CITIES AFTER SOCIALISM

URBAN AND REGIONAL CHANGE AND CONFLICT IN POST-SOCIALIST SOCIETIES

Edited by Gregory Andrusz, Michael Harloe and Ivan Szelenyi

BLACKWELL Publishers

CITIES AFTER SOCIALISM

Studies in Urban and Social Change

Published by Blackwell in association with the *International Journal of Urban and Regional Research.* Series editors: Chris Pickvance, Margit Mayer and John Walton

Published

The City Builders
Susan S. Fainstein

Divided Cities
Susan S. Fainstein, Ian Gordon, and Michael Harloe (eds)

Fragmented Societies
Enzo Mingione

Free Markets and Food Riots
John Walton and David Seddon

The Resources of Poverty
Mercedes González de la Rocha

Post-Fordism
Ash Amin (ed.)

The People's Home?
Social Rented Housing in Europe and America
Michael Harloe

Cities after Socialism
Urban and Regional Change and Conflict in Post-Socialist Societies
Gregory Andrusz, Michael Harloe and Ivan Szelenyi (eds)

Forthcoming

Urban Social Movements and the State
Margit Mayer

Urban Poverty and the Underclass: A Reader
Enzo Mingione

CITIES AFTER SOCIALISM

URBAN AND REGIONAL CHANGE AND CONFLICT IN POST-SOCIALIST SOCIETIES

Edited by Gregory Andrusz, Michael Harloe and Ivan Szelenyi

BLACKWELL Publishers

First published 1996

2 4 6 8 10 9 7 5 3 1

Blackwell Publishers Ltd
108 Cowley Road
Oxford OX4 1JF
UK

Blackwell Publishers Inc
238 Main Street
Cambridge, Massachusetts 02142
USA

British Library Cataloging in Publication Data

A CIP catalogue record for this book is available from the British Library.

Library of Congress Cataloging-in-Publication Data

Cities after socialism: urban and regional change and conflict in post-socialist societies / edited by Gregory Andrusz, Michael Harloe, Ivan Szelenyi.
p. cm.
Studies in urban and social change
Includes bibliographical references and index.
ISBN 1-55786-164-1. – ISBN 1-55786-165-X (pbk.)
1. Cities and towns – Communist countries. 2. Post-communism. I. Andrusz, Gregory D. II. Harloe, Michael. III. Szelenyi, Ivan.
HT119.C564 1996
307.76'0947 – dc20 95-51981
CIP

Typeset in Baskerville & Helvetica on 10½/12 pt
by Best-set Typesetter Ltd., Hong Kong

Printed and bound in Great Britain by
Marston Lindsay Ross International Ltd.
Oxfordshire

To our friends and colleagues in former Yugoslavia.
May they have cities to live in and peaceful lives to
live there.

Contents

Contributors

Gregory Andrusz
Faculty of Social Sciences, Middlesex University, Queensway, Enfield, Middlesex EN3 4SF

György Enyedi
Centre for Regional Studies, Hungarian Academy of Sciences, PO Box 527, Budapest H-1538, Hungary

Michael Harloe
Office of Research and European Liaison, University of Essex, Colchester CO4 3SQ

Hartmut Häussermann
Humboldt-Universität, Fachbereich Sozialwissenschaften, Unter den Linden 6, 10099 Berlin

Peter Marcuse
Graduate School of Architecture and Planning, Avery Hall, Columbia University, NY 10027

Chris Pickvance
Urban and Regional Studies Unit, Darwin College, University of Kent, Canterbury, Kent CT2 7NY

David M. Smith
Department of Geography, Queen Mary and Westfield College, Mile End Road, London E1 4NS

Raymond J. Struyk
The Urban Institute/USAID Shelter Cooperation Program, 19, Prospect Mira, Moscow 129090

Ivan Szelenyi
Department of Sociology, UCLA, Los Angeles, CA 90024-1551

Klaus von Beyme
Philosophisch-Historische Fakultät, Universität Heidelberg, Hauptstrasse 120, 69117 Heidelberg, Germany

Preface

From its inception in 1977, the *International Journal of Urban and Regional Research* had a particular interest in publishing analyses of urbanization in the state socialist countries. In the late 1980s, given the relative paucity of readily available literature on this topic, I thought that an edited collection of the best of these papers, together with some new material, would be a useful project. Greg Andrusz and Ivan Szelenyi agreed to become my co-editors in what we then thought would be a relatively easy and speedy task.

However, no sooner had we begun our book on 'socialist cities' than the objects of our attention began to slip, with ever accelerating speed, into history. In the late 1980s and early 1990s, as communism collapsed and as the new social, economic and political orders in the former state socialist countries began to take shape, the plans for this book, and the list of contributors, had to be revised several times. In fact, editing *Cities after Socialism* has been like trying to run down an up escalator (or vice versa – depending on one's ideological orientation). Readers should bear in mind that most of this book was written between 1993 and the early months of 1995.

I must thank all those who have kept their patience during the years that it has taken to bring this work to a conclusion, especially my co-editors, the contributors and our publisher. Thanks are also

due to our friends and colleagues in the countries of Eastern Europe who have helped us in many different ways, during times that have been difficult and sometimes dangerous for them.

Michael Harloe
Colchester

1

Cities in the Transition

Michael Harloe

Writing about the February Revolution in Russia, precursor to the October Revolution that swept the Bolsheviks to power, Trotsky (1967/1932–3: 141–5) highlighted the leadership role played by the Petrograd workers and the crucial importance of political developments in the capital city. He writes '[i]t would be no exaggeration to say that Petrograd achieved the February revolution. The rest of the country adhered to it. There was no struggle anywhere except in Petrograd.' He adds, '[i]f the capital plays as dominating a role in the revolution as though it concentrated in itself the will of the nation, that is simply because the capital expresses most clearly and thoroughly the fundamental tendencies of the new society.' More prosaically, he points out that in Russia as elsewhere, the ruling class and those who sought to overthrow them naturally concentrated in the capital city, so, not to paraphrase Trotsky, this was where the action (mainly) was.

The Soviet system was born, therefore, as an immediate consequence of an urban-based struggle for dominance. Between 1989 and 1991 it died in similar locations. Much of the drama of these years was played out in the capital (and other major) cities of the Soviet Union and the state socialist countries of East and Central Europe. Inevitably those of us who observed as amazed and stunned onlookers from the West remember the television images of the struggle in the cities – the destruction of the Berlin Wall, the Velvet

Revolution in the streets of Prague, the resistance in the streets of Moscow to the 1991 coup that marked the final spasm of the Soviet system.

However, the role of cities and urbanization in the formation of capitalism and socialism, and the two transitions between them that we have witnessed in the East in this century, go far beyond the immediacies of the street politics of revolution. Behind the phenomenon of the Petrograd proletariat lay capitalist industrialization and its consequences, urbanization and the creation of a new class structure, together with a system of political domination that was essentially city based, in terms of its ruling elites and the state apparatus. Likewise, state socialism, with its emphasis on industrialization under the control of a centralized one-party state, created cities and ruled from them. Therefore, the cities of capitalism and socialism both shape and are shaped by their respective forms of economic organization, class formation and political structures. The socio-spatial organization of cities, their politics and administration, their housing and property markets, their patterns of social interaction are directly linked to the major features of the socialist and capitalist orders.

This book is concerned to identify and analyse some of these links and how they are changing in the process of transformation now occurring in Eastern Europe and the territories of the former Soviet Union (FSU). As will immediately become evident to the reader, this is no easy task, as it involves drawing conclusions about phenomena and processes that are still evolving at a rapid rate and, frequently, under chaotic circumstances. However, there are two reasons why periods of such tumultuous social and urban change pose a challenge to social science which ought not to be ignored. The first concerns the contribution that social science can make to policy debate and prescription. In the current case, as several of the following chapters demonstrate, a new urban society is evolving that is deeply but mistakenly influenced by drastically over-simplified and even dangerous attempts to reject and/or ignore the significance of persisting legacies from the socialist period. Similar dangers also lie in the over-eager adoption of presumed characteristics of capitalist economies and urban systems. The doctrines of neo-liberal economics, tried and found wanting in the West during the 1980s, are having a rerun a decade later in the East. One purpose, then, of this book is to substitute analysis for ideology in the task of understanding the urban transition that is now under way, and thus contribute to counteracting the belief that a new social order can be produced according to the neo-liberal (or any other) rule book.

A second aim links to the first but is more ambitious. It is to understand more about the distinctive nature of cities and urbanization in differing social formations, namely in the now abolished state socialist societies, in Western capitalist societies and, crucially in the context of this book, in the emergent forms of capitalist urbanization now occurring in the East. What were socialist cities, and what is succeeding them? What are the dynamics of this transition? Are these remade cities similar in most respects to those in the 'advanced' capitalist world? Or might they be more like the peripheral capitalist cities of the Third World, or some hybrid or new form? What, if anything, is the legacy of the old socialist urbanization for the emergent one? Is urbanization best understood as a functional consequence of advanced industrial societies, with technologically derived uniformities that far outweigh in importance the impact of capitalist and socialist modes of domination?

In this book some of these questions receive clearer answers than others, understandably, given the historical conjuncture in which it has been written. Some of the questions have only come on the agenda for urban social theory and research since the collapse of state socialism, others have been pursued by urban analysis since the early days of (what was) the 'new urban sociology' of the 1960s and 1970s. Discussing the debate on the nature of socialist urbanization some fifteen years ago, the current author suggested that it was at times of crisis that the nature of urban regimes might most clearly be revealed, hence their value in a research context (Harloe, 1981: 190–1). Subsequent work on the evolution of social housing in Western Europe and America has also shown the crucial significance of periods of societal crisis and restructuring in the longer-run determination of aspects of urban development (Harloe 1995). The crises associated with the transformation in the societies and cities of former state socialism, therefore, offer an opportunity to gain fresh insights into the nature of socialist urbanization and to lay the foundations to an understanding of the nature of its successor. And, in so far as the new bears some marks of the old upon it, a study of the transition period is, of course, essential.

THE NATURE OF THE TRANSITION AND THE SIGNIFICANCE OF CITIES IN IT

This last point leads naturally to an issue which is of much wider relevance than simply its significance for understanding the emergent patterns of urbanization. This concerns the theory of transition

itself, what is involved in transition, how it proceeds and how it relates to the previous histories of the societies in which it takes place – does it involve a simple negation of the previous social order or a more complex mixture of rejection and adaption? Given the central place occupied by cities and urbanization in both state socialism and capitalism, sketched out above, it may readily be seen that these questions are just as applicable to the urban sphere as they are to society more generally.

In this introduction to a study of cities in transition, it would not be appropriate to provide an in-depth review of the rapidly burgeoning literature which is exploring the nature of the transition and the questions outlined in the last paragraph. Only some brief indications of key issues and perspectives can be attempted here. A useful starting point is to outline the three principal features of state socialism, the blueprint, as it were, for the system that developed in Russia after 1917, was more or less forcibly imposed on Eastern Europe after 1945, and was variably achieved in practice. These features were, first, state monopoly ownership of the means of production and of most of the means of collective consumption as well, together with the substitution of centralized planning for market-led distribution of investment, incomes and consumption goods and services. Second, there was the political domination of the Communist Party, acting through a centralized state apparatus, which sought to control and order every aspect of social, economic and political life. Finally, there was the development of a distinctive class structure or socialist rank order, with the elimination of the bourgeoisie as a distinctive social category, the creation of a modestly differentiated broad 'middle mass' of the population, a politico-military, industrial and intellectual elite, and an equally limited stratum or 'underclass' of those who were excluded from the mainstream of society.[1]

In a few short years at the end of the 1980s the centrally planned economies of state socialism disintegrated, although this was of course merely the culmination of a longer-term crisis in their functioning. At the same time, the Communist parties lost their grip on the state and soon ceased to exist at all (although some spawned successor parties). Finally, although this takes longer, transformations are under way in the class structure.

With some nuances this description of the nature of the ancien regime and its fate would be accepted by most of those seeking to explain the nature of the transition. But at this point a broad division occurs between what is probably the majority of social scientists (including those economists who have a serious track record of

research in the former state socialist countries) and a wide range of public opinion (in both East and West), many of the international agencies now involved in the East, such as the World Bank and the IMF, the plethora of Western consultants and advisors who desire to act as the midwives of the new order, many in government and the public administration whom they advise, and so on.

What the latter group, more powerful by far than the former, has insisted upon, especially in the early years of neo-liberal economic 'reform' and privatization, is the notion, even the necessity for political and economic reasons, of the fastest possible abandonment of all aspects of state socialism and its replacement by (neo-)liberal democracy, with the least possible role for the state (and as decentralized an administration as possible) compatible with free markets and the private ownership and exploitation of capital. In short, as mentioned above, it insists upon the substitution for state socialism of capitalism wrought in the image of Reagan and Thatcher, Hayek and Friedmann.

From the start many social scientists were as sceptical about the viability of this destination for the societies of Eastern Europe and the FSU as they had been for its viability in the West in the previous decade. More importantly, as processes of economic, political and social restructuring unfolded, the empirical validity of the 'big bang' theory of the transition was soon called into question. Among the most valuable of the empirical studies of recent years have been those into the nature and effects of privatization. In a series of seminal contributions Stark (for example, 1990, 1992b) and his colleagues have drawn on earlier theories of institutional change in the context of enterprise privatization in a number of Eastern European countries, to point to the 'path-dependent' nature of the economic transition now occurring.[2] In his remarkable book on regional government reform in Italy, Robert Putnam (1993) has also pointed to its varied, hence path-dependent nature – as he says, path-dependence is just another way of saying 'where you get to depends on where you're coming from' (ibid.: 79). This is no less true when we enquire into the varied processes of economic reform after state socialism. It means that we cannot turn our backs on the legacy of the past if we want to understand the present. Nor can we accept, as some do, that 'state socialism' was a cross-nationally identical phenomenon, or that a similarly uniform description and analysis can be provided of the transition. Equally important is the remainder of the quotation from Putnam started above, 'and some destinations you simply cannot get to from here'. In other words, while it may be true but almost trivial to note that the transition is from state socialism to

capitalism, what *sort* of capitalism it will turn out to be is an open question to which there are likely to be some varied answers.

This insistence on the value of recognizing the path-dependent nature of the transition, and therefore of paying heed to the impact of the past on the present and likely future, is one that informs the approach taken in this book. Socialist cities had their own physical and social structures; they do not just change overnight into capitalist cities, as unlike their predecessors as apples are to oranges. So the early part of our book reviews what were socialist cities, and many later contributors return to these matters as an essential component in their analyses of aspects of the urban transition.

Putnam's work is also thought-provoking when we come to consider the nature of political and class restructuring in the transition. His argument is that effective democracy requires strong, community-based networks of civic engagement which serve to engender societal trust and co-operation, and that this trust, the norms on which it is based and the networks in which social action based on trust is embedded, amount to a form of 'social capital'.[3] He writes:

> [s]tocks of social capital, such as trust, norms and networks, tend to be self-reinforcing and culminative. Virtuous circles result in social equilibrium with high levels of cooperation, trust, reciprocity, civic engagement, and collective well-being. These traits define the civic community. Conversely, the absence of these traits in the *un*civic community is also self-reinforcing. Defection, distrust, shirking, exploitation, isolation, disorder, and stagnation intensify one another in a suffocating miasma of vicious circles. (*Putnam, 1993: 177*)

Putnam suggests that societies may evolve towards the former or the latter of these situations. He adds that societies which are characterized by dense networks of interpersonal communication that are 'horizontal', that is joining agents of equivalent status and power, have the facility for developing the social capital that is the basis for democracy. However, societies that are dominated by 'vertical' networks, 'linking unequal agents in asymmetric relations of hierarchy and dependence' (ibid.: 173), are likely to demonstrate the traits of the uncivic community as noted above.

The relevance of this to the former state socialist countries is evident, for they were dominated by the vertical networks imposed by the one-party state. As several of the chapters in this book demonstrate, this was certainly the case with respect to urban development and urban life generally. For example, social organizations were controlled and manipulated by the regime, and most of the members of these bodies had little influence over their operations and objec-

tives. A great deal of urban social provision, including much housing, was controlled by the managers of the economic enterprises, who were embedded in a vertical system of control and direction, at the head of which were the ministries in Moscow or other state socialist capitals.

As Putnam shows, in this situation there are various forms of resistance to domination, based on particularistic networks constructed, for example, around ethnicity or kinship groups that people feel they can trust. These networks and what they imply are in fact forms of social capital, but not the communitarian variety which Putnam sees as a precondition for effective democracy. In the former state socialist countries the development of the second or black economy, endemic favouritism and corruption neatly parallel the conditions which Putnam and others have found in southern Italy and in other vertically integrated polities and societies. In a passage which explicitly makes the comparison, he writes:

> [w]here norms and networks of civic engagement are lacking, the outlook for collective action appears bleak. The fate of the Mezzogiorno is an object lesson for the Third World today and the former Communist lands of Eurasia tomorrow, moving uncertainly towards self-government . . . For political stability, for government effectiveness, and even for economic progress social capital may be even more important than physical or human capital. Many of the former Communist societies had weak civic traditions before the advent of Communism, and totalitarian rule abused even that limited stock of social capital. Without norms of reciprocity and networks of civic engagement, the Hobbesian outcome of the Mezzogiorno – amoral familism, clientilism, lawlessness, ineffective government, and economic stagnation – seems likelier than successful democratisation and economic development. Palermo may represent the future of Moscow. (*Putnam, 1993: 183*)

Such considerations are of equal significance when we consider the emergent class structure of these societies in transition. Here, the outcomes of the mass privatizations of formerly state-owned assets, including in the context of this book housing and land, are of central importance. The actual terms of the conversion and redistribution of these assets differs greatly from the idealized models of most Western advocates of this process. In many cases it is those who have access to various forms of social capital, networks, connections and information, who are able to benefit at the expense of those whose stock of social capital is limited. Ex-members of the nomenclatura, the managers of (former) state enterprises, and those who were successful in the second or black economies of the former socialist societies (and

frequently there were close links between all three groups) are likely to be among the beneficiaries, while others who lack their opportunities and connections lose out. Stark's (1990) study of the early progress of enterprise privatization in Hungary, subtitled 'From plan to market or from plan to clan?', illustrates just this process, showing for example how the managers of the former state enterprises were able to manipulate the situation to transfer the ownership of these assets to themselves – as he states, 'a process by which political capital is converted into economic capital' (ibid.: 366) – aided by contradictory legislation and conflicts between the various agencies which sought to control privatization.

Stark's conclusion is that privatization will not necessarily lead to the establishment of a Western-style free market economy in these countries. This is because of the ability of powerful social groups and their networks to impede marketization and capture the assets released by privatization for themselves. Hence the suggestion that the transition may be from plan to clan rather than to market. Other studies also show how privatization does not necessarily result in the establishment of Western-style economies. For example, Burawoy and Krotov's (1992) detailed research into a Russian furniture factory led them to conclude that a form of 'mechantile capitalism' was developing, founded on particularistic networks linking enterprises based on barter and not on the market. This involved the conversion of the former state bodies controlling industry into 'parastatal' centres of economic power and a system founded on trade, speculation and extortion, rather than any form of 'rational' modern capitalism.[4] And Sik's (1994) study of the former 'second economy' in Hungary, an economic system based on the same types of economic transaction found by Burawoy and Krotov, shows how it 'lubricated' the first economy under state socialism and how it now shapes the institutional conditions and the behaviour of those entering the new supposedly market economy. The networks, skills and behavioural patterns learnt in the second economy are a form of social capital used to gain position in the new economy and class structure. Detailed empirical work has shown just how significant this social capital can be. Thus Benácek's (1994) work on the structure and origins of Czech private entrepreneurs showed that 'there is a very strong link between the incidence of having been a communist bureaucrat in a top or middle rank managerial position and membership in an emerging class of private capitalist entrepreneurs' (ibid.: 162).

As already noted, this complex and cross-nationally (even regionally and locally)[5] varied redistribution of capital and power lies at the heart of the transformation of the class structure. In this

process, access to capital and to social capital (and the successful conversion of the latter into the former) is central. Cities can be seen as stocks of physical assets whose privatization forms a large part of the capital involved in new class formation. But equally the dense networks of relationships which linked powerful actors in the state socialist cities, whether they were politicians, managers and bureaucrats with positions in the first economy, or families, ethnic groupings and other 'clans' in the second economy, are a form of social capital which can potentially be converted into actual capital. Of course, such capital is not confined to the urban population but, given the central role of the city in the economy and polity of state socialist societies, it may reasonably be asserted that much social capital is concentrated there.

In a recent paper which also draws on the concept of social capital to explore the process of class restructuring, Kolankiewicz (1995: 2) points to the need to 'examine how market, work and to a lesser extent status situation are being constructed through a combination of macro-policy and micro-practice as actors seek to adapt to the emerging market regime with the resources available to them and which they have taken from the redistributive system of state socialism'. Among the key changes highlighted by Kolankiewicz are the reduction of the relationship between the worker and his or her firm to one which is based on labour in exchange for wages, from the situation under state socialism in which, as several chapters in this book demonstrate, the enterprise was also responsible for the provision of many other collective and individual items of welfare – housing, medical services, child care, leisure provision and so on. So, as we shall see, privatization has immediate impacts on many aspects of urbanization and urban services. As Kolankiewicz also notes, this entails a new role for local government in (trying) to provide such services, a shift 'from place of work to place of residence and the local community as the focus of individual's lives' (ibid.: 3), and the simultaneous depoliticization of the workplace and politicization of local government. Echoing other themes noted by the contributors to this book, he adds that with the explosion of consumerism and the provision of leisure, recreation and cultural consumption by the market, new values are placed on activities previously subsidized by the state. Access to these goods will, of course, be on the basis of ability to pay and, as he states, 'style of life based on social separation will gradually overcome the social heterogeneity of socialist urban life and social-spatial segregation will reflect the emerging class order' (ibid.: 3–4).

Therefore, a process is occurring by which some goods and serv-

ices that workers received under state socialism, determined partly through wages but also substantially through access to cheap housing, urban and other services and so on, and under direction of the one-party state according to its priorities, are being dismantled and a new redistributive order is emerging. As Kolankiewicz (ibid.: 5) comments, 'this hierarchy of redistribution did incorporate employees around a structure of rights and privileges and their dismantlement through market forces is . . . a politically and socially contentious process.'[6] Nowhere is this contention more evident, as we shall see, than in the struggle over the privatization of the physical assets of the city – land, housing and other real estate. But more generally the search for a new basis for citizenship in the urban context is evident, in the pressures on local authorities, for example, and in the growth and role of urban social movements. At the regional level the rise of nationalistic and ethnic populism is also linked to the search for forms of citizenship (and for forms of exclusion).

An obvious consequence of the new economic order, of considerable significance in cities, is the growth of mass unemployment and poverty, together with the process of exclusion and segregation, physical and social, that accompanies this development.

Turning from the situation of the losers in the transformation process to that of the winners, Kolankiewicz (1995: 7) focuses on the process of conversion of social capital to economic advantage and, in the longer run, to place in the class structure, pointing out 'that the manner in which political or organizational position can be exchanged for financial or entrepreneurial opportunity within the market order is not a given but is the object of intense conflict . . . between the political authors of legislation as much as those such as managers and directors who stand to gain from one or other policy option adopted'. He cites the example of conflict over property restitution in Poland as one instance of this. As a later chapter in this book shows, such conflicts surround housing and land privatization in every ex-state socialist nation.

To summarize, the transformation now taking place in the former state socialist nations is path-dependent, that is it is shaped by cross-nationally (and sub-nationally) variant historical legacies and current conjunctures. Rather than some simplistic and immediate process of abolition of the economic, political and social structures of state socialism and their replacement by those of an idealized Western capitalism, we see a conflictual and contradictory complex of social actions in which differing groups deploy what resources they have available to secure their position in the new order. In many cases a key asset is the social capital which was

accrued in the previous regime. In addition, privatization provides some with valuable financial, property and other assets, while others lose out.

The urban transition now occurring shares many of these characteristics. But it is not, of course, a separate transition from the more general process of change that we have been discussing. The former socialist cities may, from this perspective, be viewed as a major source of both the economic assets (land, housing and other property) which are now being redistributed and of social capital, via the networks in which their populations are more or less embedded. There are other such connections as well. For example, the changing socio-spatial structure of the cities both expresses and helps to form the new class and status orders in these societies, as does the growth of various forms of urban marginality and poverty. The effects of changes in the role of economic enterprises and of the central state in the transition are reflected in the new roles of sub-national urban and regional governments, and struggles between different contenders for control of assets translate here into conflict between different levels and organs of government. The growth of urban social movements can be seen, in its most positive aspects at least, as a part of the development of horizontally rather than vertically integrated societies. Less positively, the growth of ethnic and other nationalist conflicts over cities and regions is evidence in the political sphere of a move towards 'clan'-based rather than democratic societies. Finally, we return to path-dependency in the urban context. Clearly the transition is *from* socialist cities, but what to is much less certain. With these considerations in mind, we now review and comment on the subsequent chapters.

SOCIALIST URBANIZATION AND THE TRANSITION IN CONTEXT

In chapter 2 Greg Andrusz sets the socialist cities and their successors in a broad historical, economic and socio-political context which, in stressing the cross-national variations in many of these matters, highlights the path-dependent nature of the urban transition. He outlines the main aspects of the state socialist system and its slow disintegration from the 1960s, together with the limited effects of economic reform from the 1970s onwards. Turning to the contemporary scene, the influence of the Western agencies' 'shock therapy' to 'transfuse the spirit of capitalism' into the former socialist economies is described, with the growth of various symptoms of economic pathology

– mass unemployment, rampant inflation, the growth of black economies and organized economic crime.

Turning to the politics of the transition, Andrusz refers to the growth of ethnic and national conflict and territorial disintegration, together with the endemic conflict between various governmental agencies and levels of government over the control of budgets. He remarks on the growth of populist politics, based on the idea of unique communities with their own (more or less invented) histories, and on the way in which there is a more general search for symbols or beliefs around which to mobilize and integrate, now communism no longer performs that role.

As far as the emergent class structure is concerned, there is, on the one hand, the reduction or abolition of many of the benefits that the socialist system distributed to the broad mass of the population and, on the other hand, the creation of a new middle class as a deliberate part of the marketization strategy. This new middle class comes from, for example, the managers of former state enterprises and other members of the nomenclatura, those who have accumulated wealth in the second economy, and genuinely new, small-scale entrepreneurs. Popular attitudes to privatization are influenced by the persistence of earlier commitments to socialist values, and opposition is frequently based on the observation that it benefits the former nomenclatura and economic criminals. Andrusz notes that the struggle to appropriate real estate often plays a key role in class formation, and suggests that a new rentier class is being formed, dependent on landed property. In other cases, property is used as security for capital to be employed in new entrepreneurial activities elsewhere in the economy. Homelessness and rising crime related to property are some of the most dramatic consequences of the struggles over real estate.

Finally, Andrusz notes the change from community based on workplace to community based on residence and to the tendency for firms to rid themselves of their social assets and services. Other changes in the cities include the conversion of the urban landscape of socialism, its squares and monumental places, to commercialism, both of the more organized Western variety and also in forms that are more reminiscent of the bazaar economies of Third World cities (and forms of clan and mafia economic organization, rather than impersonal, capitalist, rational-legal forms). Outside the central places the process of ecological restructuring is well under way, with the creation of middle-class suburbs, on the one hand, and 'sink estates' of state housing, from which the middle class have fled, occupied by a new urban 'underclass', on the other hand.[7]

STATE SOCIALIST CITIES AND REGIONS

Chapters 3 and 4, by Smith and Enyedi, describe and analyse the principal characteristics of state socialist cities and urban policies and state socialist regions and regional policies respectively. Smith outlines the ideal-typical model of the socialist city, a combination, it was supposed, of economic efficiency, social justice in terms of access to urban goods and services, and a high quality of life for the urban populations. The reality was, of course, somewhat different. For example, the socialist city was more completely achieved in new towns than in those which had an inherited urban legacy, large facilities could not be distributed in urban space equitably, and there was differentiation in the quality of housing and in access by various social groups to it. Housing, in particular, was a part of the reward structure for elites and other favoured groups, and there were distinct areas of the city which had higher-status occupants, better housing, less crime and deviance, and so on. However, this socio-economic segregation was far more limited than in comparable capitalist cities, as was the incidence of ethnic segregation. This unequal access to urban goods and services, which Smith describes, is now being altered in the transition, but the benefits that state socialist redistribution provided for some, and the disadvantages it generated for others, may now aid them, or hinder them, in the struggle for advantage in the new system.

Enyedi's chapter has a descriptive purpose, to outline the main contours of regional development under state socialism, but also a theoretical one, to suggest that state socialist urbanization was merely a special variant of a more general 'stages' model of global urban development. This variation was caused by less fundamental factors, products of the late economic and urban modernization of Eastern Europe and the socialist political system. Viewed from this perspective, it seems, the period of socialist urbanization was just a detour, now concluded, away from a universal and broadly similar process of industrially based urbanization. While Enyedi develops his thesis with far greater subtlety and attention to the empirical facts of urbanization and regional development than many Western 'oilers' of the transition, his suggestion that there are common rules which determine modern urbanization and that the transition involves a return to such rules is not too distant from the analysis adopted by those who, for example, now seek to persuade East European governments that the institution of Western-style urban market processes and policies is essential. Many other contributors to this volume take a

different view, but Szelenyi takes up the issue most directly in his concluding chapter, insisting upon the distinctive nature of state socialist cities and urbanization.

Many of these differences of analysis – though not all – are based on the interpretation of empirical evidence. Thus Enyedi notes the role of the second economy and of other mechanisms for defending group interests and promoting urban social processes (such as segregation) in opposition to official policies. But he sees this as evidence of Western-style market processes at work, albeit of a rather spontaneous nature, while others regard it as a very different form of capitalist or proto-capitalist activity. Enyedi, like others, also notes the significance of the pre-socialist urban and regional history of Eastern Europe to its later development, but his main conclusion is that this has resulted in delays in entering successive stages of the generalized process of urbanization.

Enyedi documents many of the principal facets of socialist urbanization that we have already remarked upon and which other chapters also describe. One key observation is that state socialist policies were biased in favour of the cities.[8] As he notes, the new socialist power in the region was urban based, and aimed to control the cities and to govern the country from them (one consequence was a lack of investment elsewhere, and a lack of policies for rural settlements until the 1970s). The various rigidities, contradictions and failures of socialist urbanization are described, as is the role that the lack of urban development that was not tied to an increasingly obsolescent form of industrialization played in accelerating economic stagnation from the 1960s. Urban and regional planning – like other state socialist policies – was the preserve of politicians, bureaucrats and experts, involving dialogues from which the general public were excluded. The key contradiction was between policies which aimed at equality of outcome and those which, their authors presumed, engendered efficiency (which meant agglomeration and large-scale projects with unequal accessibility by urban and rural populations). This conflict was most often resolved in favour of the latter priority, and thus in favour of the larger cities and their populations.

Other key features of socialist urbanization mentioned by Enyedi and many other analysts include the phenomenon of 'under-urbanization' – the failure of investment in urban housing and services to keep pace with the creation of urban jobs, thus resulting in large sections of the blue-collar working class living in rural settlements and commuting to work – as well as the role of the enterprise in providing housing and services, the lack of horizontal networks (for example, economic networks at the local or regional levels), and

the dominance of workplace-based rather than residential communities in the cities.

CITIES IN THE TRANSITION: HOUSING AND LAND PRIVATIZATION

Chapters 5 and 6 focus on privatization. First, Marcuse provides a detailed analysis of housing and land privatization. He takes issue with the view, frequently held by proponents of the free market solution for the former state socialist societies, that privatization involves a simple transfer of the rights of ownership from the state to private individuals and enterprises. Ownership, he notes, is not a simple concept, as such perspectives assume; rather it refers to a bundle of rights which were divided between the state and individuals under state socialism as they are under capitalism. The privatization process, therefore, involves frequently conflictual repartitioning of these rights.

In order to establish his thesis, Marcuse first examines the nature of property rights under state socialism. Despite the image of state monopoly ownership, much land and housing remained in private hands in these societies, although the right to profit from such ownership was generally abolished and other matters, notably rents, were strictly controlled (and set at very low levels). This account also illustrates just how varied were the specific circumstances of individual countries, and how they changed over time. In rental housing, tenants enjoyed many of the rights which in the West accompany ownership – lifetime security of tenure and rights to pass this on to family members, for example. These and other property rights were guaranteed by the state, as such rights are in the West. Another significant feature of land and property under state socialism was the limited role played by the law in protecting rights and setting a planning framework. In the Soviet system these functions were performed by the state, through its centralized planning and administrative systems. This lack of a legal, regulatory and planning framework is now having to be made good in the post-socialist situation.

As we have noted, the process of transition involves a complex struggle between contending groups for economic advantage, political power and social position. The privatization of former state assets is a key part of all this. Marcuse's chapter provides an in-depth study of the nature of the contending interests with respect to land and property privatization and the consequences of their struggle. Generally, there are distinctive attitudes and interests involved in privatiza-

tion, but in the case of housing and land there are some particular conflicts. Examples are those between the current occupants of property and their former owners, who frequently have rights of restitution; and between state and enterprise housing tenants, who wish to maintain their strong security of tenure and low rents, and the local authorities and other landlords, who wish to raise rents and reduce security. In the few years since the first laws enacting housing and land privatization were passed, there has been a movement away from blanket changes in rights affecting large and varied categories of property and circumstance, to more and more differentiated sets of rules, reflecting the impact of the contending interest groups on the policy-makers and legislators. Frequently, given especially the conflicts between levels of government over competencies in these matters, and the struggle for the control of local budgets, there has been endemic conflict and contradiction between the laws, policies and actions of public bodies.

The path-dependent nature of housing and land privatization is illustrated by Marcuse's discussion of developments in Russia and other countries. Broadly speaking, the most radical and complete conversion to private real-estate ownership has, of course, occurred in East Germany, where the West German system of property law and rights was simply imposed (although not without some peculiar difficulties due especially to the significance of restitution). Other countries, which, as we have noted, lacked such a ready-made system of legal regulation of private property rights, and where there was no dominant force to impose a solution on the struggle between contending interests, have felt their way towards the establishment of private property rights in complex, varied and often contradictory ways.

Despite these variations, Marcuse is able to draw some general conclusions about the obstacles to privatization and the conflicts that have arisen. The first is that private property rights continued to exist under state socialism, and are not simply something that is being (re)introduced now. One obvious implication is that those who had such rights under state socialism will seek to defend them and to gain advantage from them in the transition process, both in the conflicts over privatization and more generally. Quite what the previous distribution of rights was and how it enters into the transition process varies cross-nationally. Second, the initial destatification consisted of measures to sell state property, to decentralize decision making, and to provide for the management of property for the time being remaining under state control. In the case of housing, this decentralization was mainly to the local authorities, and it has resulted in