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New Basis for Regional and Urban Policies in East-Central Europe

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INTRODUCTION

Regional and urban policies have hitherto played a subordinated role in East-Central European development. Regional planning was integrated within a strongly centralized planning system. Regional development targets, e.g. industrial deconcentration, were formulated according to sectorial interests rather than local (regional) interests or desires. In the strongly centralized political power system there was no room for regionalism or local initiatives. Official ideology declared the homogenization of society; thus, the homogenization of needs for housing and urban services. Consequently, urban planning has applied national standards everywhere. The omnipotent party state assumed the responsibility for all aspects of urban development.

East-Central European countries had adopted the Soviet model of urban and regional development by the late-1940's. In this paper I intend to summarize the 40-year history of urban and regional development. It could be stated that the repeated efforts to reform the Stalinist economic model did not really touch the spheres of regional planning. The governing Marxist parties expected to modify the mechanism of economic management without changing the political model. Reforms in regional development would have made it necessary to accept the influence of local government which did not fit into the policy of centralism.

Centralized development policies were supported by the nature of economic processes. Industrial take-off needed concentrated investment efforts, especially in the given industrial structure. (Postwar industrial take-off started with energetics and heavy industry.) In this simple structure central planning directives were more convenient to apply than in a more sophisticated industry. Planning authorities were able to define their targets in natural units, i.e. in tons of output; thus, the lack of market and a real price system were not very disturbing. In the early-1950's the technics of a war economy were used in managing East-European economy.[1] Heavy investments plus abundant Soviet raw material shipments contributed to a rapid industrial growth at that time. However, the resources for this type of development were soon exhausted. Since the 1960's East-Central European countries have formulated two types of responses for developing more complex, more modern economies. One group of these countries (GDR, Czechoslovakia, Albania, Rumania, Bulgaria) decided to improve the central planning system by introducing new planning methods, new sectorial organization, etc. Another group (Hungary, Poland, Yugoslavia) decided to introduce substantial reforms in economic management. (Czechoslovakia was among the pioneers of economic reforms until the 1968 Soviet intervention.)[2]

By the end of 1989 rapid political changes radically transformed the political scene. Currently, remains in only two East-Central European countries the one-party

Communist system: Albania and Yugoslavia. But I assume the diverging experiences of the last two decades will strongly influence further political and economic development in the whole region.

The introduction of market elements into the state socialist system *without* changes in the key elements of the Stalinist political model has met with failure. The state socialist system is in crisis. In the "reform countries" there is an almost general consensus – also held by the Communist parties – for replacing the Stalinist political model with a new one. The decades of economic reforms despite all the failures were useful as a learning period during which knowledge was gained about entrepreneurship and successful methods to form interest groups. Thus, the populations of Poland, Hungary, Czechoslovakia and Yugoslavia are ready for change and perhaps they can handle a peaceful transition into a new social model.[3]

The comprehensive changes that have just started in the East-Central European societies have impacted upon their regional and urban development and settlement policies. In this paper I intend, first, to characterize the principles of regional/urban policies of the Stalinist model, second, to analyze the applications and changes of these policies during the last 30 years, third, to discuss the impact of recent political and economic reforms upon the processes of regional and urban development.

CHARACTERISTICS OF REGIONAL POLICIES

Regional policies in both market and centrally planned economies have many similar goals. Generally, regional policies aim *to level out disparities*. The scale of these disparities differs from country to country. In most cases income disparities, uneven access to public services (mostly to health care and education) and disparities in the economic activity are the most sensitive inequalities. In market economies these disparities are due to the imbalance among resources and market accessibility of particular regions. In state socialism bureaucratic redistribution of national wealth (in favour of politically strong sectors) creates new types of disparities.

In market economies regional policies were focused on backward areas or on handicapped social groups of backward areas. Governments used budget redistribution techniques in favour of these areas in order to improve the business climate of these areas by direct investments in the infrastructure and by financial incentives for private and corporate investments. Since the mid-1970's government-led regional policies have diminished as welfare state concepts and practices have been eroded in Western industrial societies. The economic crisis of the 1970's strengthened regional solidarity, facilitating the emergence of local, bottom-up regional development schemes and policies.

Three special features of regional policy and planning are evident.

(1) Regional plans extend to all aspects of socio-economic life from production to public services. For a long time production goals were the top priority because it was assumed that industrial growth would automatically lead to the improvement of living conditions. Because the bulk of the economy was nationalized (some 40 years ago), governments can intervene directly into the economic sphere. Collective ownership is dominant in the service sector, too; thus, public services also include retail trade, catering or leisure time activities.

Central planning has a sectorial character. Consequently, location of industrial investments or infrastructural development is decided by sectorial ministries according to sectorial interests. Regional planning authorities have but limited power for influencing the geography of sectorial decisions. Regional and urban development has, to a large extent, been a haphazard outcome of territorial coincidence of sectorial decisions. Sectorial interests preferred developed areas where local resources were more abundant and the infrastructure had a good standard. Regional policies based on sectorial decisions were insufficient to achieve their egalitarian goals. What is more, sometimes they contributed to the deepening of disparities.

(2) Regional plans encompass all regions of a socialist country and provide a framework for regional distribution of national (comprehensive) planning targets and development funds. All types of economic and tertiary development had to be controlled by central authorities. Large cities and prosperous regions are also financed from central budget. They have acquired a much more advantageous position than less developed areas in receiving government subsidies. Contrasted with poor rural provinces their already existing industry has attracted further investments from industrial ministries. They have had closer contacts with political power centres. Communist governments supposed to find the basis of their power in large cities and in industrial regions dominated by large state enterprises.[4] Again, despite their declared egalitarian goals government regional policies have continuously neglected less developed rural areas.

(3) Regional development – in most socialist countries – is centrally designed. Central decisions are channelled to local levels through government agencies and public administration. Local initiatives, therefore, have a rather limited impact upon plans. In the "classical" Stalinist model the use of central budget subsidies was *prescribed* as the sum to be spent for the maintenance of government housing units in a certain county or district and the number of new government housing units to be built. How did central planning authorities define the needs of the population in a given region? Evidently, they lacked the means to assess local needs or interests. Consequently, planners used national norms and standards for regional infrastructural developments. These norms, e.g. shop floor space for 100,000 inhabitants, apartment size for a family etc., were calculated arbitrarily without local input. Furthermore, the availability of funds has had greater impact upon these calculations than the needs of the population. This approach was ideologically supported by egalitarianism and by the hypothesis that socialist society is becoming more and more homogeneous.

A strong bargaining process exists behind the formal redistribution of the central budget. In this bargaining process local authorities try to express their interests (which do not necessarily coincide with the interests of the local population). While local governments have no power they do have political influence and try to find supporters among highly ranked party officials. Here again, urban-industrial regions have an advantage. Capital cities (the *only* political power centres) and regions of mining and heavy industry have continuously been able to enjoy an advantageous position in the budget redistribution.

Paradoxically, government-led regional and urban policies have had differentiating effects in state socialism. Backward areas or settlements have improved their position by the hidden market mechanisms of the second economy in areas of family income, housing and services.

PHASES OF POSTWAR REGIONAL POLICIES IN EAST-CENTRAL EUROPE

Different stages of postwar economic development have been characterized by distinct regional and urban policies. *Phase I* was the urban explosion pushed unilaterally by industrial take-off. It resulted – in most countries – in a regionally polarized development. *Phase II* has been characterized by deconcentrated industrial location, first attempts at economic reforms and the formation of a modern urban network. *Phase III* means – at least in the more developed northern part of East-Central Europe – the beginning of a post-industrial era marked by attempts in regional equalization of living conditions, steps toward a "unified settlement system" (i.e. rural/urban continuum) and introduction of new concepts in urban and regional strategies.

Phase I was characterized by a rapid industrial take-off combined with the reparation of damages caused by World War II in the whole region. Czechoslovakia (more precisely the Czech and Moravian regions) and what is now the GDR were industrialized countries before the war. Their postwar industrial expansion meant mostly structural changes in favour of heavy industry. Poland and Hungary had a large rural sector as well as a few important, rather isolated centres. Their industries were weak and unevenly developed. Finally, in the Balkan countries where 50 years ago agriculture was the main trade and 80 percent of the population lived in rural areas, the postwar ("socialist") industrialization was actually an industrial revolution. In most of the East-Central European region economic modernization was intertwined by the introduction of state socialism system which resulted in a lot of misunderstandings for superficial students of the area. In the official propaganda all the advances of modernization – from rural electrification to the expansion of education – are treated as achievements of socialism. Western viewers are often puzzled by common features of the Western and Eastern European modernization and speak about the convergency of the two systems. I shall discuss it later.

This industrial take-off differed from the earlier West-European (or from the more or less parallel South-European) one in many respects. Immediately after the communist take-over the non-agricultural sector of the economy passed almost completely into state ownership. Then, at the same time, comprehensive planning was introduced. East-Central European leadership adopted the Soviet economic model totally including the priority of heavy industry and a strongly centralized economic management system. Central planning authorities laid down detailed directives to enterprises. During the 1950's and 1960's industrial growth was exceptionally fast. Low consumption, diverted agricultural profit, the over-utilization of the already existing infrastructure have been the sources for industrial investments. In Bulgaria and Rumania rapid growth continued even during the 1970's.

Another important change was the introduction of the Soviet (Council) system into the public administration that replaced earlier local authorities. Self-governments as well as voluntary organizations of citizens were practically abolished, although elected local and regional councils were merely empowered to convey central government will to the local level. Party organizations are parallely organized. The party can control directly the Soviets. In Rumania (and in the USSR) local and regional party and administrative units are headed by the same persons. Yugoslavia is an exception where the communities are self-governing units but – according to some experts – government dirigism exists in many informal ways. In this strongly centralized planning and political system there was no room for regional planning. As the countries of the region inherited important territorial inequalities from the pre-war period, first national plans formulated some regional targets but there was neither an organization nor a decision-making apparatus for regional development. Low-level industrialization was of the reasons for uneven territorial development: the existing industry was concentrated on the mining areas and on a few selected cities. In the case of Hungary manufacturing industry was excessively concentrated in the capital city, Budapest. This single city employed 60 percent of the total industrial workforce in 1930. Other inequalities originated from the substantial border changes after both World Wars, e.g. Yugoslavia was created in 1920 from extremely different pieces of lands. Slovakia lagged far behind the industrialized Czech lands. After World War II Poland lost large areas in the East and gained huge, earlier German lands in the West. New states intended to integrate their territory economically and to interrelate their cities into an urban network. This way, the political power initiated industrial location in backward areas and speeded up the completion of national infrastructural networks.

During this industrial take-off industrialized areas – and the urban network of these areas – expanded. This urban growth was led by industrialization: expanding industrial centres added new residential quarters to existing housing developments. In a few cases entirely new towns were created following the Soviet example. New towns created a possibility for experimenting with "socialist urbanism". Contrary to the Soviet Union where new towns were built on virgin lands making their industrial development necessary, these East-Central European cities served largely ideological

purposes. Nowa Huta (in Poland) founded in 1950 together with a steel complex, was incorporated into the nearby city of Cracow thereby introducing the working class into this intellectual and trade centre. In Hungary all the new towns but Dunaújváros were built as "twin cities" of an earlier urban centre.

At the same time, the first wave of postwar industrialization further sharpened differences between industrialized and rural regions. Heavy industry had a concentrated locational tendency, hence, most of the rural areas remained untouched by industrialization. Manpower migrated from the overpopulated rural areas to the larger cities and to the freshly industrialized zones. This was normal: industrial take-off has always been regionally polarizing. The polarization was strengthened by the fact that industrialization was carried out by large state-owned enterprises, and there was no possibility for small private business to participate in this process.

Rapid growth in GNP did not result in a remarkable improvement in the standard of living. Massive oppressive measures were taken against rural population for diverting profits from farming to industrialization. (At the same time, rural population made up the majority of the region's population.) Industrial investments had a low return while the growth of GNP was absorbed by government subsidies for inefficient state industry and by armament expenditures. There was no opportunity to implement the usual regional planning targets of welfare character by regional levelling.

Phase II started in the late 1950's, early 1960's. Basic industrialization was over. Rapid industrialization continued in the Balkans, but even there, industry became more diversified with a growing importance of machinery and consumer goods. These industrial sectors had a more elastic locational pattern than heavy industry. At the beginning of this period when (with the exception of Poland and Yugoslavia) the collectivization of agriculture was completed collective ownership of the means of production became dominant. The collectivization attracted more investments – and more political attention – to the rural areas. Governments intended to channel rural outmigration to smaller local and regional centres, as earlier larger urban centres – partly because of the neglect of infrastructure – became overpopulated. In sum, there was a possibility and a need for geographically decentralized regional development. By the late 1950's the first comprehensive regional and urban strategies were formulated in East-Central Europe. These strategies were interesting mixtures of Marxist dogmas and Western European planned urbanism. Policy makers still supposed that economic growth would automatically result in the improvement of living conditions; hence, industrial decentralization has been the key element of regional development strategies. On the other hand, a number of elements of Western European (mostly French) regional planning ideas were incorporated into regional policies. For instance, new regional centres were designated as "counterpoles" obtaining priority in industrial location and urban development. In Hungary five regional centres had to counterbalance the overwhelming economic role of Budapest. In this way *Boudeville's* well-known growth pole theory was applied but its results were as doubtful as in many other countries. Growth centres have frequently

developed at the expense of their regions sharpening small-scale regional imbalances. "Centralized decentralization" was the slogan: government intended to create strong economic centres in less developed regions first. Growth was stimulated mostly by direct government investments in local industry since infrastructure usually was neglected. (Industrial investment portfolios usually contained some additional housing and public investments, too.)

Modern industry was located in a number of provincial cities (actually in more cities than it was planned originally), and, at that time, industry was the major element in urban development. Industrial decentralization contributed to the formation of a modern urban system, helped to level out employment among different regions and diminished interregional migration. This decentralization meant the new geography of economic activity by no means the deconcentration of power. Although a number of changes were introduced in the 1960's, many elements – and the principles! – of rigidly centralized planning survived. Due to central locational decisions the provincial cities *received* certain new investments from state budget but local (regional) authorities had neither the opportunity for nor the interest in the most efficient utilization of local resources or in the coordination of different sectorial decisions.

By the end of 1960's the extensive industrialization was getting close to its end in the more developed "Northern" countries (GDR, Czechoslovakia, Hungary and Poland). Low capital efficiency, the outmoded industrial structure, chronic shortages, technological backwardness and the deteriorating infrastructure seriously disturbed the postwar modernization process. These problems were less explicit in Bulgaria and Rumania where industrial take-off was still going on, based largely on the abundant manpower resources which left agriculture. The hope of "catching up with the West" (a millennium-old ambition in East-Central Europe) faded away. The need for substantial transformation of economic management system was urged by experts, and it was more or less accepted by ruling Communist parties, too. Different forms of economic reforms were introduced in these countries which diminished the role of central planning directives. The Czechoslovakian and Hungarian reforms were the more substantial. As it was well-known, the Czechoslovakian reform was short-lived as a consequence of the Warsaw Pact invasion of the country in 1968.

None of these reforms dared to touch the power structure of the party state. They contained certain decentralization measures in regional development but it meant simply a new distribution of decisions and responsibilities within the governmental structure. Basic administrative units, mostly in Poland and Hungary, got more freedom in using government funds and subsidies than in earlier days. In 1971, the Hungarian Parliament passed a new Law on Councils which – quite differently from the Soviet legislation – declared that local councils are the "organizations of self-government" and the expression of "local interests". In principle, the acceptance of the existence of local interests by a centralized Communist government had great importance, but in practice, the centralization in regional development did not

change. "Self-government" is not acceptable by a strongly centralized totalitarian regime.

In the 1970's economic growth continued. More and more industry moved into the rural areas in search of cheap manpower. As a consequence of industrial decentralization a sizeable urban network developed, even in the Balkans. The tensions caused by rural/urban dichotomy became more relevant. Economic levelling in employment and industrialization was not followed by equalization in living conditions. Industrialization was not accompanied by the improvement of housing conditions and services. Infrastructural investments have been continuously postponed. In the 1970's urban and regional strategies were reformulated. Using different wordings, these strategies aimed at the establishment of an economically *and* socially balanced settlement network. In 1971 a Government Resolution on Regional Planning defined two basic aims for regional policy and planning in Hungary:

"1. It should ensure the efficient use of the resources of different regions and the modernization and rationalization of the settlement network.
2. By levelling out employment and economy of the different regions, by equalizing the service and infrastructural supply of different groups of settlements it should reduce the differences in the standard of living and in the cultural level of the population of different regions."[5]

The 1974 Rumanian Law on "Systematization of the territory and the urban and rural localities" declared: "Through systematization the development of the towns and the communes...within the framework of a general national programme will be assured having in view the entire network of urban and rural localities, their mutual influence, the correlation and the development of the towns and villages with their surrounding zone and the extension of the cooperation between localities. Special attention will be devoted to the rural localities with the aim to gradually increase the level of living in these localities bringing it closer to that of urban areas."[6]

In Poland the Sixth Party Congress (1971) defined the goals of spatial development. A National Development Plan was worked out and adopted in 1974 on this basis. Its principles were as follows:

- a more rapid improvement of living conditions and greater satisfaction in the variety of social and cultural needs,
- the optimal use of economic resources,
- a more rapid socialist integration, especially with the neighbouring countries,
- increase in national defense,
- protection of natural resources and more effective economy in their use.

All these schemes have common features. They all intend to develop an integrated settlement system with a proportionally developed urban network and with a rural/urban continuum. By defining a hierarchy of service centres, planners – often unintentionally – followed *Christaller's* central place theory. All these schemes insist on a "top down" modernization: planners intend to designate the central places of

different hierarchical level, the variety of public services and their attraction zones, etc. Citizens will be made happy by the paternalistic party state.

The second half of the 1970's, as everywhere in the world, was characterized by a remarkable economic slowing down, even by a stagnation in the industrial sector. Socialist economies were not able to adapt themselves to the substantial structural changes which were going on in the world economy. Many of these countries even refused to accept the idea of adaptation. Nevertheless, they had to experience the deterioration of their economic situation. This influenced the implementation of their regional and urban development strategies. Since state industry was able to seize a growing share from the national budget, infrastructural development and public services were the main losers. The 1970's were characterized by strong centralization processes in rural public services. A large part of rural communes were judged "non-viable" by planners, and their depopulation was backed by the authorities. A new ideology was born: we had to realize the rural/urban continuum in an efficient way. We should not disperse our scarce resources among small villages. We should concentrate them in local centres which would offer a variety of services for rural people. In Rumania the explanation was rather ideological: the homogenization of the socialist society, the total abolishment of private farming, the adaptation of the rural settlement network to the geographical pattern of socialist agro-industrial combines, etc. In Hungary and Poland, rather, the British "key village" system or the West-German and Scandinavian rural administrative reforms were quoted. This time "the developed Western" model had to be followed. In the East-Central European state of communication system these concentrated service models are disadvantageous for rural populations and stimulate resettlement to larger centres.

By the end of the 1970's when Phase II ended, many things ended in East-Central Europe. There was an end of rapid growth, of industrial expansion, of the stimulus of CMEA cooperation that was earlier based on cheap Soviet raw material shipments. It was an historical misfortune that East-Central European countries entered into the post-industrial era in the time of crisis of the world economy. The credit crisis, the structural crisis – which seriously hit even the most developed market economies – was combined by a systemic crisis. The recognition and the political acceptance of the systemic crisis were difficult and were not general in the socialist countries.

Phase III – the 1980's – has been characterized by important changes along with the development of a great variety of crisis management techniques both in economic and regional policies. It is of great importance that new socio-political structures of urban and regional development are emerging.

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NEW TRENDS IN URBAN AND REGIONAL DEVELOPMENT AND POLICIES

The transition from industrialization to post-industrial society has had an historical significance in the developed Western countries, too. The well-known characteristics of post-industrial societies – technological and structural changes in industry, important declines in agricultural and industrial employment, the expansion of tertiary and intellectual occupations, the transformation of the social structure, strong global economic interdependence, etc. – marked the birth of such new social processes that promoted new trends even created new models in urban and regional development.

This transition has been painful in socialist countries. Post-industrial development was pushed by a booming period and a new technological revolution in Western Europe. These conditions were missing in East-Central Europe. Old and stable dogmas on the priority of production, on the ruling role of the working class and the like had to be forgotten. These governments were unable – and unwilling – to transform the organization and the technology of their economies, or, in the best case, they tried to modernize the economy keeping the old socio-political structure alive.

There are different answers for the crisis:

- to deny its existence and tighten the control and discipline within the Stalinist model (GDR, Rumania),
- to modify the model by modest reforms (Bulgaria, Czechoslovakia), or,
- to look for a new paradigm *via* systematic changes (Hungary, Poland).

Regional policies evidently reflect all these approaches. For instance, Rumania continues its settlement systematization program which was designated in the early 1970's. But there is no stopping. Elements of post-industrial development, e.g. the diminishment and social disintegration of the working class are present and despite the constraints, advancing. New types of spatial processes are developing and even the authoritarian government cannot forbid them. Regional inequalities started to grow again as governments were unable to subsidize backward areas. In most of the socialist countries foreign debts and state industry subsidies forced governments to withdraw from urban and regional development, e.g. from government housing, but earlier central redistribution technics had not been replaced by new ones.

There are two fundamental changes in regional development and policies. *First*, the role of industry has changed remarkably. As the industrial take-off practically ended regional development had to be stimulated by other sectors. Tertiary sectors usually follow the already existing markets, i.e. they tend to be concentrated in larger cities. It was much easier to relocate industry than office activities to backward areas. The expanding R + D sector also has a concentrated locational behaviour. There is a lot of potential for the development of tourist industry in less advanced areas provided that the infrastructure will be remarkably improved. Industrial restructuring produces depression areas (an unknown phenomenon during the period of

means for industrial take-off and rapid modernization, and, finally, it was able to propel the region into the industrialization period within a few decades. (It was gained at a high social cost but the market version of rapid modernization in Spain, Greece or Taiwan had its social costs, too.) During this period the newly generated forms of urban and regional developments were similar in market-led and in the centrally planned semi-peripheries. The Stalinist model, however, was depleted and inadequate when the historical sequence needed a transition from industrial to post-industrial era. Hence, the parallel of economic and the systemic crises in East-Central Europe.

(1) After analyzing the principles and theoretical background of the socialist regional and urban policies, I have the following statement: these policies had no comprehensive theoretical background and they were based on false assumptions. These false assumptions were

(a) socialism is a post-capitalist era characterized by the equity of abundance,[7]

(b) socialist society is becoming more and more homogeneous (in reality , with the advancement of modernization, the stratification of East-Central European societies is becoming more and more diversified).

Urban and regional policies have eclectic ideological sources. These are

(a) classical Marxist theories,

(b) utopian urbanistic theories,

(c) political and planning (technocratic) pragmatism.

The latter had the real power often in theoretized form.

Marx and *Engels* did not develop a comprehensive theory of regional development and urbanization. This has been done relatively recently by Western European and Northern-American neo-Marxists. They analyzed social inequalities in regional development and within the cities of developed capitalist countries using Marx's reproduction and class struggle theories. Metropolitan segregation in capitalist countries is a quite visible and evident outcome of social inequalities caused by market forces and profit-led economies. This explanation, however, did not help to describe the mechanism of regional and urban inequalities under state socialism (it was first done by *Iván Szelényi*).

Marxist urban policy is egalitarian at three levels. Within the settlements, this policy is intended to create non-segregated residential areas with identical infrastructural supply in every neighbourhood unit. Within the settlement network, the abolishment of the rural/urban dichotomy is the main egalitarian goal. At regional level, different settlement types of different regions should reach equal living standards.

Egalitarianism was not a Marxist invention. In Europe social inequalities have been decried on moral bases in all of the historical periods by religious beliefs, by utopian visions or by political ideologies. Socialist urban theories borrowed their egalitarian view from utopian avant-garde urbanism of the late 19th century. Even in

modern times egalitarianism has been very strong in the Balkans (where even in 1950, 80 percent of the total population lived in villages). These countries became independent after 500 years of Turkish occupation in the 19th century only. The overwhelming majority of the population lived on family farms. There were no large landed estates, there were no landless rural poor. Early-20th century avant-garde urbanists – from *Ebenezer Howard* through *Gropius* to *Le Corbusier* – supposed that urban social problems could be answered by physical planning. In the 1920's these Western utopian urbanists participated in the formulation of the first Soviet urbanization theories. This view was repeated later in East-Central Europe when the new towns (so-called "socialist towns") with their standardized housing and services were intended to create homogeneous, socialist local society.

It is worthwhile to discuss in some detail how pragmatism was mixed into these theories.

(a) *One of the outcomes of the utopian-pragmatist mix* is the idea that regional and urban plans suppose a continuous development, formulating an ideal development with minor conflicts which will be solved easily during the development. But the ideal model has rather modest criteria, e.g. a home telephone is not listed among basic services. (Evidently, the "ideal" model expressed the ideas of the political powers and the planners and not those of the population.)

Certainly, we have *not yet* reached this ideal stage; after all, the building of the developed socialism has not yet finished. There are a few frequently cited explanations for the difference between the ideal and real models:

- *We have had important successes but we have not yet been able to overcome the heritage of the capitalist past.*
- This heritage was poor. Indeed, most of East-Central Europe consisted of poor rural areas. If we compare the present stage of urban and regional development to that of 50 years ago the progress is quite remarkable. (The record is more modest if we compare East-Central European urbanization to the Southern European one.) This view denies the existence of new types of conflicts and backwardness which resulted from the socialist development. Hence, the reluctance to discuss openly such phenomena as serious environmental deterioration or drug abuse which were not inherited from the dark past.
- *Our plans are good but there are imperfections in implementation.* This is a usual tactic to push the responsibility to the "undisciplined" citizens and the "lazy" low-ranked bureaucrats.

- *We have to implement our plans in an efficient way.* Everybody has the right to a low-rent government apartment but only the large housing complexes could be built in an efficient way. (Consequently, housing should be concentrated in large urban centres.) "Efficient" became the synonym for "big". Efficiency was also achieved through strict central control over local investments due to fear that local authorities would use the resources inefficiently. "Efficiency" has been the modern, intellectual explanation for centralization.

(b) *Urban and regional policies in East-Central Europe are urban biased.* In the redistribution process cities and urban dwellers have had an advantageous position (despite the basic slogan of "social equalization between towns and villages"). Settlement development policies do not deny that – paraphrasing *Orwell's bon mot* – all settlements are equal, but cities are more equal than villages. In the GDR, agricultural incomes should be lower than non-agricultural ones "according to the basic laws of socialism." In Rumania, the law for systematization (1974) intends to develop urban centres in rural areas "to propagate the working class evenly within the territory of the country." In the Hungarian National Development Concept (1971), "basic supply" had different criteria in cities and in rural areas even though the definition of basic supply means a set of services which should be available for all of the citizens.

Why are regional policies urban biased (which is contradictory to their egalitarian goals)? There is an ideological explanation: cities are the strongholds of the working class. Or a more pragmatic one: in our modernization process we should develop cities *first,* then we could switch our efforts to rural areas.

The real reasons are as follows:

- Urban growth became a symbol of the postwar industrial take-off and, generally, the modernization process. As most of the larger cities gained their importance during the last 40 years, they are the outcome of the socialist construction while villages symbolize our (shameful) backward rural past.
- Political centralization favoured large organizations in every sector of socio-economic life. It was easier for the centre to control the whole society *via* a few large organizations. These large organizations have had their headquarters in large urban centres.
- Large cities have had a strong bargaining position regarding the redistribution of the central budget.
- The political stability of the power depends largely upon the big cities. All the open outbursts of the social discontent have been traditionally connected to large urban agglomerations. Therefore, social tensions generated by housing shortages, lack of services and like should be managed first of all in the cities.

- As I mentioned earlier, the rural/urban dichotomy was maintained by neglect of the infrastructure, too. Scarce budget resources for infrastructural development were channelled towards industrial regions and to large schemes, e.g. building of large housing estates which had to be located in cities.

Disadvantages to rural settlements come partly by the traditional suspicion of the European communist movements. The majority of the rural population evidently did not support the industrialization program of the postwar East-Central European communist governments (which was based largely on the diverting profit of agriculture), nor the collectivization of agriculture. As the rural population was the majority in most countries of the region, the new power destroyed the organizations of the rural interest groups, the self-government of the rural communities, the traditional cooperatives for making organized resistance by the rural population impossible. Rural people became the symbol of backwardness, selfishness, "petty bourgeois" behaviour and the remnants of the past.

The evident discrepancy between the declared goals and their achievements has had different scales as well as different types of spatial conflicts and social dissatisfactions within the settlement network. Urban dissatisfaction was more visible but the rural one was deeper. In Hungary the *partial election* of representatives (1989) showed that Communist candidates won 25-30 percent of the votes in urban constituencies but only 15 percent in rural ones.

(c) *Regional and urban policies backed the geographical concentration of the settlement network.* This was a logical consequence of the urban-biased and centralized policy.

This statement may be discussed. After all, the proportion of the urban population to the total one is not high; in fact, it is much lower than in Western Europe. *Konrád* and *Szelényi* have developed a different opinion. They state that state socialism broke the urbanization process. Consequently, East-Central Europe became under-urbanized.[8] Later *Szelényi* formulated "under-urbanization" as an important characteristic of the socialist urbanization model.[9] They based the "anti-urban" nature of state socialism on the relatively low proportion of urban population, on the administrative control of urban growth, on the strong "rurality" of the suburban zone of urban agglomerations, etc. I assume that the relatively low ratio of urban dwellers comes from the *belated* urbanization – the rurality of suburbs is "normal" in an early stage of European suburbanization – and urban shortages are caused by the general neglect of infrastructure and not by the neglect of cities. The centralization of state industrial enterprises and the lack of medium-sized and small businesses also contributed to urban concentration.

The real conflict is that the *concentration* of public services developed much faster than the concentration of the population explaining the growing number of rural people who remain without basic services. Rural depopulation has been the side effect of modern urbanization everywhere but in socialist countries depopulation was

forced by administrative measures, e.g. by interdiction of new construction, by closing rural schools without the introduction of school busing. *There were centrally compiled lists of villages to be depopulated.* Collectivization of agriculture liquidated private property while the organization of agricultural work to be performed on huge collective lands led to commuting within the rural area. Local communities had no chance to halt their decline. Their fate was designated in distant planning bureaus and political decision-making centres.

In market economies some settlements begin to decline when their earlier functions are no longer relevant. The fate of these settlements is determined by the market forces of their local economies, resources and societal needs. In sum, settlements threw to decline according to their ability to participate in modern urbanization. In state socialism such selection is made by the bureaucratic power. This selection is based on technocratic elements (which can partly replace market judgement) but it is simply impossible to obtain satisfactory information about the viability of all of the settlements in the centres. On the other hand, political viewpoints and interventions by party leaders are more powerful than technocratic criteria. Citizens *suffer* or *enjoy* the consequences of regional and urban policies but they are unable to participate in their formulation.

(d) *The "efficiency" in the regional and urban policies.* "Efficiency" has justified the tendency toward concentration and the central control of regional development at least in those socialist countries where economic rationality has been used in the argumentation of the policies. It is evident that there are minimum thresholds for consumers (users) to run a hospital or to build a sewage system. It has also been experienced that big cities have high costs of functioning because of the need of special (and expensive) infrastructure, e.g. underground railway. In the 1960's there were a number of scholarly publications on the *optimal* (efficient) size of a city. There were different opinions but it was generally accepted that

(a) Great urban agglomerations are very expensive to run and their efficiency is poor.

(b) Medium-sized cities of several hundred thousands of inhabitants are the most efficient because the costs of their functioning are not too high; at the same time, they have all the advantages of metropolitan agglomerations. At that time "the agglomerational advantage," i.e. easy cooperation of industrial, financial and trade enterprises operating within a single settlement, was important. Telematics made this advantage insignificant.

(c) Modern basic rural services also need a few thousand consumers, thus, a new rural supply model should be elaborated.[10]

These "efficiency studies" became outmoded rapidly but they were kept alive in East-Central Europe because they supported the centralization approaches. I don't

support efficiency studies. First, it is impossible to calculate the efficiency of a settlement. "Efficiency" meant economic c technical efficiency but a settlement was first of all a social organization. Social efficiency could not be expressed in monetary terms. Efficiency of a health care system is characterized by the improvement or decline of the nation's state of health, rate of mortality and the like and not by cost/benefit ratio. In practice nobody knew the efficiency of housing, health care or education (actually, because of the arbitrary price system, nobody knew even the efficiency of the economic activity). These efficiency studies used an outmoded "economy of scale" for judging the efficiency of public services of urban growth. "Efficient" became the synonym for "big". This statement expressed the interests of the leadership of public administration of public services. Larger organizations meant stronger power for their managers and easier access to the political leadership.

This interpretation of efficiency did not accept that different functions or activities need different sizes of organizations. Monolithic state ownership necessarily creates large organizations; small units could not support the enormous economic bureaucracy. A number of rural services disappeared simply because private ownership and local cooperatives (based on voluntary membership) were abolished. Grocery stores, repair shops and building industries have disappeared in a large number of East-Central European rural settlements because private businesses were not allowed or they were economically discriminated. The absolute dominance of state ownership contributed largely to the worsening of rural living conditions.

Summing up the characteristics of socialist regional and urban policies I can state that *people* were missing from these policies. People appeared as manpower or (perhaps) as consumers but not as individuals. The organizations of local societies were dissolved. The political socialization has been largely relocated from the *settlement to the working place*. State-owned enterprises, thus, functioned as a mixture of economic and socio-political organizations offering much less opportunity for individual activities than settlements would.

(2) How could I make a balance of the successes and failures of regional and urban policy of the last 40 years? How did socialist urbanization diverge from other European urbanization trends? What was the role of regional and urban policies in shaping the "socialist countryside?"

Regional and urban development was guided mostly by sectorial planning and decisions. Regional and urban policy compared to the economic and social policies has been a weak partial policy. It was not supported by powerful lobbies, local interests were not accepted by the central power. Urban policy might serve as an excuse for certain government decisions but its independent influence was rather limited. The transformation of the settlement network and the development trends of different regions of a given country have been long-term processes. Governments and planners could produce spectacular changes in a sector of a given city or in a few places of the settlement network in short time but they could not transform rapidly and arbitrarily the settlement network and the regional system of a country. Planners

are not omnipotent. At best, they can introduce wise corrections of the spontaneous processes of urban and regional development.

In my view, modern urbanization and regional transformation are global processes. Industrialization promoted a certain type of urbanization everywhere. East-Central European industrialization produced the same type of urban and regional development which had developed in Western Europe earlier. East-Central European development was regular and did not deviate from the global model. Following are the basic characteristics of the global model:

- relocation of the population within the settlement network and growth in the percentage of the urban population,
- spatial separation of working places from residences (hence the extension of commuting),
- development of functional and socio-ecological zones within cities,
- suburbanization, conurbations: spatial integration of settlements,
- disappearance of monofunctional agricultural regions,
- formation of an interrelated settlement system with the full hierarchy of central places (urban centres) strengthening of the small town network,
- expansion of tertiary and quaternary sectors in the employment which have different locational behaviour than traditional industry.

Market mechanism and central planning have resulted in similar spatial processes. I assume that they represent simply two types of techniques for conveying the process of modern urbanization.[11] On the other hand, even in the case of the most centralized planning system regional and urban development has been shaped through millions of individual decisions, too. "State" urbanization creates but built environment, employment but the spontaneous process of urbanization is made by such individual decisions as selecting a residence, a workplace, a certain type of training, education for children, etc. Individual desires are quite simple and quite uniform everywhere in Europe: adequate housing, employment, accessibility of services (and perhaps accessibility of friends and family members) and social prestige of the residential area. When government rules made this goal-setting officially impossible society developed self-defense mechanisms. When the housing market was abolished exchange of apartments developed as a hidden market. When state enterprises could not offer necessary services a second economy replaced them. If it was dangerous to accept money for "black" work an exchange of work developed.

East-Central European urbanization was similar to urban and regional development in other regions of Europe. It was not identical. Both historical development (the belated industrial and urban development) and socialist power have made their imprints upon it.

State socialism has been an alternative model for industrialization. It became evident that it could not serve as an alternative model for further modernization, for post-industrial development. This social model will be exhausted when a stage of urban and regional development has also been completed. East-Central Europe will enter into a higher stage of development by systemic changes. This double transition

will not be an easy period. We are accustomed in this corner of Europe to pay high price for progress.

NOTES

[1] According to some authors command economy and market economies are two different techniques in economic management and they are not social system specific. Capitalist countries used command economy during World War II and even partly during the reconstruction period. Thus, socialist countries can use market techniques in "peaceful" periods. I have doubts about this statement.

[2] Evidently, this grouping is a simplification. For instance, Bulgaria has introduced from time to time spectacular but short-lived economic reforms and there were ups and downs of reforms in the second group of countries.

[3] Actually, nobody knows much about the new model. A group of politicians insists that the new model, based on a mixed economy, a multiparty system and basic democracy of a civic society, will be still socialist. Others suppose that one can establish a capitalist (market) system with strong social solidarity, a type of the Scandinavian society. Another group intends to develop a "third way", a model between the socialist and the capitalist societies. Liberal capitalism has also supporters. All the future models are sketchy and theoretically poorly established. Social scientists have extensively studied the transition from capitalism to socialism but the return way has remained unknown. Anyway, East-Central Europe has been a distinct historical region of Europe for a millennium and any type of a new social model would fit to the long-lasting traditions of the region.

[4] In reality, all the serious uprisings against Communist governments (Berlin: 1953, Budapest, Poznan: 1956, Gdansk: 1970, Gdansk: 1980, Brasov: 1987, Bucharest: 1989) started in large urban-industrial centres.

[5] LACKÓ, L.: Assessment of Regional Policies and Programs in Eastern Europe. In: DEMKO, G. (ed.) 1984. pp. 124-157.

[6] RONNAS, P. (1984). p. 66.

[7] It may be true that in this case the existing socialism does not fit the criteria of the socialist society.

[8] KONRÁD, Gy. – SZELÉNYI, I. 1971.

[9] MURRAY, P. – SZELÉNYI, I. 1984.

[10] According to a Swedish supply model, which was elaborated in the 1950's, a threshold of 3,000 people was determined to be the minimum number of consumers for modern rural basic services. Curiously enough, this number of 3,000 persons later appeared as the "minimum size of a socialist settlement" in 1964 in the Hungarian settlement development concept and in 1974 in the Rumanian settlement systematization law. The Swedish model intended to serve by a small city 3,000 farmers in lonely dispersed farm settlements in a large area. In East-Central Europe without adequate road systems and without individual motorization the 3,000 persons were to leave their original homes and be resettled in designated "agro-industrial towns" (Rumania) or in "basic supply centres" (Hungary).

[11] For more detailed explanation see ENYEDI, GY. 1989.

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