

Post-socialist Transition and Spatial Development of Serbia

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Abstract. During the post-socialist transition Serbia was isolated from the mainstream trends of European integration and convergence. Its comparative advantages and competitiveness have worsened in two key aspects - in its structural qualities and in its territorial capital. The economic recovery from 2000 onwards has the form of “growth without development”. Serbia has unsustainable spatial development patterns. Now, the country has found itself in the position of an economic, ecological and financial semi-colony of few powerful international political, economic and financial actors. There are shown some basic elements of the prospective future through the use the scenario approach.

Key-Words: post-socialist transition, territorial capital, unsustainable spatial development, improper institutional arrangements, scenarios of spatial development

1 Introduction

Since 2000, considerable material and institutional progress has been accomplished in Serbia. Overall progress has still fallen short of the expectations of the overwhelming majority of the population. Although dynamic economic growth has taken place (at an average annual growth of GDP 5%), grossly it has not been directed toward spatial and ecological sustainability, and has thus largely perpetuated many deficiencies of the obsolete “paleo-industrial” structure of the Serbian economy and services, making the problems of future economic, ecological and other restructuring even more complicated. Often this direction has varied from that of the mainstream development scene in the EU, a direction also reflected in the most recent generation of European documents of sustainable development [1]. Although transition reforms in Serbia have progressed, the political legitimacy of reforms is poor, since veritable societal dialogue has not been established so far either, nor has societal consensus been reached on the key issues. Serbia has followed a path of “economic growth without development”, largely as a result of the poor legitimacy of transition reforms and an unsustainable development pattern. Territorial capital of Serbia has shrunk, and is still endangered (for general discussion on the notion of territorial capital and concepts see [2,3,4,5,6,7,8]).

Until very recently, the legitimacy of strategic planning has nearly been lost, largely because of this lack of political dialogue on broader social issues. In sum, Serbia, still one of the most un-developed

European countries, faces a vast number of very complex developmental problems and many challenges. Its development prospects, at least over a mid-term period, are not bright. Perhaps a more pessimistic development scenario (“Cassandra”) is more plausible than a bright one (“Pollyanna”) [1]. For that very reason, more strategic thinking and research is needed so that the predictable future prospects of Serbia are preferably based on various development scenarios.

In this paper, firstly we discuss key problems of post-socialist transition in Serbia, as reflected in its existing level of development, which are also commented upon from the standpoint of sustainable development. We then discuss the problem of the endangered territorial capital of Serbia, and, in parallel, comment on some particular aspects of this issue. Next, we bring forth some basic elements of the prospective future by the scenario approach.

2 Post-socialist transition in Serbia

The unfortunate events following the late 1980s and the early 1990s directed Serbia towards rather bleak development prospects. The comparative advantages and competitiveness of Serbia have worsened in two key aspects, that is, in terms of its structural qualities (1) and in terms of its territorial capital (2), whereby the country’s “endogenous capital” and competitiveness lost a large part of their value and potential. Especially has worsened the so-called “soft territorial capital”, in parallel with the disappearing capacity for strategic

research, thinking and governance. In particular, Serbia grossly missed the wave of the so-called “economic and ecological modernization” that took place in the EU, which left the country lagging even further behind contemporary mainstream trends. Thus, Serbia “moored” even deeper in the periphery of Europe, as it became a part of new „inner peripheries” of Europe. The economic recovery from 2000 onwards, while fairly dynamic, has still been insufficient, and more or less assumed the form of “growth without development”. This direction has largely perpetuated many deficiencies of the obsolete “paleo-industrial” structure of the Serbian economy and services, making the problems of future economic, ecological and other restructuring even more complicated. Consequently, Serbia still shelters one of the most dissipating and non-sustainable economies and social services in Europe, paralleled by inadequate spatial development patterns. Now, the country has found itself in the position of an *economic, ecological and financial (debtor) semi-colony* of few influential international political, economic and financial actors, also reflecting the ideological model of post-socialist transition reforms chosen.

In socio-political terms, the results the „post-self-governing-socialistic” transition in Serbia have been described as a “process of transition from one disaster to another”, as “post socialist capitalism as the last phase of capitalism”, as “a part of new ‘wild East’”, as an “economy of destruction that covers a stumbling abyss between consumption and production”, etc.

After almost two decades of reforms, with ups and downs, great numbers of people are the objective losers due to an application of contemporary models. Serbia’s own industrial production was nearly destroyed and its citizens disempowered, ridden of property in many sectors of real economy, disqualified and unemployed. On the other hand, a majority of the winners are opposed to any further sequence of reforms, while there is still no basic political consensus on goals, content and modalities of transitional reforms. The main economic consequence of this period is a stunning redistribution of social wealth, accompanied by a total destruction of the former economic system and the creation of new interest groups formed in an isolated semi-martial economy. This redistribution has been made on several occasions, where the state machinery was the moderator between citizens and a narrow circle of the ruling political party and its satraps. Since 2000 there have been attempts to improve the effects of that economic distribution by measures like a tax on extra profit, but they were unsuccessful due to the absence of

other measures of political transition: the reform of the tribunal, prosecution, restitution and denationalization.

It has been shown that “pink scenarios” are impossible to achieve in a fast and easy way, which points again to the difficulties and complexity of the social, political and economic social realms. A significant contribution to the problem is the fact that the government in Serbia from the end of the 1980s until today, and especially after 2000, applied stale dogmas in conceptualizing the social transformation, instead of using new and creative approaches. New *dogmas, mainly of neo-liberal provenience*, are usually assigned to “econocrats” among experts, as well as to the part of political and economic elites. This proceeded, since the year 2000, from the domestic “interpreters” of “shock therapy” (an approach developed by Jeffrey Sachs), notably, in its “Serbian” version. Especially problematic was the imposition of *the privatization model*. What we have today is – a “second-rate, half-permeable liberalism” that creates huge numbers of social and economic problems, and which has so far resulted in „growth without development” and the largest deindustrialization among countries of former socialism/communism. From 1990 till 2009, Serbia lost 601,000 industry workers. Serbia is a country of plundered economy, a society in anomy, with impoverished citizens and very tiny layer of wealthy people.

The global crisis has only made this state more complicated, and harder to resolve, particularly regarding high unemployment, poverty, social differentiation and polarization. Serbia is in a deep and comprehensive crisis, whose dimensions have been potentiated by the global crisis. There is not enough concrete and wide social dialogue about the way to get out of the crisis. Also, there is none of the kind of public mobilization which is needed to overcome the difficult circumstances. Instead, various feigned “discussions” and “strategies” are reduced to political marketing, improvisations and the like. The main question remains, whether the Serbian elites can meet the complexities both of the current situation and of future prospects, when they have been demonstrating inferiority and incompetence in strategic research.

3 Sustainability, territorial capital and spatial patterns

The state of **Serbian territorial capital**, which has significantly decreased over two or three decades, as have also its comparative advantages and concurrent

ability, placing the country into the so-called “inner European periphery”, namely, in the circle of countries that possess significant differences between developed and undeveloped areas, especially between the metropolitan area and other regions, as well as significant regional fragmentation, as key attributes of their spatial structure [9]. Despite dynamic, but also insufficient and inadequate recovery, this capital also hasn’t been significantly restored during the period after 2000. Since the beginning of the 1990s all crucial social and economic indicators worsened, along with the majority of environmental indicators, so that the country, despite partial recovery, is still in a social, political and economic crisis with consequences on its environmental development.

For example, the dynamic economic growth during the period from 2000 onwards was achieved mainly as a result of the growing import of raw materials and durables, as well as the growth of activities which “service” import (i.e., infrastructure, trade, bank services, insurance services etc.). On the other hand, the “eco-eco” restructuring has been very modest and, over all, insufficient. Only a small part of revenues has been used for restructuring, while most has been used for different consumption models [10].

As for the *specific aspects of sustainability of production, spatial and consuming patterns in growth and development*, they are all poor, compared to the corresponding European averages, viz.: Serbia has the most unfavorable demographic structure and demographic recession; the territorial differences in development of Serbian areas are among the largest in Europe; the culture of construction (*Baukultur*) is extremely low, with a terrible spatial chaos, paralleling a huge extent of illegal construction (estimations go from 400,000 to 1,000,000); still relatively low level of urbanization; a large fall of GDP and industrial production from the end of 1980s/beginning of 1990s, now only partially recovered after 2000; low resource productivity as a consequence of an obsolete economic structure, paralleling a disproportionably large production of waste; a vast extent of areas polluted during the bombing in 1999, which haven’t been recovered; high water, land and air pollution, as compared to the development state reached; low share of renewable resources in the total amount of used resources is still pretty low, as well as the low share of low-carbon activities in the economy; relatively poor utilization of otherwise rich biodiversity; etc. [11].

Regarding the planning system, planning practice and “planning culture”, over the period of more

than two decades there has been retrogression in terms of strategic thinking, research and governance. Until several dozens of national, regional and local development documents (strategies, plans, policies, programs, strategic projects etc.) were adopted during the last couple of years, among reformers (in political and economic elites), an eminently anti-planning and anti-developing attitude dominated, rarely much different from open aversion towards any planning or other development steering (strategic thinking, research and governance, social mobilization etc.). Among the reformers dominated F. von Hayek’s construct on the importance of *katalaxia*, thereby neglecting the importance of new forms of planning and governance. In these questions ideological and political zealots dominated, mainly neo-liberal gurus, mostly *local epigones of international gurus and vedettas*, and often neophytes from the period of the “socialistic market economy” [1, 12].

Especially after 2000, the so-called “*planning culture*” [13] has experienced significant deterioration. Planning practice is not developing up to the ideals of the democratic, participative and emancipatory-modernizing model that aspires to communicative-collaborative planning as “an asymptotic ideal”. Instead, in practice manipulation, clientelism and paternalism dominate so-called “strategy of persuasion”, in the “enemy” model [14].

The existing system and planning practice are following, actually, the way of thinking in institutional and organizational adjustment of many decades, and large numbers of existing institutions are so-called “institutional zombies”. One new syndrome, the so-called “management-agency”, cannot be an adequate solution for the complex challenges of strategic thinking, research and governance in the 21 century. *Planning legitimacy* is low, and planning practice remains as part of a *mixture of elements from different “models”* [15]:

- Planning as crisis management.
- Planning as a mechanism for rationalization and support of “uncontrolled privatization and wild marketization”, with the domination of big projects rather than strategic development frameworks and schemes.
- The least practiced, though, is that type of planning that is, otherwise, the most precious and needed, and that is the institutional frame and mechanism more accommodated to the needed social, economic, cultural and ecologically-spatial transformation in the transition period.

Consequently, in Serbia *more options with regard to the institutional and organizational adjustment of regional development and governance* should be taken into account and evaluated, especially pertaining to its decentralization, in order to initiate a broader public deliberation of this issue, possibly as follows [10]:

- Retain the existing arrangements (that is, all or some national, regional and local initiatives and schemes), without introducing any major change.
- Retain national planning policy only as a general strategic framework and a number of strategic frameworks or key projects, based on corresponding European development initiatives and schemes (that is, when decentralization is not possible and/or recommended).
- Discontinue the existing relative isolation from broader regional and European contexts, and, in general, introduce more European development categories, at all levels, and in all sectors.
- Retain the existing arrangements, also introducing more correspondence to the existing pan-European, EU and macro-regional development initiatives.
- Decentralize decision making to the regions, through more devolution of power, or through maintaining the dominance of the centre.
- Continue decentralization of decision making at the local government and community level, based on the plan-led system (socio-economic, spatial, environmental, etc.).
- Discontinue the existing practice, by encouraging new approaches in integrating bottom-up planning initiatives, and top-down guidance, all centered at two or more regional levels.

In the part of the “Serbian spatial banana” that comprises the Belgrade and Novi Sad metropolitan area, on 6.67% Serbian territory is concentrated 2,054,341 population (27.1% of the total), 832,402 employees (41.6% of total), that realize 45.6% of national income [10, 16].

Though the development gap between European regions is slowly shrinking and national differences diminishing, the differences between regions and cities mainly grow in parallel, especially after the recent enlargements of the Union (see [17]). This trend can be assumed in future Serbian spatial development. Market neoliberal policy has a tendency to enlarge spatial differences at the expense of undeveloped and more neglected regions, with unintentional polarization on all spatial levels.

4 Framework for evaluation of spatial development scenarios for Serbia

Recently a new *Spatial development strategy of Serbia till 2021* [18] has been completed, also dealing with two scenarios of future development, viz.: “further growth recession, under crisis management”; and “sustainable spatial development”. Also, following the legal changes of 2009, a new national spatial plan has been completed, and now is discussed in the public at large. However, much more research of future development prospects is needed, vis-à-vis dire development fixities and givens. Namely, the Serbian „post-socialist Argonautics” has been facing a number of difficulties, also exacerbated by a lack of adequate institutional and organizational adjustments for strategic development governance [8].

The circumstances of political democratization, ownership privatization and the development of market institutions and mechanisms emphasize the importance of one of the key constants in strategic thinking, research and governance. Namely, there is almost no planning activity, rather, there are hardly any decisions beneficial for all, or equally beneficial for all (even if it is about a “planning game with a positive zero”, and especially in the case of a so-called game with constant/zero sum). This creates a new standpoint with regard to the traditional approaches and asks from planners and other experts to develop *new approaches and methods*, in order to envisage the spatial-urban community in advance – in an objectivised, organized and systematized way – along with the probable consequences of different alternative possibilities (decisions about the future). It is advisable to make potential positive and negative consequences explicit (reasons for and against, costs and benefits) for certain areas (i.e., from the stand point of possible common/public interests), and also for special territorial interest groups, although that is not always possible, mainly due to the lack of time, data and other resources. There are some particular reasons that support the necessity to apply *alternative scenarios* in Serbia.

Based on a number of introductory, [19,20,21] general theoretical and methodological comments on scenario planning, in the sequel *few practical scenarios* have been developed, within the framework of *three basic scenario types*:

- “Continuation of existing” - this scenario draws on what will likely happen if a community doesn’t start planning interventions and other decisions targeted to change current conditions and routine processes.

- “Ideal changes” – this scenario is maximalist in a way, but often draws out the best possibilities.
- “Rational and possible changes” refer to that complex of aims and tools whose application could lead to incremental changes for the better, in frames sketched by an “ideal” scenario.

Combining the following methods, which comprise a *mixture of elements from three approaches* [22]:

- Exploratory-anticipatory scenarios, that is, we start from the present and explore what consequences may result if certain events occur. Anticipatory scenarios describe a final state and speculate on what events are required to create it. Thereby, explanatory scenarios are forward-directed, i.e., they start from some known or assumed states or events and explore their predictable implications and consequences. The anticipatory scenarios are backward-directed, as they start from some assumed final state, and search, often by applying the so-called “backward mapping”, for the possible preconditions which could produce these effects.
- Descriptive-normative scenarios, that is, we start from insights into possible futures, by making no account of their (un)desirability, or to any normative demands, that is, on the basis of certain, often clearly explicated values and desirable goals.
- Trend-peripheral, in which trends are projections based on the basis of known past events. Here, the peripheral scenarios are created to explore less probable futures, indicating a break in the stabilized chain of events.

5 Conclusions

The analysis indicated *poor prospects for further Serbian development*, if it continues with the currently dominant pattern of growth and development. Along with that, it is indicated that there is necessity for more detailed elaboration of this issue through the combined application of further approaches/scenarios.

Regarding the *evaluating impact of factors from the global context*, a main skeleton would be based on two possible common scenarios: a) Fast attainment of candidate status for joining the EU and undertaking comprehensive preparations in order to join: the spatial-ecological aspects of Serbian development. b) “Europeanization of Serbia outside the EU”: the implications and consequences on spatial development.

It is also possible to include an additional basis for an *ex ante* evaluation of the above-mentioned alternative

scenarios, and that includes the: *prolonged financial, economic, debtor and other crisis /relatively fast crisis termination*.

Regarding the estimation of the *type of transitional reformations* that need to be implemented in the future period (continued transition), at least three scenarios are possible [8]:

- “Remaining at the ‘inner European periphery’”: prolonging the status of “economic and environmental colony”, and now also “financial and debtor colony”.
- “Consumerism, ‘wild market’, ‘social Darwinism’, ‘social anomy’ – consequences to spatial development and spatial structures: development of a consumer-orientated market economy, with a presumed low level of planning and other regulation.
- “Development of modern, just and spatially balanced society”. Though this scenario is the most desired from the standpoint of the long term interests of the majority of individuals, social groups and society as a whole, on the short and mid-term it has the least possibility, given the ecological, spatial, urban and social sustainable economy and society.

Regarding the *development scenarios in the spatial-urban-ecological sense proper*, defining a preliminary evaluation of scenarios provides a full sense of important spatial-urban-ecological categories, such as the above-mentioned [8]: “territorial-spatial balance”; “spatial concentration and polarization”; “spatial fragmentation”; “spatial integration”; “urban structure”; “spreading of the periphery of cities and towns”; “spatial distribution of population and activities”; “territorial capital”; “concentration, or dispersal of public services”; “ecological regimes in space usage”, etc. These elements need to be combined with elements from different commonalities and transitional scenarios and thus conduct an appropriate *ex ante* evaluation.

Further work on the predictable scenarios would be in place regarding *the integration of Serbia in broader Balkan space*. Pertinent scenarios should cover a range of options, from a soft cooperation of Balkan countries in specific issues, via stronger coordination of national sector policies (viz., environmental, technical infrastructure, and similar) [10], to more integrated national strategic schemes within – preferably – a *common strategy of sustainable spatial development of the Balkans*, an idea which was put fort some ten years ago, but not realized so far, and recently revived by two Greek academics.

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