

# WINDS OF CHANGE

## AND THE SPATIAL TRANSFORMATION OF POST-SOCIALIST CITIES

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**P**ost-socialist cities and societies have experienced dramatic economic, social, and political changes. Inequality and poverty have increased, with significant implications for cities, where two thirds of the people live and work.<sup>1</sup> Despite the importance of cities, there has been limited comparative research on urban spatial restructuring in the context of post-socialist transition, and even less scholarly work on the influence of planning in this process.<sup>2</sup>

The present research draws on empirical evidence in four countries and their capital cities to highlight the links between the threefold transition to democracy, markets, and decentralized government on the spatial transformation of post-socialist cities. The diverse mosaic of urban experiences in Prague, Riga, Belgrade, and Tirana is related to major drivers of change in the economic, social, and institutional environment. These are related to patterns of spatial transformation in three principal domains: (1) spaces of production and consumption, reflecting the economic transition; (2) differentiation in residential spaces, associated with the social transition; and (3) new approaches to planning and service delivery, resulting from the transition in government.

**CENTRAL TO THE ARGUMENTS** in the present article is that transition of this magnitude has created a complex urban world in which the patterns of divergence will become more explicit in the future, producing spatial and temporal differentiation among post-socialist cities. The methodology builds on a number of qualitative and quantitative methods. The research uses a case study approach, content analysis of regulatory plans, policy documents, and secondary sources pertinent to the transformation of urban economies and societies in the cities under review. These methods are complemented by personal interviews with twenty-four planners



Contrasts between old and new in Belgrade.

and policymakers involved in strategic planning and management processes over a period of five years, as well as personal observations of major urban developments in the four capital cities. The field work for this research was begun in 2004 and completed in 2008, incorporating a series of observations and field visits that were instrumental for the understanding of dynamic process of economic, social, and spatial transformation. The case studies are conceptually appropriate as they illustrate diversity in both the exogenous factors (including the most and the least advanced reformers) and the endogenous factors (including different transformation trajectories of planning institutions). The focus on capital cities is deliberate, since they are where the post-socialist transformation is expected to be manifested most explicitly due to their widely recognized role as the administrative, financial, cultural, and

economic drivers of national economies. The research does not explore the impact of the global financial crisis on these cities due to a variety of limitations, the most important of which is the lack of systematic data to analyze relatively new phenomena observed since 2009. Nevertheless, some reference to these phenomena is made, where possible, to highlight patterns of diversity.

Similarly, the researchers acknowledge that the focus on the capital cities of the four countries concerned excludes lower-tier urban centers. The set of constraints and opportunities that face the dominant national center is quite different from that experienced by most other urban centers in the national urban system, regardless of size, location, and hierarchical position. However, second tier cities may well experience similar trajectories of urban and social change, so the analytical framework advanced in the paper may be widely applicable. By the same token, the emphasis on planning institutions and their ability to effectively manage the spatial transformation justifies the focus on capital cities, where a new generation of strategic and regulatory instruments has been approved in response to development pressure. In the secondary cities, the process has been delayed and/or taken a back seat to competing issues such as unemployment, fiscal deficits, and social stress.

### Framework for the analysis of urban change in post-socialist cities

It is important to situate the post-socialist urban experience in the context of overall institutional transformation on the one hand, and of rapidly changing economic and political systems on the other. This undeniable complexity creates unique challenges for planning and urban policy. The analyti-

cal framework of the research draws on approaches in the urban literature that use the country's urban system as an analytical construct to interpret major trends. It is argued that the urban system serves as the primary channel linking the national economy to the global system of cities.<sup>3</sup> Viewing development through the urban lens, the approach explicitly links the changes in the external (national and global) environment, which are much more dramatic and revolutionary, to changes in the internal environment (the urban system and the city itself), by emphasizing the nature and diversity of the ongoing transformation. The transformations are associated with three aspects of the transition process that are particularly important for post-socialist cities: the transition to markets (systemic economic change), to democracy (systemic political change), and to decentralized systems of local democratic government.<sup>4</sup> The analytical framework advances the notion that the triple transition is a major driver of urban change. Further, local responses to global pressures (competition for markets, trade) and to policy reforms at the national level (privatization of industry, deregulation of property markets, and social policy reforms) set the framework for spatial changes in three major domains: spaces of production and consumption, residential spaces, and spaces for the provision of essential urban services. Finally, the spatial transformation of post-socialist cities is guided by plans for future development as well as by the ability of planning institutions to lead implementation.<sup>5</sup>

**IN MAPPING AN** analytical terrain for this comparative study, the “socialist city” is taken as the primary point of departure. One set of influences represents the outcomes associated with the transition to markets, democracy, and decentralized government. These influences are viewed as important drivers of urban change, leading to converging trends in the transformation of urban economies and societies. Notwithstanding these patterns of convergence, the framework recognizes the diversity in the initial conditions – different levels of economic and social development – due to past socialist policies, as well as differences in the spatial legacy of cities, some of which have developed over 800 years in which the socialist period can be viewed as a brief discontinuity. Such important sources of difference are often ignored in the literature, as if the “socialist city” were a carbon copy of the Soviet ideal, and planning under socialism were identical across all countries.

The application of this framework maps critical differences in the urban transformation of post-socialist countries during the past twenty years. Some have become well-functioning competitive democracies, while others have struggled to establish political and economic stability.<sup>6</sup> Although national differences are powerful determinants of transformation paths, the cities themselves also shape their own trajectories. The framework recognizes the critical links between national policies and the types of responses at the local level, thus capturing the multi-layered nature of spatial transformations. The starting point could be the ideal model of a “socialist” city. That ideal is an important legacy which affects a city's economy, its social and spatial structure, and the quality of its urban services. To what degree actual cities were “socialist” under state socialism is an important question for debate. Notwithstanding country-specific differences, the salient characteristics of the “socialist” city are distinguishable, and have been extensively discussed in the literature.<sup>7</sup>

Table 1 links these characteristics to trajectories of change, in which similar trends in economic, social, and institutional transformation increasingly map to a diverse set of outcomes in post-socialist cities.



Socialist era apartment complex in a Prague suburb.



Modern office building in central Prague.

## TABLE 1. THE TRAJECTORY OF CHANGE IN POST-SOCIALIST CITIES

**Major drivers: Transition to markets (systemic economic change), democracy (systemic political change), and decentralized systems of local government**

Domain	The “socialist” city	The “post-socialist” city
<b>National urban system</b>	Centrally planned population growth, investment, economic development, and job creation Stable increases in the level of urbanization, sustained concentration in large metropolitan areas Economies of scale in production	Market-based restructuring of the urban system, integration in the global economic hierarchy of cities Service-led growth, core vs. periphery Selective growth of cities, population decline in many urban centers
<b>Economic transition</b>	Macroeconomic control through central planning, regulation, collective bargaining, and control of markets through income and price policies	Deregulation of markets, laissez-faire approaches to economic development, growing international competition, service sector growth, informal economic activities, unemployment
<b>Spaces of production and consumption</b>	Dominated by manufacturing and responsive to the needs of large-scale state producers, located in urban areas according to planning norms	Growing percentage of obsolete manufacturing facilities, new spaces for private small and medium-sized production, suburbanization of offices and retail
<b>Social transition</b>	Stronger welfare state, universal subsidies, moderate (controlled) urban growth, relatively homogeneous social structure, egalitarian income distribution	Retrenchment of the welfare state, socially polarized societies, poverty, marginalization, declining and aging population, high economic dependency
<b>Residential spaces</b>	Relatively uniform, social housing provision allocated by state institutions, universally affordable, built according to planning norms, mix of tenure types	Increasingly polarized social areas and housing markets, high homeownership, gentrified housing enclaves vs. problematic housing estates, informal housing
<b>Transition in government</b>	Dominated by central government decision-making, appointed officials; little autonomy	Democratically elected, decentralized, fragmented structure, fiscally dependent on central transfers, entrepreneurial approaches to planning and city marketing
<b>Provision of urban services</b>	Relative uniformity, provided by the state, largely funded by central governments, universal access to education and health care, investment in water and sewer networks, strong emphasis on public transport	Privatization and marketization in the provision of urban services, unfunded social mandates, growing inequalities in provision of water, sewers, and public transport
<b>The role of urban planning</b>	Embedded in the economic and political system of top-down central planning, state control over investment, property development	Shift to more pluralistic and entrepreneurial approaches to planning, attempts at public consultation, strategy developments, compromises
<b>Management of spatial change</b>	Rigid planning norms, coordinated planning for housing, public facilities, and transport, nationalized urban land, controlled access to housing.	Difficulties in addressing triple conflicts related to changing property rights, shrinking resources, and development priorities





War damage in central Belgrade.



New commercial developments in the city center of Prague



Gentrified housing in the historic city of Riga.

This application of the analytical framework reviews major patterns of change related to the transition to markets, democracy, and decentralized government and their impact on Prague, Riga, Belgrade, and Tirana. The analysis highlights salient features of the transformation stemming from the economic, social, and political transition in the three domains: spaces of production and consumption, residential differentiation, and the provision of services. The evidence from the case studies is summarized in Table 2, with an emphasis on factors of similarity and dissimilarity.

## The economic transition and new spaces of production and consumption

The transition from a centrally planned, industrialized system of mass production to a system of flexible accumulation has been accompanied by a restructuring of the welfare state and a transition to pluralistic, democratic government. National economies in the post-socialist world have become increasingly integrated in a global system of production, distribution, and exchange. The liberalization of trade, the international flow of capital, and the growing influence of transnational corporations have led to fundamental economic restructuring, which is particularly visible in Prague and Riga.<sup>8</sup> The internationalization of capital cities has been accompanied by deindustrialization, growth of command and control functions, and changing power relations between the public and the private sector.<sup>9</sup> The structural changes in the economies of Prague and Riga were introduced in the early 1990s (through voucher privatization), and economic growth resumed in the mid-1990s. In fact, despite the loss of Soviet markets, Riga has had very strong GDP growth, while Prague has maintained its economic competitiveness in the Czech Republic, contributing 25% of the country's GDP. In both cities, private sector output tripled, and reached over 60% of GDP by 1995. This dynamic adjustment has been accompanied by rapid growth of the service sector, which accounts for 60% of the GDP in Prague and 70% in Riga.<sup>10</sup> Both cities have attracted the lion's share of foreign investment in economic restructuring and property development due to their more liberal and stable environments.

In Serbia, by contrast, the economic transition was delayed by a decade. In Belgrade the Milošević regime propped up public enterprises, resisted deregulation, and brought a severe economic crisis and civil wars. During the time of international sanctions in 2000, the city became home to 100,000 refugees from other parts of Yugoslavia and a flourishing grey economy<sup>11</sup>. In Albania, a much more underdeveloped economic system dependent on a few resource-based indus-

tries and agriculture collapsed in the early 1990s, leading to massive migration to cities. Thousands of migrants in search of economic opportunities doubled Tirana's population within two years.<sup>12</sup> Privatization and the opening of previously sheltered sectors to growing competition in the global marketplace have required the urgent adjustment of industries, services, and other economic activities.<sup>13</sup> The private sector expanded from 5% of GDP in 1990 to 75% in 2002. The transition to service-oriented economies in Belgrade and Tirana has increased the importance of private small enterprises (with less than 10 employees) in retail, construction, and business services.<sup>14</sup> Overall, the economies of the capital cities have managed to sustain a more stable labor market sheltered from high unemployment, with rates half to one third of the national average, with the exception of Tirana, where unemployment has remained high (19% in 2005). The informal economy in Belgrade and Tirana has become well entrenched, accounting for 30% to 50% of the GDP.<sup>15</sup>

The transition to market-oriented forms of economic development is reflected in a number of changes in the urban fabric. In Prague, some existing industrial zones have experienced intensification to accommodate the growing number of new private firms, warehouses, and offices.<sup>16</sup> In Riga and Belgrade, industrial zones associated with manufacturing have declined, leaving behind brownfield sites. The large state enterprises, a legacy of the socialist past, have gone bankrupt, and the industrial landscape has become dominated by abandoned complexes of industrial and administrative buildings, particularly in Tirana and Belgrade. New production activities, driven by foreign investment, have generated demand for suburban industrial warehouses, often beyond the urban edge, and/or ribbon development close to airports and transit hubs.<sup>17</sup> The continued growth of private service industries has made areas with good exposure and transportation access more attractive to private investors. Such processes, although rather moderate in Tirana and Belgrade, have created demand for new industrial spaces (warehouses, logistics, and small-scale flexible production).

The post-socialist economies of the capital cities have solidified their position as financial and business centers, attracting a large share of investment in banking, retail, and office developments. The most dramatic spatial transformations are manifested in the commercial property markets in Prague and Riga, which have attracted the largest share of institutional foreign investment. New office functions in banking and finance have resulted in dynamic property development in new suburban office parks and business centers in Prague and Riga, and more recently in Tirana and Belgrade.<sup>18</sup> By 2010, the supply of office space in Prague (class A and B) reached 1,700,000 m<sup>2</sup>, and in Riga 518,000 m<sup>2</sup>. Nearly half of

the supply was built after 2004 to accommodate international companies and multinational corporations.<sup>19</sup>

The retail sector experienced dynamic growth as well.<sup>20</sup> In Tirana and Belgrade, a high level of small-scale retail activity, often located in ground level apartments, garages, and newly-built street retail premises, characterizes the sector. In Prague and Riga, the consolidation of retail investment, often with foreign partners, has been channeled into the construction of new high-end retail spaces in the city center and suburban locations.<sup>21</sup> The increased interest in the development of shopping malls in Riga and Prague has created new landscapes of retail, entertainment, restaurants, and hotels, associated with a new urban culture of consumerism and rising purchasing power.<sup>22</sup> The shopping malls, often in suburban locations, have provided a new, more sophisticated retail experience compared to the old bazaars, retail strips, and open markets.<sup>23</sup> By 2005, Prague and Riga had acquired 600 m<sup>2</sup> of shopping center space per 1,000 residents, and Tirana 140 m<sup>2</sup>.<sup>24</sup>

## The social transition and growing inequality in residential environments

The legacy of centrally directed urbanization driven by industrial growth during socialism has had powerful consequences for post-socialist cities. Although capital cities weathered the economic transition much better than industrialized company towns, Tirana and Riga were hit badly by the closures of unproductive state enterprises in the early 1990s. Prague, despite a much more moderate economic recession, also experienced growing unemployment and poverty. The socialist system had a more egalitarian income distribution than the new market-based system. It also tolerated lower economic growth to avoid income inequality. Not surprisingly, a new attribute of the economic transition is income polarization, which, measured by the Gini coefficient, has increased rapidly, with important implications for social safety nets and access to housing and urban services.<sup>25</sup> Although data indicate that capital cities have incomes 30% to 40% higher than the national average, the proportion of the population living in poverty in 2005 was 8% in Tirana and 15% in Belgrade.<sup>26</sup>

**THE SOCIAL COST** of the transition from planning to markets has been high, particularly in Belgrade and Tirana, where increasing costs of living have been combined with limited support from a less generous welfare state to groups at risk: the long-term unemployed, large or one-parent families, people with little education, and increasing numbers of ethnic minorities. A two-speed urban economy with poorly paid service jobs and a privileged

**TABLE 2.**  
**THE TRIPLE TRANSITION**  
**AND PATTERNS OF SPATIAL**  
**TRANSFORMATION**



- 1 and 2: Suburbs of Prague.
- 3. Shopping center in Riga.
- 4. Abandoned industrial building in Riga.
- 5. Flea market in Belgrade.
- 6. Poor suburb in Belgrade.
- 7. Market place in Tirana.
- 8. Informal housing in Tirana.

Domain	Prague	Riga	Belgrade	Tirana
<b>Economic transition</b>	Stable economic environment; reforms completed in early 1990s, maintaining economic competitiveness, growth in foreign investment and services (60% of GDP).	Quick economic reforms, growth resumes in mid-1990s, privatization to strategic investors, rapid growth in service jobs, control functions, finance, and foreign investment in the new capital.	Delayed economic restructuring; starting in 2000, growth in small enterprises, service industries, often part of the grey economy (over 30% of GDP); delayed privatization, war-related problems (economic blockade, refugees); high unemployment.	Rapid economic adjustment and abandonment of welfare state, massive migration to the city, doubling the population in the early 1990s; political and economic instability, delayed privatization of strategic assets, high unemployment, grey economy over 50% of GDP.
<b>Spaces of production and consumption</b>	Selective intensification of industrial zones with foreign partners, rapid investment in office and retail spaces by large property development companies, suburbanization.	Increased large-scale office and retail construction, often by multinational companies; brownfield industrial sites left behind; suburban business parks and center city shopping malls.	Abandoned industrial sites, flea markets, bazaars, informal housing development; city-promoted business zones in new Belgrade.	Abandoned industrial enterprises, flea markets, street retail, high level of informal construction (housing, retail, office).
<b>Social transition</b>	Limited income inequality, sustained social support systems absorbing social costs, delayed privatization of housing, controlled rents.	Rising income inequality, means-tested social support devolved to local governments, delayed privatization of housing, migration and shrinking population, low unemployment, growing poverty.	Rising income inequality, poverty and refugee crisis, rapid housing privatization in 1990s, high unemployment.	Substantial concentration of poor migrants with no social support in informal areas, high unemployment, rapid housing privatization in 1991.
<b>Residential spaces</b>	New housing in compact developments and suburban enclaves, eroding affordability, some gated communities.	Rapidly increasing property prices, building for the elite market, gentrification of inner city areas, suburbanization of new housing.	Investment in property as a hedge against inflation, speculation, informal property use, large informal neighborhoods with limited services.	Informal housing and retail development, self-help, over 30% of residents in self-built housing, no access to finance or infrastructure.
<b>Transition in government</b> <b>Provision of urban services</b>	Smooth transition to a system of democratically elected self-government with fiscal autonomy; more predictable stream of financial resources for essential urban services, central government programs for upgrading infrastructure, public facilities, and housing.	Quick institutional reforms, delayed framework for fiscal decentralization; introduction of regional entities; privatization of selected urban services; central government programs to address a backlog in infrastructure (transport and utility networks).	Institutional reforms delayed until 2000, fiscal decentralization introduced in mid-2000; lack of resources to maintain essential services, particularly in informal areas, widening inequalities.	Institutional reforms to democratically elected self-government introduced early with elections contested along political lines; fiscal decentralization introduced in 2000; lack of resources to develop infrastructure, public transport, and water provision; no infrastructure in informal areas.



sector of highly paid professionals, coupled with cutbacks in social welfare and reduced spending on social programs, have contributed to the growing social inequalities. In the capital cities, the two-speed economy has underpinned the formation of a two-speed housing market.<sup>27</sup> The results are bifurcated, with concentrations of the urban poor in peripheral housing estates and/or informal housing on the one hand, and the spatial segregation of newly formed elites in gated communities on the other.<sup>28</sup> Privatization policies increased homeownership dramatically, leading to 98% owner occupation in Tirana and Belgrade in the early 1990s, while Riga and Prague reached levels of 85% fifteen years later. All of these cities have a high proportion of multifamily housing built during socialism: about half of all housing in Riga and Tirana, 30% in Belgrade, and 20% in Prague.<sup>29</sup> This highly subsidized housing provision was the flagship of socialist housing policies, and is difficult to manage without state subsidies to address growing needs for renovation and energy efficiency improvements. Prague, and to a limited extent Riga, have launched some programs to reverse the spiral of urban decline, but progress has been limited.

While these trends define major changes in the residential environment, the overall transformation of housing areas in the capital cities, both inner city and suburban, is less uniform. Typically, new housing construction has gentrified attractive inner city neighborhoods or has transformed the urban fringe with single-family developments.<sup>30</sup> Just like new office and retail development, new housing has added rings to the existing compact urban structure. A number of studies document increasing housebuilding in Prague and Riga since 1998 and a pattern of extensive growth driven by higher mobility and preferences for single-family living.<sup>31</sup> Newfound prosperity in these cities and a more consolidated property development industry responsive to housing demand has delivered a number of planned communities for the elite market, ranging from medium to high-density developments.

**BY CONTRAST, MOST OF** the new housebuilding in Belgrade and Tirana has resulted in organic, unplanned growth in periurban areas, where investment is made without any planning, permit, cadastre registration, or mortgage financing. This phenomenon has reshaped the urban landscape of the two cities in a profound way, creating complex challenges for delivery of infrastructure and government in these communities. Some estimates indicate that about a third of the residents in Tirana and nearly 20% of the residents in Belgrade live in informal housing.<sup>32</sup> Informal developments have become a socially acceptable response to an urban crisis in the provision of affordable housing, where illegal connections to existing infrastructure ensure much-needed electricity and water. Some of these are squatter settlements on public land or illegal subdivisions outside municipal boundaries.<sup>33</sup> In Belgrade, research documents a more nuanced pattern of landownership and investment by high and low-income groups alike. In Tirana and Belgrade, remittances are vital for the upgrading of such settlements. The quality of housing is generally better in Belgrade, and residents are relatively effective in resisting attempts to relocate them. Often they have managed to secure connections to city services and have organized their own community-run transportation and waste management. Kaluđerica, on the outskirts of Belgrade, is a self-made city of 50,000 residents recently incorporated in the new master plan. Legalization, however, has been delayed by the lack of adequate legal framework and operational implementation procedures.



Kaluđerica: a self-made city in Belgrade



Lack of basic services in informal Tirana

## The transition in government and the provision of services

The hallmark of the political transition has been the move to democracy and multiparty elections. Post-socialist capitals have created a variety of political structures (elected local councils) and multi-tier municipal administrations with various degrees of autonomy. In the absence of national urban policies, and under frequently changing political regimes, local governments have operated in an environment that is less predictable and fiscally much more conservative than in socialist times. As part of the process of decentralization and institutional change, local governments have become important agents in economic development, urban planning, and city management.<sup>34</sup> They have retained statutory responsibility for providing and maintaining technical infrastructure and urban social services. In the four capital cities under review, municipalities have acquired ownership of water and sewerage companies, district heating systems, and public housing. At the same time, running public transit, schools, hospitals, social care homes, and essential infrastructure with fewer central subsidies has raised the expenditures of local governments.

Legislation on fiscal decentralization and revenue sharing in Albania and Serbia was introduced in the mid-2000s, allowing municipalities to borrow on capital markets, and improving the local tax base somewhat through business and property taxes. Fiscally constrained local governments in Tirana and Belgrade have been able to invest less than 20% of their budgets, and have had a higher dependency on inter-governmental transfers.<sup>35</sup> As a result, many services have deteriorated, with long-term implications for urban residents. In Prague and Riga, a more stable fiscal policy and a sustainable local tax base has ensured investment of over 40% of municipal budgets in city improvements, although the need for resources has been higher.<sup>36</sup> Since 2004, both of these cities have benefited from regional programs and EU funds for major infrastructure projects in transport, water, communications, and environmental protection. In the past few years, Belgrade and Tirana, attempting to address the accumulated backlog, have made much-needed investments and upgrades in urban infrastructure and transport. Riga and Tirana have launched international competitions for the redesign of the city center, and Belgrade has channeled strategic investors in the rebuilding of New Belgrade.

**UNDER DECENTRALIZED** government, urban planning has become a critical regulatory instrument guiding the spatial

transformation of post-socialist cities. In the aftermath of the economic and political crisis of socialism, followed by the erosion of the welfare state, planning institutions have struggled to redefine their mandate and to establish their legitimacy. Studies have found that the new, market-oriented local governments have adopted “entrepreneurial” attitudes and a laissez-faire approach to planning. Local responses to rapid changes in demand for new offices, retail space, and housing have defined a new repertoire of planning instruments. Planning legislation, norms, and institutions have had to adjust to new power relations in the institutional mosaic of actors reshaping post-socialist cities.<sup>37</sup> With the new market orientation, urban development has ridden a wave of investment in those land uses that offer the highest returns, and selective redevelopment by the private sector.<sup>38</sup>

In their search for new planning paradigms and more flexible approaches, Prague and Riga have embraced strategic planning as a way to involve residents, the business community, and various stakeholders in defining a vision for the future. In Tirana and Belgrade, the process has been delayed and planning has become irrelevant in the rapidly expanding “wild cities” of periurban areas. Planners have experimented in the past few years with incremental changes, in a spirit of “muddling through” and an effort to incorporate informal development.<sup>39</sup> The institutional and regulatory vacuum in the last fifteen years has allowed numerous ad hoc changes to detailed urban plans from socialist times to accommodate developer interests and politically driven compromises. Finally, a fairly large part of market development has taken place with no planning intervention, but with the expectation of being legalized at a later stage.<sup>40</sup>

## Winds of change: differences and similarities

The complex interplay of different forces associated with the triple transition to markets, democracy, and decentralized government in post-socialist societies has been illustrated in four national trajectories: Latvian, Czech, Serbian, and Albanian. The countries had significant differences at the start of the transition process, but they have also implemented different economic, political, and governmental reforms. The focus on Prague, Riga, Belgrade, and Tirana provides a more nuanced interpretation of the post-socialist transition, avoiding the focus on Central Europe that dominates the scholarly literature, and examining cities whose socialist legacy was more aligned with the Soviet norms alongside others shaped by more liberal socialist systems.

The winds of change in the economic, social, and institutional domains have affected the spatial transformation of the capital cities and the adjustment of their economies, societies, and spatial structures in a manner that implies some convergence. The empirical evidence from Riga, Prague, Belgrade, and Tirana points to common trends, but also to substantial differences that will continue to shape divergent spatial trajectories in the future. At the level of planning and implementation, convergence seems less of a reality. Central to the arguments in the article is that transition of this magnitude has created a complex urban world in which the patterns of divergence will become more explicit in the future, producing spatial and temporal differentiation among post-socialist cities.

The literature has noted that socialist era experiences, tenure forms, demographics, and social composition affect the outcomes of general or nationally unique policy decisions. The countries covered here have experienced population decline (as a result of emigration), growth, and/or stability, all in the context of rapid transition to markets and democracy. Clearly, that kind of experience is different from the contextual factors that are relevant to a more stable transformation in Western Europe. Patterns of diversity and change also matter at the local level and manifest themselves in selective redevelopment and decline at the neighborhood level. It is not only the urban economy that is two-speed, but also the fates of individual cities relative to others, and change within housing estates and neighborhoods. Thus, the occurrence of gated communities, or new suburban divisions, differs quite markedly across the four cities studied, as does the occurrence of informal housing developments. The effects of retrenched welfare programs also differ substantially, Tirana possibly being the extreme case where many of the socialist privileges were abruptly eliminated, while in Serbia war-related conflicts and displacement became the major source of social stress.

Notwithstanding these differences, given the importance of cities, countries in the region need a strategic focus on urban policies to promote more efficient and effective change management. National governments need to recognize that the urban agenda is central for the economic competitiveness of post-socialist economies and the governance of these highly urbanized societies. The framework advanced in this article allows a more integrated approach to urban governance that brings together perspectives on the economy, society, institutions, and space in an interdisciplinary way. The approach allows different policy choices that *integrate the urban perspectives in a dialogue on national and local development policies*. This provides an opportunity to have an impact on pressing urban issues with high stakes for national poverty reduction, equitable growth, and environmental improvement, ensuring the complementarity of sectoral reforms. ✕

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#### Note

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- 40 ALUIZNI is the national Agency for the Legalization and Urbanization of Illegal Constructions and Settlements in Albania. First legalization permits were granted in February 2007 upon payment of duties equal to US \$1 per square meter. In all there are 681 informal development zones and over 350,000 applications for legalization, of which some 80,000 are for multi-apartment dwellings and shops. (Tsenkova 2010)