant to establish any major facilities. These cities in Romania, Bulgaria, or in *Baltic states* like Lithuania or Latvia may exhibit at best intermediate levels of transformation because economic decline continues with the result that informal sector activities may developed significantly while any evidence of globalisation or EU-isation is very limited;
  - Cities in the **Russian Federation** in which apparent attempts at ‘fast-track’ reform have not been matched by reality. First, a virtual economy has been created which is controlled by oligopolists and mafia-style elements and is effectively moving away from market reform. Second, with the collapse of a strong central government, Russia is characterised by a mosaic of city and regional economies, ranging at one extreme from cities like Moscow or St. Petersburg, which are experiencing very significant transformation and integration/re-integration into the European or global economy, through to cities at the other extreme where barter and the informal economy predominate, alongside state or unrestructured privatised enterprises;
  - Cities in states of **East Europe** where, in effect, the state socialist economy has continued to be nurtured (Belarus), or has not really been dismantled or subject to real market reforms (Moldova, Ukraine). These cities are still largely isolated from global influences;
  - Cities in the **former Yugoslavia** which have experienced war destruction, or war related chaos and which effectively are either cities physically destroyed (as Sarajevo in Bosnia and Herzegovina) where life is attempting to return to normal, or are still shaped by the legacies of a military economy (as Belgrade in Serbia) or refugee problems. In these cases there is a high level of isolation from developments in neighbouring regions, let alone from those in the wider world. And yet these cities are also, in part, subject to the operations of international processes, not least UN forces, and other international organisations.
  - Cities in territories which are adjacent to those which have been the object of military action and hence are, or may be, experiencing spill-over effects of the Balkan conflict. In particular one must single out the former *Yugoslav Republic of Macedonia (FYRoM)* where cities have been influenced by the break-up of Yugoslavia, embargoes on trade with Serbia, refugee and ethnic problems, and political isolation from Greece. Cities in *Albania*, where rapid transformation into an unregulated Third World development model has taken place, following the collapse of the isolation of the former socialist countries.

However, one must also take into account the effects of political and territorial reorganisation in Central and Eastern Europe in 1990s, as this is reshaping the roles of many cities in the region, and in various ways, and not only those of the capital cities. Nevertheless, since

these capital cities are the forerunners in the reforms, it is necessary to attempt an initial classification of them:

- **Berlin**, is unique because it is the only city which has resumed its role of capital within a larger, reintegrated socio-economic and political space – that of a reunited Germany. In principle this should result in major changes in the city since it is now capital of the largest European economy (in GDP) and the second largest in population (after Moscow).
- Five capital cities perform their functions within the context of unchanged state boundaries such as **Bucharest, Budapest, Sofia, Tirana** and **Warsaw**. Even so, their experiences are quite diverse. Budapest, the capital of Hungary and Warsaw, the capital of Poland are playing leading roles in economies which have been growing and restructuring strongly or quite strongly. They are also capitals of states adjacent to the EU, and soon to be incorporated into it. On the other hand, the other three capital cities of Albania, Bulgaria and Romania are located in states which have been, or still are, suffering from economic decline (for various reasons), are more isolated or distant from the EU and may be excluded from it in the foreseeable future.
- Another group of cities has had their functional status significantly upgraded since 1991 as the territories over which they have jurisdiction were transformed from 'semi-autonomous' regions of republics within larger federated states into independent sovereign states in their own right. These are **Bratislava** (Slovakia), **Kiev** (Ukraine), **Ljubljana** (Slovenia), **Minsk** (Belarus), **Riga** (Latvia), **Sarajevo** (Bosnia and Herzegovina), **Skopje** (Macedonia), **Tallinn** (Estonia), **Vilnius** (Lithuania) and **Zagreb** (Croatia). In these cases the changing patterns of spatial and functional integration must be addressed to see how, why and to what extent the acquisition of capital-city status has affected their developmental paths in comparison with their former integration into larger states. Again, however, the contexts of proximity to or distance from the EU, impending accession to or exclusion from the EU, and specific circumstances such as location within or near the recent Balkan war zones also play significant roles.
- Capital cities of larger states that continue to perform capital city functions but have found themselves, since 1991 presiding over "shrunk" former sovereign states: **Belgrade** (Yugoslav Federation), **Moscow** (Soviet Union) and **Prague** (Czechoslovakia). One would expect a decline in economic activity and functions, but the questions then are, to what extent has transition facilitated restructuring, even growth, certainly in the cases of Moscow and Prague, and how has Belgrade been affected by the military situation and international sanctions during 1990s in the former Yugoslavia?

### ***From Capital Cities to 'Global(ising)' Cities***

The most important spatial effect of globalisation processes is the (re)enforcement of the large metropolitan areas and, capital cities in particular, as a priori locations and key nodes of human activities. These cities play a critical role in diffusion of economic growth, social and cultural innovations within their national urban systems.

Since reunification in 1989 Berlin has regained the potentiality of European political and cultural centre. The creation of the innovative economy based on new technologies, communication services and (inter)national functions is aiming to support the city's aspiration for getting a status of a 'global' city. The position of Budapest, Prague and Warsaw is enhanced from the rank of cities of national to cities of European importance. Prague has probably the strongest "globalisation potential" (e.g. tourism) after Berlin. Looking at their main international activities, Prague has become a strong cultural, Budapest financial and Warsaw industrial centre in Central and Eastern Europe. Capital cities in South-East Europe, as Sofia and Bucharest are struggling to improve their status from cities of national to European importance, but they are lagging behind Central European capitals due to macroeconomic constraints and their peripheral location in Europe.

Other small capital cities in Central Europe such as Ljubljana and Bratislava, or Baltic capitals - Tallinn, Riga and Vilnius (re)gained their international role through the »capital city formation« of the new independent states, reinforcing the national, and strengthening their international status through cross-border and transnational cooperation, and accession partnerships with EU member states. For example, Ljubljana has substantial comparative advantages vis-à-vis other Central and Eastern European capital cities on the basis of strengths of national and city economy, quality of life, and institutional capacity for reforms. Ljubljana is one of the most competitive cities in Central and Eastern Europe, that still has to enter the processes of more intensive internationalisation, overriding its small size and rather low level of recognition within the network of European capitals, and hence to improve its role in the cross-border »functional city system(s)« as part of the »world city formation« process.

The other new capital cities from the former Yugoslavia - Zagreb, Sarajevo, Skopje have improved their status of regional centres to cities of national importance. Other capital cities in South-East Europe as Belgrade and Tirana retain the rank of a city of national importance, as they are lagging behind due to political, economic and institutional constraints in their respective countries. The new capital cities in East Europe such as Minsk, Kiev and Kishniev are currently isolated from global processes, and "long-term" excluded from the process of EU enlargement and integration. In spite of Moscow's peripheral location in relation to other European cities of similar size – e.g. London, Paris, Istanbul, it retained the rank of a city of international (if not global) importance, building its competitive advantages on human capital, and geo-strategic location between Europe and Asia.

At the moment none of Central and Eastern European capitals can be considered as the 'world city' in traditional sense of analysis, not even Moscow regarding its size and former influence over former socialist cities in Eastern Europe. The only city that may rise to the role of the 'world city' in near future is probably Berlin, and join the other two global cities in Europe - London and Paris, and to some extent Vienna in Central European context. All the other Central and Eastern European capital cities are still internationalising their financial, business or cultural functions, while at the same time searching for particular 'niche' to specialise in trans-national (European) and cross-border (regional) »functional urban systems«, or specialised city networks.

### ***From national urban systems to international urban networks***

The other way of the »world city formation« in a more European context is the establishment of urban networks through cross-border and trans-national cooperation, links and partnerships between different cities in EU member states with cities in Central and Eastern European countries. The three Baltic capitals that were formerly part of the Soviet Union geographically and economically belong more to Northern European (Scandinavian) urban networks. Central European cities in Hungary, the Czech Republic, Slovakia, Slovenia, Poland, and to some extent Croatia have strengthened their linkages most notably with cities from Germany and Austria. Since demise of the *Iron Curtain* in 1989 and in the context of cross-border regionalisation and EU-isation, a closer economic and cultural co-operation and partnerships are possible now between neighbouring cross-border cities of different role and size in their national urban systems, such as Gdansk and Copenhagen, Wroclaw-Prague, Warsaw-Berlin, Vienna-Bratislava-Budapest, etc. These different forms of new 'partnerships' occur not only through city twinnings, but also through improved infrastructure, trade, joint ventures, education and training, etc., and specific projects that are supported by bilateral or EU funds.

In South-East Europe, i.e. in other former Yugoslav republics, Bulgaria, Romania and Albania, cities are still not well integrated in cross-border and trans-national (institutionalised) urban networks, as a consequence of ethnic conflict, political instability and economic constraints during 1990s. However, they are under growing influence from Italy, Greece or

Turkey in terms of trade and capital flows, but struggling to build or reinforce closer connections between each other or with other Central European and EU cities respectively. The specific case is probably Sarajevo that was in the “global eye” for several years in 1990s during the military conflict in Bosnia and Hercegovina, and of its newly established (formal) links with the Muslim world.

Considering their geo-strategic location and economic, transport or cultural influence in Central and Eastern Europe, cities such as Berlin, Vienna or Munich, could play a “hub” for Central European cities, Stockholm and Helsinki for Baltic cities, while Rome, Athens and Thessalonici for South-East European cities. These different types of cross-border links and networks are also consistent with the sub-regionalisation of Central and Eastern Europe (Baltics, Central Europe, South-East Europe and East Europe), based on historic, cultural, socio-economic and geographical characteristics, and the role and status of particular cities in their respective national or increasingly trans-national urban system. At the same time Central and Eastern European cities are developing complementary links to enhance the specialisation in different urban networks that offer the opportunity to compete more effectively on the world stage. The formation of urban networks based on integrated transport infrastructure, cooperation, links and partnerships between firms, governments, knowledge-based institutions, and citizens, etc., are encouraging the emergence of a new European urban hierarchy, and contributing significantly to the creation of an increasingly global society, while at the same time preserving the specificities and identity of particular cities across the national borders.

### ***From socialist to post-socialist cities: global image, economic competitiveness and local identity***

The historical context and political legacies of city development in Central and Eastern Europe, show that the urbanisation processes in socialist countries differed from those in capitalist countries. Therefore development of the inherited urban system in former socialist countries represented only a modification of a “universal” model of urbanisation (see Enyedi, 1992; Kennedy and Smith, 1988, etc.), which could be rectified in a relatively short period. By contrast, the differences between the socialist and capitalist urban development were the most significant at the intra-urban level. The socialist model of housing development and urban planning, the centralised planned economic system and the non-existence of (urban) land markets are the most important features that have shaped a distinctive structure of socialist cities, significantly different from capitalist cities in Western Europe. Socialism has left its most lasting imprint on the city’s periphery, where large housing estates were built, and also in the inner city areas, dominated by deteriorating historic buildings. The suburbanisation process did not play an important role before 1985 in shaping the growth patterns of socialist cities as in the capitalist countries. As a result the socialist cities were more ‘compact’ than capitalist ones. The industrial past of former socialist cities were infamous for their legacies of poor environmental quality, which is a major determinant in both attracting and retaining economic activity and high quality labour force in the city.

The development of socialist cities was in many aspects unique, which also means that cities in Central and Eastern Europe have had great similarities to each other at the beginning of the transition period in early 1990s. Political, economic and geo-strategic reforms have lead to important structural changes in Central and Eastern Europe, characterised by re-orientation of trade to EU markets, price liberalisation, economic and therefore, industrial restructuring, shift from industrial to service economy, transformation of enterprises, privatisation, foreign direct investments (FDI), a shift from supply to the demand-oriented economy, and the membership of international organisations and associations. The transformation process was the most dramatic in countries with the most radical transition reforms, such as Poland, Czech Republic and Hungary. The involvement of global (financial) organisations, i.e. the World Bank, IMF, WTO, were equally important at that time, followed

with the EU accession requirements from 1993 onwards. The differences, such as the speed of transition processes, the domination of private ownership, or the role of foreign capital are also evident among post-socialist cities.

The effects of different forms of integration into the global and European networks have had negative consequences on the emergence of 'winners and losers' - between cities, economic sectors and social groups and, direct implications for urban management and planning of post-socialist cities. Intra-city transformation has been influenced particularly by local government reforms, restitution, privatisation and capital investments. Changes in property ownership, public administration and finance, transport and energy costs, employment and housing opportunities have raised the questions about the competitiveness and sustainability of Central and Eastern European cities, and their roles in social, economic and political affairs within and beyond Europe (Pichler-Milanovich, 2001). In fact, after a decade of city transformation there is considerable rivalry today and competition between Central and Eastern European cities for access to resources, associations and networks, which could diminish the overall competitive strength and cohesiveness of an enlarged Europe.

### ***From blueprints to strategic planning***

The neo-liberal thinking of the early 1990's has been characterised by the low political priority given by central governments to physical planning, regional development and housing policy (Sýkora 1994, Pichler-Milanovich, 2001). The absence of comprehensive national spatial development strategies and coherent regional policies, together with the local and regional government reforms and disputes regarding the basis of new planning legislation have been significantly evident in some Central and Eastern European countries (e.g. Czech Republic, Hungary, Slovenia). Consequently, land use planning at the municipal level has been characterised by the prevalence of *ad hoc* political decisions rather than long-term strategic vision, weak development control and *laissez-faire* approach to city development.

Since the second half of 1990s, physical planning in Central and Eastern Europe at the urban level has begun to be supplemented by the emerging strategic planning and renewed attempts to implement economic tools for the stimulation and facilitation of local development. A review of planning documents shows that in the last decade urban policies have revolved around the search for comparative and competitive advantages of cities within the European urban networks. This includes establishment of transportation networks, recognition of the shift from old industry to a service based economy, and the problems of efficient guidance and regulation of private initiatives in the dynamic process of city transformation. In addition, city governments in Central and Eastern Europe did not have at their disposal a full spectrum of necessary policy instruments for use in the areas of spatial planning and urban regulation. Therefore, their power to influence city development in 1990s was impaired.

However, recent development in urban planning and management of Central and Eastern European cities show positive changes towards comprehensive strategic approaches with enhancement of the image of those cities both as a whole, and the identity of their characteristic areas. Strategic Plans and/or Development Strategy Concepts have been introduced in Prague, Riga, Warsaw, Budapest and Ljubljana for achieving better effectiveness of the planning process and subsequently better quality of the physical development. Transparency of urban planning and development, public involvement in the decision making process, integration of physical planning and real estate regulation, and urban renewal projects have been also introduced in the process of transformation of post-socialist cities. Central and Eastern European cities are competing for international investments and development, which became a matter of national prestige. This requires commitment from the city planning authorities to pursue market-oriented strategies for economic growth, but at the same time to preserve social cohesion, cultural heritage, and

improve quality of life. These new developments are also a way of promoting city competitiveness and international image, and in line with the new planning paradigm of sustainable development. Instead of controlling and distributing growth, new policies intend to promote cities, by reducing the cost or risk of doing business in the area and by improving the social and economic environment.

Successful urban development requires strategic vision and pro-active city government in order to (re)establish city identity, stimulate civic pride, improve international image and hence, encourage an integrated and multi-functional city. Leadership is a crucial variable in how cities respond to economic and social change. Reorganisation of city government structure and the provision or better management of high quality urban services appears as a requirement for improving city competitiveness and sustainability in Central and Eastern Europe. The availability of funds is one of the most important requirements for efficient and equitable urban development. In order to complete transition reforms and achieve EU accession requirements, city governments in post-socialist cities have neither sufficient authority, nor adequate financial capacity to undertake the broad range of activities, and they rely on central government budget or FDIs. Local authorities are traditionally very strongly oriented towards solving internal problems and are recently becoming sufficiently aware of the importance of cities as nodes of international interactions. At the same time the aim of city competitiveness inevitably forces (national) governments to direct investments into already dominant capital cities, which indirectly improves their position in trans-national urban networks.

### **From Urban Nodes to »Zones of Metropolitan Cooperation«**

By year 2000 population of Central and Eastern Europe had reached 125 million with 56 per cent in urban areas. The region has experienced the most rapid post-Second World War growth in total and in urban population (of any region in Europe), but with large differences between the countries. More than half of urban population in Central and Eastern Europe live in cities with less than 100.000 inhabitants while cities with 100.000 or more inhabitants contained a quarter of the region's population. In Estonia and Latvia as in Bulgaria and Hungary the high concentration of population is particularly visible in and around national capitals. The capital cities of Poland (Warsaw) and Romania (Bucharest), and the Czech Republic (Prague), Lithuania (Vilnius), Slovakia (Bratislava), Slovenia (Ljubljana), Albania (Tirana) concentrate far lower proportions of their national population (UNECE, 1997; UNCHS, 1996, 2001).

The continuing restructuring of the international economy and weakening of national boundaries, advantages some areas and disadvantages others, creating uneven economic and social development. These processes have fundamentally changed the organisations and modes of interaction between Central and Eastern European cities effecting increased although differential rates of their integration within the international system of cities.

Two issues are important for urban policy making in Central and Eastern Europe. The first one is the influence of international organisations and agencies on policy formulation. Second, at the implementation level, the forms and functions of the metropolitan and local government(s) and their relation to the (supra)national bodies (i.e. EU, UN) is equally important. It also depends on the administrative structure of city regions, institutions responsible for city management and planning, and relations with local and international financial organisations, especially the World Bank and IMF. The role of international organisations, multi-lateral and bilateral agencies are also important for the process of intra- and inter-urban transformation of post-socialist cities. This interplay between global forces and local demands – i.e. »global-local nexus«, could have further implications for transformation of cities in Central and Eastern Europe.

At the beginning of 1990s the World Bank and IMF were the most influential in the process of formulation of transition reforms in Central and Eastern Europe. Their policy advice based on market principles were targeted toward efficiency objectives and a need for budget constraints. In second part of 1990s with association agreements with the EU, the policy-making process focused more on sectoral (re)adjustments, harmonisation of legislation, cooperation and institutional development. The international agencies focused their activities at the national level, and not particularly on urban development *per se*. At the second summit of the United Nations Centre for Human Settlements (*Habitat*) in Istanbul (1996) the urban problems and policy-making process were globalised, that resulted in publication of the *Habitat* ('urban') *Agenda*. Current actions of local governments in Central and Eastern Europe to incorporate these recommendations into their development plans differ in terms of benefits for cities, regions and particular social groups. At the same time more pro-active cross-border and trans-national links and partnerships between different actors from cities and regions from the EU member states and Central and Eastern Europe have been stimulated and supported with the availability of the EU funds, applied research activities and development projects, as part of the process of EU enlargement and integration.

The opening of the borders to Central and Eastern Europe, the creation of a European Single Market (1992), and accession of new member states of Austria, Sweden and Finland (1995) has intensified the questions about the viability and role of different territorial units (i.e. regions and cities) in social, economic and political affairs in Europe as a whole. Since European Council Summit in Copenhagen (1993) the commitment to enlargement towards Central and Eastern Europe has required further economic reforms, harmonisation of legislation, and strengthening of institutional development. This was confirmed at the *Essen Summit* (1994) with formulation of the pre-accession strategy that was published in 1997 as *Agenda 2000*, also known as the "*EU enlargement strategy*". Since 1998 formal accession negotiations have begun with establishment of *Accession Partnerships* and *Twinning Agreements* with the "first wave entrants" (or negotiating candidates) at that time - Estonia, Czech Republic, Hungary, Poland and, Slovenia (known as *Luxembourg* group), followed with the "second wave" negotiating candidates in 2000 - Bulgaria, Latvia, Lithuania and Romania (i.e. *Helsinki* group). The European Council in Nice (December 2000) reaffirmed the political priority towards the success of EU enlargement. The accession negotiations with the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, and with Cyprus and Malta was successfully concluded in Athens on 16 April 2003 with the *Treaty and Act of Accession*, and their formal accession to EU in May 2004.

As part of the process of »territorial integration« the EU has been increasingly supporting establishment of different links and networks between cities and regions to co-operate and participate in joint projects. The results of these projects have had an important impact on formulation of EU »urban and regional agendas«, such as *Europe 2000* (1991) and *Europe 2000+* (1994), followed with the *European Spatial Development Perspectives* (ESDP) (1999), the *Second Report on Economic and Social Cohesion* (2001), and the *Third Report on Economic and Social Cohesion* (2004) calling for a »better balance and polycentric development of a European territory«. The ESDP represents the result of a decade-long attempt to prepare a European spatial planning agenda as a field of policy. The need for policy formulation and co-ordination at the implementation level has been recognised at the European level, particularly for environmental, transport, agriculture, social and regional policies. Strengthening a polycentric and more balanced system of metropolitan areas and urban networks is one of the main objectives in shaping the development of polycentric European urban system (ESDP, 1999, p.21). The ESDP can also be interpreted as an attempt to address the dual process of »internal« European diversification with »external« pressure of competition from North America and Asia.

**»Euro-corridors«: transport links and access to knowledge**

The development of Euro-corridors represents one of the most important conceptual tool for integrating policies relating to the development of "multi-modal co-operation between cities, the improvement of infrastructure, telecommunication and transport in more peripheral areas, the reduction of congestion and intercontinental accessibility", etc. (ESDP, 1999). Such corridors contribute considerably to the territorial integration of Europe. [2] A number of these transport corridors have already included some of the post-socialist cities in Central and Eastern Europe (e.g. Paris-Strasbourg-Stuttgart-Munich-Vienna-Budapest, or Brussels-Cologne-Hannover-Berlin-Poznan-Warsaw), but essential missing links still have to be developed.

The co-operation between cities in regions in Europe have been further reinforced with different EU programmes towards Central and Eastern Europe (e.g. Interreg, Phare, Tacis, Ecos/Overture, Framework Programmes etc.) and other forms of bilateral and multi-lateral cross-border and trans-national co-operation. Co-operation on spatial planning in Europe has given rise to a new planning instrument: the trans-national spatial vision(s). The two trans-national co-operation documents known as "VASAB 2010+" (for 11 countries in the Baltic Sea Region) and "VISION PLANET" (for 12 countries in the CADSES region: Central European, Adriatic, Danubian, and South-East European Space), offer strategic guidance adapted to spatial needs for the distribution of EU funds for pre-accession assistance to Central and Eastern European countries (PHARE, ISPA, SAPARD programmes). [3]

With regards to spatial development projects, the EU initiative INTERREG II and subsequently INTRREG III are the most important programmes, dealing with trans-national co-operation, and in connection with the PHARE programme (cross-border cooperation) are an important instrument for the application of the ESDP in Central and Eastern Europe. [4]

### ***Europe's metropolitan regions: new »global integration zones«?***

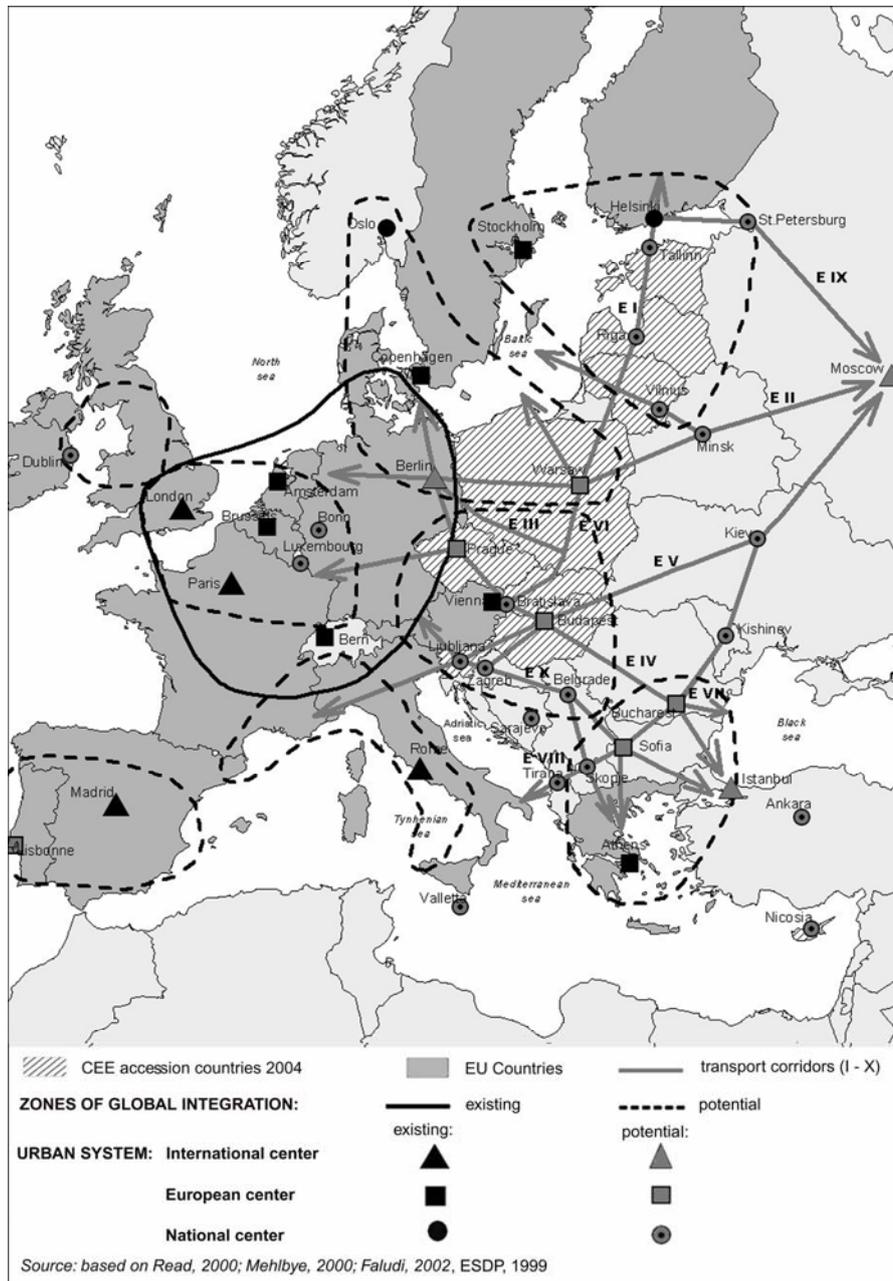
The ESDP highlights the special role of cities, which could be undertaken by: »Euro-corridors, global integration zones, gateway cities, urban clusters and individual urban poles«, in support of a better territorial balance within the enlarged EU. The enlarged EU will include a number of urban regions, small and medium-sized cities, a diversity of rural hinterlands, mountain regions as well as islands. The new European urban system will include a number of metropolitan areas holding the capital functions and dominant position in the national urban systems. After the last EU enlargement about 70 major cities with more than 500.000 inhabitants dominate the European urban system. About 20 percent of the new EU population (i.e. 27 member states) live in these cities.

The ESDP designates the »Pentagon«, shaped by London, Paris, Munich, Milan and Hamburg, as the dominant core-region of Europe and, at present the only European »zone of global importance«. Taking in consideration the balanced development and polycentrism of an enlarged EU, the *Pentagon* core will be coupled by new *zones of cross-border metropolitan cooperation*, that might aspire to the status of »global integration zones«, as dynamic and global clusters of internationally well accessible metropolitan regions, geographically well distributed on the European territory. New cooperation structures and committed partnerships involving neighbouring (cross-border) metropolitan areas, cities, towns and rural hinterlands should be stimulated by the top-down (trans-national) political stimuli, knowledge-based activities and financial support from the EU, coupled with the bottom-up initiatives between cities and regions finding partners and establishing institutional links and networks (see Mehlbye, 2000; Faludi, 2002).

There is a growing need these days to clarify territorial characteristics of the globalisation process at the European scale, relevant for the evolvement of »global integration zones«. The analysis of the socio-economic and territorial specificities and profiles of metropolitan areas of Europe have been undertaken since year 2000 in order to improve the

understanding of similarities and to make visible the potentials for synergies of cooperation, as declared in ESDP. The current research at European level concerning new »global integration zones« is also the result of a transnational research networks and the establishment of European Spatial Planning Observatory Network (ESPON). [8]

**Figure 1:** New European urban system or »global integrated zones of metropolitan cooperation«?



### Urban Development in Central and Eastern Europe: From Transition to »Creative« Competition?

Central European countries – the Czech Republic, Slovakia, Hungary, Poland, Slovenia, and the Baltic states – Estonia, Latvia and Lithuania became for political, economic and strategic reasons fully-fledged members of the EU in May 2004. Bulgaria and Romania will follow

them shortly in year 2007. The “non-accession” countries from South-East Europe – Albania, Bosnia and Herzegovina, Croatia, FYR Macedonia, Serbia and Montenegro (labelled as Western Balkans), and East European countries of Belarus, Moldova, Ukraine are currently excluded from the process of EU enlargement, with the possibility to “join the club” in a decade to come, if satisfying EU enlargement requirements.

The process of EU enlargement and integration will enhance the position of Europe on the world stage. Accession of Central and Eastern European countries as members of the EU is assuming restricted continuation of global forces, or rather globalisation through links and networks between various partners from European cities and regions. Therefore from 1994 the forces of Europeanisation (or *EU-isation*) with cross-border regionalisation, or different forms of co-operation between Central and Eastern European countries and EU member states are stronger than forces of globalisation, or integration of Central and Eastern European cities into the world networks. From this perspective inter and intra-urban transformation of post-socialist cities in Central and Eastern Europe is perceived not as an unique phenomena *per se*, but rather an outcome of global processes within a specific spatial and temporal contexts.

The final outcome of the city transformation process in Central and Eastern Europe is yet uncertain and might vary in different subregions of Europe (i.e. Central Europe, South-East Europe, East Europe). As a consequence of both »external« and »internal« forces during the last decade, Central and Eastern European post-socialist cities are somehow becoming more alike, struggling to dismantle the negative effects of socialist development and enhance their international status. The cumulative effects of the transformation process on inter- and intra-urban development is essentially a process of international competitiveness, enhanced cooperation and networking, city revitalisation and *reconnaissance* of Central and Eastern European cities, emphasising their cultural heritage, local identity, and a development path towards sustainability. The future of these cities depends now not only on their (pre)socialist legacies, or the success in adoption of more market oriented principles, establishment of efficient public regulation/control and effectiveness of city governance, but also on their (re)integration into different European and global networks. The network of capital cities nowadays represents the most dynamic process of territorial integration at the European scale. At the same time specialised and thematic co-operations could also diversify forms of urban networking and promote a less hierarchical spatial organisations of cities, leading to a more polycentric structure of Europe. Therefore these cities represent ‘engines’ of territorial integration in Europe.

Metropolitan clustering of specific cross-border city networks in establishing »global integration zones« is a new territorial concept, as part of the European integration process. It is regarded as one of the most important components in the efforts of ensuring a sustainable development and a better territorial balance within Europe. Linking towns, cities, metropolitan areas and their hinterlands with each other via infrastructure and strategic cooperation, and forming polycentric urban regions, could lead to formation of dynamic »global integration zones«. The overall aim is to trickle-down the benefits of effective social and economic performance across the urban system, while at the same time strengthening Europe’s global competitive position as a whole. In that respect the competitive potentials and the global status of Central and Eastern European cities would have been improved if this vision of territorial integration is to be realised. What these cities achieve and how they develop will be profoundly shaped by interactions of both global and local contexts and wider developments in economy, politics and society.

### Endnotes:

1 This paper is based on the book F.E.I. Hamilton, Kaliopa Dimirovska Andrews, and Nataša-Pichler-Milanović (Eds.) *Transformation of Cities in Central and Eastern Europe: Towards Globalisation*, Tokyo: UNU Press, 2005.

2 The *Trans-European* networks initially proposed for western Europe in 1992 and officially agreed in 1996 were extended as a result of decisions reached at the pan-European Conference of Transport Ministers in Crete (1994) and Helsinki (1997) to include 10 "multimodal corridors" connecting up to the infrastructure of Central and Eastern European accession countries.

3 PHARE: Cross-border cooperation programme with accession states from Central and Eastern Europe; ISPA: Instruments for Structural Policy for Pre-accession; SAPARD: Spatial Action Programme for Pre-Accession Aid for Agriculture and Rural Development;

4 The INTERREG IIIB programmes have been launched all over the European continent: i.e. Western Mediterranean, Alpine Space, Atlantic Area, Southwest Europe, Northwest Europe, North Sea Area, CADSES, Northern Periphery and Archi-Med cooperation areas.

5 ESPON Programme was established in year 2001 as the cooperation between EU member states, the European Commission and accession countries in the elaboration and application of the ESDP through INTERREG III Programme. More information is available on [www.espon.lu](http://www.espon.lu).

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