

## Changing settlement networks in Central and Eastern Europe with special regard to urban networks

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### Introduction

The end of the Cold War led to the collapse of the Soviet Union and its European system of alliance, which was followed by the self-dissolution of the one-time superpower. The ensuing systemic changes fundamentally altered the social, economic, political life as well as the spatial structure of the countries concerned. In some of the 'post-socialist'/'post-communist' countries even the structure and the territory of the state was changed (Illés, 2002; Cho, 2013). In this sense, we can speak about 'post-Soviet', 'post-Yugoslav' or 'post-Czechoslovak' countries.

Settlement networks are rigid systems that can only be transformed in the long run. Their structures at the end of the state socialist era reflected the 'results' of the earlier periods, both historical and those coming from the state socialist era with its purposeful urban development and ideologically politically hostile attitude towards villages. From the 1950s, a new institutional system for developing settlements and their networks was established in every socialist country. The 1971 Hungarian settlement development concept and the disreputable Romanian 'systematisation' in the 1980s received international attention. Significant differences developed among settlements and also among their various groups in all these countries. There is abundant literature on the transformation processes in post-socialist countries, including post-socialist towns, from both within the region and outside it (see e.g. Musil, 1992; Enyedi, 1998; Andrusz et al., 1996; Horváth, 2000, 2015b; Kovács, 2014).

Naturally, systemic changes were not about settlement networks (albeit the Romanian opposition to systematisation almost directly turned into revolution). At the same time, the social, economic, political, legal, etc. elements of transition were directly or indirectly noticeable in the everyday life of the settlements and the changes in network relations (Slavík, 1997; Kuttor, 2009).

The establishment of new states and capitals, the opening of the western state borders, the improved permeability of the former Soviet western border (the so-called 'Eastern Iron Curtain'), and finally the abolition of border checks within the European Union have all been significant developments in the life of settlement networks after the systemic change.

In this study we shall focus our attention on the Visegrad Four and the South-Eastern European countries. Similarities as well as significant differences between these two macro-regions appeared already in the course of transition. An earlier volume (Horváth, 2015a) 'drawing the portrait' of the NUTS-2 regions analysed the settlement and town networks of the respective regions 'inwardly', detailing the specificities of these regions, micro-regions and in some cases even the settlements. In this volume we are attempting to describe the general characteristics, and relying on previous research in this area. Previous studies have been carried out at several levels: global (UN Habitat, OECD), all-European settlement networks, municipalities, functional, systematising studies (the European Spatial Planning Observation Network (ESPON)), Central and Eastern European settlement networks, the Visegrad Four, South-Eastern Europe, inter-state (transnational, transborder), national, within country (settlement, micro-, meso-, macro-regional level). As we are focusing our attention here on the common characteristics in the macro-region as a whole, only the comparative studies are included among the references.

### Settlement systems in the Visegrad countries

The Visegrad countries (also called Visegrad Four or Visegrad Group) constitute a formal group of four countries (Czechia, Hungary, Poland, Slovakia) since 1991, aiming to cooperate in several fields, among others, in harmonising territorial and settlement network development. Due to occasional disagreement and strained relations between some of the countries, this co-operation is not always smooth (Máliková et al., 2015; Balázova et al., 2012; Novotny et al., 2015; Radics and Péntzes 2014).

The social, economic, political systemic changes also affected these countries' settlement networks as well as their various settlements themselves (from capital cities through regional centres and territorial administrative units to rural communities and suburban areas). We shall focus on urban networks and the towns themselves as they are decisive in the space-shaping processes. The EU's new regional and cohesion policies emphasise the role of large cities and urban regions (AEBR, 2009; Dijkstra and Poelman, 2012; European Commission, 2012, 2014).

A settlement network consists of settlements of various sizes and with various functions, usually having as a node a town fulfilling important social, economic and territorial roles. In the past decades, the central economic development projects had also served settlement policy and settlement network development aims. Large state investments sometimes intentionally and significantly modified the centres of historically developed settlement networks, thus transforming their inter-settlement relations.

Investors are primarily interested in the returns and profits of their capital, and in the short run the settlement network is just a stable background for them. It is not their task to plan or purposefully intervene in the settlement system. At the same time, the central government and the local self-governments (either at settlement or county level) might work out their settlement policies, development aims and strategies, and they can accordingly influence investments. Investments and development usually proceed within the coordinated system of these two approaches.

Settlement is one of the most complicated categories of space. The various scientific disciplines (dealing with administration, regional studies, statistics, regional geography) use it with different meanings, as they have worked out their own categories. Perhaps the most problematic terms are the 'village' (*falu* in Hungarian) which is a natural settlement category and the 'rural community' (Hungarian *község*) which is an 'artificial', administrative one, but both are applied to the same place (Csapó and Balogh, 2012). There are minor problems with the term 'functional town' versus the 'administrative town'.

Table 8.1 Major settlement network characteristics in the Visegrad countries, 1990 and 2011

|                          |      | Hungary | Slovakia | Czechia | Poland | V4 countries |
|--------------------------|------|---------|----------|---------|--------|--------------|
| Number of settlements    | 1990 | 3,093   | 2,669    | 6,590   | 2,880  | 15,232       |
|                          | 2011 | 3,154   | 2,890    | 6,251   | 2,479  | 14,774       |
| Number of towns          | 1990 | 164     | 136      | 457     | 830    | 1,587        |
|                          | 2011 | 328     | 138      | 602     | 908    | 1,976        |
| Population (1,000)       | 1990 | 10,374  | 5,297    | 10,302  | 37,849 | 63,823       |
|                          | 2011 | 9,986   | 5,404    | 10,486  | 38,533 | 64,410       |
| Urban population (1,000) | 1990 | 6,837   | 2,993    | 7,399   | 23,366 | 40,597       |
|                          | 2011 | 6,952   | 2,937    | 7,732   | 23,351 | 40,973       |
| Urban population (%)*    | 1990 | 65.91   | 56.50    | 71.82   | 61.73  | 63.60        |
|                          | 2011 | 69.62   | 54.35    | 73.5    | 60.60  | 63.61        |

Source: Authors' calculations and construction based on census data (\* based on data by UN).

In 1990 there were more than 15,000 basic administrative units<sup>1</sup> (Table 8.1) in the four Visegrad countries (although Czechia and Slovakia were at the time parts of the federative Czechoslovakia, their statistics were already separated). The number of settlements with city rank was close to 1,600<sup>2</sup> with an urbanisation rate of 64 per cent, showing great internal differences. Towns are organic nodes of settlement networks. Urban networks as systems, especially those of functional towns, are stable in the short run and can only be changed over a long period of time. However, the legal definition of a town or its administrative functions can be radically altered in a short time (Devecseri et al., 2008; Gorzelak, 2006; Gorzelak et al., 2010; Hamilton et al., 2005).

If we calculate the average settlement and urban populations for each country based on the data in Table 8.1, we get low values – with notable differences – in international comparison. When we take the four countries together, the average settlement population is 4,190, whereas the average city population is 25,922.

The national capitals play an outstanding role in regional administration, and they are also the most populous and most developed cities. The combined population of the four Visegrad capitals is over 5.3 million, but their ratio in the country's population differs greatly (see Table 8.5; Borsdorf and Zembri, 2004; Institute for Spatial Development, 2014). That of Budapest is the highest (24.9 per cent) and Warsaw's is the lowest (7 per cent).

Regions and 'official' regional centres appeared in the administrative organisational system of two countries only. Regional centres have been decisive in the urban networks of Poland and Slovakia. County seats have important positions in three countries, not only because of their population (half of the urban population lives there in Hungary and Slovakia), but also due to their economic, social, educational and health services. Smaller towns are of key importance in the micro-regions. Most of them have been the nodes of the services provided by the state. They have played the most important role in the Czechia.

Due to the differences in administrative structures, any further comparison is limited. There were no administrative regions in two countries, so the second largest cities after the capital functioned as county seats. Altogether in the four countries there are about 100 cities playing important political, economic and cultural roles.

In the early period of transition, there were countries where many people left the cities. Some had lost their jobs when large industrial plants closed down, others stopped commuting as

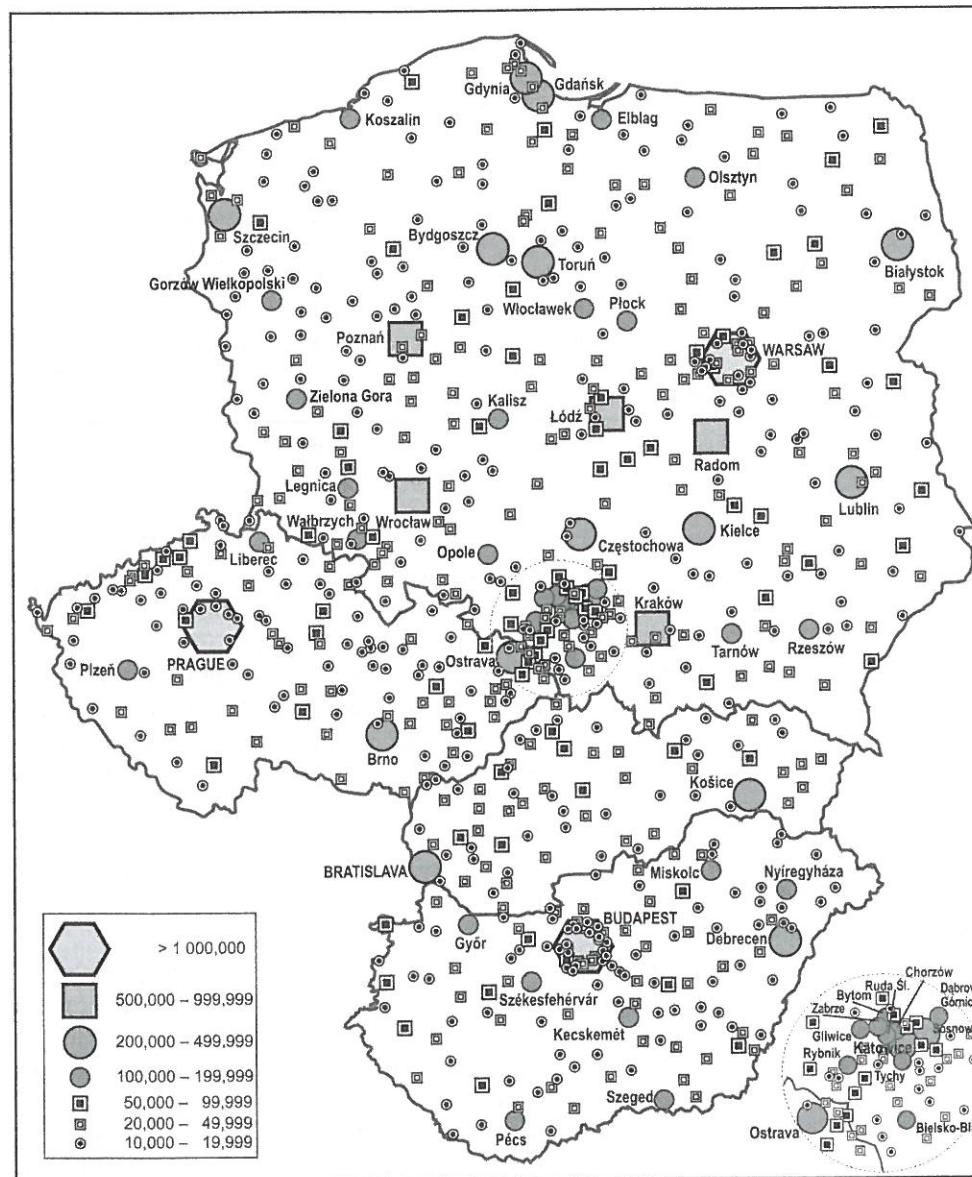


Figure 8.1 Towns with population over 10,000 in the Visegrad countries according to their size, 2011.

Source: Constructed by the authors.

transportation costs were raised. Furthermore, people and families who still had their rural connections also left the cities in the hope of having an easier life in the villages. On the whole, however, land privatisation and returning to agriculture remained rather modest.

At the beginning of the systemic changes there were large peripheral areas without towns in the settlement system of each country (Pénzes, 2013). The territory of these areas had diminished remarkably by 2000, but these changes were not fundamental.

### The transformation processes of two decades

On evaluating the main processes and changes between 1990 and 2011, the following points should be stressed (see Table 8.2):

- The overall number of settlements in the four countries decreased significantly, although differently in each country.
- At both the national and the Visegrad group level, there was notable urbanisation, the number of settlements with town rank rose in all four countries (see Chapter 9 for the connected administrative issues).
- While the total number of population slightly increased, both the number and the proportion of urban population dropped remarkably (suburbanisation processes played a great role in this, many people moved from the cities to nearby villages).
- From a demographic aspect, the weight of the capitals developed differently (population decrease in Budapest is especially conspicuous, mainly due to suburbanisation), but on the whole it increased slightly within the settlement system.
- The capitals retained their dominant position and were winners of the massive changes in the financial, banking and insurance sector as well as in respect of Foreign Direct Investment

Table 8.2 Towns according to administrative functions, 1990 and 2011

|                                    |      | Hungary   | Slovakia  | Czechia   | Poland    | Visegrad countries |
|------------------------------------|------|-----------|-----------|-----------|-----------|--------------------|
| Capital city                       | 1990 | 1         | 1         | 1         | 1         | 4                  |
|                                    | 2011 | 1         | 1         | 1         | 1         | 4                  |
| Regional (NUTS-2) centres (No.)*   | 1990 |           | 4         |           | 8         | 12                 |
|                                    | 2011 | 7         | 4         | 8         | 16        | 35                 |
| County seats (NUTS-3) (No.)        | 1990 | 19        | 8         | 6         | 49        | 82                 |
|                                    | 2011 | 19        | 8         | 13        | 66        | 106                |
| Other cities, towns (No.)          | 1990 | 144       | 127       | 451       | 775       | 1,497              |
|                                    | 2011 | 308       | 129       | 588       | 841       | 1,866              |
| Population of the capital city     | 1990 | 2,016,681 | 442,197   | 1,214,174 | 1,644,515 | 5,317,567          |
|                                    | 2011 | 1,733,685 | 608,287   | 1,241,664 | 1,740,119 | 5,323,755          |
| Population of the regional centres | 1990 |           | 848,730   | 7,070,370 |           | 7,919,100          |
|                                    | 2011 | 2,670,992 | 2,736,172 | 2,383,345 | 7,396,629 | 15,187,138         |
| Population of the county seats     | 1990 | 2,079,409 | 1,145,758 | 2,307,580 | 6,870,000 | 12,402,747         |
|                                    | 2011 | 3,512,195 | 1,111,258 | 2,836,930 | 6,391,358 | 13,851,741         |
| Population of other cities, towns  | 1990 | 3,194,321 | 1,405,279 | 3,877,447 | 9,426,454 | 17,903,501         |
|                                    | 2011 | 1,706,563 | 1,217,968 | 2,969,107 | 9,158,839 | 15,052,477         |

Source: Authors' calculations and construction.

Note: \* Statistical regions.

(Chapters 2 and 4); their prestige in both society and market economy increased (see Table 8.5); their high real estate prices clearly indicate their distinguished economic position.

- Regions were not established in every country, but where they appeared, the population of their centres tended to grow considerably. The administrative and functional position of the NUTS-2 regional centres was not completely clear in 2011 either. There are no explicit, formalised regional centres in Hungary; neither the NUTS-2 regional centres nor the respective functional cities are clearly designated as such. Altogether, 35 cities and towns function as centres of large regions. Their central role is not always 'legitimised' by the 'rising county seats', their regional competitors, and there is rivalry between them in many cases. These cities and towns are in a special situation as they are 'known' in Brussels, and several regions and cities have representatives there.
- As a result of the administrative reforms, the number of county seats (NUTS-3 regional centres) increased, as did their population. The settlement network position of the over 100 virtual county seats did not change essentially during the administrative reforms; most of them play a key role within the network both administratively and functionally.
- The number of other (mostly small) towns grew considerably, but their population declined. Looking at the territorial distribution of the towns with a population over 10,000 (see Figure 8.1), we can see that areas without towns practically ceased to exist in the Visegrad Four; a small town can be reached from most of the villages within 30 minutes.

### Functional characteristics of the settlement systems' dominant elements

After 1990, besides analysing the formalised hierarchy of the administrative system, attempts were made to delimit the most dynamic elements and functional spaces of the settlement systems in each of the four countries (in Hungary, for instance, the Central Statistical Office defined and then continually redefined the agglomerations and settlement groups<sup>3</sup>).

Functional settlement types and groups have also been delimited in some of the European comparative studies.<sup>4</sup> Due to different theoretical and methodological approaches and demographic limits, the categories used in this research covered different settlement groups in these four countries.

OECD has also worked out functional types and defined territorial groups<sup>5</sup> for the whole world in general, and for its members in detail. On defining territorial structures, OECD emphasised not only functional relations, but also population limits. The following categories were used: small urban areas with a population between 50,000 and 200,000; medium-sized areas with a population of 200,000–500,000; metropolitan areas with a population between 500,000 and 1.5 million; and large metropolitan areas with a population above 1.5 million.

In Czechia, 16 functional urban units have been delimited, of which Prague is a large metropolitan area; Brno, Ostrava, Plzen, Olomouc are medium-sized urban areas; and the remaining 11 are small urban areas. In Hungary, Budapest is a large urban area, while there are 7 medium-sized and 2 small urban areas. In Poland, Warsaw and Katowice belong to the first category, 6 areas to the second, and another 6 to the third. In Slovakia, Bratislava is in the second, Košice in the third, and a further 6 centres in the small urban area category (OECD, 2013, Slavík et al., 2005).

In the case of urban centres with a population of over 10,000, it is possible to speak about functional urban areas (FUAs). These actually form bottom-up functional and space hierarchy.

ESPON project 1.4.3 from 2007 revealed the differences among FUAs and cities as regards their area and population. It also categorised urban areas into five groups: small cities, medium

Table 8.3 The difference between functional urban areas (FUA) and morphological urban areas (MUA) population

|               | FUAs    | Population | MUAs | Population | FUAs     | Population | MUAs | Population |
|---------------|---------|------------|------|------------|----------|------------|------|------------|
|               | Czechia |            |      |            | Poland   |            |      |            |
| Metropolitan* | 2       | 3,187      | 10   | 2,267      | 13       | 12,817     | 43   | 9,729      |
| Large city    | 1       | 352        | 1    | 165        | 9        | 3,178      | 9    | 2,130      |
| Medium cities | 14      | 2,302      | 17   | 1,228      | 28       | 3,920      | 29   | 2,821      |
| Small cities  | 9       | 736        | 9    | 368        | 41       | 2,630      | 42   | 2,353      |
|               | Hungary |            |      |            | Slovakia |            |      |            |
| Metropolis    | 1       | 2,523      | 5    | 2,232      | 1        | 711        | 1    | 444        |
| Large city    | 2       | 580        | 2    | 393        | 1        | 343        | 1    | 239        |
| Medium cities | 13      | 2,021      | 17   | 1,333      | 8        | 1,080      | 9    | 612        |
| Small cities  | 26      | 1,813      | 27   | 988        | 14       | 918        | 14   | 492        |

Source: Authors' construction based on ESPON Project 1.4.3.

Notes: \* Metropolitan and polynuclear metropolitan areas (FUAs/MUAs: number of cities, Population: thousand people).

cities, large cities, metropolis, and metropolitan and polynuclear metropolitan areas (with a population over 2 million). Among the Visegrad Four, the smallest differences were found in Slovakia, the largest in Poland. Differences between the functional and the morphological urban areas (MUAs) were the greatest in the uppermost categories (metropolis and metropolitan areas) (see Table 8.3).

The four countries greatly diverge as regards their polycentric character:

- Slovakia has two centres; Bratislava and Košice belong to the same group as regards their size, albeit the capital has a larger population. Košice is the most populous city and a pivotal functional centre in Eastern Slovakia.
- Czechia is monocentric, as there is nothing in the next category 'under' Prague. Brno and Ostrava play a regional role in the eastern part of the country. While Brno is a kind of 'correctional' macro-regional centre between Bratislava and Prague, Ostrava is the Czech centre of the huge Silesian urban agglomeration, and has significant transborder relations.
- Hungary is doubtlessly Budapest-centred, almost monocentric. The agglomeration of Budapest is a pivotal core of the country in every respect. None of the informal centres of the NUTS-2 regions can compete with this populous and powerful economic and intellectual centre.
- From among the four countries, Poland has the only genuinely polycentric settlement network. The five most populous large cities following Warsaw in rank function as real macro-regional centres (Gorzela et al., 2009; Szymańska, 2005). Their prestige is not much different from that of Warsaw.

After the western borders were opened, and especially following EU accession, the role of Berlin increased for the western part of Poland, while the same happened to Vienna for the southern Czech and the western Slovakian and Hungarian areas. The functional effects of the large-city networks increasingly transcend the borders. The eastern borders 'opened', too, but lacking

substantial transborder relations, these areas and towns find it difficult to realise their potential. This is partly due also to Russian and Ukrainian domestic uncertainties, and the special Belarus situation.

The attraction zones of the county seats and the regional centres usually cover those of the small towns, which thus get into a very unfavourable position. Most of the small towns are in the 'hinterland' of a large city, connecting it to the rural areas. At the same time, small towns as centres of rural areas can provide such advantages which the big cities cannot because of their size. The role of small towns as local centres is greatly influenced by the settlements there, since the small towns themselves depend on the resources of the micro-region (districts, sections) surrounding them. The small towns in the Visegrad countries have a historical tradition as well as innovative capabilities. It has been increasingly emphasised that sustainable development and the future of the rural areas depend upon the small towns. In our globalising world regional and local centres – including small towns – can play a significant role as the centres of the hinterlands and the peripheries (see Chapter 5 on the subject of their role in rural development).

### Factors shaping the urban networks in South-Eastern Europe

Due to size limitations, we are not considering here the concepts and delimitations of the Balkans (Zeune, 1808) and South-Eastern Europe (Fischer, 1893). In what follows, South-Eastern Europe will mean the Yugoslav successor states and Albania, Bulgaria and Romania. For historical reasons, we consider Greece to belong to Southern Europe, the Mediterranean, so we shall not deal with it here. In the case of the Balkans and the Balkan Peninsula we accept their most widely used – albeit far from being perfect (Todorova, 1997) – interpretation originating from physical geography. Studying this area is an interesting task as some of these countries lie on the border between the Balkans and CEE. That is, Western and CEE meet South-Eastern Europe here, and not only from a geographical point of view.

Settlement networks as systems develop over a long period and are fairly stable. In order to understand their deep-rooted structures, one must know their history. Their development has been affected by three groups of factors: (1) their geographical conditions, (2) where they are situated (how empires changed their borders and centres of gravity), and (3) their ethnic and cultural characteristics.

Physical-geographical conditions can promote or hinder inter-settlement relations. While mountains made it difficult to build relations between settlements on the shore and those in the inner territories, the Adriatic and the Black Sea almost predestined the coastal settlements to develop relations and trade with each other. Defended areas like valleys and bays were favourable places for social and economic relations, which then grew into larger settlements. Coastal settlements with road and railway connections had good potential for development. Among the inland towns, for those in valleys, it was primarily the settlements built on important crossroads that were able to keep their position over the course of history. The Danube and its tributaries as well as the roads running parallel to them were also suitable places to establish settlements (Erdősi, 2005). Almost all states and regions have an inner axis related to rivers. Most of the important towns can be found on the edge of the Balkans, at the coast or along rivers. This holds true even when we examine the peninsula taken in a broad context (Thessaloniki, Athens, Istanbul).

Due to their topography, the central areas of South-Eastern Europe are less suitable for the development of big cities with a wide area of influence. It is understandable, as they cannot provide work for a large population and they cannot extend their functions because of the fragmented spatial structure there. At the same time, conditions for autonomous (small) town

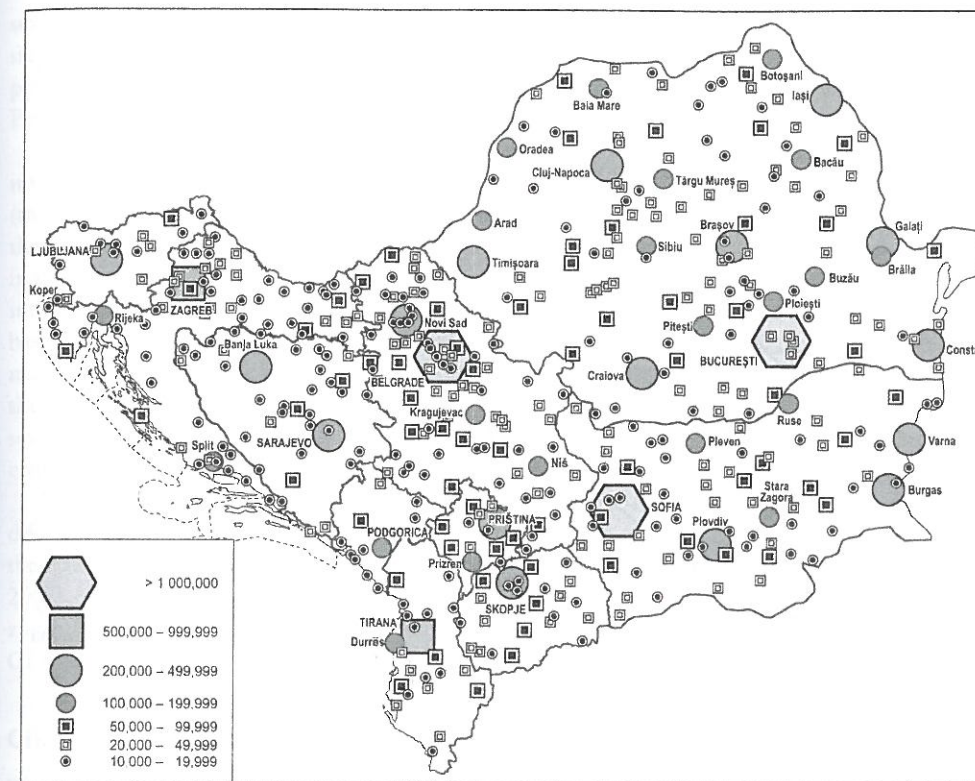


Figure 8.2 Distribution of towns and cities with population over 10,000 in South-Eastern Europe, 2011

Source: Rác, 2014, p. 51.

development and for the integration of the closer surrounding (basins, plateaus, valleys) are favourable here. As a result, we can find central settlements everywhere, but their size is small even in a CEE comparison (Dimou and Schaffar, 2009). Urbanisation started here later than in CEE, and the urban network is rather sparse (BBR, 2006; CSIS-EKEM, 2010; ÖIR, 2006; Petrakos and Economou, 2002; RePUS, 2007). The level of urbanisation in the Balkans is still lagging behind that in Europe (see Figure 8.3).

The Balkans have always been a periphery in the past centuries; this area has never been a development centre of a large territory (Hajdú et al., 2007; Horváth and Hajdú, 2011; Illés, 2002; Kocsis, 2007). The main specificity influencing urban network development here was the often changing state structure: once there were small independent states (periods of disintegration), and at other times this area belonged to large empires (periods of integration). This political instability resulted in cyclical demographic, economic and administrative changes (see Table 8.4, and Rác, 2011). The urban network and the settlements had to adapt to the given situations by changing their functions according to their new roles. As a consequence of these continuous changes, there have been no cities with uninterrupted development, and there are no large cities dominant over the entire South-Eastern European territory. There have been changes within the town hierarchy from time to time. As the classical (long-lasting, organic) conditions for urban development have been missing, there are no large cities in the Balkans in the Western European

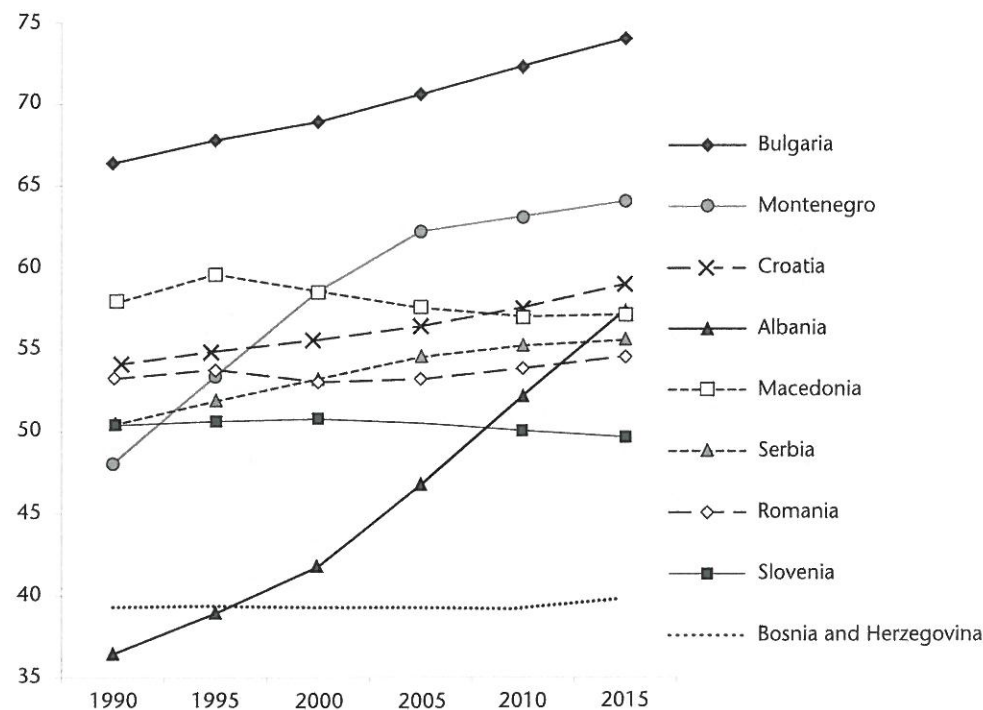


Figure 8.3 Urban population in South-Eastern Europe, 1990–2015 (%)

Source: Constructed by Sz. Rácz on the basis of WUP, 2010.

Table 8.4 The effects of cyclical development on the urban network and space structure in South-Eastern Europe

|                                | <i>Integrating (imperial) period</i>          | <i>Disintegrating (in-between, small-state) period</i> |
|--------------------------------|---|--|
| Cooperation                    | territorial                                   | ethnic   |
| Borders                        | easy to cross (connecting)                    | ethnic borders are difficult to cross                  |
| Ethnic space                   | mixed, more heterogeneous                     | homogenising   |
| Settlement network development | even, structurally and territorially balanced | fragmenting 'subsets', increasing differences          |
| 'Deficits' in the network      | developed small towns                         | regional centres with rich functions                   |
| Large town functions           | inter-regional, macro-regional                | national (state)                                       |
| Imperial capital(s)            | strong development, rich functionality        | relative power and social decline                      |
| Historical centres             | relative recession, becoming peripheral       | 'selective' development                                |
| Ethnic centres                 | stagnation, limited growth                    | outstanding development                                |
| Gateway cities                 | mostly monopolistic                           | gateway cities nationally developed                    |

Source: Constructed by Sz. Rácz.

sense; that is, there are no traditionally strong metropolises (Taylor, 2010). Having undergone significant growth in the last century, Belgrade, Bucharest, Ljubljana, Sofia and Zagreb are potential metropolises. Istanbul is of global importance, although it lies on the edge of the Balkan Peninsula, and we cannot take it as an unambiguous part of South-Eastern Europe.

The continually changing borders also entailed changes in the cities' area of influence. For instance, there were multiple attempts to ease ethnic separation in the Southern Slavic country (the so-called Banat system in 1929, the economic areas of the second Yugoslav state, etc.), but the new constitution of 1974 put an end to these efforts. Widespread decentralisation – even in the field of economic management that had been centralised earlier – led to strengthening the interests of the member republics and the fragmentation of the settlement network on a national basis. The cities' sphere of influence crossed the subnational borders only where ethnic interests made it necessary. Thus, after Yugoslavia broke up and these borders became international, only these areas were notably affected (Reményi, 2009). This transborder ethnic pattern<sup>6</sup> involves several issues: for instance, provision from the mother country (e.g. pension), or attempts to create independent institutions (e.g. own university) (Hajdú and Rácz, 2011).

Cities and their relations were influenced not only by the state they belonged to, but also by different cultures and their use of space. As it is known, the ethnic and religious composition of the Balkans is varied and mosaic-like (Horváth and Hajdú, 2011; Kobolka and Pap, 2011; Kocsis, 2007). Such multiculturalism cannot be found anywhere else in Europe. In the different cultural zones of the Balkans, different types of towns and cities developed (Mediterranean, Turkish, CEE, etc.), and in the 'transition' zones we can see their characteristics combined.

### Changing urban network positions in the post-Yugoslav territory

The transformation of the post-Yugoslav territory is special in at least two respects. First, the federal member republics were quick to become independent states, and this affected the settlement system in a particular way. Second, the armed conflicts have made these transformation processes unusual and in part, tragic. That is why we are dealing with the post-Yugoslav territory in more detail.

Yugoslavia was one of the most complex peripheral areas of Europe from several aspects. The cyclic alternation of integration and disintegration was the main factor shaping the territorial and settlement processes here. Today, both the states and the settlement networks have achieved their most disintegrated condition; they have never been as fragmented as they are now. This structural change has not ended yet, and the establishment of new states can be expected in the case of Kosovo and Bosnia-Herzegovina. Further tension can be generated by the idea of Greater Albania and the issue of the Sandžak. New integration is hindered by unsolved problems like territorial disputes, unsettled conflicts, etc. Except for Slovenia, the other new states in the region carry ethnic and viability risks. Being separated on a national/ethnic basis, the urban network of the area is not connected; it is a system of 'monocentric' subsets with the capital cities in the centres.

There have been winners and losers among the cities of this area as a result of transformation. We might break down this transformation process into four phases which can only partially be separated from each other: (1) the break-up of Yugoslavia, (2) the armed conflict, (3) building nation states, and (4) Euro-Atlantic and global integration.

The dissolution of Yugoslavia and the way it took place had an essential effect on the settlements and their relations in this area. For a long time in the last two decades, the impact of this disintegration was stronger than that of globalisation and European integration. The individual countries were affected to varying degrees. If we compare transition in this area to that of the Visegrad countries, and also Romania and Bulgaria, we can find that transition was

peaceful and integration faster in the latter countries. Yugoslavia's break-up was disadvantageous primarily to the federal capital Belgrade (losing federal resources and territorial power), and Rijeka was also a loser, just like some of the settlements that found themselves on the periphery at the new border areas. All the other settlements were winners, because as the former regions turned into independent states, their towns moved upwards in the settlement hierarchy. The Yugoslav settlement system, which had developed organically for almost seven decades, can also be considered a loser, as the new (ethnic) state borders made it fall into its 'subsets'. This fragmentation was further increased by building the new networks within the national borders, neglecting the earlier inter-regional relations. Settlement network 'subsets' do not necessarily adapt to frontiers. Where the ethnic patterns need it, towns may have a transborder scope of influence. This, of course, cannot be regarded as an international function.

We cannot speak of winners in the case of the bloody civil war. Even the settlements and nearby areas not involved in the armed battles and not burdened by waves of refugees were affected by the indirect consequences of the war. Lack of stability and trust, security risks and the deliberate termination of relations with the Yugoslav system led to loss of investors, cessation of traditional cooperations and declining economic performance. The human and material losses of the towns involved in the armed conflict were different. The various international statistics report different figures on this: the number of people killed and missing was between 150,000 and 300,000; the number of refugees having fled from the area was 600,000–800,000; the number of those leaving their homes temporarily was between 3.7 and 4.3 million. The worst devastation took place in those areas where opposing forces had previously lived together; which is why four-fifths of the death toll was concentrated in Bosnia-Herzegovina.

Besides occupying some territories, the aim of the war was to secure the loyalty of the population and the 'exclusiveness' of the ethnic group having military power over the given territory. To achieve ethnically homogeneous areas needed for redrawing the borders of the new nation states, ethnic minorities had to be ousted (or killed). The settlements thus 'cleansed' were then populated by people belonging to the same ethnic group who were either refugees or moved there from other territories. Accordingly, there were three parties fighting one another in the territories with mixed populations, not to speak of the intra-Bosnian fights. Following the war, most of the settlements, town districts and regions had ethnically homogeneous populations, even in those parts of the countries which were not involved in the war. In Bosnia the front lines became administrative borders (Reményi, 2009).

There is neither a possibility of (owing to destroyed, occupied homes) nor genuine requests for (through lack of personal or material motivation) restoring the original ethnic situation via the refugees' return, albeit the international community continues to urge this, and it is also communicated in several countries in the region as a requirement for EU integration. In the aftermath of the conflict, there are also examples of increasing ethnic diversity. For instance, in the Croatian Krajina the Serbs lost their majority as many of them fled. But losing the majority also happened in areas where many refugees arrived (e.g. in the northern part of Macedonia, or to the Hungarian areas of Vojvodina). Peaceful factors (e.g. assimilation) also contributed to the shift in the proportions of ethnic groups.

The break-up of Yugoslavia 'decreased' ethnic diversity as the ethnic category 'Yugoslav' ceased to exist (in 1991 almost 700,000 people declared themselves to be Yugoslav). On the other hand, when Montenegro became independent in 2006, it 'increased' ethnic variety, because its thus far uniform Montenegrin population got split: those in favour of a federal state declared themselves to be Serbs, while the people supporting separation, Montenegrins. The natural increase of the Albanian population and their immigration seemingly increased ethnic

heterogeneity in Macedonia, but practically – at regional level – the situation is just the opposite: the area inhabited by Albanians is continuous and homogeneous. As regards the demographic effects of the conflict (e.g. changes in population), there are also 'loser' and 'winner' settlements both in absolute and in relative (compared to the national average) terms.

The successor states have strengthened their new territory and their urban network. As a result of the break-up of Yugoslavia, Belgrade suffered a loss of functions and sphere of influence. It is just a slight 'consolation' for its heavy losses that the new second-rank cities (Novi Sad, Niš) are much weaker than its former 'counterweights' (Zagreb, Ljubljana) were. The new capitals have been developed the most in every respect. Getting rid of the shadow of Belgrade, they have become the primary centres of their countries, and they have been concentrating a growing proportion of national resources. The macro-regional centres are relatively weak, or cannot even be interpreted as real 'counterweights', which is understandable, as these countries are small and have scant resources that are enough to 'create' only one large city. In spite of this, the 'large towns' following the capital in hierarchy have also grown appreciably. Even without widening functions or new administrative ranks, they 'rose' to the second level in the new country from their relatively lower position in the former Yugoslav settlement network. With the new international borders, the former attraction zones have changed and the number of towns fulfilling regional functions has grown; the new centres have integrated the areas that lost their earlier centres. It was important for the successor states to have direct access to the sea and to develop a national port-town. The new administrative systems introduced have broadened the functions of several settlements. The most conspicuous among them was the multi-tier decentralisation in Bosnia-Herzegovina, but the Croatian and the Macedonian administration reforms also increased the number of settlements having central functions. Irrespective of the administrative system, ethnicity-based institutional development (e.g. the establishment of universities for ethnic minorities) has increased the importance of some towns within the network.

Some of these processes (e.g. ethnic separation, mass emigration, decreasing rural population) would have most probably taken place without wars, too, but much more slowly and perhaps on a smaller scale. The interrelations within this area have changed essentially with the break-up of Yugoslavia, and the war and the establishment of nation states entailed their cessation or neglect. At the same time, mostly ethnic transborder cooperation has intensified, as have relations with the great powers, with various orientations in the individual countries. In the long run, a new epoch of integration might start at both European and global levels. In this process, not only whole countries but also their settlements will compete for Foreign Direct Investment. So far, only few countries and some cities have been successful in this integration, for the rest of them this is just an opportunity.

We assume that transition in this area will be similar to the experiences of the Visegrad countries. Namely, modernisation (integration) will be a top-down process from northwest to southeast along the European corridors. The capital cities entering this process first will have an advantage, further increasing their relative importance (Papadaskalopoulos et al., 2005). In general, gateway cities and large cities will be the winners. The loser group will include, among others, the settlements and areas close to the new ethnic borders, which have thus gotten into a peripheral situation due to the change in orientation. The new urban relations will not necessarily build on the earlier structures, as the European interests and scales basically differ from those in the Yugoslav era.

Depopulation is characteristic of the whole Balkan Peninsula, of the countries involved in the Southern Slav war and in Albania, Bulgaria and Romania alike. Rural population decline is

a great problem in this area. The number of depopulated settlements has been growing in the last two decades. At the time of the last censuses, there were about a thousand depopulated settlements which will be administratively incorporated into one of the neighbouring villages, since without a permanent population, a settlement practically does not exist.

Albania is the most peculiar country in the region from the aspect of urbanisation. It is the 'most rural' country in Europe. Before the systemic change, urbanisation was restricted administratively and as a result, in 2006, 58 per cent of the employed population worked in the primary sector. It was only in the 1990s that people were allowed to move into towns. At present, still over 40 per cent are employed in agriculture. The intensive population movements and the outstanding natural increase of the population (in European comparison) have together led to the increased growth of the urban population. Jobs in industry, commerce and tourism as well as better living conditions attract masses of the population from the highlands to the capital and the coastal urban settlements; but there is also emigration present. Over three-quarters of these people move to the areas at Tirana and Durrës, and about half of them are younger than 30. The population of these two cities grew by 37 per cent, 260,000 people, between 2001 and 2010. Now 40 per cent of Albania's population live in this region. This concentrated and uncontrolled urbanisation has a disadvantageous effect on both the natural environment and the quality of life in these cities. The economic and social costs of the Albanian urban population explosion are progressively growing. Despite the negative experiences, this spontaneous and chaotic urbanisation is an inevitable concomitant of Albania's development, which also has its positive outcomes. However, it is imperative to plan and control these processes.

### Central and Eastern European capitals and their specificities

The macro-region has had a very dynamic period in the past two decades. Previously, FDI had been unknown, but in two decades, investors discovered the countries of the region as profitable fields of investment. This did not happen to all regions simultaneously. Generally, investors first focused on the capital cities, on ports and on regions bordering EU member states. That is, investments were concentrated in a few cities and regions, while most regions remained without substantial FDI for several years, in many cases until now. Consequently, capital cities and their regions acted as – sometimes the only – hubs of economic growth, increasing their dominance (Table 8.5). In a wider context it also means that in the period between 1995 and 2000, peripheral countries and especially their capital cities grew more rapidly than other regions and cities in the EU. The global financial and economic crisis affected this trend, but the long-term trends have not changed: regional disparities between the centres and the peripheries have been increasing. Capital city regions have lower unemployment and their growth rate has declined less than the other regions'. The main driving force of economic growth continues to be the service sector being concentrated in the capital cities (Chapters 2, 4). National and EU policies also strongly influence the territorial development of countries, cities and regions.

The unambiguous winners, however, are again the same regions, exploiting their role as metropolitan growth areas. All of them have improved their relative positions, some substantially (București-Ilfov), while a number of non-central regions have experienced a drop in their relative development level. There are no non-capital regions that have experienced significant improvement in their development ranking. This also underlines the highly metropolitan character of high-technology manufacturing and knowledge-intensive services, as well as the intentions of economic, financial and political control, in which the higher tiers of the globally organised urban network predominate, while the competitive positions of functional urban areas lacking a critical mass are much less advantageous. The distribution of advanced business services

Table 8.5 Share of capital city regions (in percentage of the country)

|            | Population | Employed persons | GDP  | Students in higher education |
|------------|------------|------------------|------|------------------------------|
| Bulgaria   | 18         | 33               | 36   | 47                           |
| Croatia    | 18         | 19               | 31   | 53                           |
| Czechia*   | 11.8       | 13               | 24.9 | 36.2                         |
| Hungary    | 29.8       | 28               | 49   | 48                           |
| Macedonia  | 30         | 34               | 48   | 37                           |
| Montenegro | 23         | 33               | n/a  | 67                           |
| Poland     | 13.8       | 7                | 22.3 | 18.9                         |
| Romania    | 11         | 12               | 21   | 35                           |
| Serbia     | 22         | 31               | 35   | 52                           |
| Slovakia   | 11.3       | 13.7             | 27.6 | 40.3                         |
| Slovenia   | 25         | 36               | 36   | 60                           |

Source: Authors' calculations and construction.

\* Note: Prague without the Central Bohemian Region

corresponds to the urban network: it exceeds 60 per cent in the central regions of Croatia, Slovenia, Bulgaria, Hungary and Slovakia, and is only below 40 per cent in Poland, where a more polycentric urban network is present (Chapters 1, 4).

It is a general phenomenon in the Balkan states that the vast majority of economic activities are concentrated in the capital cities; they are mostly services such as banking, finance, trade, research, higher education, etc. The capital cities are by far the most important centres of transport, too; it is much more difficult and slower to access the other cities by means of transport. There are crucial differences between the capital cities and the second largest cities (Rác, 2014).

### Summary

Transition in CEE from the late 1980s has changed not only the social, economic and political structures, but also the external and internal circumstances of the settlements, the settlement groups and the whole settlement network. One of the essential elements of this transformation was the increasing role of private initiatives, of domestic as well as foreign capital in both decision-making and employment, replacing the earlier, centralised party and state decisions.

The state continued to play its role in settlement and territorial administration, in organising the provision of public services, and in shaping the big infrastructural networks. Many of the related decisions have already been made based on compromises between settlement and territorial interests. Political benefits (favouring larger groups to get more votes) have emerged as a new element in considering the various interests.

Social differences (e.g. unemployment) have been increasing both among the various settlement groups and within settlements. The role of the state in mitigating this has evidently remained. Granting preferences to the territories and settlement groups that turned out to be losers of the transformation has become an important element in providing support. However, this has led to only moderate economic results.

After a transformation of a quarter of a century, the settlement network of this area faces new challenges. The basic question is how the new type of inter-settlement competition evolving

now within the European Union will affect the towns and the urban networks which have different functions and are of different sizes and in different situations (e.g. some are in member states, some in candidate countries).

Most of the poorest NUTS-2 regions in the EU can be found in this area. If bridging their national, macro-regional social and economic gaps is unsuccessful, the intra-settlement and intra-network relations in these countries might become even more strained and discrepancies might become more aggravated.

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### Notes

- 1 The differences in the interpretation of the terms 'settlement' and 'administrative unit' at the European level are also clear from the UN Habitat II (1996) report. For instance, 'nearly 58,000 settlements, including 853 towns' are mentioned for Poland, that is, all of the settlement groups, while in the other three countries the number of administrative units were treated as settlements. If we are calculating them on a common basis, there were almost 100,000 settlements in the four countries.
- 2 There are different approaches to towns in the various disciplines: historical (in social and economic studies), demographic (as the habitat of people), social (as used in sociology or ethnography), legal-administrative, nature-related, or the approach of urbanists (Enyedi, 2012).
- 3 It was in 1970 that the Hungarian Central Statistical Office first delimited Budapest's agglomeration. In 1985, it delimited 37 various functional settlement groups countrywide: 3 agglomerations (Budapest, Miskolc, Pécs), 5 agglomeration areas, 3 urbanising areas, 8 settlement groups of cities, 6 smaller settlement groups, 7 smaller groups of towns, and 5 groups of towns. These delimitations are specific to the Hungarian settlement network, and many of them could not be applied even to the Visegrad countries. Since 1997, these functional units have been delimited several times, but they have not been used in development planning. The practice of delimiting settlements functionally has also been used in the other three countries.
- 4 ESPON carries out research into every element of the European settlement system, from rural and urban spaces through the functional relations between towns and villages to the polycentric formation of urban systems.
- 5 OECD list of urban areas by country: [www.oecd.org/gov/regional/measuringurban](http://www.oecd.org/gov/regional/measuringurban)
- 6 *Albanians* in Northwest Macedonia, Preševo Valley (Serbia), Montenegro; *Bosnians* in Sandžak; *Croats* in Herzegovina; *Hungarians* in Vojvodina (Serbia), Partium, Székelyland (Romania); *Serbs* in Syrmia, Krajina (Croatia), along the banks of the rivers Sava and Drina (Bosnia-Herzegovina), in Mitrovica (Kosovo) and Montenegro; *Turks* in Kardzhali, Razgrad and Shumen (Bulgaria).

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# The development of regional governance in Central and Eastern Europe:

## Trends and perspectives

Ilona Pálné Kovács

### Shared roots and common starting point in a unified direction

When analysing regional governance systems in Central and Eastern European countries, the customary starting point is usually their common past – all the while declaring that regional government reforms were first launched at the time of the regime changes, and mainly follow a Western model. It is an indisputable fact that the governance efforts of these countries were clearly influenced by the intention of breaking with their (Eastern) pasts and trying to catch up with the West. Despite their common past, aspirations and patterns, these countries no longer form a homogeneous group, which manifests itself in the diverse content and form of the development of their regional governance systems. Reasons leading to a certain measure of divergence lie in their pre-socialist history, cultural characteristics and divergent geopolitical contexts, and it is accepted that convergence is not the only possibility regarding the future (Henderson et al., 2012). National traditions overlap the socialist phase: Napoleonic, Prussian and Scandinavian influences also need to be taken into account (Hendriks et al., 2011; Jordan, 2011). Nevertheless, the shared socialist heritage proved to be a strong cultural and structural determinant when examining regional governance, especially – as we will shortly see – in explaining the traditionally strong role of medium-level governance and regularly arising centralisation efforts.

The regime change meant a radical break with previous traditions and the directly inherited centralised Soviet-type council system. The very model of regional governance had to be drastically rethought, while almost in parallel efforts were made to consolidate territorial structure, to improve efficiency and to execute modernisation reforms. Today's balance sheet shows that this reform wave was only partially successful (Hendriks et al., 2011). Scruples were already raised at the time of the regime changes, claiming that these hasty and purportedly final reforms did not treat the period of transition as a separate context – making the very reforms obstacles to further adaptation and hindering the introduction of a long-term model (Bennett, 1994).

As a symbol of political change, new democracies in CEE dedicated a special role to local governments during the regime change. For example – save for a few exceptions such as Poland, Bulgaria and Romania – the fragmentation of municipalities and decentralisation to the local level evidently became the prevailing trend (Swianiewicz, 2010). The lack of trust in medium-level governments was also a common characteristic, in most cases referring to the prevalence of the autonomy of local governments. Almost every transition country under-financed its local