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The Politics of Policy-making

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Urban Transitions and Regeneration– The Politics of Policy-making

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LIST OF CONTENTS

CHAPTER 1: Introduction	1
CHAPTER 2: Urban regeneration as a collaborative effort – strategic responses to shrinking cities in East Germany	5
2.1. Introduction	5
2.2. Current perspectives on the phenomenon of urban decline	7
2.3. Integrated approach to urban regeneration in European policy framework	8
2.4. Urban decline and integrative response in East Germany	10
2.4.1. Strategic responses to urban decline in Germany	12
2.4.2. Leipzig and Dresden in the context of strategic responses to decline	13
2.5. Collaborative efforts as strategic response: from path dependency to new development perspectives	16
2.6. Conclusion and final remarks	19
CHAPTER 3: The trap within anticipated regrowth–two sides of strategic response to urban decline in Leipzig	21
3.1. Introduction	21
3.2. Urban decline in discourse: from growth paradigm to urban governance laboratory	22
3.3. Strategic responses in Leipzig – from federal framework to local initiative	24
3.3.1. The context of decline in Leipzig	24
3.3.2. Strategic frameworks for overcoming the declining trend in Leipzig	25
3.3.3. ‘Leipzig 2020’ – the final shift towards achieving regrowth	27
3.4. The major deficiencies of adopted strategic frameworks in Leipzig	30
3.5. Discussion and conclusions	32
CHAPTER 4: Innovative post-neoliberal policy as a way out of crisis? The case of urban decline in Detroit	34
4.1. Introduction	34
4.2. Urban decline and the context of post-industrial US American cities	35
4.3. Background of the crisis in Detroit and analysis of the following responses to decline	37
4.3.1. Rise and fall of the initiatives coming from the private sector	38
4.3.2. Innovative bottom-up alternative as the new urban governance tool	40
4.4. Features and challenges of innovative strategic responses to decline in urban development politics	44
4.5. Conclusions	46
CHAPTER 5: Re-imagining Belgrade and Skopje: urban megaprojects between politics and struggle	48
5.1. Introduction	48
5.2. Urban megaprojects as a tool for image making in the CEE context	50

5.3. The political context of identity in socialist Yugoslavia and its implications on the post-socialist transformation of Belgrade and Skopje	51
5.4. Belgrade Waterfront and Skopje 2014: from secret dealing to urban struggle	54
5.4.1. Belgrade Waterfront project	54
5.4.2. Skopje 2014 project	57
5.5. National image making and urban development politics in Serbia and Macedonia	59
5.6. Conclusions	61
CHAPTER 6: Urban megaprojects, nation-state politics and regulatory capitalism in Central and Eastern Europe: The Belgrade Waterfront project	63
6.1. Introduction	63
6.2. Urban megaprojects as instruments of regulatory capitalism in Central and Eastern Europe	65
6.3. Belgrade – post-socialist transformation and background to the city’s riverfront redevelopment	66
6.4. Legislative modification as a regulatory tool for the implementation of Belgrade Waterfront	69
6.4.1. Adapting the Belgrade Master Plan 2021 and the national Planning and Construction Act	70
6.4.2. Declaring Belgrade Waterfront a ‘Specially Designated Area’	71
6.4.3. Enacting a <i>lex specialis</i> to confirm public interest	72
6.4.4. Establishing the public–private partnership agreement	73
6.5. Power relations and modes of governance in urban development politics in Belgrade and Serbia	73
6.5.1. New frontiers of speculative real estate investment, nation state politics and new alliances	74
6.5.2. Legal technicalities, legitimacy, and the politics of planning	76
6.6. Conclusions	77
CHAPTER 7: Discussion and outlook	79
REFERENCES	82
LIST OF FIGURES AND TABLES	103
ABBREVIATIONS	105
APPENDICES	107
ABSTRACTS OF PUBLICATIONS	108
ABOUT THE AUTHOR	111

CHAPTER 1

Introduction

The focus of this habilitation thesis is the phenomenon of urban regeneration, perceived as a consequence of socioeconomic and political transitions. The starting point of the research is the so-called neo-liberal shift in urban policy, which during the last few decades enforced the emergence of competitive and growth-oriented entrepreneurial strategies in cities all over the world. As many cases confirmed, those cities that succeeded in the endeavour to attract international attention demonstrated generally better chances to become ‘winners’ in the process of the global socio-economic repositioning, while the others had more difficulties in gaining new investments, tourists, residents, and visitors. Consequently, one of the prime tasks of urban governance became to find strategic ways to inspire, enable and manage processes of urban regeneration, aiming towards reaching anticipated competitive assets and securing economic (re)growth. This was commonly initiated through adaptation of strategic urban development policies, the mobilization of urban megaprojects, waterfront developments, and flagship buildings, but also through relying on alternative strategies based on culture and consumption—finally aiming at rebranding urban quarters or even whole cities.

Although the goals of entrepreneurial urban governance were commonly oriented towards achieving (re)growth, there were no universal nor ideal policies that could be effectively implemented in every context. Designing and implementation of such groundbreaking projects and strategies, having enormous social and economic impacts, was neither an easy process nor a panacea for urban problems. Struggles and conflicts that often accompanied them demonstrated that the initiatives of urban regeneration were also deeply political. This problem forced city leaders to become innovative in their search for locally-specific, acceptable, and applicable solutions in the strives to address the diverse interests of many stakeholders and reach the anticipated economic growth at the same time. In addition, some of the best examples of creative dealing with the issues of socio-economic restructuring and globalization challenges occurred among the most specific and often problematic contexts. In such times of crisis, innovation was the only and crucial element that could trigger institutional and policy change. One such example is the extreme approach towards the global capitalist system that was gaining popularity in some divested contexts, which aimed at the awakening of the consciousness about human exploitation and environmental destruction. The stronghold for this alternative was in the political idea of a society in which social and ecological well-being is prioritized instead of corporate profits, over-production, and excess consumption. From this perspective, the main urban governance issue was whether and how to incorporate degrowth as a sustainable development alternative.

Resulting from such importance of crisis for initiating institutional and policy change, some of the most extreme urban development contexts in transition are selected for critical analysis in the frames of this research. The focus is twofold—the thesis firstly highlights shifts from industrial production and growth paradigm in urban development ventures towards the alternatives to stimulate either new ways to achieve regrowth or even to embrace planned economic contraction and degrowth. The second emphasis is on departures from the legacies of

the communist pasts, where the transitions were performed through multiple transformation dynamics of institutional, social, and urban change. Concurrently, there are a couple of aspects that should be highlighted as a justification for such a perspective of this thesis. First, while the institutional reforms in both post-industrial and post-socialist contexts have been largely accomplished, the adjustments of built urban environments to new societal conditions needed a significantly longer time. Consequently, both post-growth and post-communist cities could be considered as still transitioning. Second, urban governments in both of these divested cases relied on the mobilization of highly diverse approaches, tools, and ideas to get such cities back on the track of prosperity or to place the degrowth processes under control. Such attempts provided some of the most extreme examples of the interaction between urban policies and politics, particularly emphasizing the issues of difficult implementation, unequal power relations, and the aspects of representation and exclusion in cities.

The thesis is divided into seven chapters. Following the introduction, the first three chapters highlight different strategic responses to the so-called phenomenon of ‘shrinking cities’ that caused complex and comprehensive transformations of demographic, socio-economic, and structural components of the European cityscape in particular. As a direct consequence of post-socialist transition and global economic restructuring, this multifaceted phenomenon significantly impacted the cities of the former German Democratic Republic (GDR). The second chapter, therefore, explores the challenges of strategic approaches to urban decline in the case of East Germany through critical examination and evaluation of collaborative governance efforts in ventures for urban regeneration.¹ The study highlights that the German Federal government strongly encouraged collaborative actions based on capabilities and resources under the control of local actors to support finding inclusive and strategic solutions to extreme population loss and economic decline. However, industrial path dependency, exclusively growth-oriented development strategies, and the extremely negative connotation that decline had in this urban development context showed to be the major challenges for the local governance in the former GDR. Therefore, although cross-boundary cooperation helped in the formulation of innovative perspectives, varied success rates of such strategies in practice also demonstrated many difficulties for local decision-makers, going beyond required stakeholders’ consensus on the shared rationale for taking action.

The third chapter deals with the incessant fascination with growth in urban development strategies and highlights the benefits and ‘traps’ such approaches can lead to. This is shown through the case of a strategic response to the urban decline in Leipzig,² which has been known as a prime example of urban shrinkage in Europe for decades. Through analysis of secondary literature sources, various urban redevelopment frameworks, and media coverage, this study provides two major insights on strategic response to the decline in this case. First, many opportunities that national and international subsidy programmes offered, alongside entrepreneurial urban governance indeed managed to provide a locally adapted strategic framework that corroborated with the anticipated return towards the trajectory of urban growth. Second, although the major growth objectives were finally achieved, the example of strategic planning in Leipzig also showed a general lack of preparedness in local governance with regards to considering and dealing with a broader spectrum of challenges that often occur alongside rapid urban regrowth.

¹ Nebojša Čamprag (2019): Urban regeneration as a collaborative effort – strategic responses to shrinking cities in East Germany. In: K. Jesuit u.a. (Hrsg.): Collaborative Governance Efforts for Local Economic Development: Lessons from Detroit and Other Successful Cases around the World. London/New York: Routledge.

² Nebojša Čamprag. (2018): The Trap within Anticipated Regrowth: Two Sides of Strategic Response to Urban Decline in Leipzig. In: Artículo – Journal of Urban Research. Online: <http://journals.openedition.org/articulo/3596>

The fourth chapter highlights the potential of innovative post-neoliberal policies as an alternative way to deal with the crisis. It reflects on the case of urban decline in Detroit from the perspective of the emerging discourses that have called for redefining the crisis as an opportunity to establish new urban governance models.³ The municipal government, policymakers and elites of the so-called ‘greatest failure’ among the troubled large cities in the US invested a great deal of effort to stem Detroit’s rapid decline. Of particular interest was the period since 2013 when the city government declared bankruptcy, after which an innovative strategy based on stabilisation, recovery, and irreversible degrowth was embraced. The chapter evaluates the outcomes of such innovative approaches to managing urban decline by identifying its major implementation challenges, effects, and outcomes, and pointing out long-term development perspectives. The research method to investigate the efficiency of its implementation is centred on the analysis of the secondary literature, strategies, and official documents designed by the local government and private foundations in Detroit, as well as of supporting news reports. Besides the importance of redefining approaches to urban policy-making in declining cities, the study illustrated the necessity of developing equally innovative alternative ways for their successful implementation.

The last two chapters bring a few cases from the CEE region (Central and Eastern Europe). The political struggle in the attempts to re-imagine the national capital cities of Serbia, Belgrade, and of North Macedonia, Skopje, is in the focus of the fifth chapter.⁴ This comparative study on the urban re-imagining performed through large-scale urban refurbishments takes the specific post-socialist and post-conflict contexts of former Yugoslavia as a case study. Through the analysis of legislative and planning documents, expert interviews, reports, and media coverage, this chapter shows how initiatives for the implementation of grandiloquent urban megaprojects (UMP) in the capital cities of Serbia and North Macedonia became extreme examples of national image reconstruction, carried out through autocratic state-led interventions that disregarded public input. The study provides several main insights that classify these cases as rather particular in the European framework. The national governments have played a decisive role in conceiving entrepreneurial strategies for national rebranding through urban re-imagining of its capital cities. In addition, this politically orchestrated processes advanced through non-transparent decision-making, despite the rising opposition by the civic alliances. The autocratic implementation of the UMPs in the urban contexts of the Yugoslavian successor states, therefore, played out much more forcefully, overriding the imperative to satisfy the genuine public interest.

The sixth chapter focuses on the case of Belgrade, Serbia, in more depth. It brings an explanation to the interaction between urban megaprojects, nation-state politics and regulatory capitalism.⁵ The focus is on the large-scale brownfield redevelopment project ‘Belgrade Waterfront’ under implementation in the Serbian capital, a joint venture between the Republic of Serbia and Abu Dhabi-based investor Eagle Hills. The study shows this UMP to be an extreme example of state-led regulatory intervention, characterised by lack of transparency and haste in decision-making processes, all of which serve to prioritise private investors’ interests in project delivery above the principles of representative democracy. Through analysis of legislative and

³ Nebojša Čamprag (2018): Innovative post-neoliberal policy as a way out of crisis? Another reflection on the case of urban decline in Detroit. In: *City, Territory, Architecture*, 5:2, Springer Berlin Heidelberg. Online: <https://doi.org/10.1186/s40410-018-0078-4>

⁴ Nebojša Čamprag (2018): Re-imagining Belgrade and Skopje: Urban Megaprojects between Politics and Struggle. In: *European Planning Studies* 27 (1), S. 181–200. Online: <https://doi.org/10.1080/09654313.2018.1545011>

⁵ Monika Grubbauer/Nebojša Čamprag (2018): Urban Megaprojects, Nation-state Politics and Regulatory Capitalism in Central and Eastern Europe: The Belgrade Waterfront Project. In: *Urban Studies* 56 (4), S. 649–671. SAGE Publications Ltd. Online: <https://doi.org/10.1177/0042098018757663>

planning documents, expert reports, and media coverage from the period between 2012 and 2017, explored are the legislative mechanisms, contractual strategies, and modes of governance involved in the project's delivery. This provides two insights. It reveals that, in contrast with the active role of local governments in conceiving entrepreneurial strategies that is often assumed today, in the case of Belgrade Waterfront, the national government has instead played the decisive role. Furthermore, it shows how modifications to national law were instrumental in defining public interest, in enabling certain types of contracts to become technically legal, and in minimising risks for the private investor. The chapter is concluded by highlighting the need to further conceptualise nation-state politics and autocratic rule as driving forces of urban development processes.

CHAPTER 2

Urban regeneration as a collaborative effort – strategic responses to shrinking cities in East Germany

Abstract

The multifaceted phenomenon of shrinking cities, widespread today across Europe, caused complex and comprehensive transformations of demographic, socio-economic and structural components of its cityscape. The phenomenon demonstrated particular impact on the cities of the former German Democratic Republic (GDR), as a direct consequence of post-socialist transition and global economic restructuring. This chapter explores the challenges of strategic approaches to urban decline in the case of East Germany through critical examination and evaluation of collaborative governance efforts in ventures for urban regeneration. In order to support finding inclusive and strategic solutions to extreme population loss and economic decline, German Federal government strongly encouraged collaborative actions, based on capabilities and resources under control of local actors. Industrial path dependency, exclusively growth-oriented development strategies and extremely negative connotation that decline had in urban development context were the major impediments for the local governance in the former GDR. Although cross-boundary cooperation helped in formulation of innovative perspectives, varied success rates of such strategies in practice also demonstrated many challenges for local decision makers that have resulted from a number of factors beyond required stakeholders' consensus on shared rationale for taking action.

Keywords: shrinking cities, urban governance, collaborative efforts, Germany.

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2.1. Introduction

After decades of growth, many prosperous economies started to face multidimensional consequences of rapid deindustrialisation. The phenomenon was particularly widespread in Europe, where nearly one third of all cities underwent at least one decade of population decline since the 1960s (Turok & Mykhnenko, 2007). The so-called “downward spiral” that a number of cities got into most commonly commenced with loss of employment opportunities, which further lead to urban decline and outmigration, usually with alarming rates. For some years now, this phenomenon has been in the focus of both urban studies and planning practice. Although a vast body of literature dealt with experiences from declining industrial cities from

the perspective of the Global North, the extreme downfall of the former industrial giants in the context of the U.S.A. has attracted major attention.

Based on the research undertaken so far, early responses to urban decline usually involved pragmatic physical redevelopments of some exposed inner-city brownfields and derelict infrastructures (Moulaert, Rodriguez, & Swyngedouw, 2004). More knowledge on the phenomenon helped in the formulation of some more comprehensive strategies, while a number of cities shifted towards the tertiary sector and high-tech industries, and even reached significant growth. However, the majority of others haven't coped that successfully with the situation, which in such cases often has led to even more dramatic downfalls and further declines in population. Different impacts on socio-economic and political restructuring, on the one hand, highlighted origins and advancements of the phenomenon of urban decline as highly context and location specific. Furthermore, often associated with combating the trend in decline were diverse interests and preferences of a number of actors. Dealing with such comprehensive urban phenomena thus necessarily required constructive engagements across the boundaries of different spheres in order to bring stakeholders together and trigger innovative solutions.

As Emerson et al. pointed out, the principle of collaborative, cross-boundary governance has the potential not only to "generate impacts and adaptations across the systems" (Emerson, Nabatchi, & Balogh, 2012, p. 1), but also "to carry out a public purpose that could not otherwise be accomplished" (Emerson et al., 2012, p. 2). However, in spite of the rising scholarly interest for collaborative governance on all levels, "its definition remains amorphous and its use inconsistent" (Emerson et al., 2012, p. 1), while evidence remains scarce when it comes to the performance and impact of such frameworks for managing the complexity of urban decline in practice (Martinez-Fernandez, Audirac, Fol, & Cunningham-Sabot, 2012). Furthermore, considering thereby a misbalance in the geographical representation of cases, this chapter focuses on the former German Democratic Republic (GDR) as a rather specific case that allows plenty of opportunities for testing collaborative governance frameworks in practice. This case is rather particular considering that nearly all of its cities experienced rapid depopulation following the fall of state socialism and the "shock therapy" of socio-economic restructuring after German reunification (Bontje, 2004).

In contrast to other western countries where the state traditionally played a less important role in urban planning, since the early 2000s, the German Federal government has actively dealt with the problem of extreme population loss and urban decline in accordance with the specifics of its planning system. These experiences were largely based on setting integrative frameworks for encouraging collaborative governance on a local level, finally making the German approach particularly interesting for broadening scholarly knowledge on understanding both the phenomenon of decline itself, along with finding effective and innovative ways for achieving economic redevelopment. On the other hand, despite a number of innovative mechanisms for collective action that collaborative governance has provided in the case of East German cities, its efficiency showed it would be hard to reach in practice, as collaborative action is difficult to accomplish in situations when "shared goals and operating rationale for taking action are not made explicit" (Emerson et al., 2012, p. 17). This chapter thus aims at highlighting practical implications of collaborative-based strategic frameworks using the outcomes of national and local government initiatives in Germany to manage the complexity of the urban decline phenomenon. Special attention is paid to Leipzig and Dresden, as these cities are considered to be the most advanced in reaching economic (re)development in the former GDR.

In order to formulate appropriate frameworks for achieving economic redevelopment, acknowledging and fully understanding the complexity behind the phenomenon of urban

decline seems to be of crucial importance. The following section thus summarizes the most relevant perspectives on this phenomenon.

2.2. Current perspectives on the phenomenon of urban decline

The debates on urban decline started at the end of the 1990s; however, the concept was formulated way before. The term "shrinking cities" (schrumpfende Städte) was introduced by Häußermann and Siebel in the late 1980s, when they described both decline in population and economic performance in some German cities resulting from deindustrialisation (Häußermann & Siebel, 1988). The U.S. American perspective on the same phenomenon referred to urban decline of its industrial cities (Pallagst, Wiechmann, & Martinez-Fernandez, 2011), although a number of authors also used alternative terms, such as urban decay or simply depopulation. Despite different terminology and the fact that there is still no general definition adopted to fully describe the phenomenon, a consensus was reached on its major causes in deindustrialisation, suburbanisation, and demographic changes (Fritsche et al., 2007). As these phenomena were by no means restricted to German, U.S., or U.K. contexts, the discourse on urban decline spread to the international arena, with enormous potential of cross-national knowledge still to be exploited (Großmann, Bontje, Haase, & Mykhnenko, 2013).

Despite its multidimensional effects, the more extensive knowledge on the phenomenon of urban decline for establishing effective strategic frameworks in strategies for economic redevelopment has caught international attention relatively recently. The reasons for this should be found in the dominant paradigm among planners and policymakers exclusively set on growth since early industrialisation (Logan & Molotch, 1987; Martinez-Fernandez & Wu, 2009; Oswalt & Rieniets, 2006). The course of economic and population expansion was previously not only the aim, but also the imperative, with an underlying assumption that all cities and towns could achieve such universal development goals. These objectives, and their many associated taboos, started to change since the turn of the millennia. First, the process of urban decline was recognized as much more complex than it had been seen before. Instead of population loss as its most visible and measurable effect that has often been used as a relevant parameter to quantitatively encompass and measure shrinkage (Beauregard, 2007), the phenomenon was acknowledged as a multidimensional process, including its effects on the socioeconomic potentials of a city or a region in question. Second, as the topic got more broadly discussed, the focus gradually shifted away from growth-oriented approaches. Hidden potentials of the phenomenon became the focus of discussions after a number of researchers called for innovative alternatives, (Frazier & Bagchi-Sen, 2015; Haase, Athanasopoulou, & Rink, 2013; Ringel, 2014), along with considerations of new action schemes to relate shrinkage with urban sustainability and liveability (Delken, 2008; Endlicher & Langner, 2007; Schetke & Haase, 2008). After the debate finally spread to praxis, planners and policymakers even started to consider implementation of policies for the so-called "managed" or "smart" decline (Frazier & Bagchi-Sen, 2015; Frazier, Bagchi-Sen, & Knight, 2013).

Considering a concept described by Emerson et al. (Emerson et al., 2012), acknowledgment of urban decline as a comprehensive and multidimensional process, in which affected communities rely on their local resources to deal with the causes and consequences of long-term decline, could be considered as one of the major prerequisites for establishing collaborative arrangements for economic redevelopment in practice. Nevertheless, although an increasing number of scholars argued that collaborative initiatives could enhance capacities of cities to combat the causes and consequences of decline, there was also evidence showing that local decision-makers were often confronted with many difficulties in practice to engage their

communities in the process of coproduction (Schlappa, 2015; Wirth, Elis, Müller, & Yamamoto, 2016). In spite of many recent advances, urban research still faces the challenge to not only investigate trajectories and hardly predictable overall trends of urban decline, but also to examine solutions to deal with this phenomenon in greater depth (Martinez-Fernandez et al., 2012; Steinführer et al., 2010).

Before illustrating the above-elaborated issues using the case of East German cities, the following section provides a brief overview of the most relevant initiatives at the level of the European Union (EU) that fostered and largely influenced integration of collaborative models into a governance framework across the European declining cityscape.

2.3. Integrated approach to urban regeneration in European policy framework

Concerning the fact that a large part of the former GDR was structurally significantly weaker and more rural than its western counterpart, its cities and communities were generally more prone to demographic changes and development problems after the reunification in the year 1990. However, urban decline was not an exclusive problem for reunified Germany. Some recent research demonstrated that nearly 40% of all European cities with more than 200,000 inhabitants have been experiencing a population decline over the last few decades (EU, 2016; Turok & Mykhnenko, 2007), with a major pole of shrinkage situated in post-socialist countries⁶ (Figure 2.1). Aside from the exceptional conditions for massive outmigration, many of these countries have also been facing decades of declining fertility rates. Although such a situation necessarily would require a cross-boundary approach, the general lack of direct responses to urban decline at the EU policy level resulted from planning and development remaining a matter of national governments (Haase et al., 2013). An alternative to create a more even ratio between population and employment opportunities among the EU countries were thus various schemes for financing local projects that would foster the engagement of local communities and collaboration between public, private, and third-sector organizations (Soto, Houk, & Ramsden, 2012).

The recently introduced strategy “Europe 2020” proposed by the European Commission (EC) advocates for smart, sustainable, and inclusive development, aiming to foster cohesion among highly diverse European regions (EU, 2012; EC, 2014). These core principles were also present in a number of programs and initiatives dealing with urban regeneration issues. The EC previously set up the integrated approach “URBAN Community Initiative” in 1994, which started as URBAN I (1994–1999), and prolonged to its second phase as URBAN II (2000–2006). Aside from the partnership principle in urban regeneration contexts, the general aim was to support innovation as part of the broader policy for promoting economic and social cohesion (EU, 2011). The project targeted neighbourhoods in extreme deprivation, in which the solutions were to be found at grassroots levels, through inclusion of local citizens in development and implementation phases. The programs were mostly financed through the European Regional

⁶ According to the official statistics, during the period between 2008 and 2012 there were 117 regions in the EU where the population fell by more than 8.0 per thousand inhabitants on average (Eurostat, 2014). European database for comparative analysis of EU cities “Urban Audit,” revealed that out of 950 large and medium-sized cities in 30 EU countries, 328 (35%) lost population in the period between 2006 and 2015 (EU, 2016). Much bigger number of cities, however, had significant fluctuations throughout the same period. Although the situation seems to be slightly improving, the biggest current loss of population still occurs in the cities of Central and Eastern Europe (Dijkstra, 2014), where 110 out of a total of 154 cities shrank (mostly in Bulgaria, Croatia, Slovakia, Poland, and Hungary), including the Baltic countries of the former Soviet Bloc (Latvia, Lithuania). Population loss could be traced in other parts of Europe as well, such as in decreasing rural areas in the southern countries of the continent, in Western European declining industrial agglomerations, as well as to peripheral areas in Northern Europe.

Development Fund (EFRE)⁷, which equally aimed at strengthening economic and social cohesion in the EU by correcting imbalances between its regions. More recently, the bottom-up policy initiatives, such as the Acquis Urban, the Leipzig Charter, and the Toledo Declaration firmly incorporated the concepts of “partnership” and “integrated approach” into local, national, and European urban policy (Schlappa, 2015).

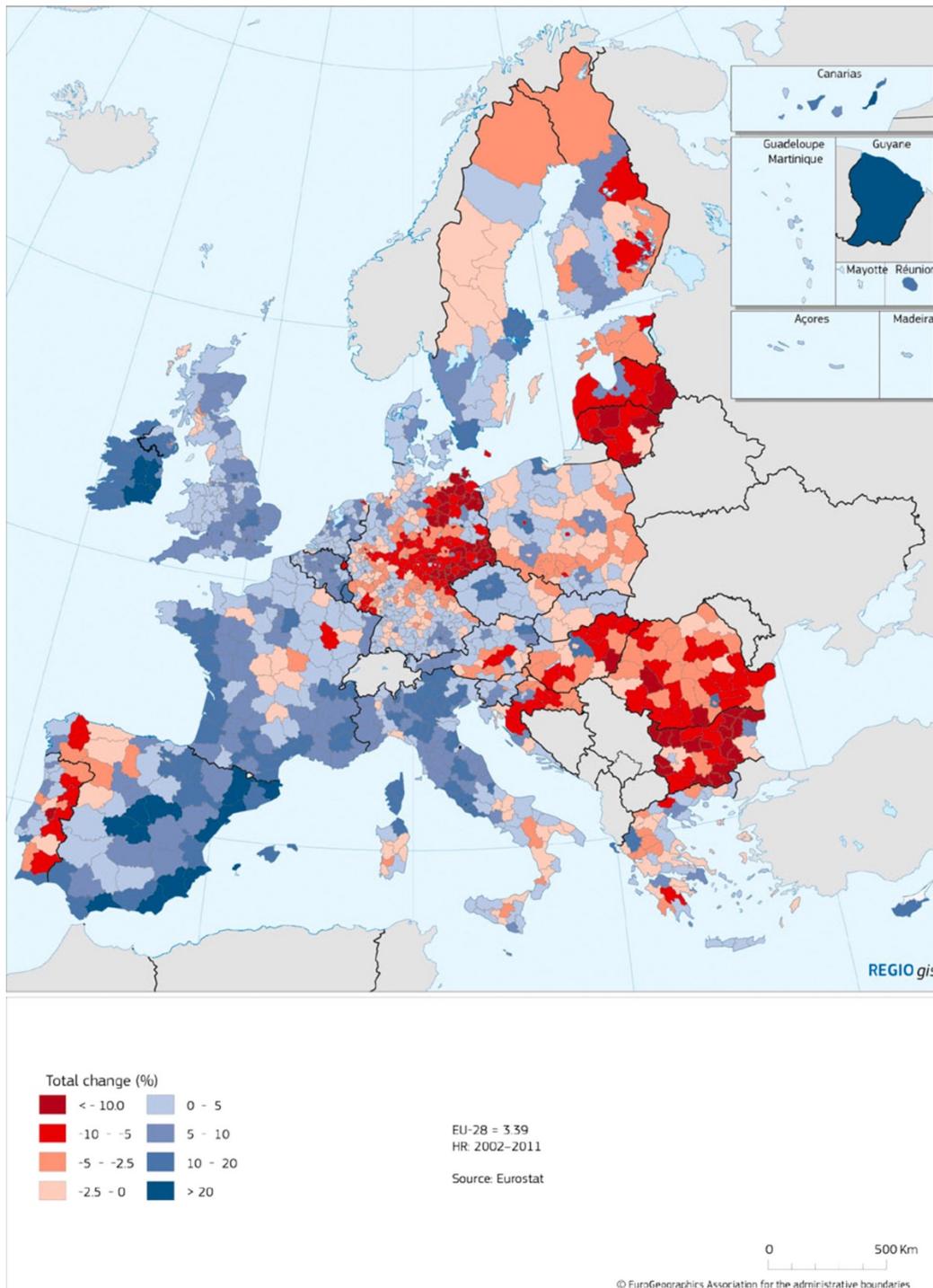


Figure 2.1. Change in European population 2001–2011. Source: (European Commission, 2014, p. 85)

⁷ Projects Website: http://ec.europa.eu/regional_policy/en/funding/erdf/

Although the importance of collaborative approaches to deal with urban decline was on the increase, implementation of such strategies was associated with many challenges. While the EU policy instruments indeed supported and enabled many cities to advance bottom-up, integrated, and sustainable development approaches, it remained somewhat unclear how declining communities should have benefited from them (Schlappa, 2015). In Germany alone, twelve cities – including Leipzig – participated in each of the two URBAN programs, and their experience revealed that for the local municipalities with tight budgets in greater need of external resources, accessing the funds was not always an easy task. First, they required a sound institutional and organizational basis to get engaged in the complex tasks of lobbying and negotiation, besides project formulation and implementation (Swyngedouw, Moulaert, & Arantxa, 2002). Second, participation would often get conditioned by co-financing (Haase et al., 2013). This finally illustrated the major contradiction of the EU cohesion policy set around the growth paradigm, and the real conditions for development that often resulted from exclusion of the most affected communities. Lack of skills, access to centres of power, or simply financial resources thus made reliance either on alternative solutions or on national policy frameworks more realistic, as was the case in the particular German context.

2.4. Urban decline and integrative response in East Germany

After the reunification in the year 1990, industrial production in the cities of the former GDR went down to a third of its original level, while their economic performance has remained persistently low, accompanied by significant decreases in population. In contrast to the significant shrinkage occurring in the Eastern states, the most economically prosperous centres, like Cologne, Munich, or Hamburg, have shown a continuously growing trend since 1991 (EU, 2016; Harms, 2009). They performed as magnets for new investments and inward migration, however, at the expense of less economically developed medium-order centres, most of which were located in the former GDR (Domhardt & Troeger-Weiß, 2009).

As forerunners of massive demographic and economic decline, East German cities have been under the researchers' focus, and still represent a highly current topic in urban studies. The process of their decline since the 1990s has been characterized as a multi-dimensional demographic eclipse, associated with physical and structural processes (Gatzweiler, 2012) and causing the so-called urban perforation pattern (Daldrup, 2003; Schetke & Haase, 2008). Many researches agreed that there were three main causes for slow-burn shrinkage of cities occurring in the context of reunified Germany (Domhardt & Troeger-Weiß, 2009; Großmann et al., 2013; Kühn & Liebmann, 2012; Oswalt, 2006; Schetke & Haase, 2008). First, deindustrialisation and underuse of industrial infrastructure caused a decrease in the number of jobs that triggered the downward spiral scenario, especially affecting mono-structural industrial cities. Second, suburbanisation and urban sprawl had a significant impact as well, occurring either from the core city towards more peripheral locations of the city region, or from smaller and structurally weaker towns to economically powerful urban agglomerations. Lastly, the shrinkage also resulted from natural demographic changes, with mortality levels exceeding both fertility and immigration rates.

Stabilisation of the rapid population loss in the former GDR required simultaneous management of its growing economic, infrastructure, and social problems. Management of the perforating urban fabric was particularly challenging, due to the loss of population that caused extreme difficulties for the maintenance of urban infrastructure, in some cases even resulting in their abandonment. Deteriorating urban infrastructure further reflected on the quality of local living conditions, which contributed to massive outmigration. Equally important was the

situation in which the declining number of urban populations meant not only low economic performance and consequently bad taxing opportunities, but also increasing needs for social services – all of which had direct effects on available public budgets. With lowered revenues and limited resources, local government became even more powerless to cope with the rising difficulties. As a result, development directions of East German cities largely depended on a particular set of local circumstances that required an individual approach in the formulation of proper responses. Small towns in vicinities of economically prosperous agglomerations could thus profit from the effects of suburbanization, but peripheral towns in structurally weaker rural regions faced serious consequences of demographic change. For such communities, there were no alternatives for economic (re)development, but to rely on external funding opportunities as the very last solution to cope with decline.

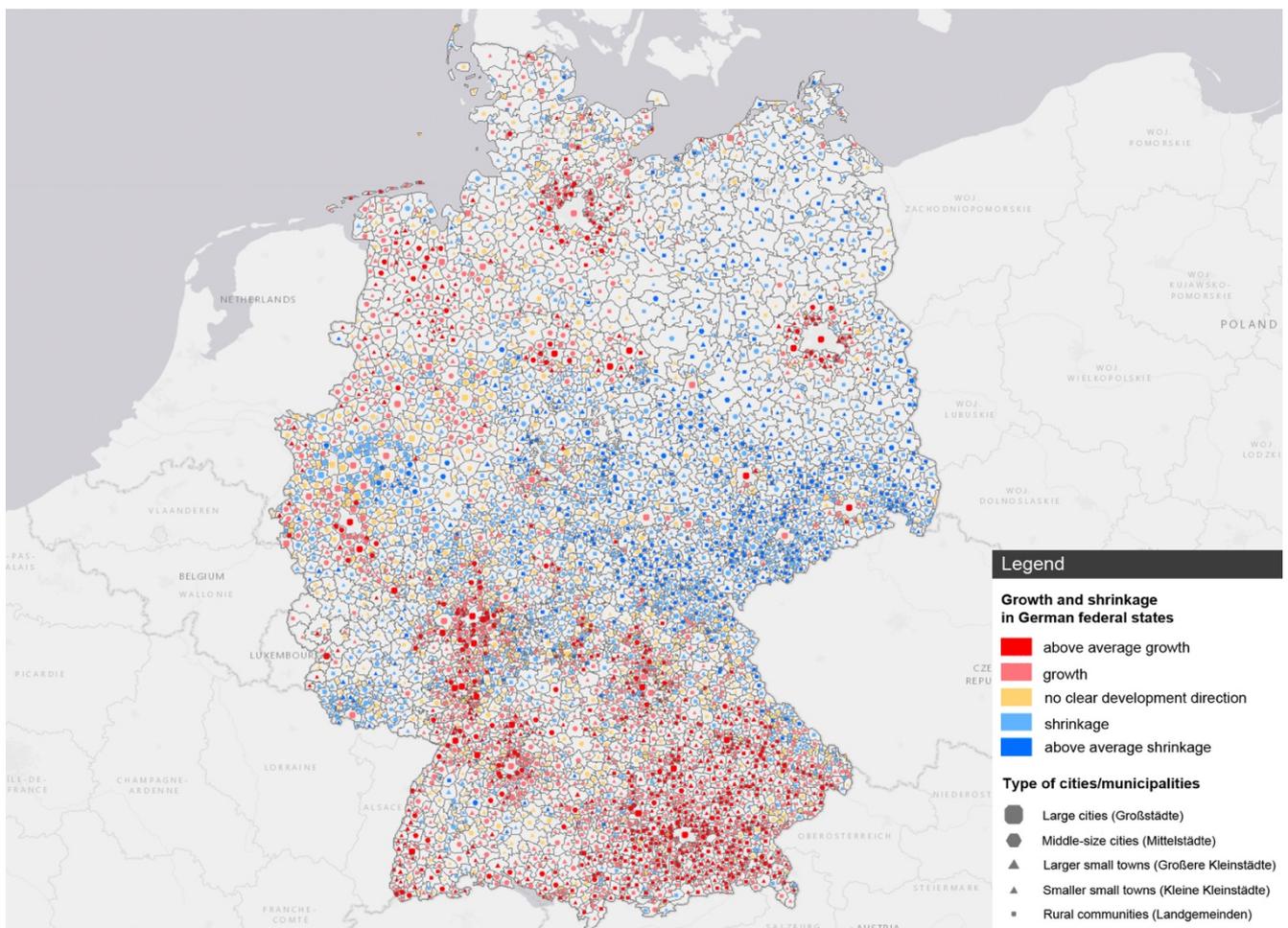


Figure 2.2. Growth and shrinkage in German federal states.

Notes: According to the database for comparative analysis of cities “Urban Audit”, out of 125 German cities—102 from the western part and 23 from the eastern part of the country—a total of 58 experienced population loss during the monitoring period between 2006 and 2015, 14 of which from the former GDR (EU, 2016). Although since 2012 some shrinking cities in Germany experienced slight increases in population, 23 of them were on a continuous drop – 8 in the eastern part, 8 in the former industrial Ruhr region, 9 and 7 in other parts of the West Germany.¹⁰ Source: BBSR [Federal Office for Building and Regional Planning], 2014. Retrieved February 22, 2017, from <https://gis.uba.de/maps/resources/apps/bbsr/index.html?lang=de>).

⁸ Frankfurt an der Oder, Brandenburg, Neubrandenburg, Gorlitz, Dessau, Gera, Cottbus and Zwickau.

⁹ Moers, Bochum, Iserlohn, Duisburg, Oberhausen, Recklinghausen, Bottrop and Witten.

¹⁰ Mulheim, Saarbrücken, Esslingen and Neckar, Wilhelmshaven, Celle, Schweinfurt and Hildesheim.

2.4.1. Strategic responses to urban decline in Germany

Although local municipalities all over East Germany have previously undertaken most of the well-known strategies to oppose the deterioration trend (Eisinger, 1989), these interventions showed rather limited effects. First, rising local taxes to offset growing expenditures was considered legal in Germany only up to limited and often minor amounts. Second, downsizing public services became difficult as it contradicted municipal legal responsibilities at a certain point. Finally, vigorous engagement in economic development activities had a highly uncertain outcome and often produced additional costs without providing the required results (Bernt, 2009). In addition to these basic ways of reducing dependence on the local tax base, local governments in East Germany also aimed at shifting responsibilities towards the upper levels of government. This was technically possible because the German Federal government took concrete measures regarding the problem of extreme population loss and urban decline – contrary to the U.K. and U.S., where the state traditionally played a less important role in urban planning. However, mobilization of taxing power of the federal state through a system of intergovernmental grants was not a guarantee for success. Federal allocations did not provide a total compensation for economic and population losses because fiscal equalizations were calculated on the basis of population figures (Bernt, 2009). For municipalities that have lost population, this meant loss of resources as well. Alternative solutions were necessary, however, they also needed to take into consideration that in both cases of reliance on either national or supranational levels, there was a risk of obtaining a form of dependency, in which cities could become driven by political and planning directives negotiated elsewhere (Bernt, 2009; Großmann, Beauregard, Dewar, & Haase, 2012). In order to avoid as many unfortunate governance scenarios as possible, the access to German federal funds was strategically conditioned. Drawing the parallel with the integrating framework for collaborative governance as defined by Emerson et al. (2012, p. 6), the national policy in Germany provided a “system context” based on subsidy programs, aiming to motivate affected communities to set a collaborative governance regime at the local level. Collaborative dynamics established through local efforts therefore became of crucial importance for reaching the objectives of the federal policy to make a desired impact.

The integrated approach to urban regeneration in Germany advocated for inclusion of a variety of important development aspects – such as social, economic, and ecological – through several programs. Initiated in 1999, the “Social City” program (Soziale Stadt) was the first major step to tackle both physical and social rehabilitation at the same time. The government aimed to support municipalities caught up in long-term decline through provision of important investments, prioritizing neither competitiveness nor growth any longer (BMUB, 2014). Instead, it was based on the principle of enhancing the capacity of local actors to deal with the immediate socio-economic and environmental problems resulting from decline. This complex task required an integrated approach that enforced close collaboration at different levels between various departments and administrative levels.¹¹ Until the end of the program in 2011, there were 715 interventions to resist social and spatial marginalization in 418 cities and municipalities (BMUB, 2013).

¹¹ On the national level, the collaboration was established between several ministries: the Ministry of Transport, Construction and Housing, the Ministry of Economy and the Ministry of Social Affairs (Vranken, 2007). Responsible for the program implementation was the Federal Ministry of Housing, which also worked in close cooperation with departments at the level of federal states in charge of housing, economy, and social affairs.

Shortly after the launch of the "Social City" program, a broader political answer to demographic shrinkage appeared in the form of the seven-years action program, "Urban Restructuring East" (Stadtumbau Ost, 2001–2009). As a successor of the former traditional renewal initiatives, the program was jointly directed by the Federal Ministry of Transport, Building, and Urban Affairs along with six East German Federal States; it had a significant budget and offered quite comfortable funding conditions. Led by the idea of housing market consolidation, the Stadtumbau Ost program aimed at establishing a more optimal balance between housing demand and housing supply. However, the strategy had much broader focus spanning from upgrading old buildings, over valuable quarters, finally to the whole inner-city areas. Its main objectives were to contribute to future viability of municipalities, stabilize structural deterioration and social erosion of the affected districts, preserve buildings in the urban centres, and, finally, improve attractiveness of East German municipalities from both residential and economic perspectives.¹² Participation in the program would ensure provision of subsidies for a variety of urban development projects, which made it highly attractive for many municipalities to participate, including Leipzig and Dresden. Until 2014, the program secured 1.48 billion euros through the Federal Government to support urban development measures in 483 municipalities from the eastern parts of the Federation (BMUB, 2013). In ten years of the program, approximately 300,000 empty dwellings were destroyed (BMVBS, 2012; Bernt, 2009).

Considering the most important results of the Stadtumbau Ost program, the major shift of German policies was surely the most outstanding one. With advancements of the strategy, political and planning agendas set their aims at achieving necessary adjustments to real conditions, rather than unrealistic growth. Its equally important feature was that it supported collaboration between municipalities, citizens, and housing companies, which, as a result, intensified efforts towards partnership building in most of the participating municipalities. Formation of public-private partnerships was secured through strategic requirements, such as for comprehensive urban development plans (integrierte Stadtentwicklungspläne) that were supposed to be developed in collaboration between local authorities and housing enterprises, as the prerequisite for acquiring funds (BMVBS, 2012). The plans addressed the problems of vacancies and abandonment through involvement of both local administrators and local property owners to evaluate present conditions and define future development steps. This approach was supposed to enable communities to determine their policy guides according to their own priorities, which was basically a political decision in each individual case. In contrast to a well-established system context, the national policy framework still demonstrated results with varied success in practice.

In the focus of the following section are the specific cases of Leipzig and Dresden, along with their contextualization in the broader context of the former GDR, to demonstrate the major opportunities of collaborative the governance framework and its implementation challenges in dealing with urban decline.

2.4.2. Leipzig and Dresden in the context of strategic responses to decline

As the biggest cities in the former GDR after the capital Berlin, the case of "shrinking" Dresden and Leipzig showed that struggle with urban decline was not only a matter of small

¹² Concerning the fact that shrinking was not only affecting eastern states, only a few years after the *Stadtumbau Ost* another program was launched. "Urban Restructuring West" (*Stadtumbau West*, 2004-2015) was addressing cities and municipalities in the Western part of the country that faced economic and demographic changes. The program supported 496 municipalities. Until the end of 2015, around 846 million euros of federal financial assistance was spent for different urban measures. Common for both programs was the integrated urban development approach, as a prerequisite for successful urban redevelopment initiative (BMUB, 2015).

and marginalized communities. Following the common scenario of rapid economic decline, Dresden was facing industrial regression and high unemployment rates that initiated significant outmigration. Coupled with decreasing birth rates, the number of its inhabitants decreased by 60,000 people in a single decade from 1989 to 1999 (Wiechmann, 2007). Also, Leipzig was for a long time one of the symbols of urban decline, both in post-war and post-reunification Germany. After the unemployment rate reached 20% in the mid-1990s, the city was already facing rapid population decline, growing house vacancies, and underused urban infrastructure. During the early post-unification years, the federal government at first stimulated urban regeneration through new construction in both of these cities.¹³ However, driven by the growth-oriented national investment incentives, dynamic construction only further contributed to the problem of housing and office vacancies, as well as to the advancements of suburbanization. Until the turn of the millennia, urban policies in both of the cities were not adapted to the new circumstances. Dramatically rising housing vacancies initiated intensive lobbying by the large housing companies, which finally made the problem get the public attention (Bernt et al., 2014).

Applying the concept of integrated framework for collaborative governance developed by Emerson et al. (2012), a general system context to oppose the extreme population loss and urban decline set at the federal level involved the cross-boundary dimension of collaborative governance regime, established between federal state governments, local governments, civil society, the community, and the private sector. In such a system set around a common goal to reach economic redevelopment, the local governments in both of the cities in focus played the driving role in setting the framework' regime, clearly demonstrating a number of relevant advancements. This long journey started after the federal funding program Stadtumbau Ost was introduced in 2001.

Considering the case of Dresden, the launch of federal initiatives finally encouraged its local government to establish the Integrated City Development Concept (Integriertes Stadtentwicklungskonzept INSEK) that necessarily required the involvement of collaborative action in the decision-making process. The newly designed strategic plan, developed in close cooperation with thousands of involved citizens, was no longer growth oriented, but instead envisioned a compact European city with a stable population, reduced land consumption, and an attractive urban centre (Wiechmann, 2007). The prognoses were thus generally based on the premises of a stable population development, enabling nearly 6,000 housing units to get pulled down and reused as green spaces or potential sites for single-family housing. The simultaneous quest for finding alternative development directions largely followed the principle of cross-boundary governance with profound support by the government of the state of Saxony. This implied a major turn towards the legacy and potential of university education and research, which represented a solid basis for growth of high-tech regional clusters of innovative enterprises under market economic conditions (Röhl, 2000). It also enabled the constitution of the necessary "innovative milieu," linked to socioeconomic conditions and a culture of joint cooperative learning at the regional level.

Sternberg's (1995) perspective on the concept of innovative milieu implies that it could be developed "through labour mobility, input-output-relations and face-to-face contacts, which are encouraged by spatial proximity" (p. 199). Besides the utilization of local resources and synergies between local actors, this concept also highly relies on necessary external networks and collective learning, enabling a sustained process of innovation (Camagni, 1995). However, the establishment of the innovative milieu in Dresden became successful as it comprised not

¹³ In the period between 1991 and 2012, 182.2 million euros was invested in the Leipzig redevelopment areas from the Federal program of Urban Renewal ([Stadt Leipzig, 2017](#)).

only high technology, but also all sectors of the economy. Because of the strategic shift towards smart technologies, its reliance on close cooperation with officials of the state and district, and creation of an innovative milieu, the local government in Dresden has managed to attract a large number of subsidies for co-financing new industrial establishments as well as new investments. In spite of serious population losses in the surrounding regions, the region of Dresden regained growth since the 1990s, becoming one of the first in East Germany to initiate a self-enforcing path of economic development. In spite of remarkable success, such a sudden shift also implied necessary revisions of the previously defined long-term urban planning objectives that largely surpassed the concept of a compact European city with a stable population.

In contrast to this example, the local government in Leipzig never officially declared a policy that would acknowledge shrinkage. Instead, a growth-oriented strategy was followed from the very beginning, with the clear aim to attract large investors in industrial and service sectors (Rink, Couch, Haase, Krzysztofik, & Nadolu, 2014). Although an alternative plan was developed, it only briefly addressed management of a way too pessimistic scenario of decline.

Economic and urban recovery of Leipzig commenced after determined city leadership brought together a number of local stakeholders to produce strategies that emphasized urban renewal, economic development, social integration, and environmental reclamation. This strategic approach was supposed to attract vital funds from the German federal government and the EU. Both demolitions of excessive buildings and urban restructuring were carried out through the integrated strategy (Stadtentwicklungsplan; German abbreviation STEP), enacted in the year 2000 (Stadt Leipzig, 2000). The plan was drafted during a comprehensive, interdisciplinary procedure of the so-called “inter-departmental integrated management handling” (Stadt Leipzig, 2009, p. 67) that required two years of participatory efforts of local stakeholders, experts, and public input. Besides concrete steps towards consolidation of the housing market through demolition and refurbishment, the main objectives of the plan have also considered renovation and rehabilitation of the main qualities of the city centre, establishment of a new hierarchy of the urban centre, as well as an increase of competitiveness of the selected key areas. The plan also laid out large green areas at the site of urban perforations, supported temporary use of private green spaces, and promoted integrated neighbourhood development strategies, while the local government subsidized the acquisition of owner-occupied flats in listed historic buildings. Besides, due to large public subsidies, the local government in Leipzig managed to attract investments from a range of international players and important urban mega events, which finally triggered significant population and economic increases. After quite satisfactory results, the forthcoming edition of the plan from 2009 foresaw neither demolition measures, nor addressed shrinkage any longer.

Considering the major outcomes, the initiatives in Dresden and Leipzig could be considered as generally successful in coping with the problem of decline in East Germany. However, there were also some less favourable outcomes to be determined. The most evident was the lack of an appropriate forward-looking approach to manage the forthcoming sudden regrowth (Čamprag, 2018). The deficiency of comprehensive and long-term considerations of possible scenarios resulted in a significant shortage in schools and kindergartens, necessary adaptations of transport infrastructure, or inefficient wastewater disposal to satisfy the growing needs. Furthermore, restructuring of the social makeup along with the ongoing physical fragmentation of the urban fabric also triggered the sudden rise of the demand for affordable housing, which came, ironically, after years of demolishing excessive housing stock (MDR Sachsen, 2017).

The issue of rising demand for housing was particularly emphasized in Leipzig. The city officials thus advocated for strategic cooperation with all the actors with potential interest, from self-organized groups to powerful entrepreneurs. The responsibilities for successful management of this issue were divided between many stakeholders, including the city-owned housing construction company LWB (Wohnungsbaugesellschaft LWB), several housing cooperatives, as well as the network for housing projects "Netzwerk Leipziger Freiheit," founded by the city of Leipzig to strengthen the integrative approach towards finding solutions (Sauerwein, 2017). Within the frame of this specific network of various construction groups, the stakeholders with common interests were given the freedom to determine their own interventions, including the particular decisions about whether to construct new buildings or renovate existing ones. In spite of such an innovative and inclusive approach to the issue, the provision of affordable housing remained highly dependent on market rules. This raised the question whether the newly adopted role of the city administration in consulting and coordination services could be considered effective in achieving desired results while navigating potential pitfalls. However, conversely, the freedom in decision-making that the construction groups gained also raised questions regarding selective historic preservation, and all the potential consequences that the phenomenon could have, namely increasing urban fragmentation resulting from upgrading and renewal running next to dilapidation and vacancies.

The smart and well-intended strategic approach coming from the federal level to deal with urban decline in other cities of the former GDR equally demonstrated some vulnerabilities, with many difficulties associated with its implementation. First, their outcomes largely failed to address a great diversity of implications of the declining phenomenon. Considering that derelict housing had extraordinary visibility in cities, the strategic frameworks were commonly based on demolition of excessive housing stock and intentions to improve open spaces and recreational areas that would allow cities to recover and attract new population and investments (Martinez-Fernandez et al., 2012; Oswalt, 2006). The resources were almost exclusively granted in relation to managing housing stock, while other aims had less relevance. More than 270 municipalities thus adapted their planning schemes to meet these criteria (Bernt, 2009). Demolition of vacant buildings thus largely became the prime urban development goal, often failing to address the specific local constellation of problems, but rather aiming at the provision of necessary federal funds. Second, the task of demolition and upgrading on the local level itself proved to be extremely difficult to achieve in cases of big numbers of owners involved. The problem of lack of ownerships in un-renovated multi-storey buildings in the inner-city areas was equally problematic, as well as situations in which owners refused to sell their property for a low price out of speculative reasons. Third, these initiatives were also highly costly, and some cities remained unable to apply for federal funds, as they couldn't afford to co-finance the upgrading measures. The final result of the federal strategic frameworks to deal with urban decline in different communities of East Germany could therefore be primarily characterized by the one-sided focus and extreme variations of their success rates. These features represent a solid ground for the following evaluation of the overall performance of collaborative governance in Germany.

2.5. Collaborative efforts as strategic response: from path dependency to new development perspectives

Many authors argued that collaborative action in the form of partnerships between public, private, and civic sectors could be a reasonable instrument in urban development and

revitalisation strategies. While demonstrating significant potential for finding innovative and inclusive approaches, such collaborations in the former GDR also demonstrated vulnerability and some undesired effects in practice. First, partnerships between the public and private sector generally showed that they were particularly unstable and short lasting. On the one hand, they would adopt a rather artificial character, which made the special scope of partnerships often get fragmented towards far-reaching reductions in planning options (Bernt, 2009). On the other hand, instead of anticipated collaborative efforts to define a common strategic framework for action, an agreement between many stakeholders on policy priorities was extremely difficult to reach, even including the decision which neighbourhoods should be preserved (Glock & Häußermann, 2004). Second, collaboration and proper development of integrated plans was a matter of resources, both financial as well as in competent staff. Many municipalities had difficulties properly designing plans on their own, as they were either poor or understaffed. It often resulted with other, more powerful actors taking over support of the process, which was critical as they often had particular interests in the plans realization (Bernt et al., 2014; Glock & Häußermann, 2004). Finally, as the general shift from government to governance imposed various dilemmas for success of participatory planning in general, it also got reflected in the context of East German cities. These were, according to Feuerbach (2010), heavy dependency of the local initiatives on external findings, community organizations having limited influence that depended on their institutionalization, and demographic and socioeconomic homogenization of the affected neighbourhoods that made empowering the local residents rather difficult. All these general outcomes largely opposed one of the major prerequisites for establishing successful collaborative action in clearly defined, shared goals and operating rationale for taking action, as suggested by Emerson et al. (2012, p. 17).

There are several particular reasons for many communities in East Germany to face difficulties with institutional change towards the creation of new development paths that need to be highlighted. The most remarkable example is in the phenomenon that Liebmann and Kuder named “institutional path dependency” (Liebmann & Kuder, 2012). Such communities suffered from a general lack of strategies that could initiate alternative approaches to regeneration, and thus help overcome problems associated with historically grounded directives. A large number of cities even avoided setting up new development paths as long as possible. The reasons for this should not only be found in a long tradition of unquestioned singular development orientation, but also in the high costs of path change, additional investments necessary to establish conditions for a new start, as well as in the persistence of industrial mentality among old industrial elite and workers (Kühn, 2008; Liebmann & Kuder, 2012). Although many strategies turned out to be unsuccessful due to the strong local egoism (Domhardt & Troeger-Weiß, 2009) and deeply rooted path dependencies (Liebmann & Kuder, 2012), the equally important reason was that local partnerships for urban regeneration in German cities were generally carried out with a lack of tradition and experience in the field (Frießecke, 2007). Comprehensive and hardly predictable effects associated with the phenomenon were another significant challenge for successful implementation of advanced collaborative strategies to oppose urban decline.

Strategic approaches adopted in Dresden and Leipzig showed urban development patterns characterized by legitimation through the political system and a rather consequent imposition of integrated development concepts. Although system context was the same, collaboration dynamics set by the local governments was actually not based on the same regimes. In both of the cases, the regimes were set by the integrated urban development strategies, showing plenty of diversities – from the approaches to urban decline, to the adopted theories of action, to the share of stakeholders. Nevertheless, both were subordinated to changes

and updates depending on the nature and level of impacts resulting from their joint actions, which, according to a proposition by Emerson et al. (2012, p. 19), leads towards a more sustainability over time. The case of Dresden particularly supports this claim, demonstrating that in the face of a greater uncertainty of future developments, flexibility of a strategy is even more important than its consistence. This further builds up on the argument of Emerson et al. (2012, p. 5) regarding the driver of uncertainty and its importance in setting up direction for collaborative governance regimes, as well as of interdependence through cross-boundary cooperation that in Dresden included both federal and state support, as well as the adopted strategy having regional resonance. On the other hand, Leipzig, on its way to regrowth, demonstrated the importance of the strategic vision and initial determination of the local government, but also reminded one of the necessities of long-term planning objectives for managed regrowth. This case particularly emphasized the importance of leadership as the essential driver for collaborative governance (Emerson et al., 2012, p. 5), since the local government in Leipzig never officially abandoned the growth-oriented objectives.

Although many achievements in Dresden and Leipzig resulted from collaborative governance efforts, their success also heavily depended on generally favourable circumstances that also involved a high potential for reliance on development alternatives. This could explain relatively quickly achieved regrowth, although a coherent urban development strategy that would comprehensively address the problem has never been fully achieved in both of the cities. Lobbying of the most powerful actors gathered around real-estate business and banking interests made the issue of shrinkage get tackled primarily as a housing problem, while other issues were less privileged and addressed with slower progress. This largely contradicts the propositions suggested by Emerson et al. (2012), particularly the ones recommending shared motivation to sustain principle engagement; stressing the importance of collaborative identification of shared theories of action; and relating targeted outcomes with shared theory of action. Besides from some success, local governance in both of the cities thus also demonstrated challenges in defining and managing shared goals and stakeholders' participation to foster the ideal of collaborative approach in its full capacity. This provides evidence that although collaborative governance could be considered as an important tool to strategically combat urban decline, it is far from being a panacea for its many implications.

After nearly two decades since the first federal initiatives to oppose the shrinking trend in the former GDR have appeared, prosperous West German cities like Munich, Frankfurt, or Hamburg are still far ahead of the national average. However, compared to other East German cities, Leipzig and Dresden demonstrated significant progress (Bontje, 2004; Liebmann & Kuder, 2012; Wiechmann, 2007). Also, cities like Potsdam, Jena, or Erfurt, with more or less success, found their ways out of the post-socialist and post-industrial pasts, in which collaborative development strategies based on either historic or alternative potentials, such as culture or research, had a significant role. Many other East German communities still have difficulties with institutional change towards the creation of new development paths, which illustrates high polarization in Germany remaining a bitter reality. It resulted from a variety of local conditions, as well as the fact that economic performance of a large number of cities in East Germany has been based on singular orientation. In times of crisis and economic difficulties, such firm dependencies on former development paths often got under a heavy influence of powerful and conservative local actors. Unevenly distributed across participants, the power thus "can enable or disable subsequent agreements or collective courses of action" (Emerson et al., 2012, p. 11). Strong commercial-industrial development paths additionally restricted both mobilisation and performance of innovative collaborative efforts. Especially vulnerable were peripheral locations, which have been under continuous and significant shrinkage, mostly due to either loss of

significance as administrative or service centre, or simply as less attractive residential places. In such cases, communities failed adequately or on time collaboratively to formulate replies to deindustrialization processes on the local level – neither through innovative growth-oriented strategies, nor through the ones to manage shrinkage. Continuous loss of population and prosperity, along with a generally low alternative potential for development, classified cities like Gera, Magdeburg, Cottbus, or Hoyerswerda in the "loser cities" category, where decline even turned into a permanent state (Bertelsmann Stiftung, 2006; Glock & Häußermann, 2004; Kühn & Liebmann, 2012). Referring to Emerson et al. (2012), these communities failed to "generate a new capacity for joint action that did not exist before and sustain or grow that capacity for the duration of the shared purpose" (p. 14). This finally provides evidence that the form of collaborative governance adopted in Germany to address the phenomenon of decline strongly depended on both capabilities and resources of affected localities.

2.6. Conclusion and final remarks

Shortly after the launch of the Soziale Stadt program, the new federal states in reunified Germany responded with the collaborative establishment of urban restructuring policies that aimed at revitalizing city centres and dealing with deconstructions and conversions in large housing areas. The strategies that followed, such as Stadtumbau Ost, further promoted the integrated citywide urban development approach, which became a precondition for funding the demolition of abandoned or unused buildings. Nevertheless, even such elaborated strategic policies were not able to change patterns of uneven development and disadvantage in each and every case, especially among smaller cities and communities losing the race for regional competitive advantage (Haase, Rink, & Grossmann, 2016; Pallagst et al., 2011; Schlappa, 2016). It turned out that public-private partnerships established under such conditions were severely complicated endeavors, and that local politics remained more dependent on national government resources than on private investments (Bernt, 2009). Glock and Häußermann (2004), in their analysis of policy implementation at the local level, even questioned the overall legitimacy of public interventions, due to implementation of demolitions at the expense of upgrading measures, as well as with their focus being far too narrowly set on housing market issues.

Following the common points of criticism of the initiatives in Germany in the academic literature so far, this study demonstrated that, first, managing urban decline is generally not an easy mission, neither on national nor on local governance levels. It often required unpopular reformulations of growth-oriented policies to ones that acknowledge decline, and a disparity that called for regional thinking but required responses embedded in particular localities. Furthermore, demands for the redefinition of perspectives to urban decline implied the development of innovative, flexible, and integrative solutions, but also finding more suitable and sustainable ways of their implementation at the local level. Second, the major governmental programs based on collaborative efforts in Germany have demonstrated similar challenges in praxis. Besides exclusively growth-oriented strategies that required reformulation, they mostly regarded the slowly changing negative connotation of shrinkage in urban development contexts, a number of small and economically weak communities in need of extensive support, and difficulties with predicting future population dynamics. Third, many problems in praxis of this well-intended and somewhat idealistic approach were usually in proportion to the number of involved interests and actors having varying degrees of power. The tradition of singular development orientation, along with a general lack of experience for proper set of collaborative frameworks to deal with the complexity of urban decline, often reflected on the capacities of

local governments' adaptability to rapidly developing conditions. Finally, the success rate of collaborative, cross-boundary governance established in the cities of the former GDR strongly depended on both capabilities and resources of affected localities. Although the strategic frameworks have set common requirements for accessing the national government resources, they have generally failed to address significant disparities in development alternatives among the affected communities.

The outcomes of this study provide some important perspectives for other cities and regions facing similar challenges to reach economic redevelopment. The strategic frameworks based on collaborative action and cross-boundary cooperation in declining communities confirmed that the major challenge for ensuring successful implementation generally rests upon finding mechanisms to reconcile significant local disparities in the system context. Equally important is to balance power relations in the process of setting up shared goals and operating rationale for taking action. Finally, efficient and sustainable collaborative governance should also necessarily aim at reaching beyond its required prerequisite of reaching stakeholders' consensus. Such farsighted objectives should also consider anticipation of outcomes or some future trends on which successful implementation of development strategies may depend, even in cases when carrying out a public purpose would involve presently less desired or seemingly contradictory interventions.

CHAPTER 3

The trap within anticipated regrowth—two sides of strategic response to urban decline in Leipzig

Abstract

Although a considerable body of literature on shrinking cities has been produced in the recent years, a majority of it is focused on experiences from rapidly declining industrial regions from the Global North. Nonetheless, these cases still hold a significant potential for investigations into a range of manifestations of urban decline and could also serve as an important indicator for evaluating effectiveness of urban governance models. Thus, the research presented in this paper focuses on the well-known case of Leipzig, which has been represented as a prime example of urban decline in Europe for decades. Through analysis of secondary literature sources, various urban redevelopment frameworks, and media coverage, this study provides two major insights on strategic response to decline in Leipzig. First, many opportunities that national and international subsidy programmes offered, alongside with entrepreneurial urban governance indeed managed to provide a locally adapted strategic framework that corroborated with the anticipated return towards the trajectory of urban growth. Second, although the major growth objectives were finally achieved, the example of strategic planning in Leipzig also showed a general lack of preparedness in local governance with regards to considering and dealing with a broader spectrum of challenges that often occur alongside rapid urban regrowth.

Keywords: shrinking cities; urban governance; strategic response; regrowth; Leipzig.

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3.1. Introduction

The former era of progressive industrial growth that conveniently enabled a long-term reliance on one-dimensional development orientation could be considered as one of the main reasons why the most visible effects of urban decline that followed could be found among the former industrial centres of the Global North. In addition, industrial path dependency in this case also showed to be the major impediment for finding effective and timely adaptations to the set of new conditions in the post-industrial society (Bontje, 2004; Häußermann & Siebel, 1988; Liebmann & Kuder, 2012). Besides a significant body of literature that have dealt with the phenomenon of urban decline in this context, many scholars recently started to celebrate and promote dynamism, innovation and collaboration in finding ways out of urban decline (Katz & Bradley, 2013; Tabb, 2015). Particularly notable was an emerging discourse on redefining the

crisis as “(...) a ‘laboratory’ for urban governance models” (Oosterlynck & González, 2013: 1076), in which even embracing some aspects of ‘degrowth’ in the short-term was considered as a potential solution for reaching prosperity in the long-run (Schindler, 2016). Recent debates on urban decline have indeed provided significant knowledge on the phenomenon that in return initiated some alternative ways and new perspectives towards formulation of proper responses. Nevertheless, urban decline remained highly subordinated to a range of local particularities that required finding original solutions for each individual case.

Taking the outstanding example of Germany in consideration, the unique combination of socio-political and economic circumstances after the reunification initiated massive outmigration to more prosperous western federal states. As one of the biggest declining cities of the former German Democratic Republic (GDR), Leipzig has been a synonym for urban shrinkage in Europe. Dealing with the problem of urban decline in this particular case necessarily required an adequate strategic framework for redefining the city’s long industrial tradition, in order to respond accordingly to the set of new conditions. Development trajectory of the appropriate strategic solutions commenced with a short-term management of the decline process, followed by determination of realistic possibilities in order to provide innovative and effective solutions for progressive urban politics in the long run.

In this study, the phenomenon of urban shrinkage in development politics of Leipzig was theorized, along with an analysis of diverse strategic responses for gaining regrowth that structured the interaction between the state, private sector and civil society. The study examined dependency of urban development policies on industrial and commercial paths of development that in most of East German cities created “the context for a relatively slow reaction to the economic and social conditions of decline” (Liebmann & Kuder, 2012: 1169-1170). The argumentation ‘not to waste a crisis’, but rather to perceive it as a ‘laboratory’ for urban governance models, as Oosterlynck and González suggested (2013), was also considered. Besides evaluation of the approaches mobilized in the selected case of regaining urban growth, the main objectives of the study include identification of implementation challenges, as well as pointing out to possible consequences and development perspectives in the long-term.

After a theoretical background on the shift from growth paradigm towards decline as a source of innovation for new urban governance models, the first section of the paper discusses the phenomenon of urban shrinkage in the context of European post-industrial cities. The second section introduces the case study and provides an overview of the particularities of shrinkage and strategic responses in this context. The following one offers insights gained through the case study for wider debates on strategic approaches for establishing effective urban governance models. The paper concludes with an assessment of the case study in the light of effective strategic responses to urban shrinkage in urban development politics.

3.2. Urban decline in discourse: from growth paradigm to urban governance laboratory

The currently expanding global economy and rapid population increase implied the assumption of cities following growth patterns; however, in most of the countries only a limited number of cities actually grow. The upward trajectory in some cities mostly occurred at the expense of a majority of others that have either experienced descending trends or have already started to ‘shrink’. According to Martinez-Fernandez and Wu, the two opposite phenomena are connected with indissoluble links, thus they cannot be fully acknowledged if considered in separate contexts, for “growth and shrinkage are two faces of the same coin of urban change” (Martinez-Fernandez & Wu, 2009: 29). Apart from the well-known major causes of urban decline, such as de-industrialisation, suburbanisation and demographic changes (Fritsche et al.,

2007), Reckien and Martinez Fernandez (2011) also noticed that all of such cities shared the common ‘shrinkage identity’, referring to “(...) population loss, employment decline or/and protracted economic downturn” (Reckien & Martinez-Fernandez, 2011).

Besides from relatively recent acknowledgement as a global, multidimensional phenomenon, urban decline has since the turn of the millennia also been recognized as a long-term, structural component of urban development (Martinez-Fernandez et al., 2012). The reasons why the phenomenon of urban shrinkage failed to catch more of international attention earlier should primarily be found in the dominant paradigm among planners and policy makers, which since the early industrialisation remained exclusively set on growth (Logan & Molotch, 1987; Martinez-Fernandez & Wu, 2009; Oswalt & Rieniets, 2006). Many potential elements in characterization and management of the shrinkage process still haven’t received satisfactory level of attention, such as social structural dependency or urban sprawl (Reckien & Martinez-Fernandez, 2011). Urban research faced the challenge to provide comprehensive explanations to a variety of manifestations and conditions of decline in greater depth, to investigate its trajectories, conflicting interests, as well as hardly predictable overall trends (Martinez-Fernandez et al., 2012; Steinführer et al., 2010). As an example, the case of the Rust Belt cities had shown that the link between decline and the lack of competition in labour and output markets resulted as a consequence of the behaviour of powerful labour unions and a small set of oligopolists who actively stifled competition (Alder et al., 2014). Furthermore, as the 2008 financial crisis had shown, urban neoliberalisation, as a constantly restructuring process, imposed a shift in urban governance and planning practice towards finding new potentials and alternatives for the so-called ‘smart decline’. Especially relevant for planning practice therefore became to understand such interplays as between institutional path dependency, developed during the times of prosperity and successes, and the necessity for innovative responses to crisis. Nevertheless, a lack of “(...) systematic empirical analysis of the crisis as a ‘laboratory’ for urban governance models” (Oosterlynck & González, 2013: 1076) remains evident in urban research. A general fixation on the objective to regain growth in urban strategic planning often prevents not only from recognizing potential opportunities that shrinking process could offer, but also from adopting strategic approach to long-term management of urban growth, once it was finally reached.

Another important issue related to the previous research on urban decline that deserves to be mentioned refers to a disbalance in representation of geographical cases. Characterized by the extreme downfall of its former industrial giants, the US American context so far had attracted the most of scholars’ attention. However, the main drivers of shrinkage in the US context, such as post-industrial transformation processes, followed by considerable deconcentration, decentralisation, and suburbanisation, had significantly less implications in the case of European cities, which were generally more affected by falling birth rates and complex post-socialist transition. Although many scholars characterized urban shrinkage in this case as ‘less drastic’ (Pallagst, 2009; Platt, 2004), significant disparities in restructuring forces, extents and spatial distributions of decline created some considerable distinctions among the shrinking cities in Europe. The specific constellation of deindustrialisation, post-socialist change, demographic ageing, and suburbanisation occurring in the former GDR resulted with a rather extreme case of demographic and economic decline. On the one hand, declining post-socialist German cities well surpassed implications of shrinkage occurring among the other European cities (Audirac, 2009; Oswalt, 2006), while on the other hand, they also provided necessary diversification of the scholarly knowledge on the phenomenon by shifting the focus away from the previously more elaborated US cases. Some among declining cities of the former GDR, like the city of Leipzig, even managed to achieve a remarkable turn away from rapidly declining

urban economy and dramatic loss of urban population, to serve today as an outstanding example of a regrowth gained through strategic efforts at the local level. The following section brings a more thorough analysis of this particular case.

3.3. Strategic responses in Leipzig – from federal framework to local initiative

The ways national and urban governments dealt with shrinkage in Leipzig—carefully adapting strategic efforts to meet the peculiarities at the local level to finally reach anticipated regrowth—have been considered as an undisputed example of effective urban governance. In order to highlight some of the outcomes of these efforts, which from today's perspective could even be considered as strategic shortcomings, the following section will now shed a more comprehensive insight into this particular case.

3.3.1. The context of decline in Leipzig

Due to mass deportations and loss of lives within the Jewish community during the Nazi era, in addition to rising out-migrations and low birth rates that followed afterwards, Leipzig's population in the immediate post-war period has significantly declined (Rink et al., 2012). Although the GDR regime advocated for continuation of the pre-war industrial traditions and downsized the city's hinterland, the overall lack of innovations and competitiveness along with the relocation of many national and international institutions to the western federal states finally led to a significant loss in the city's importance as a prominent national centre of industry, trade and traffic. In addition, similar to the trend in many other socialist cities of that time, the GDR regime neither prioritised the renovations of the inner-city areas nor the necessary investments in technical infrastructure. They rather advocated for the construction of new, large-scale prefabricated high-rise areas in the outskirts. Thus, ideology-inspired neglect of the pre-war neighbourhoods in the inner city has resulted in deteriorating housing stock that has further created challenges for the city's remarkably decreasing economic performance.

The scope of demographic and development issues grew further after the German reunification in the year 1990, as a consequence of significant structural disparities between the former GDR and its western counterpart. The complex transition to free market economy, in fact led to a total collapse of the economic structure in East German states. Moreover, the aggregated population loss in the eastern communities for the period between 1990 and 2002 rose to close 1.2 million, which couldn't be fully compensated despite high immigrations from abroad (Bernt, 2009). In Leipzig itself, around 85% of industrial jobs were lost within a span of few years (Rink et al., 2012), making unemployment one of the biggest problems in the city that surpassed even the East German average (Power & Herden, 2016). Just within a decade (1989-99) the city lost around 100,000 inhabitants (Florentin, 2010).



Figure 3.1. The consequences of urban shrinkage are still visible in Leipzig's perforated physical urban structure. Source: <https://www.bing.com/maps> © 2018 Microsoft

The consequences of the rapid population decline on the urban fabric in Leipzig became largely visible by the mid 1990s, including growing house vacancies and underused urban infrastructures (fig. 1). Through the stimulation of urban regeneration and new construction in the city, and driven by the growth-oriented national investment incentives, the German federal government involuntarily contributed to the problem of suburbanisation and emergence of the “perforated” urban landscape (Lütke Daldrup, 2003). As a result of generously promoted tax reliefs and direct government subsidies, the total housing stock rose by 10% in only a decade, along with already existing high vacancy rates in the prefabricated housing estates on the fringe of the GDR cities (Bernt, 2009; Glock & Häußermann, 2004). A general neglect of the inner city areas in the GDR times, in addition to high construction activity in the outskirts, caused nearly a third of historical multi-storey dwellings in inner-city neighbourhoods to become vacant and in urgent need for renovation (Glock & Häußermann, 2004). Consequently, Leipzig for a while was considered as a prominent example of long-term shrinkage, on which a number of studies were based (see Bernt, 2009; Bernt et al., 2014; Bontje, 2004; Florentin, 2010; Rink et al., 2012).

3.3.2. Strategic frameworks for overcoming the declining trend in Leipzig

In contrast to the UK or the US, where the state traditionally played less important role in urban planning, and despite of an existing inadequate national policy, since the early 2000s the German Federal government has actively dealt with the problem of extreme population loss and urban decline, in accordance with the specifics of its planning system. Considering the federal, state and local government levels, a decentralised model of spatial planning in Germany generally follows the guiding principles initially set on the federal level. This provides a legal basis for the federal states to actively engage in the planning process. Although the goals are developed at the local level, they comply with both federal and state planning specifications. Within this system, self-governing municipalities keep their financial and planning autonomy (Pahl-Weber & Henckel, 2008). The national policy to deal with shrinkage was therefore generally based on subsidised programmes, aiming to motivate affected communities to address the problem at the local levels. The adopted integrated approach to urban regeneration had its origins in the ‘Social City’ programme (*Soziale Stadt*), which advocated for inclusion of social, economic, ecological, and other important aspects of development, and was thus the first major

step to tackle physical and social rehabilitation simultaneously (BMUB, 2014). The following action programme ‘Urban Restructuring East’ (*Stadtumbau Ost*, 2001-2009) had a broader focus that spanned from upgrading old buildings and valuable quarters to whole inner-city areas, although its most important feature was initiating the cooperation between municipalities and housing companies. This was achieved through a strategy of obligatory comprehensive urban development plans (*Integrierte Stadtentwicklungspläne*) developed in collaboration between local authorities and housing enterprises, as the prerequisite for acquiring funds (BMVBS, 2012). These plans were further expected to offer an evaluation of present conditions, define future development steps, and address the problems of vacancies and abandonment. The approach was aimed at enabling communities to determine their policy guidelines according to their own priorities, which was a political decision in each individual case. Nevertheless, the general focus of these initiatives has largely been set on managing shrinkage and regaining growth, as the following analysis illustrates.

As many other East German cities after the reunification, Leipzig was in an unfavourable financial situation, which not only hindered investments in the city, but also caused its dependency on external subsidies. Urban regeneration and housing renewal of several affected urban neighbourhoods in Leipzig relied primarily on the extensive financial transfers from Western Germany and the national programme *Stadtumbau Ost* (Bontje, 2004), but also received aid from the EU, URBAN II and EFRE programmes (Schetke & Haase, 2008; Stadt Leipzig, 2012). Considering that the federal programs *Stadtumbau Ost* or *Soziale Stadt* were both based on a co-financing logistics, the whole subvention would disappear if a city couldn’t meet the requirements, which would finally indicate poor local governance. Nonetheless, economic and urban recovery of Leipzig had commenced in the second half of the 1990s, with a strong city leadership. The newly elected Mayor of Leipzig, Wolfgang Tiefensee brought together a number of local stakeholders to produce strategies that put an emphasis on urban renewal, economic development, social integration and environmental reclamation. This strategic approach was, in fact, supposed to attract vital funds from both the German federal government and the EU. Alongside the official urban strategic planning that relied on external sources, the local government initially supported a few creative alternative solutions (Power & Herden, 2016). The so-called ‘guardian houses’ principle (*Wächterhäuser*) involved a number of decaying buildings in strategic locations being offered free of rent to students or cultural associations; to save them from vandalism and further decay. Furthermore, some incentives were also provided to encourage occupants to make small-scale repairs, while groups of landlords were brought together to look after empty properties in their block. Thus, although the city started to gain a reputation as a model of urban shrinking management, these alternative solutions became highly constrained by a serious lack of financial resources. Until 2010, there were only thirteen *Wächterhäuser* established, which was rather an insignificant number in comparison to 45,000 vacant houses in the city at that time (Florentin, 2010).

The following feature of the initiatives undertaken in Leipzig considered the integrative method of shrinkage management at the local level taking into account possible opportunities of the situation to manage shrinkage towards gradual repositioning on the growth track. The local government enacted the first integrated strategy for managed shrinkage (*Stadtentwicklungsplan*; German abbreviation STEP) in the year 2000 (Stadt Leipzig, 2000). The main objectives of the plan have been developed around the declining reality of the city and have considered renovating and rehabilitating the main qualities of the city centre; establishment of a new hierarchy of the urban centres; increase in competitiveness of the selected key areas; as well as defining concrete steps towards consolidating the housing market through demolition and refurbishment. This plan also laid out large green areas at the site of

urban perforations (fig. 1), supported temporary use of private green spaces, and promoted integrated neighbourhood development strategies, while the local government subsidized the acquisition of owner-occupied flats in listed historic buildings.

Concrete measures of such early strategic approaches to managing shrinkage provided some significant results in a relatively short period of time. Around 60,000 people have moved or returned to the historic inner-city areas since 1998 (Stadt Leipzig, 2012), while demolition of abandoned buildings contributed in reducing vacancies by 10% until 2011. Such improvements in dealing with the issues of decline in Leipzig allowed further revision and adaptation of the strategic framework to meet the new set of objectives. Subsequently, after less than a decade, the City Council approved the following Integrated Urban Development Concept 'Leipzig 2020' in 2009 (*Integriertes Stadtentwicklungskonzept Leipzig 2020*; German abbreviation SEKo). The plan was drafted during a comprehensive, interdisciplinary procedure of the so-called 'inter-departmental integrated management handling' (Stadt Leipzig, 2009: 67) that required two years of participatory efforts of local stakeholders, experts and public input.

3.3.3. 'Leipzig 2020' – the final shift towards achieving regrowth

The integrated concept 'Leipzig 2020' was aimed at laying out the city's long-term development plan until 2020, in accordance with the principles previously set by the Leipzig Charter on Sustainable European Cities from 2007 (Stadt Leipzig, 2012). This charter envisioned Leipzig as a "European City", based on the principle of mixed-use urban areas and short distances, and prioritized development of disadvantaged urban districts, inner-urban development and sustainability. The newly drafted integrated concept thus addressed the importance of strong local governance and realistically defined long-term strategic goals. In addition, it also focused on the necessity of overall control above the recovery process, with a strong reliance on political action to motivate and engage the citizens. Although the strategy had also emphasized some important aspects of managing the shrinking process, i.e. economic, demographic, and sustainability components, it didn't consider demolishing physical structures any longer, as was the case previously. Through the reliance on both federal and European subsidies, the local government in Leipzig was clearly determined in shifting the overall aim of the strategy towards reaching economic regrowth:

"The potential for innovation, the attractiveness and the current population growth show that the city is well positioned and can take over its role as a regional growth engine" (Stadt Leipzig, 2009: 10).

'Leipzig 2020' clearly advocated for the increase of national and international importance of the city, quality of life, social stability, and overall competitiveness (Stadt Leipzig, 2009: 72-73). The priority became the establishment of good framework conditions for employment and a more balanced age structure in the city (Stadt Leipzig, 2012). This was logistically to be accomplished through the proposed cluster strategy, which was focused on making the existing strengths even stronger. In addition, the envisioned shift towards attaining prosperity until 2020 implied several objectives. Firstly, the focus on strategically selected urban areas in need of further actions focused on increasing their development potential and managing social disparities, within which the city centre got ascribed a special role for economic development and identity building. Secondly, the local government offered business support services to incoming companies over a specially created employment agency. Five major sectors were strategically designated for support: automotive, health care, energy and environment, logistics,

and media and creative enterprises (Stadt Leipzig, 2009). With the help of the large public subsidies, the officials in Leipzig managed to attract some flagship investments from big car manufacturers BMW and Porsche, as well as from important international players, like DHL or Amazon, in the beginning of the 2000s. Thirdly, significant investments in strategically selected key public infrastructure were aimed at contributing towards potential large-scale investments in the city. Consequently, the rebuilt trade fair, restored train station, and modernised and extended airport provided the anticipated results shortly. The Head of Corporate Communications at the BMW plant in Leipzig later confirmed that good transport infrastructure was one of the main criteria for large international companies to make significant investments in the city (Sauerwein, 2017). In summation, ‘Leipzig 2020’ aimed at enabling a long-term managed regrowth through overall employment recovery and a strategic focus on certain industries, with active engagement and high flexibility of the local government, thus stated in the document as:

“the development perspectives for the economy of Leipzig are good as far as the city itself can influence the basic conditions. This opens up opportunities for a long-term improvement of the employment situation.” (Stadt Leipzig, 2009: 27).

As a result of the adopted strategy, a number of important urban mega events have been hosted by the city, ranging from various cultural manifestations, fairs and festivals to international sporting events. The city’s transformation into a cultural hub, along with affordable property prices, has also made Leipzig especially lucrative for the creative class, due to which it earned the nickname *“Hypezig”* (Sauerwein, 2017). Furthermore, the city became an important centre of vocational and higher education, with about 37,000 students enrolling in 2010—nearly double than in 1990 (Haase & Rink, 2015). The data provided by the Federal Statistical Office confirmed that various measures to increase overall attractiveness of the city for investors, visitors, students, tourists, and residents further increased the population (Statistisches Bundesamt Deutschland, 2017). This resulted mostly from inward internal-migrations from other parts of Germany for job and higher education opportunities. As the daily newspaper *Frankfurter Rundschau* noticed,

“Leipzig is alive, growing and bursting at the seams. Especially young people come and stay. They live and work in former factories or old buildings and help the city to return to its old splendour.” (Honnigfort, 2017)

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Population	515469	518862	522883	510043	520838	531562	544479	560472	571088
Employees	205490	205709	211234	215886	222949	228990	241065	248952	255507
Unemployed	36808	34609	33127	30141	28663	28085	26241	25460	23117
Students	36469	35966	37039	36892	37031	37458	37337	35904	37257
Companies	36702	38431	40179	41514	40148	42 678	42 645	43 188	44 094
GDP	13251	13204	15808	15825	16638	17349	18370	19138	n.d.

Table 3.1. Statistical data that illustrate Leipzig’s regrowth. Source: Stadt Leipzig Informationssystem LIS, <https://statistik.leipzig.de/>, 2018

Thus, in the present-day perspective, there are a number of indicators that can confirm that Leipzig has long abandoned its former shrinking reality. The city’s Big Five, referring to

Porsche, BMW, DHL, VNG and Amazon, turned the urban economy upwards in only a decade (Rink et al., 2012). Additionally, there was significant job growth in public and service sector, as well as in small and medium-sized companies (table 1). Furthermore, from 196,000 jobs in 2002, the latest statistics showed a rise to about 260,000 (Statistisches Bundesamt Deutschland, 2017). This stat has been running in parallel with the rise of the urban population, with around 10,000 new residents per year since 2010, making Leipzig one of the country's fastest growing cities. Along with the improvements of public spaces and city image (fig. 2), these results illustrate clearly how the local government has managed to reach its anticipated aim of positioning the city back on the growth trajectory. Following the concept of the entrepreneurial city, the municipality in Leipzig not only acquired abundant public subsidies, but also fostered rapid decision-making based on a solid strategic framework that recognized and strengthened the city's genuine potential to attract powerful global companies. The significance of these results in a relatively short period of time makes Leipzig a rather unique case in comparison to other East German cities. Thus, although the objectives of the local government were clearly set on the long-term economic revival and population increase, apart from some significant results achieved to that regard, the strategic planning still demonstrated some shortcomings in taking into full consideration all the implications of such trajectories. The following section will now discuss the demonstrated case from a different perspective.



Figure 3.2a. The biggest square in Leipzig, Augustusplatz, as the new image for prosperous city: the Opera House, fully renovated in 2007. Author's photo, 2014.



Figure 3.2b. The biggest square in Leipzig, Augustusplatz, as the new image for prosperous city: City-Hochhaus skyscraper, renovated in 2002, and the new main building of the University of Leipzig, Paulinum, opened in 2017, recalling the style of the demolished church during the communist times. Author's photo, 2014.

3.4. The major deficiencies of adopted strategic frameworks in Leipzig

The latest data estimates that Leipzig could reach 600,000 inhabitants till the end of 2017. Furthermore, by the year 2030 the population could further increase by up to 720,000 people (Heinemann & Schultz, 2016). Apart from some benefits, such a sudden growth commencing after a long and extremely declining period, also caused a plethora of problems and posed a new set of challenges for the local government. Among the first manifested consequences was an evident incapability of infrastructure and social services to satisfy the newly emerging needs. A significant lack of schools and kindergartens, inadequacy of the transport infrastructure, and inefficient wastewater disposal, quickly became serious urban governance matters (MDR Sachsen, 2017). Moreover, an increasing number of unsatisfied citizens complained about the overall inefficiency of the city administration, especially regarding a general lack of prompt responses to accumulated urban problems. This led to the mayor Burkhard Jung blaming the rapidness of the urban expansion as a potential cause and expressed at the same time a hope for a slowdown on the growth rates. He also called for more understanding of the overall situation stating:

“no one is taking in consideration the special situation of Leipzig, with the rapid growth and heavily rising numbers of births” (Lausitzer Rundschau, 2017).

Besides the rising job and education opportunities, an important factor that pointedly contributed to the increase of inhabitants in Leipzig was also the relatively affordable rental fees in comparison to the skyrocketing housing markets in other big German cities, such as in

Hamburg, Berlin or Frankfurt (Sauerwein, 2017). Furthermore, the rapid growth of asylum seekers and migrants arriving to Germany during the 2015/16-refugee crisis additionally contributed to the increasing demands for accommodation. Thus, the second major issue for the local governance in Leipzig was the sudden rise of demands for affordable housing in the city, which came after years of demolishing its excessive housing stock. Construction of up to 5000 new units per year was deemed necessary to satisfy the current demands (MDR Sachsen, 2017). Hence, the local government secured a grant of 60 million euros in order to support social housing by 2019, which should enable construction of about 500 units in 2017 only (FOCUS NWMI-OFF/Stadt, 2017).

In order to provide necessary affordable housing models, the city officials advocated for strategic cooperation with all the actors with potential interest, from self-organized groups to powerful entrepreneurs. The responsibilities for successful management of this issue were divided between many stakeholders, including the city-owned housing construction company LWB (*Wohnungsbaugesellschaft LWB*), several housing cooperatives (*Wohnungsgenossenschaften*), as well as the network for housing projects 'Netzwerk Leipziger Freiheit', founded by the city of Leipzig to strengthen the integrative approach towards finding solutions (Sauerwein, 2017). Within the frame of this specific cooperative network of various construction groups, the stakeholders with the common interests were given the freedom of decision-making on the forms of their action, including the particular decisions on investing in construction of new buildings, or renovation of existing ones. In spite of such an innovative and inclusive approach to the issue, the provision of affordable housing still highly depended on the market rules. This raises the question whether the newly adopted role of the city administration in consulting and coordination services could be a guarantee for achieving desired results, avoiding at the same time some unwanted occurrences. However conversely, the freedom in decision-making that the construction groups have gained also raised the question of selective historic preservation, and all the potential consequences that phenomenon could have, namely increasing urban fragmentation resulting from upgrading and renewal running next to dilapidation and vacancies.

Along with the on-going physical fragmentation of urban fabric, restructuring of the social make-up was also on the way, as the third and probably the most significant major issue. Although the exact relation between re-urbanisation and gentrification in the East German states remains a matter of discussion, repopulation of inner-city neighbourhoods was rather described as a much-wanted process of re-urbanisation, supported by urban policymakers (Haase & Rink, 2015). Considering the high level of house vacancies and oversupply, gentrification has rarely been an issue for urban development within this context, and thus represented only an accompanying 'soft' factor of social upgrading (Wiest, 2000). The displacement of the residential population due to upgrading turned into an important issue after 2010, with dynamic internal-migration that showed a major impact in Leipzig. While urban hinterland faced general stagnation and even decline, inner-city neighbourhoods demonstrated a rapid reclamation of the population, rejuvenation and diversification of socio-demographic structures, but also reduction of mean household size and eventual rise in gentrification (Haase & Rink, 2015). Moreover, the comprehensive reurbanisation and restructuring that has spread to large parts of the inner city in Leipzig, according to Haase and Rink (2015), largely paved the way for gentrification. With increasing level of investments, it even became "*a deliberate strategy to develop the most attractive parts of the inner city that are most in demand*" (Haase & Rink, 2015: 242). In addition, the municipal housing company has already privatized a large segment of its stock located mostly in the inner city under pressure from (global) investors and austerity measures. Subsequently, the local municipality became nearly powerless to make any

significant impact on the current trends in housing markets and pronounced socio-spatial differentiation. Apart from keeping its focus on some common measures related to housing, business, transportation, and social infrastructure, the latest “Guidelines for the Growing City” presented in 2017 were thus largely criticised, due to an absolute lack of a clear vision offering solutions to a number of negative consequences that the economic upswing has created (Julke, 2017).

3.5. Discussion and conclusions

Despite elaborated international and national frameworks to support the dramatically rising housing vacancies among declining cities in Germany, the well-intended and smart strategic federal approach still demonstrated a variety of difficulties in practice. Above all, strategic approaches adopted at the local level were generally depending on legitimation from the higher political levels that imposed promising, but at the same time also challenging concept of integrated development (Rink et al., 2014). In addition, lobbying the most powerful actors in real-estate business and banking interests led the decline of German cities to be primarily tackled as a housing problem, leaving other significant issues to be considered less privileged and thus to be addressed with slower progress (Bernt et al., 2014). Under such circumstances, the provision of innovative and effective strategies to oppose the declining trend could be considered a highly challenging task for local urban governance in Germany. Although most of the strategic frameworks adopted by planners and officials in Leipzig have reached their major goals, similar to the general situation at the federal level, most of them could still be criticised for selective approach and prioritisation of structures over social elements.

The process of shrinkage in Leipzig was driven by a set of extreme socio-political circumstances coming from both national and local levels. They have emerged in the course of the post-war recovery and culminated after the German reunification, that was characterised by strong economic inequalities and complex post-socialist transition. Although the local authorities never officially declared a policy that would exclusively cope with shrinkage, they also didn't ignore or deny the declining reality, as it had happened in some East German communities based on a singular development orientation (Bernt, 2009; Liebmann & Kuder, 2012). The strategic approach adopted in Leipzig rather aimed at dealing with the processes of shrinkage and perforation at an early stage, in order to convert it into an opportunity in the long run. Handling the shrinkage in reality however, assumed a rather fragmented approach, which above all lacked a coherent strategy that could bring all the interventions under a common umbrella (Bontje, 2004). The implementation of the *Stadtumbau Ost* programme in Leipzig in particular followed some general short-term objectives, but failed fully to adapt to the local circumstances or predict the lack of social housing in the long-term. As it has tackled only a few amongst the many identified problems caused by the urban decline phenomenon namely housing vacancies—the results of the selective approach that this strategy has adopted could not be considered as comprehensive. Moreover, considering the three pillars of the STEP strategy that aimed at achieving a more sustainable and dynamic urban development, the actual implementation however, equally showed some serious deficiencies. Firstly, renovation and rehabilitation of the old city centre raised the questions of selective historic preservation that caused a two-fold, contrasted image of the city. Secondly, conversions of urban perforations into green or open spaces were pretty much in conflict with the economic priorities of the landowners. Finally, hierarchy and competitiveness of centres in the city required a complete redefinition of the system of centrality, in order to resist both spatial and social polarisation (Bernt, 2009; Bernt et al., 2014; Bontje, 2004; Florentin, 2010; Rink et al., 2012). Apart from

some significant achievements, the final strategic framework 'Leipzig 2020' also demonstrated some deficiencies. A subtle influence of the growth paradigm, manifested in the reliance on large flagship investors in industrial and service sectors, achieved an overall aim to bring the city back to the growth trajectory. However, it overlooked the chance for a more elaborate development of some alternative solutions, just like it happened in the case of Detroit after proclaiming bankruptcy in 2013 (Schindler, 2016), or in development of creative industries in post-industrial Glasgow (Aber, 2009). Besides, the local government seemed to lack capacities to strategically forecast future development trends and take in consideration the full spectrum of the consequences of rapid regrowth after a period of significant decline. This caused the emergence of a complete new set of challenges that required prompt solutions.

Resulting from a variety of locally specific conditions, as well as the fact that economic performance of a large number of cities in East Germany has been based on a singular orientation, the high polarisation in reunified Germany unfortunately has remained a bitter reality. The dependence on former development paths in some cases got under influence of powerful and conservative local actors, who often restricted mobilisation and performance of innovative collaborative efforts. In comparison to many other East German cities that defined contradictory development goals and concepts, failing to focus on a clearly defined and easily legible new development profiles, Leipzig has showed a rather solid performance. Nevertheless, its local government still has plenty of issues to deal with. All the emerging challenges coming along with regrowth demonstrated the importance of comprehensive approaches to formulation of strategic urban development frameworks possessing a multi-dimensional strategic outlook. In addition, they also called for new opportunities in creative redefinition of crises as opportunities for propelling innovative and potentially more comprehensive urban governance models. These outcomes could at the same time be acknowledged as valuable lessons for other cities and regions facing similar challenges, particularly related to constraints that the general objectives embedded in the standards of strategic planning may impose. Instead of relying on pragmatic and largely accepted solutions, the task of effective and reflective urban governance should also be to anticipate some future trends, acknowledge the complexity of their possible outcomes, and welcome its creative interpretations. Such a far-reaching and mindful approach should be enabled and mobilized even if the response to anticipated trends involves presently less desired or seemingly contradictory interventions to recent trends in urban development.

CHAPTER 4

Innovative post-neoliberal policy as a way out of crisis? The case of urban decline in Detroit

Abstract

Significant body of literature have dealt with the phenomenon of urban decline, among which an emerging discourse called for redefining the crisis, as an opportunity for establishing new, post-neoliberal, urban governance models. The aim of this paper was to evaluate the outcomes of such innovative approaches to manage urban decline, through identification of its major implementation challenges, effects and outcomes, and pointing out to development perspectives in the long-term. The focus was on the case of Detroit, known as the ‘greatest failure’ among the troubled large cities in the US, whose local government, policy makers and elites invested a great deal of efforts lately to manage the city’s rapid decline. Of particular interest was the period since the city government has officially declared bankruptcy in 2013, after which an innovative strategy based on stabilization, recovery, and irreversible degrowth was embraced. Besides the importance of redefining approaches to urban policy-making in declining cities, this study have also illustrated the necessity of developing equally innovative alternative ways for their successful implementation.

Keywords: declining cities; urban governance; strategic response; urban renewal; Detroit.

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4.1. Introduction

One of the reasons why the most visible effects of urban decline could be found among the former industrial giants of the Global North was the former era of progressive industrial growth that conveniently enabled reliance on one-dimensional development orientation. Institutional path dependency later also showed to be the main factor that caused hinder of effective adaptation to the set of new conditions in the post-industrial society (Bontje, 2004; Häußermann & Siebel, 1988; Liebmann & Kuder, 2012). Besides already significant body of literature that have dealt with the phenomenon of urban decline in this context, an emerging discourse called for redefining the crisis, referring to the opportunity to refine neoliberal local policy solutions, in which innovation, dynamism, and collaboration were highlighted as a potential solution (Katz & Bradley, 2013; Oosterlynck & González, 2013; Tabb, 2015). The focus on growth objectives gradually started shifting towards alternative solutions, in which embracing some aspects of ‘degrowth’ in the short-term could be the key for reaching prosperity in the long-run (Schindler, 2016).

As the most known example among declining cities worldwide, Detroit started drastically to decline after the crisis affected its major economic base in car-manufacturing sector. In order to find new approaches to its industrial past and respond accordingly to the set of newly created conditions, policy makers in Detroit faced a complex task to come up with an adequate response. Development of strategic approaches needed to, on the one hand, take control over further decline, but on the other hand, also to determine real possibilities and possible innovative solutions for giving rise to progressive urban politics in the long run. The focus of this paper is thus on the challenges and opportunities in responding to urban decline, theorized in terms of innovative strategic frameworks to oppose decline that rendered interaction between the state, private sector and civil society. More specifically, this paper on the one hand builds upon the dependency of urban development policies on industrial and commercial paths of development that created “the context for a relatively slow reaction to the economic and social conditions of decline” (Liebmann & Kuder, 2012: 1169-1170), and on the other hand upon the argument not to waste a crisis, but to use it for testing new urban governance models, as Oosterlynck and Gonzáles called for (2013). The main objective is to identify major implementation challenges of innovative approaches to manage urban decline, evaluate its effects and outcomes, and point out to their development perspectives in the long-term.

The study was based on secondary literature review in order to reflect to and connect with already existing research. Analysis of the selected strategies and official documents enacted by the local government and private foundations in Detroit provided a deeper insight into development directives of interest. Finally, analysis of the news reports for the period since 2000 until today offered valuable overview of outcomes and public reactions to strategies and initiatives relevant for the research objectives.

The first section of the paper introduces theoretical background on the shift from growth paradigm towards redefining urban shrinkage as a source for new urban governance models, and summarizes characteristics of decline in the context of post-industrial cities of the US American Rust Belt. The second section brings the case study and provides an overview of the particularities of decline and strategic responses in this context. The third section reflects on the insights gained through the case study analysis regarding strategic approaches to oppose crisis through innovative urban governance models. The paper is concluded with an assessment of the case study in the light of effective strategic responses to urban shrinkage in urban development politics.

4.2. Urban decline and the context of post-industrial US American cities

Urban decline has relatively recently been acknowledged as a global and multidimensional phenomenon, as well as a long-term, structural component of urban development (Martinez-Fernandez, Audirac, Fol, & Cunningham-Sabot, 2012). The reasons why it did not catch broader international attention until the turn of the millennium should primarily be found in the dominant paradigm among planners and policy makers, which has been exclusively set on growth since the early industrialisation (Logan, John R. and Molotch, 1987; Martinez-Fernandez & Wu, 2009; Oswalt & Rieniets, 2006). However, with population decrease and urban decline getting on the agenda of many cities all over the world, the general focus among planners and policy makers finally started to shift away from the growth-oriented approaches.

The debate on shrinking cities has appeared at the end of the 1990s in Germany (*schrumpfende Städte*), and soon after the phenomenon was described in the US through alternative terms, such as urban decline, urban decay or simply depopulation (Pallapst,

Wiechmann, & Martínez-Fernández, 2011). Contrary to many advances since, urban research seemed to face the challenge of providing comprehensive explanations to the variety of manifestations and conditions of decline in greater depth, as well as investigating its trajectories, conflicting interests, as well as hardly predictable overall trends (Martínez-Fernández et al., 2012; Steinführer et al., 2010). In particular, there was a general lack of “(...) systematic empirical analysis of the crisis as a ‘laboratory’ for urban governance models” (Oosterlynck & González, 2013: 1076). The 2008 financial crisis reminded on constant restructuring of urban neoliberalisation, making implications for urban governance and planning practice towards finding alternatives in the so-called ‘smart decline’ and recognising potentials within the decline process. As neoliberal urban restructuring process, crises could be reconsidered as a tool to “effectively produce new, post-neoliberal urban governance rationalities” (Oosterlynck & González, 2013: 1076) to reach more just, democratic and ecological cities. Thus, more knowledge on understanding various aspects of urban politics in times of crisis could help in embracing hidden potentials of urban decline, in order strategically to use them for regaining prosperity in declining cities.

Taking in consideration very close links to urban development that the western industrial model had demonstrated, transformation and decline of industrial modes of production necessarily led to far reaching consequences for the former industrial cities of the US (Short, 1996). Although the loss of jobs and residents that commenced with alarming rates in the decades after the World War II significantly slowed down during the 1980s and the 1990s, a considerable number of former industrial centres of the so-called Rust Belt continued to shrink, like Youngstown, Erie, Flint, Detroit, Bridgeport, Camden and Rochester (Beauregard, 2007). While it is still largely a matter of debates why these particular cities didn't manage to break off with the prior years of decline, planning practice in the US generally remained focused on managing urban growth. The rare cases of tackling redevelopment were usually performed at the local level and in a rather fragmented way, often without any strategic support coming from the higher levels of government (Pallagst, 2009).

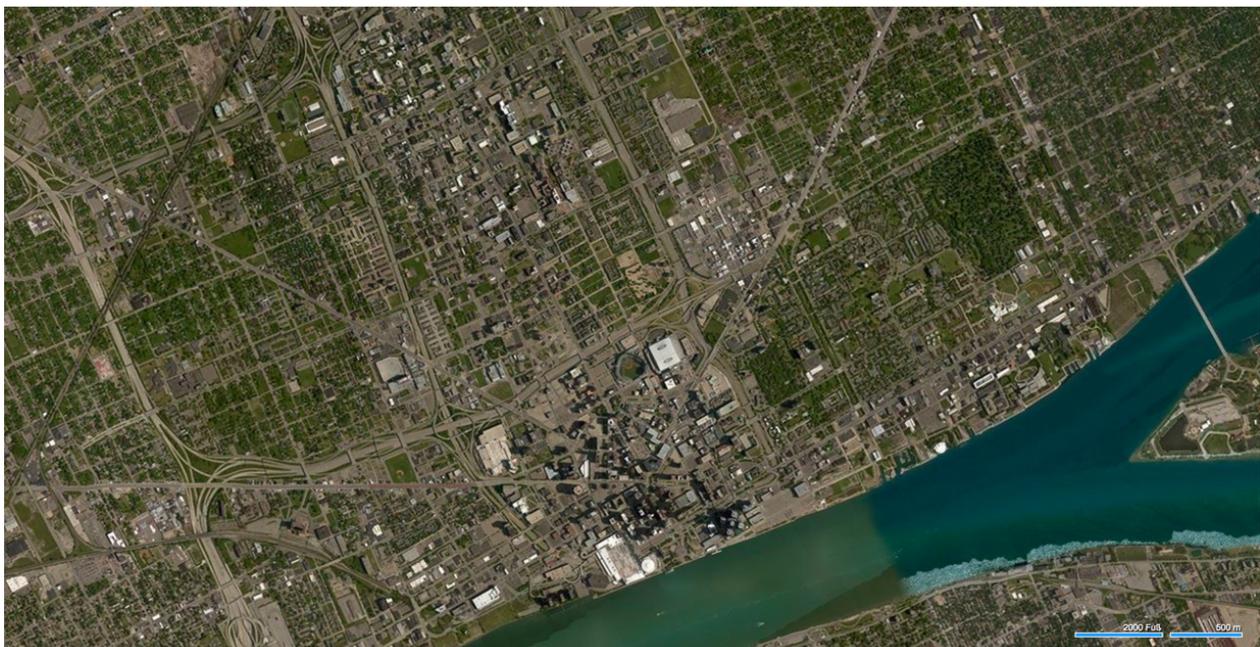


Figure 4.1. Detroit's physical urban structure. Source: <https://www.bing.com/maps> © 2018 Microsoft

Contrary to the less adaptable planning practice, the research on urban shrinkage in the US managed to offer broader understanding to its many accompanying phenomena, such as suburbanisation, growth and concentration of urban poverty, racial segregation, and immigration in particular (Audirac, 2009; Bentley, McCutcheon, Cromley, & Hanink, 2016; Martinez-Fernandez et al., 2012). Based on the outcomes of this research, it is possible to determine some major characteristics of decline occurring among the cities of the Rust Belt. Firstly, scholars generally agreed that the process of long-term post-industrial transformation could be identified as the main driver of urban decline. Secondly, the process mostly affected urban cores, while suburban regions continued to grow, due to a process generally rooted in the long history of spatial segregation, occurring at the intersection between race and class (Bentley et al., 2016). Thirdly, public sector seemed to be less powerful than it was in the case of the cities of the Western Europe, and was thus more dominated by growth regimes (Audirac, 2009). Finally, there were evidences of the link between decline in the cities of the Rust Belt and the lack of competition in labour and output markets, as a consequence of the behaviour of powerful labour unions and a small set of oligopolists who actively stifled competition (Alder, Lagakos, & Ohanian, 2014). This indicated to institutional path dependency developed in times of prosperity, which played out as the major impediment for institutional changes and adaptations in times of crisis.

In this paper the focus is on the specific case of urban decline in Detroit in the context of its complex post-industrial recovery. This case study is of particular interest for this research, firstly, as it could be considered for an extreme example of former reliance to manufactory mode of production, followed by the fatal crash of industrial sector. Secondly, especially relevant for the objectives of this paper is the interplay between institutional path dependency, developed during the times of prosperity and successes, and the urge for innovative responses to crisis. Finally, strategic response to decline, based on innovation and break up with the past, rendered particular challenges on the level of interaction between the state, private sector and civil society, which made significant effects on the implementation results. The following section contains introduction to the case of urban decline in Detroit, and a general overview of its' early strategic approaches.

4.3. Background of the crisis in Detroit and analysis of the following responses to decline

On its way to become the centre of global automobile production, Detroit positioned itself after Ford Motor Company has introduced innovative technology that made automobile a product affordable to the wider masses. The city shortly developed into a world-class industrial powerhouse around the "Big three" corporations: Ford Motors, General Motors and the Chrysler Corporation. By 1920 Detroit already had one million of inhabitants, and, only four decades after, the city was listed as the 4th largest in the US with nearly 1,8 million residents. However, the forthcoming serious problems in the sector of automobile production, along with the racial tensions and urban unrests, commenced with the first job losses and population declines in the 1960s (McIntyre Hall & Hall F, 1993; Owens & Rossi-Hansberg, 2017). The downfall of the city was inevitably paralleled and inexplicably linked to decline of General Motors and its bankruptcy of 2008, which was considered the largest corporate bankruptcy in American history. Only five years later, the City of Detroit officially proclaimed bankruptcy, which was correspondingly the largest municipal bankruptcy ever (Neill, 2015).

In a 2013 study, which evaluated various categories associated with the quality of life, such as poverty, unemployment, crime, health, housing and education, Detroit was voted America's Most Miserable City (Badenhausen, 2013). The problems ranged from general

deindustrialisation and disinvestment, to many social problems – such as growing vulnerable poor, identity crisis, brain drain, and white flight. More than 50% of the manufacturing jobs were eliminated, while skyrocketing home abandonment, plummeting tax revenues, and escalating taxes reduced population by almost 25% during the 2000s. The problems of poverty¹⁴ and segregation further exacerbated after the 2007 subprime mortgage crisis erupted, during which estimated 750,000 people in the US lost their homes; 107,500 in September only (Watson & Moore, 2008). Dramatic fall of population reaching 63% in only six decades also listed Detroit among the most segregated cities in America, with 82,7% of African American population according to the 2010 census (The U.S. Census Bureau, 2016).¹⁵

Decades of rapid decline rendered the physical urban structure of Detroit in a state of disarray, with centrally located business district, closely surrounded by largely vacant neighbourhoods. In 2013 number of abandoned homes reached approximately 78,000, with one third of the overall urban territory either derelict or vacant (Snyder, 2013). The suburban neighbourhoods were characterized by low prices of land and real estate,¹⁶ with many cases of arson and numerous houses in need of repair. Although the city demolished over one hundred thousand vacant housing units since the 1980s, there were no substantial adjustments, neither of city's layout, nor of its structure.

Since its establishment in 1935, the United Automobile Workers Union (UAW) took on a large stake in improving work conditions through lobbying for the progressive social and economic legislation, which some of the Michigan politicians saw as the main reason for pushing Detroit out of world auto markets (Tabb, 2015). Nevertheless, the most common and the most logical explanation of the city's dramatic decline so far was that local elected officials were not willing to make hard choices for addressing changing circumstances (Tabb, 2015). Few authors argued that Detroit was facing *urban death* as a consequence of failure of crucial urban functions, including governance and economic opportunities (see Eisinger, 2014).

4.3.1. Rise and fall of the initiatives coming from the private sector

Investment and social climate in Detroit finally began to change in the 1990s. Until the first attempts for development of a comprehensive strategy for urban rehabilitation, a number of incoherent initiatives coming from both public and private developers and investors secured approximately \$12 billion worth building projects that began to change the appearance of the city¹⁷ (City of Detroit, 2000). Few federal measures have also been implemented, mostly to stimulate economic and community development in some of the poorest neighbourhoods. Nevertheless, entrepreneurial development coming from the private sector was taking the lead

¹⁴ Detroit had the lowest percentage of office space (21,2% in the central city), which can be explained by the general poverty of the households, far below the federal level.

¹⁵ Only 13,5% of population above 25 years of age in the period between 2011-2015 held bachelor's degree or higher, which was significantly lower than the US average of nearly 30% (The U.S. Census Bureau, 2016).

¹⁶ Detroit's real estate market in the meanwhile became an investment craze for the rich Chinese investors, who were looking to buy properties in bulk, but without plans to move to the Detroit area (Floracruz, 2013).

¹⁷ Few minor but important infrastructure improvements were made to erase some of the traces of Detroit's chronic devastation and dysfunction, such as refurbishment of a number of city parks, revetments of streets and repairment of street lamps. In a once-derelict downtown area, two new professional ballparks were built, several old movie and vaudeville theatres were restored, and the city constructed a half-mile long riverside walk. Three private gambling concerns built their casinos on the edge of the downtown, and some loft housing developments on a modest scale, along with a few new restaurants and several clubs that began to reclaim abandoned real estate in the urban core (Eisinger, 2003; Tabb, 2015).

in physical refurbishment, among which the Kresge Foundation¹⁸ alone has invested more than \$100 million in Detroit's transformation, from funding a riverfront promenade and building greenways to backing incentives for entrepreneurs (Dolan, 2011).



Figure 4.2. The Renaissance Centre seen from the riverside walk. Author's photo, 2017

The General Motors made what appeared to be the most iconic investment after purchasing the riverside Renaissance Centre office complex in 1996 and making the renovated complex for its global headquarters in 2004. Also, businessman Dan Gilbert moved his company Quicken Loans to the downtown Detroit in 2010 to support its revitalization. Gilbert later became the owner of millions of square feet in dozens of repurposed buildings mostly in the urban core, and the impact of his initiatives is apparently still on the rise (see Gallagher, 2017). In contrast to a number of interventions coming from private sector in the downtown area, none of them actually considered long-term implications for the city's society and economy, nor the growing problem of land vacancies in the urban outskirts that attracted dumping, discouraged new investments, and harmed nearby property values. As one of the few big investments outside of the downtown area, the software company 'Compuware' that headquartered in the Detroit suburbs, also used the opportunity to move thousands of its high-tech white-collar employees in the downtown office tower (Laitner, 2017). Also, Renaissance Centre, that was once described as the world's largest private development and the symbol of the auto giant's resurgence, came under criticism of the British *Guardian* as it

¹⁸ The Kresge Foundation is "a \$3.6 billion private, national foundation that works to expand opportunities in America's cities through grantmaking and social investing in arts and culture, education, environment, health, human services and community development in Detroit" (The Kresge Foundation, 2017).

“(...) appears to have done essentially nothing to reduce Detroit’s loss of industry, investment and appeal” (Marshall, 2015).

Although the *USA Today* has previously praised real estate mogul Dan Gilbert for being “Detroit’s Savior” (Bomey & Woodyard, 2014), the *New York Times* later raised some criticism on his massive investments that turned Detroit into a “company town” (Creswell, 2017). This primarily referred to immense influences gained on neighbourhood development, in the provision of public services, as well as due to a lack of support to civic institutions (Clark, 2014; Creswell, 2017). The Quicken Loans Company itself was also recently criticised for being

“a leader in the nation’s shadow-banking system, a network of nonbank financial institutions that has gained significant ground against its more heavily regulated bank counterparts in providing home loans to Americans” (Creswell, 2017).

Besides from interventions coming from the private sector that coped with achieving comprehensive responses to the challenges of urban decline in Detroit, some coming from different levels of public sector equally failed to gain satisfying support and present desired outcomes. The initially phrased initiative of the former mayor of Detroit Kilpatrick to restructure pension debt fund only further contributed to the city’s vulnerability, after the approved loan grew over time to represent one-fifth of the city debt (Borney & Gallagher, 2013). Another example was the plan of the federal government to redistrict shrinking Michigan cities, aiming at levelling shifting demographics on the relatively vast urban territory with significantly reduced population (The Huffington Post, 2012). Some grassroots movements in Detroit later accused this well-intended initiative to be a tool for the creation of districts to the advantage of those in power, threatening to leave interests of the poor and disadvantaged underrepresented (Oosting, 2017). Considering these outcomes, some new urban governance approaches were necessary for a substantial shift to occur. The quest for effective strategic framework thus largely encompassed the alternative of systematic reforms, along with “the spirit of innovation” in order to make the city “great” (Detroit Future City, 2012: 12).

4.3.2. Innovative bottom-up alternative as the new urban governance tool

The necessity for redefining urban perspectives was announced with comprehensive adaptations of the formerly dominating industrial sector. The General Motors managed to repay its \$50 billion loan to the federal government and even showed some signs of slow recovery after it aimed at becoming a smaller, more fuel-efficient, and thus more competitive car manufacturer. The most promising alternative to industrial sector, however, implied the early attempt to set up some strategies based on cultural production. As the negative narrative of Detroit as dying city was extremely hard to reverse, arts and cultural activity were increasingly seen as crucial for community engagement and revitalization efforts. This potential has been laid in the former success in the music business, as well as in international jazz, electronic music, and country music festivals that rendered entertainment as an alternative for much needed job creation. The early initiative of the Kresge Foundation to identify, document and analyse Detroit’s cultural resources “Detroit Cultural Mapping Project” from 2011 was the first step towards the effective mobilisation of the cultural potentials of the city. This report strongly advocated for the break with Detroit’s industrial past and activation of the potentials in its creative cultural sector, seeing it as

“(...) the ‘new economy’ of smaller, more nimble entrepreneurial enterprises that carry with them a different kind of economic narrative than the one associated with Detroit’s past.” (Dickinson Blais, 2012: 76)

The fundamental premise of the initiative was, in fact, much broader, aiming to help provide a strategy across a wide range of civic activities for stabilization and revitalization, in which

“(...) Detroit’s renewal will depend on vertical alignment among local, State and federal interests and investments, as well as horizontal alignment based on new coalitions of public, private and non-profit sectors.” (Dickinson Blais, 2012: 2)

Similar incentives appeared in other modes of cultural production as well. The former Michigan Governor Granholm alternatively encouraged motion picture production through tax breaks for filmmakers. Other notable initiative from the private sector to support the potential for culture-based strategies involved the successful fund-raising events that assisted the city in keeping its valuable art collection.¹⁹

The highlight of the emerging reliance to innovative alternative was the launch of the Detroit Future City Strategic Framework (DFC) in 2013 (City of Detroit, 2013). The main objectives upon which the highly detailed long-term guide for decision-making in Detroit was developed implied, firstly, abandoning the industrial past as a prerequisite for development of some new ways to increase employment and residential densities. Although manufacturing retained important place in Detroit’s future development, diversifying of the city’s economy commenced with supporting alternative economic sectors that have shown success in job creation, such as digital and creative jobs, education and medical employment, employment in new industrial sectors, and local entrepreneurship. In spatial terms, the framework was focused on seven employment districts²⁰ where job growth was already occurring. The second objective was to stabilise neighbourhoods, as abandonment was the main threat to the city’s sustainable future. This included creation of a diverse range of neighbourhood styles and choices that would appeal to a wide variety of people, as well as concentration of the population in areas with higher densities. The third objective aimed at the potential of creative transformation of existing land and building vacancies, as the greatest and the most challenging asset (Kinkead, 2015; Detroit Future City, 2012). Other objectives involved reforms to the service delivery systems, collective approach to land and buildings in the city, and participatory implementation of the planning elements (DFC Implementation Office, 2017).

¹⁹ Initially considered for selling off to cover the debts after the city went bankrupted, the Detroit Institute of Arts managed to raise more than \$800 million in a fundraising action to keep the collection, of which \$330 million from nine different philanthropic foundations, and another \$200 million from the state of Michigan. Through this initiative, the city’s cultural heritage was ‘ransomed’ from city ownership and was no longer depending on financial problems of the municipality (Weissmann, 2014).

²⁰ Downtown, Midtown, Southwest, McNicholas, Mt. Elliott, Eastern Market and Corktown areas.

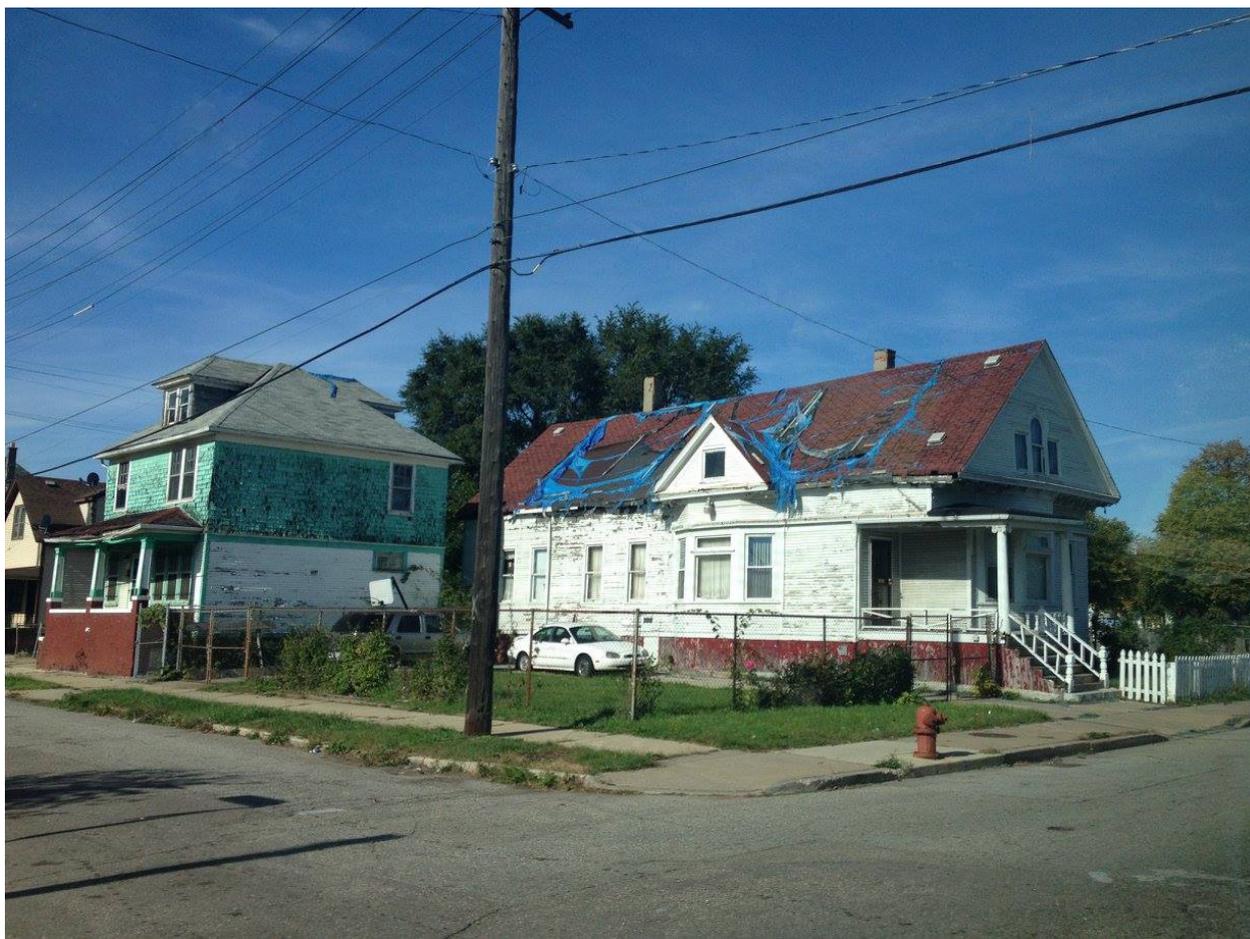


Figure 4.3. Declining neighbourhoods in Detroit. Author's photo, 2017

The DFC strategy was generally perceived as a “(...) powerful milestone in the continued rebirth of the City of Detroit” (Reece & Holley, 2013: 9), especially considering “(...) moving the planning process from concept to implementation and reality, creating yet another tremendous opportunity for Detroit” (ibid.). *Detroit Free Press* editorial even called the plan revolutionary, and proposed its implementation without any further delay (Detroit Free Press, 2013). Overall public support to this strategy on the one hand resulted from inclusion of both local and national experts, as well as from insights of tens of thousands of citizens²¹ (City of Detroit, 2014), but on the other hand also due to its outstanding, innovative features. Firstly, the DFC was not only the first strategic framework that advocated for an integrated approach to transforming the city and its neighbourhoods, but also the first to accept that Detroit will hardly regain its peak population of nearly two million people. Secondly, the plan prioritised stabilisation of the city's economy over economic growth, while its long-term future depended on improving the quality of life of its residents. Thirdly, instead of quantitative ambitious, it rather aimed at building civic capacity through collaboration, information and resources. Finally, its realization involved both long-term and near-term priorities²² that were to be adjusted and updated along with its implementation (City of Detroit, 2014).

²¹ Drafting of the plan was supported by the Kresge Foundation, Detroit Economic Growth Corporation, W. K. Kellogg Foundation, John S. and James L. Knight Foundation, in collaboration with the City of Detroit.

²² The priorities for 2014-2015 were to ensure more employment in the city, keep the policy and regulation updated to respond to the circumstances and opportunities, improve system and service performance, stabilize neighbourhoods, and transform vacant land into an innovative open space network. This physical transformation of old, unused industrial facilities and reclaiming vacant land were to become the key for employment growth, particularly in agriculture and manufacturing sector.

Considering that in the very core of the DFC strategy was the urge for experimentation, entrepreneurship, and innovation in order Detroit to become “(...) a global leader in technology and innovation” (Detroit Future City, 2012: 31), the important prerequisite for policy makers was to adopt the stand that

“(...) doing business as usual is no longer an option for Detroit. The financial recession and foreclosure crisis in 2007 (...) created a heightened sense of urgency and opportunity among Detroiters, and has resulted in this initial work to solidify a public consensus for systematic reform and innovation. (...) Yet the major and most sweeping innovations will take 20 or more years to realize” (Detroit Future City, 2012: 15).

The DFC strategy therefore needed to keep the focus on long-term objectives but with flexible, short-term realisation objectives that required phasing of its implementation. The first phase was geared towards stabilising economy and population, which should be accomplished until 2020; however, the following until 2030 already aimed at preparing residents and business for economic growth opportunities. Until 2050, the city should regain its position as “one of the most competitive cities in the nation” (Detroit Free Press, 2013).

For the successful execution of the vision, the Detroit Economic Growth Corporation (DEGC) created the DFC Implementation Office, as a non-profit organization governed by an independent board of directors, and with supporters that included prominent members from public, private and philanthropic sector.²³ Such opportunity-oriented development and investment, based on robust engagement of citizens and other stakeholders in cultivating innovative action for Detroit's long-awaited transformation, was surely a highly promising model. The study “Detroit at a Crossroads” from the Kirwan Institute²⁴ that evaluated the dynamics of inequity, opportunity and prosperity in Detroit following the devastating recessions, described the overall efforts as a potential model of other cities in the US;

“Today, Detroit presents a potential model for the future of urban America, a vision of what can be for cities across our nation, cities that have struggled with a history of segregation and dramatic economic transition. If Detroit is successful, it will serve as a model for revitalization, equity and sustainability for our nation's cities and cities across the globe” (Reece & Holley, 2013: 2).

Probably the biggest effects of the DFC strategy were noticeable regarding the issue with the high vacancy rates. The new policy suggested abundant encouragement of investment and home ownership, while local authorities strived to ensure efficient allocation of deserted or empty lots after taking control over those for which the owners stopped paying property taxes.²⁵ The responsible Department of Planning and Development (PDD) managed empty lots through the land bank authority, with the aim at selling the property through auctions. After the land has been sold, the city would in ideal case secure bringing in revenues and would get rid of the responsibility of maintenance. Many private companies and non-profit organisations made significant contribution to the reuse of vacant land in the city, not only for the food production,

²³ Kresge Foundation, Erb Family Foundation, John S. and James L. Knight Foundation, Michigan State Housing Development Authority and Americana Foundation.

²⁴ The Kirwan Institute for the Study of Race and Ethnicity is an interdisciplinary engaged research institute at the Ohio State University. Its mission is “to create a just and inclusive society where all people and communities have the opportunity to succeed” (The Kirwan Institute, 2015).

²⁵ In the period between 1973 and 2004, the City of Detroit came in the possession of more than 15 per cent of all properties (Dewar, 2015).

but also as places to learn, socialize, and spend some quality time. It was estimated that until 2015 around 1,400 urban gardens and farms were set in Detroit (Held, 2015), some of them showing significant results on multiple levels. As an illustration, the non-profit organization “Michigan Urban Farming Initiative” promoted organic and sustainable agricultural production, but also aimed at reducing socioeconomic disparity through engagement of local community, and with the use of the existing infrastructure to minimize the city’s demolition costs (Rothman, 2016). Independent non-profit organisation “RecoveryPark” turned a blighted neighbourhood into massive urban farms, by hiring specifically ex-offenders, recovering addicts and others who would have barriers to employment (Sands, 2013; Thibodeau, 2015). Further innovations in economic development were also emerging, such as an institute that settled in Detroit to use vacant industrial buildings for a new manufacturing centre for lightweight materials.

4.4. Features and challenges of innovative strategic responses to decline in urban development politics

The extensive philanthropic, non-profit, community based, grass roots, public and private sector efforts mobilised in the frames of the DFC strategy finally aimed at opposing urban decline and helping realisation of a vision for equitable, prosperous and sustainable Detroit of the future. The redevelopment approach that advocated for the transformation of the urban crisis into a promising post-industrial experiment had to acknowledge, firstly, that reviving Detroit’s manufacturing base was unlikely a realistic option, and, secondly, that formerly prioritised physical upgrading of the built environment couldn't bring back neither jobs nor people back. However, the city administration in Detroit hasn’t been for a while in the position to accept that the industrial sector won’t be able to sustain its economy and “did not heed the wake-up call of declining population until it got to the point of bankruptcy” (Khan, 2013). For this reason, declaration of municipal bankruptcy could be considered as the most important of all features that characterized the response to urban decline in Detroit. On the one hand, this gesture was the signal that the power relations have finally rearranged for the city to leave behind the former path dependency and open up for new development perspectives. On the other hand, it was also a confirmation from the local officials and elites that decades of decline couldn’t be reversed through simple implementation of any of the standard neoliberal policies. The urge for embracing an innovative perspective for Detroit’s future required a strategy based on stabilization, recovery, and irreversible degrowth. This particular acceptance of the grim reality that the city won’t get back to its former industrial fame, Schindler referred to as ‘degrowth machine politics’ (Schindler, 2016).

In contrast to similar cases of decline in Europe, an aggravating circumstance for the response in Detroit was an absence of the federal support to declining cities resulting from the lack of voting strength (Wolff, 2013). This circumstance had direct implications on significant planning efforts coming from Detroit-based foundations and private institutions that resulted with various levels of success in economic development. Further, investments in the downtown area were mostly led by the prominent for-profit private sector, which led to the types of revitalization that implied some profound improvements of the physical structures. Sporadic investments in physical upgrading, however, were not enough to address social and economy issues, with segregation, social exclusion, and troubled neighbourhoods remaining a serious matter. Finally, the lack of federal support and the bankruptcy of the city’s administration could also be seen as an opportunity for more freedom in finding alternative ways for tackling the most burning issues of decline. Contrary to the EU experience, where the influence of politics from upper levels imposed political trends and planning fashions negotiated elsewhere to gear

local urban governance (see Bernt, 2009), the particular circumstances in Detroit actually provided production of innovative, inclusive and effective post-neoliberal local policy models.

Considering the problem of widespread abandonment of properties, the implementation of the DFC strategy probably made the most significant effects in reusing vacant lands and right sizing, accomplished through neighbourhood-scale and citywide greening strategies²⁶ (Schilling & Logan, 2008), and through the active involvement of many companies and non-profit organisations. However, this development priority was also facing some of the most serious implementation challenges. The major difficulties of municipal authorities implied finding investors willing to develop vast abandoned land and properties, which could be seen as one of the major limits of urban entrepreneurialism in Detroit (see Schindler, 2016). Equally important aim of the local government regarding the vacant properties was to insure it's returning to productive reuse. This was important in order to reach more benefits for the neighbourhoods, and at the same time to insure tax revenues. However, besides some individuals and non-profit organizations that purchased properties to redevelop, live in, or enlarge existing properties, a much larger group involved speculating investors²⁷ that mostly aimed at reselling or renting (Dewar, 2015). A study on reuse of abandoned property in Detroit and Flint conducted by Margaret Dewar confirmed that selling the property was in some cases accompanied with some less desired effects, like speculations, reselling, or out-of-town ownership (Dewar, 2015), which also created a bad reputation for the institutions in charge;

“the Detroit department kept a focus on making money from selling property and had a bad reputation for administration of sales (...)” (Dewar, 2015: 360).

There was also a general lack of mechanisms that could have prevented some unwanted phenomena to occur. These involved inability of non-profit developers to outbid investors on the auctions for selling the vacant land, public authorities remaining responsible for the least usable properties, or even non-profit developers and homeowners who purchased many lots surrounding their homes, which resulted with the so-called “new suburbanism” (Armborst, D’Oca, & Theodore, 2008). The land bank and PDD finally failed to ensure the overall support regarding this matter;

“(...) these organisations could likely do better in encouraging reuse of property after abandonment.” (Dewar, 2015: 360).

Although the smart DFC strategic framework was for many things revolutionary for Detroit, especially concerning that it has been developed in cooperation with existing community-based organisations, conflicts between actors at different scales seemed to be inevitable, due to a clear divergence of the priorities of local actors and growth-oriented interests of extra-local investors. This issue finally opened up a whole new array of challenges for successful implementation of the DFC policy. Regarding the existing context of high social and racial segregation, some residents criticised the transparency of the programme, claiming

²⁶ First suggestions that Detroit could use its vacant land for agricultural production appeared after some success of the similar strategy implemented in New Orleans after the hurricane Katrina disaster.

²⁷ An example was the company Hantz Farms that bought 10,000 acres of land in downtown Detroit for the purpose of urban farming (Holt Gimenez, 2012). The owner of the company, business mogul John Hantz, got under the public spotlight for purchasing prime real-estate land far below its market rate (Grimes, 2016). This event raised general concerns about large amounts of urban land ending in the hands of single, powerful individuals, with “(...) exploitation of a poor community through private acquisition of its most valuable resource” (Burns, 2016).

that real intentions of the city officials were to evict residents from their homes and make the city more compact (Dolan, 2011). In addition, in spite of developing partnership between the Kresge Foundation and the city government on relief and development work, the atmosphere of conflict between the key stakeholders raised some further points of concern among the general public on the successful outcomes of the strategy. The *Wall Street Journal* reported that:

“the tug of war between Kresge [Foundation] and the Bing administration [Mayor Dave Bing and City Hall officials] raises serious questions for Detroit about whether City Hall and foundations can work as partners in saving the shrinking city from collapse. Caught in the struggle are tens of thousands of Detroiters waiting to find out whether their neighbourhoods will come alive with new investments, or be left to fade away” (Dolan, 2011).

Besides, many other issues made significant contribution to the atmosphere of conflict among stakeholders in Detroit. The creation of new service industry jobs through culture-based strategies wasn't capable to bridge the gap of the volume of workers and salaries that the former industrial sector has provided (Story, 2012). General pessimism regarding the response of the political system to urban fiscal problems and a general lack of enthusiasm among investors resulted with some ironic and bizarre proposals to the strain of official strategy based on cultural production, such as presenting Detroit's desperate economic and social conditions as a tourist attraction (Wolff, 2013), or a zombie apocalypse theme park (Schindler, 2016). In spite of many efforts to manage shrinkage on the short-term, the lack of clear implementation steps that could have taken care of keeping various stakeholders united on their way towards the prosperity in the long-term only encouraged return of some questionable growth incentives, such as the one from Michigan's Governor Snyder, which called for federal action to “embrace immigration”. This strategy proposed 50,000 visas over the five years, aiming at making Michigan more hospitable to economic force of skilled immigrants (James, 2014; McGraw, 2015). All this implies that innovation that came under the spotlight for redevelopment of Detroit over time failed to step out of narrow approach to technological advancement and get some broader understandings. The *Michigan Radio* commented, that

“(i)nnovation is at the center of Detroit's inclusive recovery. Yet this word “innovation” is used so often that its meaning tends to get a little obscured.” (Kinkead, 2015)

Similarly to the results from the former initiatives, the progressive future for Detroit seemed to be slipping further away in the long-term development perspective. After embracing the bottom-up approach along with inevitable degrowth, effective implementation dynamics of the DFC strategy that revolutionary envisioned prosperity for Detroit in the foreseeable future could be called into question, no longer after its official enactment in 2013.

4.5. Conclusions

Through the examination of a number of different initiatives and the official strategic framework to oppose urban decline in Detroit, this study has demonstrated the challenges that even highly elaborated urban development policies face at their implementation phase. This particularly relates to the policies that aim at breaking up with the dependence on industrial and commercial paths of development, and set up some new urban governance rationalities in the post-neoliberal societies.

In contrast to the opinion of some urban planners from the late 20th century that Detroit could hardly ever be reconstructed (Eisinger, 2003), the more recent optimistic viewpoint reminded that, in contrast to real death, city doesn't physically disappear, making revitalization of Detroit eventually a real possibility (Tabb, 2015). Examples of former industrial cities of Chicago or Pittsburgh already demonstrated that death of industry didn't necessarily mean inability for a different city to evolve, although this surely depended not only on innovative strategies, but also on power relations in a city in question, political will and entrepreneurialism of the local government, and effective and collaborative framework for successful implementation. Although the DFC strategy in the particular case of Detroit advocated for experimentation in order to show the way out of some harmful aspects of neoliberalism, probably the greatest impediment to its success was related to the lack of equally innovative strategy to equilibrate the opposing interests. This is especially evident on the conflicting disparity between locally based actors on the one side, having an interest in the city's long-term future, and extra-local investors on the other, seeking some short-term profits. In addition, although the municipal bankruptcy and the evident lack of support from other levels of government allowed development of innovative strategic perspectives, they also additionally contributed to the complex relationship between public and private institutions, especially considering the particular circumstance in which public sector had significantly lower influence.

Regeneration of cities and development of new future development perspectives must necessarily be understood as an extremely complex, long-term process, in which innovation, flexibility, and collaborative efforts are of the highest importance. Following the recommendation of Oosterlynck and Gonzáles (2013), the crises in urban context indeed hold the potential to reconsider and redefine neoliberal relationships, and approaching them in a creative and innovative way could potentially lead towards some progressive alternative models for urban governance. However, as this is a highly complex and hardly predictable task, followed by many challenges along the way, an appropriate, collaborative, and monitored long-term implementation strategy seems to be equally relevant as the innovative approach to crisis itself. This study finally showed that post-neoliberal urban rationalities in time of crises should be understood as a highly broad and challenging topic that requires more scholarly attention in future research endeavours.

CHAPTER 5

Re-imagining Belgrade and Skopje: urban megaprojects between politics and struggle

Abstract

This comparative study on the urban re-imagining performed through large-scale urban refurbishment focuses on the specific post-socialist and post-conflict contexts of former Yugoslavia. Through the analysis of legislative and planning documents, expert interviews, reports, and media coverage, this study shows how initiatives for the implementation of grandiloquent urban megaprojects (UMP) in the capital cities of Serbia and North Macedonia became extreme examples of national image reconstruction, carried out through autocratic state-led interventions that disregarded public input. The two main insights that the study provides classify these cases as rather particular in the European framework. First, the national governments have played a decisive role in conceiving entrepreneurial strategies for national rebranding through urban re-imagining of its capital cities. Second, this politically orchestrated processes advanced through non-transparent decision-making, in spite of the rising opposition by the civic alliances. In conclusion, autocratic implementation of UMPs in the urban contexts of the Yugoslavian successor states played out much more forcefully, overriding the imperative to satisfy genuine public interest.

Keywords: urban megaprojects; urban politics; urban imagineering; national image; civic initiatives

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5.1. Introduction

Nearly three decades after the collapse of the socialist system, most of the countries of the Central and Eastern Europe (CEE) have shown different rates of transition to market-oriented democratic societies (Stanilov, 2007; Turk, 2014). The transition process, coupled with profound political and economic reforms, has also influenced the means and dynamics of spatial transformations. Within the already highly diverse region, the successor states of the former Socialist Federal Republic of Yugoslavia (SFRY) could be considered as a particular case. For decades, they have been under the influence of socialist planning and modernist functionalism that fundamentally transcended national boundaries and local specificities. In addition to the complex post-conflict recovery processes driven by neoliberal agenda, the challenge to (re)define national identities and improve their international representation in the post-socialist period became one of the most distinct common characteristics amongst these highly centralised nation-states. In achieving this objective a convenient strategy was selected, based on the

production of attractive imageries through large-scale interventions on the urban refurbishment of their capital cities.

Identified as the most outstanding examples among the successor states, this paper focuses on the two capital cities from the region. Both the Republic of Serbia and its capital Belgrade suffered from a negative media-generated image after the Balkan conflicts, in addition to the legacy of technocratic planning principles. After the separation from SFRY, Republic of North Macedonia became characterized by an atmosphere of unresolved internal conflicts, while its capital Skopje lacked in desirable built assets for symbolical representation of the independent nation. For the political elites in both countries distorted (inter)national profiles served as a major stronghold to take on the major role in reinforcing national image through large-scale urban refurbishment. Political leaders in Serbia advocated for an iconic intervention on the waterfront in Belgrade as a tool to improve the city's image and thus the country's reputation for further investments. Meanwhile, the Macedonian political elite looked upon Western European cities, in their fantasizing a perfect 'historic' capital to create a new cornerstone for shaping the image of the newly born European nation. Through the analysis of legislative and planning documents, reports, and media coverage on the implementation of the UMPs in question,²⁸ this qualitative case study demonstrates the national image-building ventures in Serbia and North Macedonia sharing some striking similarities in their top-down approaches. Furthermore, semi-structured expert interviews with representatives of the civic initiatives in both cities emphasized non-transparent decision-making in these processes, followed by the rising civic engagement and significant public dissent against the state-led revamp of the national capitals, as another similarity between the two case studies.

Considering the complex terminology used in this paper, it remains necessary roughly to define their use in the frames of this research. The concept of urban images or urban imageries refers to the "conceptions in our minds about that complex physical reality we call cities" (Domosh, 1992). Being far less complex in comparison to the multi-layered term of urban identity (Hilber & Datko, 2012), urban images are easier to comprehend and thus widely used for branding and marketing of cities, but are also highly subjected to manipulations. Urban imagineering, as the process of the creation of urban images, usually remains under the influence of central governments, city governments and city districts, and is often negotiated between these levels. Furthermore, the multi-layered notion of national identity is based on the shifting and contradictory elements and is thus defined as a quality shared by the citizens of a nation-state; "a kind(s) of collective cultural identity" (Smith 2002: 15). The far less complex notion of national image refers to "the cognitive representation that a person holds of a given country, what a person believes to be true about a nation and its people" (Kunczik, 1997: 47). In the conceptual framework of this paper, urban image of the national capitals plays an important role in the construction of national image, being of particular relevance in the context of Yugoslavian successor nation-states.

²⁸ For the purpose of this research, a non-systematic approach to data collection and data analysis was used. The material has been collected from the following major sources: a) legislative and planning documents and reports; b) media coverage; and c) semi-structured interviews with NGO representatives. However, the first source was used only in the case of Belgrade, where several documents have been made publicly available—some of them only for a limited period of time. In the case of Skopje it was impossible to implement a similar approach, considering a complete lack of transparency and information on the project from the government level. Furthermore, regarding media-articles, an online database search of several national and international medias was performed. Targeted were the media-articles that analytically and critically addressed and followed up the processes of contracting and project implementation, as well as public protests. The interviews with representatives from the NGO sector (as listed under the references) have been conducted using a semi-structured method, performed in Serbian language, and translated to English by the author. Finally, all the collected data has been analysed in a non-systematic way, and thus used to provide relevant information and support for the main arguments in the text.

Besides from this introduction, the paper is organized in additional five sections. In the following one, the role of urban megaprojects (UMP) in urban and national image making is discussed, and this debate is linked to the scholarly work in the CEE context. The third section reviews the political context of identity in socialist Yugoslavia and discusses its implications for the spatial development of the cities in focus. The fourth section contains an analysis of the initiatives in the former federal capital Belgrade along with the ones in Skopje, and the fifth reflects on the major insights gained through the case studies. The paper concludes with an assessment of both of the case studies in international contexts.

5.2. Urban megaprojects as a tool for image making in the CEE context

Many international studies already showed that UMPs have produced globally circulated images, which re-shaped the ways cities and countries represent themselves (Evans, 2003, Broudehoux, 2010). However, many scholars have also criticized UMPs, mostly on democratic, economic and social grounds (Olds, 2004, Orueta & Fainstein, 2008, De Cerro, 2013), and have particularly highlighted the lack of transparency in their development. These “emblematic examples of neoliberal forms of governance” (Swyngedouw et al. 2002: 543) were also described as “self-contained, isolated, and disconnected from the general dynamics of the city” (ibid: 573). Such enterprises were often prone to planning failures, including overspending and excessive delays (Flyvbjerg et al., 2003, Flyvbjerg, 2011). The implementation of the last generation of UMPs even seems to be less clear, with their benefits and gains under debate (Plaza, 2000, Sandercock & Dovey, 2002). While seemingly serving a broad range of interests, they masked the underlying shift “from collective benefits to a more individualized form of public benefit” (Lehrer & Laidley, 2008: 786). Recent civic engagement against particular projects in the Western European context has gained much attention and has contributed to significant delays in their implementation (Novy & Peters, 2013).

How far urban megaprojects in the context of CEE follow the same trends and facilitate comparable processes of socio-economic restructuring is under debate (Müller, 2011, Kinossian, 2012, Kinossian & Morgan, 2014, Koch, 2014, Cope, 2015, Koch & Valiyev, 2015). In spite of comprehensive changes, urban development of the region is still profoundly shaped by the legacies of socialist urban planning and the post-1990 political and economic reforms. One of the important themes in the literature has thus been to examine the intersection between socialist legacies and global processes of neoliberalization in reconfiguring urban spaces (Stenning et al., 2010, Grubbauer & Kusiak, 2012, Hirt, 2012, Kovács et al., 2013, Golubchikov et al., 2014). In many cases, the outcomes confirmed the assumption that cities throughout CEE have embraced entrepreneurial strategies of urban imagineering and actively supported the transformation of central urban spaces modelled on Western examples (e.g. Temelová, 2007, Cook, 2010, Golubchikov, 2010). Scholars additionally stated that nation-state politics showed a greater influence in the CEE context compared to Western examples, particularly in regard to the implementation of large-scale urban development projects. Despite often being associated with mega events, UMPs were thus in many countries of the region interpreted in terms of post-socialist nation building (Palonen, 2013, Cope, 2015, Kinossian, 2012, Koch & Valiyev, 2015). Contrary to many countries in the CEE region, the socialist self-management system in SFRY was a rather particular case, considering that it had placed greater importance on market-type economic relations, enabling higher living standard and a lower level of under-urbanisation (Vujović & Petrović 2007). Nevertheless, the supreme role of socialist-state aimed at creating new forms of society in a multinational country by controlling the ways cities has been planned, developed and represented. Considering the strong legacy of socialist planning, difficult and

uneven dynamics of transition, complex post-conflict recovery process, and somewhat contested national identities, successor countries of the SFRY thus remained rather particular case even decades after the fall of state socialism. The two case studies of UMPs discussed in this paper, Belgrade Waterfront project in Belgrade and Skopje 2014 in the Macedonian capital, illustrate extreme cases of refurbishment of capital cities led by national governments in order not only to make an impact on urban image, but also to use its resonance on improving the national image and international reputation. The following section provides an overview of the general circumstances in the former SFRY, with particular emphasis on the contexts of transitioning Serbia and North Macedonia.

5.3. The political context of identity in socialist Yugoslavia and its implications on the post-socialist transformation of Belgrade and Skopje

After the Yugoslav communists came to power in 1945, they introduced a new socialist federal establishment as a guarantor of national equality in a multinational country (fig. 1). The main principle of Yugoslavia's post-war policy of ethnic relations, "Brotherhood and Unity," had the objective not only of promoting harmonious inter-ethnic relations but also of legitimizing the leading role of the Communist Party in Yugoslav society. The identity of the new nation was thus based on an ideological vision of the common future, rather than on common ethnic, political and cultural characteristics of the constituent nations (Haug, 2012, Jović, 2004). An international modernist style that lacked references to any particular nationality was conveniently selected as the embodiment of the new ideology. The federal capital, Belgrade, was supposed to support national unity and represent all Yugoslav cultural and political identities (Ápor, 2015, Damljanović Conley, 2010). The notable exception was the active support of national consciousness in politically unstable North Macedonia (Haug, 2012, Frusetta, 2004) through standardisation of the language, restoration of autocephaly for the Macedonian Orthodox Church, and selective interpretations of its history, aiming to weaken links with Bulgarian nationalist ideology and strengthening its ties to other Yugoslav nations (Haug, 2012, Frusetta, 2004).

Although after the fall of communism, the Yugoslav capital city confronted similar problems as the capital cities of other CEE countries, there were also some circumstances that made Belgrade a particular case. The city suffered from the consequences of previous development directions, especially with the sheer number of partially realised large-scale urban infrastructure projects that Serbia could not support any longer by itself (Blagojević, 2005). A poor economic situation and international isolation of the country imposed by the UN during the war years prevented external forces from supporting necessary economic liberalisation. The national political elite deliberately delayed socio-economic reforms to keep their power (Vujović & Petrović, 2007), with an overall lack of political interest in the role of Belgrade in global economic restructuring. Additional consequences of the decade of stagnation also included an extremely negative public image. The much-needed transformation and recovery commenced after Milošević's regime was overthrown in the year 2000, when a democratic shift in the ruling party finally enabled economic liberalisation, initiatives for international competition, and revamp of the national image.

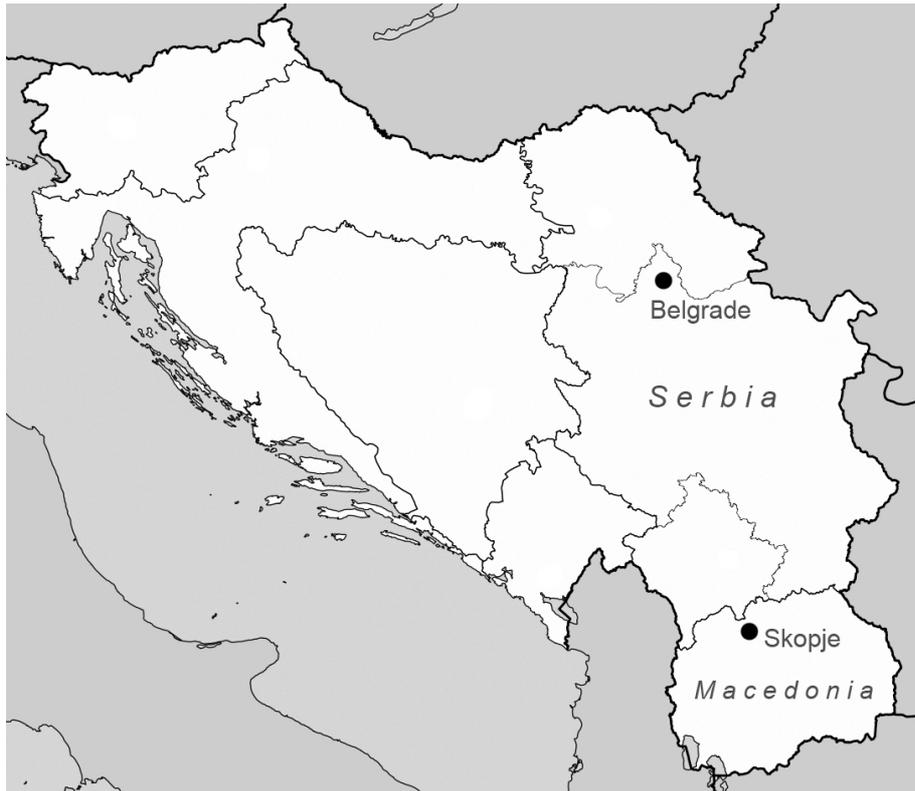


Figure 5.1. Belgrade and Skopje in the former SFRY

Yugoslavia was a multinational country, composed of six federal states, with Belgrade as the federal capital city.

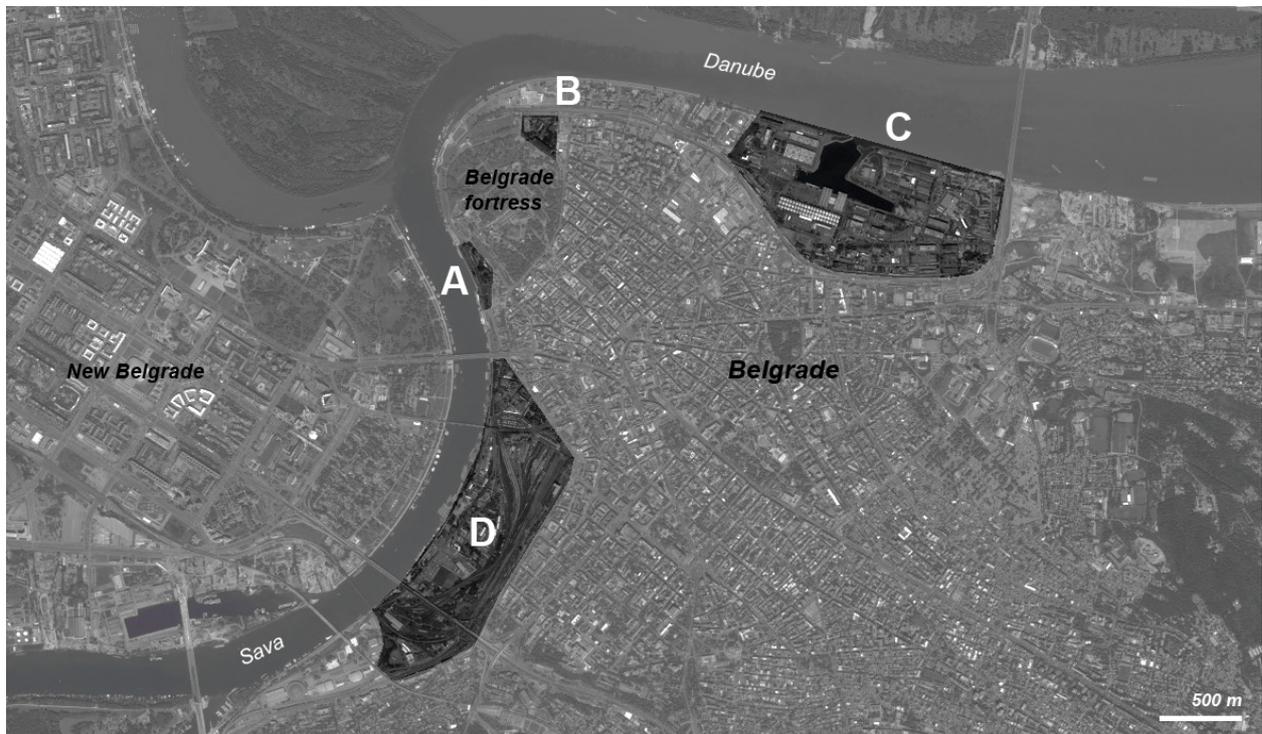


Figure 5.2. Planned large-scale interventions on Belgrade waterfronts

Legend: A – The Cloud, B – Former Beko factory, C – City on Water, D – Belgrade Waterfront
 Source: <http://www.bing.com/mapspreview> accessed on 03 June 2017 with authors' additions
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Improvement of Belgrade's image rested upon redevelopment of several brownfield areas along the waterfront and close to the city's historic urban core. The initial strategic approach

involved introduction of new urban landmarks that could contribute to international visibility of the city through their iconic designs by world's most famous architects, such as Studio Libeskind, Gehl Architects (fig. 2: C), Sou Fujimoto Architects (fig. 2: A), or Zaha Hadid Architects (fig. 2: B). Following another major political shift in 2012, all the mentioned iconic projects were subsequently suspended, due to conflicts over land ownership claims or high implementation costs. In fact, the new national government led by the liberal-conservative Serbian Progressive Party (SNS) strongly advocated for its own and the vision of its strategic partners, on a remarkable location between the Old City and New Belgrade. Being one of the most strategic development areas the city had to offer (Vukmirović & Milaković 2009), the brownfield site at the bottom of the so-called Sava Amphitheatre was to be converted into a UMP named the Belgrade Waterfront (fig. 2: D).

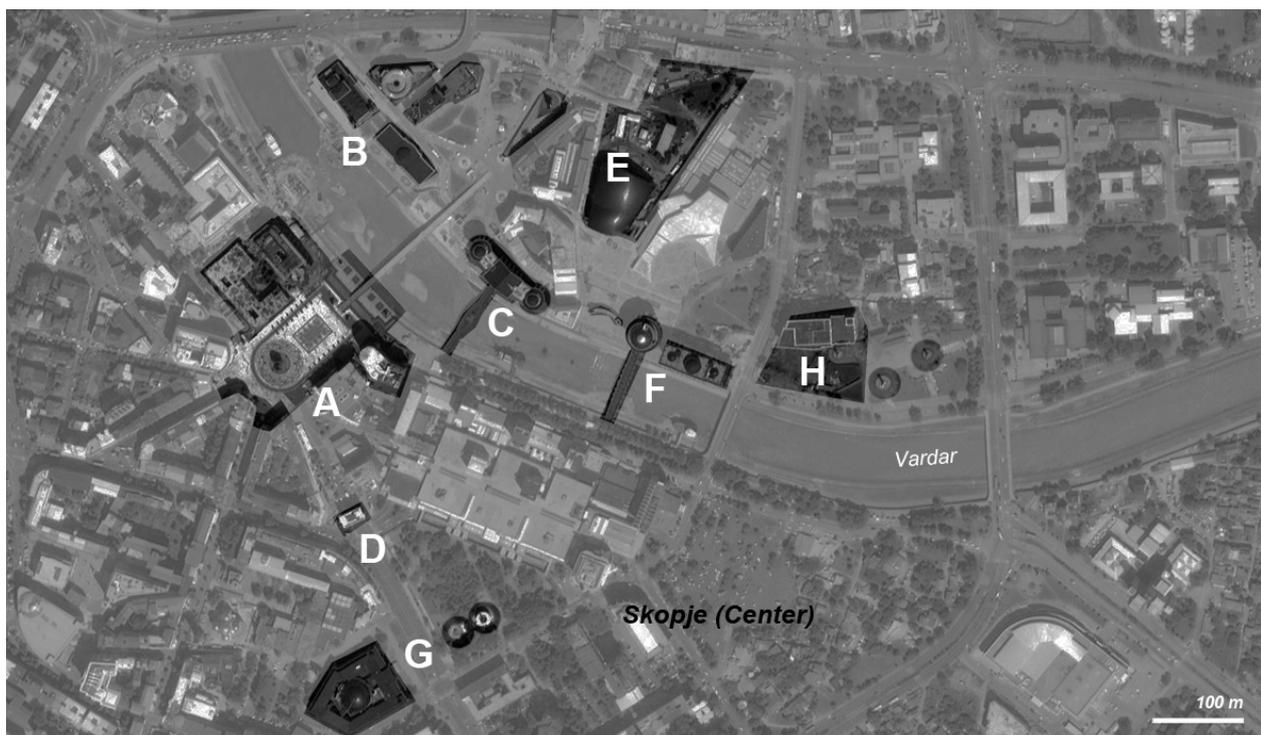


Figure 5.3. Skopje 2014 project

Legend: A – Warrior on a Horse, B – the National Theatre and the Museum of Macedonian Struggle, C – the Constitutional Court, Archaeology Museum, and the Eye Bridge, D – Porta Macedonia, E – the Macedonian Philharmonic Orchestra Hall, F – Financial police, Ministry of foreign affairs and the Art Bridge, G – the Parliament Building, H – Public administrative building
 Source: <http://www.bing.com/mapspreview> accessed on 03 June 2017 with authors' additions

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A particular feature of the post-socialist development of the North Macedonian capital, Skopje, was an attempt to hide the Yugoslav socialist ideology and planning, which left a particular legacy due to the comprehensive renovation efforts after the earthquake in 1963. Although famous Japanese architect Kenzo Tange won UNESCO's international competition for designing the new master plan, it was never fully implemented. The universal international style was no longer seen as capable enough to support the identity dispute that came along with the economic and political crisis after independence in 1991 when different ethnic and religious communities started to compete for visibility in the urban realm. Due to a general lack of convenient pre-socialist national histories, a controversial theory also appeared, claiming that the modern Macedonian nation had descended from migrating Slavs, who mixed with remnants of the ancient Macedonian people of Alexander the Great (Frusetta, 2004). On the 20-year

anniversary of Macedonia's referendum on independence, a 14.5-meter-high statue of Alexander the Great was unveiled on the biggest Macedonia Square (fig. 3: A; fig. 5-left), officially named Warrior on a Horse (Tanjug, 2011). These portrayals of the national history caused some dissent and discontent within the region. The Greek government accused the Republic of North Macedonia of appropriating symbols and figures that are considered being exclusively Greek in historical context (Frusetta, 2004). The contentious monument became the most iconic representation of the Skopje 2014 project, although other initiatives added to the project's overall controversial nature. As the most visible legacy of the former Yugoslav planning, the existing buildings in the style of late modernism were subsequently concealed by new façades with stylistic elements from the times of Baroque, Classical and other historical periods (fig. 3; fig. 5-right).

5.4. Belgrade Waterfront and Skopje 2014: from secret dealing to urban struggle

The following section brings analyses of the two case studies, in which politically orchestrated re-imagining of the national capitals and the nations themselves through non-transparent, top-down led implementations of UMPs resulted with civic contestation and struggle.

5.4.1. Belgrade Waterfront project

Implementation of the initiative for the Belgrade Waterfront became a certainty in 2013 after the agreement on cooperation between the governments of Serbia and the United Arab Emirates was signed (Serbian Government, 2013). This UMP was highly publicized prior to the national parliamentary elections in March 2014 (Bakarec, 2015), after its world premiere at one of the most prestigious international real estate events in Cannes. The project envisioned the construction of high-rise buildings, offices, hotels, and luxury apartments (fig. 4), which after its completion in only six to eight years, would provide with the new image for Belgrade as a global city. This initiative for urban re-imaginering of the national capital was expected to "significantly improve both the image and the role of Serbia in the region and world" (Tanjug, 2014). At the same time, the project was also introduced as a flagship for reviving the national economy (Filipović & El Baltaji, 2014).

The apparent personal connections and interests of key stakeholders from both parties initiated a public controversy; namely, the then-First Deputy Prime Minister of Serbia Aleksandar Vučić claiming friendship with the Abu Dhabi royal family, the Al Nahyans (Filipović & El Baltaji, 2014). Soon after the elections in 2014, Vučić became the Prime Minister, and later in 2017 the president of Serbia, both of which further facilitated advancement of the project. Right up until the foundation stone for Belgrade Waterfront was finally laid in 2015, the Serbian national government intervened repeatedly to ensure the project's smooth execution. Vučić himself in many occasions promoted and advocated for the project in the media (Shepard, 2016; Filipović & El Baltaji; 2014, Tanjug, 2014). Besides, the real prerequisites for its implementation were profuse legislative updates and extensive preparatory work with unforeseeable completion dates, so the very top of the political establishment adopted an extremely autocratic role, characterized by investor-friendly decision-making and exclusion of both municipal authorities and effective legal regulations.



Figure 5.4. Belgrade Waterfront master plan

Although rather late, in 2014 it was officially announced that the internationally renowned firm SOM designed the flagship Belgrade Tower. Authorship of the master plan, however, still remains unclear. Source: Belgrade Waterfront, © Eagle Hills

Belgrade Waterfront was officially declared of special importance for national economic development in 2014,²⁹ followed by the legal but questionable confirmation of the proposed project falling under the public interest (Republic of Serbia, 2015b). The Joint Venture Agreement signed in 2015 (Serbian Government, 2015) set the rules for a newly formed public-private partnership between the contractors, for which several questionable modifications to the existing national and local legislative framework have been enacted (Grubbauer & Čamprag, 2018; Lalović et al., 2015). When the document was finally made available after public pressure, many unclear elements and contradictory information were reported, especially concerning costs and financing of the joint venture. Initially announced that the investor and developer Eagle-Hills was going to invest €3 billion in the Belgrade Waterfront, the amount was reduced to only €150 million (Šekularac, 2014).

In addition to autocratic regulation and overall lack of transparency, legal but questionable citizen participation in decision-making processes was also associated with the implementation of this UMP. Considering that the master plan for Belgrade Waterfront has been developed with a general disregard for public involvement and the unclear authorship of the master plan, the project was apparently

“already finished before even made public; public insight and citizen involvement organized later were just pro forma and did not change a thing” (interview 1, 2017).

The public input into the draft of the Spatial Plan (Republic of Serbia, 2015a) and Strategic Assessment Report (Strategic Environmental Assessment, 2014), followed by a session

²⁹ The project was declared of special importance for economic development of Republic of Serbia in accordance with the decision 05 no. 350-3533/2014 dated 1st May 2014.

of the commission for public review (Report on Public Insight, 2014) triggered public debate. The Serbian Academy of Sciences and Arts remarked that

“the local experts and the general public were not included in the decision-making process on the elements of the concept” (Report on Public Insight, 2014: Comment 15.2.3.)

and advised the government

“to correct the concept, which is too introverted and ignores harmonization with the real context and processes of transformation of the city as a whole” (Report on Public Insight, 2014: Comment 15.6.2.).

The local and national Architect’s Associations pointed out that the proposed plan could have

“serious consequences for the development of Belgrade as a whole, regarding the principles of sustainability, identity, accessibility, competitiveness, and contextuality” (Report on Public Insight, 2014: Comment 12.1.).

Besides from significant engagement of the national intellectual elite and professional associations, probably the most important contribution to revealing the legally flawed procedures behind the project’s implementation came from the grassroots level. The civic initiative Ne da(vi)mo Beograd³⁰ suggested that the proposed plan should be

“annulled in its entirety and sent back to a new, legal, planned procedure, as the proposed draft is contrary to the law, and is being enacted against the public interest” (Report on Public Insight, 2014: Comment 24).

Since the Joint Venture Agreement was signed in 2015, the initiative Ne da(vi)mo Beograd has been raising important questions through the engagement of media, experts, planners, and other NGOs, aiming to mobilize the apathetic Serbian public. This has finally changed a year later when a group of masked people with bulldozers overnight demolished private objects in Savamala. Considering that the district belonged to the area where the Belgrade Waterfront project was to be built, in addition to the lack of reaction of the police, state officials, and media, the incident was seen as the collapse of the rule of law (Ignjatijević, 2016). Many citizens joined a series of protests named “The masks have fallen”, demanding resignations of the responsible national and city authorities, and the mayor. As the representative of the Ne da(vi)mo Beograd stated,

“Since procedural matters did not bring us much, we started organizing various protests, performances and the like. The idea was that the number of people on the streets would finally show disagreement with the proposed development. Another field of our activity was the initiation of criminal charges and a lawsuit against the state to show that what was done is not in accordance with the laws” (interview 1, 2017).

³⁰ A game of words, meaning ‘we won’t let Belgrade d(r)own’.

5.4.2. Skopje 2014 project

Contrary to the investor-friendly decision making at the highest government level and formalized citizen's input that characterized the implementation of the UMP in Belgrade, the massive urban refurbishment in Skopje was fully conceived, sponsored and later implemented by the national government, with absolute exclusion of citizen participation from decision-making processes (Kubiena, 2012; Graan, 2013). Specific socio-political conditions that enabled the start of extensive work on the recreation of national image were met after a right-wing party with a national democratic orientation, VMRO-DPMNE,³¹ won the parliamentary elections in 2008. The state-owned media broadcasted a short video titled Skopje 2014, revealing the government-sponsored renovation plan that envisioned the construction of a new philharmonic hall, three government buildings, a new business centre, a new church, three new museums, two new hotels, a triumphal arch, two new bridges, and over twenty bronze and marble statues of national historical figures in only four years (Graan, 2013). According to Križnik and Janev (2008), a radical shift towards a 'grand national capital' was a basis for the new nationalist discourse of the ruling political party. However, the master plan for the project has been introduced with no information on its authorship, without any other relevant sources, and without any consultation with the general public (interview 2, 2017). Although the political elite standing behind this UMP remained silent on the rationale of the project (Kubiena, 2012), several wiretapped conversations that members of the opposition party presented to the media in 2015 revealed that the Prime Minister Nikola Gruevski personally instructed "about various aspects of the project" and proposed "some baroque facades, mentioning examples in Vienna, Prague and Paris" (Jakov Marušić, 2015). After the public was presented with pieces of evidence that the very top of the state administration was "the ideologist, planner, designer and creator of 'Skopje 2014'" (ibid.), Gruevski became labelled as "the hidden architect of the state-funded revamp of the capital" (ibid.).

Resulting from an eclectic assemblage of historicised architectural forms, Skopje 2014 visually and associatively communicated through an abstracted and modified form of imitation, although without concrete historical examples (fig. 5). Through the major semantic shift in architectural language that hardly had any architectural or stylistic references to the history of the capital city or to the Macedonian nation, the aim was apparently at suppressing the country's Yugoslav past and hiding the presence of many religious and ethnic minorities, as well as their cultural and political manifestations (Cvitković & Kline, 2017; interview 2, 2017). Besides, the press pointed out to the following issues;

"while some argue that the more 'metropolitan' atmosphere of the city will renew a missing sense of national pride, others say that the project is just an attempt to distract from the country's more pressing problems of high unemployment, poverty, and slow progress towards NATO and EU membership." (Jones, 2015)

The civic sector representative similarly described actions of the government as a

³¹ The Internal Macedonian Revolutionary Organization – Democratic Party for Macedonian National Unity

“visual propaganda that gives the illusion that something is happening. (...) Another aspect is the illusion of engagement and progress of the economy, which was instead, unfortunately, used for profuse money laundering” (interview 2, 2017).



Figure 5.5. Controversial initiatives in Skopje

Due to its high similarity with Alexander the Great, the monument Warrior on a Horse (l) caused a dispute with neighbouring Greece for appropriating its historical symbols and figures. The new Constitutional Court and the Macedonian Archaeological Museum on the riverbank (r) hid the view of the modernist National Theatre building. Photo: A. de Keijser, 2013

After the much-needed substantial changes in the society and national economy haven't followed as expected, the Skopje 2014 project came under public scrutiny, primarily on the basis of its high costs. From the initially announced €80 million, the real costs rose to €500 million (Kubiena, 2012), with the total expected to reach €667 million by 2018 (BIRN Macedonia, 2016). The relatively muted initial response of the general public grew as the project has progressed, especially after the national intellectual elite and professional associations initiated a number of important open debates. They targeted not only architectural formulation and its questionable aesthetics but also the lack of transparency and inclusion, as well as legally flawed procedures behind the project's implementation. Equally important was the question of the subordinate position that the urban government adopted towards decisions coming from the highest levels of the national political elite (interview 2, 2017). The Association of Architects of Macedonia pointed out that

“there is no interest in dialogue, and the institutions officially exist only in order to execute orders. They are not competent enough, but they are sufficiently obedient and ready to be indifferent in order to implement one's ideas” (Al Jazeera, 2014).

On the grassroots level, the initiation of student activism against the project through the First Archi-Brigade group (PAB) mainly involved students of architecture concerned about comprehensive physical transformations of the city, while the Freedom Square organisation consisted of intellectuals and other committed citizens who advocated for an approach to Skopje 2014 as a political question (interview 2, 2017). Conceived as a peaceful demonstration to express resentment against the planned changes of the city's appearance, the First Architectural

Uprising led by the civic organisations in 2009 turned violent (interview 2, 2017), which revealed a somewhat divided public opinion. Nevertheless, growing dissatisfaction with the numerous affairs and secret dealing of the VMRO-DPMNE government caused massive protests all over the country later in 2016, in which citizens demanded more democracy and transparency (Srna, 2016). The demonstrations were termed the Colourful Revolution, as during the protests, the new facades and monuments, as symbols of unlawful actions by the government, had colours thrown on them;

“with the colouring of state institutions and monuments, demonstrators showed dissatisfaction with the government and revolt towards the Skopje 2014 project, on which the government has unnecessarily spent plenty of money” (Srna, 2016).

The Colourful Revolution, however, did not ease repression of the civic sector, which ultimately emphasised less invasive forms of activism (interview 2, 2017). As the representative of the Freedom Square stated,

“we started to work with citizens on the importance of public spaces, but later we switched to the public interest (...). Our main aim became sensitization of citizens that spatial planning is a political issue (...). We aimed at establishing the relationship between the citizens and the environment, which finally enabled the functioning of the trio involving civil society, citizens and local authorities” (interview 2, 2017).

5.5. National image making and urban development politics in Serbia and North Macedonia

Hidden behind the rationale of improving the national image, both UMPs in question showed some indications of speculative development. Under the auspices of the ruling political establishment in Serbia, Belgrade Waterfront received enormous support in terms of concessions in legislation. Especially important were regulatory adjustments that legally confirmed the public interest status, as a prerequisite for forthcoming procedural actions towards its implementation (Republic of Serbia, 2015b). The project has been pushed for with complete indifference to public opinion or professional advice (Report on Public Insight, 2014; interview 1). As a result, initial aspirations for a new urban landmark, which should, at the same time, serve as a flagship for national economic revival, were overshadowed by the clientele's relations and the overall lack of transparency (Grubbauer & Čamprag, 2018). Contrary to the case in Belgrade, where the national significance of the project was a legally confirmed investment-driven decision, Skopje 2014 was strategically based on a romanticised awakening of the national sentiments of the majority. Expressive historic interpretations of non-existent memories and imagined realities, materialised in the very core of the capital Skopje, allowed high visibility and thus enabled an effective re-branding endeavour (Yeoh, 2005). The architectural spectacle was supposed to allow Macedonian political leaders not only to materialise their political authority on the national level, but also to gain economic value on the international stage. The newly constructed layer of nationhood, however, merely covered over the ethnic, cultural and religious diversity of the new Macedonian state.

Although the initiatives of the intellectual elites gathered around professional associations and grassroots movements in Serbia and North Macedonia failed to change the manner in which UMPs were implemented, they are far from being ineffective. The activities of the civic sector in Serbia offered hitherto unknown contestation of the alarming inadequacy of

privileging real-estate-led development in the process of post-socialist re-imagining of the capital, despite repression by the authorities and denigration by tabloid media (interview 1, 2017). The civic initiative Ne da(vi)mo Beograd, in particular, took over the role of advocates for generally more participatory planning, with the inclusion of both the general and professional public, aiming for empowering citizens to deal more with their built environment in a long-term perspective (interview 1, 2017). The initiatives of the civic sector in North Macedonia likewise resulted in some significant achievements. They took over the educational role on the loss of the city's authenticity, caused by the use of elements of imagined history in contemporary architectural articulations, which diminished the real common memory. The civic sector also questioned the use of architectural replacements and false facades to construct cityscapes based on European models, as a means of compensation for ongoing national identity issues. Finally, the civic sector in North Macedonia pointed out the lack of democratic public discussion and exclusion of minorities from the programme of the project (Kubienna, 2012, Graan, 2013), as well as the overall distraction of public attention from the burning issues in Macedonian society (interview 2, 2017).

The final results of the ways the UMPs in Belgrade and Skopje have been contracted, designed and implemented seemed to have caused only the opposite effects from the anticipated improvement of international image. The British *Guardian* expressed a great deal of scepticism of the Belgrade Waterfront project while describing the city as “an unlikely place for Gulf petrodollars to settle” (Wright, 2015). The American magazine *Forbes* even named the project “Abu Dhabi’s Bad Joke” (Shepard, 2016). Rather than producing a European image for North Macedonia, some critics claimed that a second-rate copy of originals could only embarrass and marginalize the country (Graan, 2013), while *Guardian* proclaimed Skopje for “Europe’s new capital of kitsch” (Gillet, 2015). The two UMPs thus finally failed to achieve objectives that were supposed to justify their expensive implementation.

From a broader perspective, the governance model adopted in Serbia and North Macedonia provide us with several valuable insights related to politics, modes of regulatory capitalism and image making. First, although many authors have already stressed out the particular importance of UMPs for nation-state politics and post-socialist image making in CEE (Palonen, 2013; Kinossian & Morgan, 2014; Cope, 2015; Koch & Valiyev, 2015), the particularity of the cases of speculative urban refurbishments in Belgrade and Skopje were in their national governments and national political elites as key figures to facilitate channelling of these urban interventions. This largely contrasts the currently often-assumed active role of local governments in conceiving UMPs as part of entrepreneurial strategies to enhance their cities’ image and locational advantages (Swyngedouw et al., 2002; Sklair, 2006). Besides, these cases also favour the argument that non-transparent regulatory regimes are more easily adjusted and manipulated to the benefit of political and business elites in CEE (see Golubchikov et al. 2014) than those found in Western European contexts.

The second insight relates to national politics that was often translated into image politics built on spectacular architecture, serving to legitimate the political ruling class and to instil national pride. The globally circulating model would usually involve the aesthetic spectacle, often relying on the big names, with new urban landmarks ultimately serving to streamline public debates and approval processes as well (Charney, 2007; McNeill, 2007; Andersen & Røe, 2016). Contrary to the same type of iconic designs that performed as flagships for urban transformation modelled on Western examples—such as the example of Gehry’s Guggenheim Museum in Bilbao—both Belgrade Waterfront and Skopje 2014 differed. International star-architecture has not been playing a key strategic role in the projects’ justifications, and their master plans became known only through press releases circulated through the state-owned

media, without authorship or any other information. This ran in accordance with the adopted strategy of stealth and informal lobbying, in which the public was not given any voice, which resulted in gradually rising civic engagement. Thus the following insight relates to the formation of new civic alliances concerned with urban development politics and construction of national identities that was evident in many countries of CEE in recent years (Palonen, 2013; Trumbull, 2014; Jacobsson, 2015). The particular lack of a tradition of civic engagement with urban issues in post-socialist and post-conflict contexts of Serbia and North Macedonia has, however, allowed the projects to proceed with an extreme case of disregarding public input. Whether formalized or fully ignored, the voice of the people and local experts in Belgrade and Skopje has thus not been taken into account. This largely contrasts recent cases of mobilization against UMPs in Western Europe, in which grassroots activism even managed to impose significant shifts in redistribution of political power at local and regional levels, such as in the case of UMP Stuttgart 21 (Novy & Peters, 2013).

The final insight goes hand-in-hand with the general criticism of the UMPs relating to overspendings and excessive delays of the projects in question (Flyvbjerg et al., 2003, Flyvbjerg, 2011). Secret dealings and an autocratic model of governance conveniently eliminated a large part of the risk for the national governments, while at the same time serving to provide hidden public subsidies in both of the case studies. Although not uncommon among the other European countries, such reliance on extremely fragile public budgets could be considered especially troublesome in the CEE context. Nevertheless, as in the case of Skopje 2014, the Hungarian national government similarly reached for public funds to articulate what is to be Hungarian in the public realm of Budapest (Palonen, 2013). However, this showed to be even more troublesome in the extreme case of investor-friendly approach in Belgrade, where the national government took on a variety of responsibilities in case of any unforeseen delays, despite the high risk associated with the project's implementation (Serbian Government, 2015: 26).

5.6. Conclusions

This study revealed how implementation of the UMPs in Belgrade and Skopje was led by a one-sided approach to urban and national image-making, along with new dynamics in the global circulation of urban development models, relying solely on goals and preferences of political leaders and/or investors, and with a blatant disregard of public opinion and professional advice. Two general conclusions emerge from this analysis.

First, the national governments in Belgrade and Skopje played the decisive role in the implementation of the respective UMPs. This is in contrast to Western European contexts, where local governments usually played the decisive role in the redevelopment of inner-city brownfields and derelict infrastructures (Moulaert et al., 2004). The active role of local governments in the conceiving of entrepreneurial strategies that is often assumed today assumes direct negotiations with developers and investors, which usually allowed the harmful consequences of speculative development to be countered. In such cases, the new public spaces and urban imaginaries provided by UMPs indeed contributed to an improvement of the quality of life for residents (Degen & García, 2012; Smith & Von Krogh Strand, 2011). However, the most obvious problem associated with Belgrade Waterfront and Skopje 2014 was in them being expensive projects that crowded out more urgent investments, targeting a segment of representative public buildings, monuments, and business and residential real estate. Utterly misplaced in the capital cities of Europe's most economically and socially deprived countries, these structures fail not only in terms of contextualisation, but also in providing allegedly new points of reference for the post-Yugoslav urban and national re-imaginering.

Second, contrary to the recent civic protests against particular projects in Western Europe that gained much attention and significantly influenced public discourse and policy, similar protests in Belgrade and Skopje have not significantly changed the course of advancements of the respective UMPs. Non-transparent decision-making and extremely autocratic governance in both countries resulted in the blatant disregard for public input and ultimately prevented its influence on the course of these politically orchestrated attempts at nation branding. Nevertheless, some striking similarities with the Western European contexts involve the presumed educative role of the national intellectual elites, enabling swift mobilisation of citizens to confront obscure implementation of the initiatives coming from the very top of the national political establishment.

Considering the major justifications for the UMPs in terms of strengthening national greatness (Müller, 2011), global competitiveness (Golubchikov, 2010), or European cultural roots (Dixon, 2013), this paper finally demonstrates their melting pot in post-Yugoslavian urban context, with its particularities of extreme state-led regulation, autocratic intervention, and lack of democratic control. The overall failure of the UMPs in Belgrade and Skopje to respond to both urban and national contexts, as well as to address the variety of its socio-economic challenges, was primarily due to an overall lack of transparency in contracting, financing and all other planning and implementation procedures. Such prioritisation of project delivery above the principles of representative democracy in the making of Belgrade Waterfront and Skopje 2014 revealed the one-sided political motives behind alleged improvements of urban and national images through large-scale refurbishments of the capital cities. This ultimately offers new insights into the reasons why the implementation of UMPs in the context of both Serbia and North Macedonia finally failed to reach its aim of satisfying public interest.

CHAPTER 6

Urban megaprojects, nation-state politics and regulatory capitalism in Central and Eastern Europe: The Belgrade Waterfront project

Abstract

In this paper, we explore how state-led regulatory planning is utilised to push for delivery of an urban megaproject (UMP) in the specific context of post-socialist Central and Eastern Europe. Our focus is on the large-scale brownfield redevelopment project ‘Belgrade Waterfront’ under implementation in the Serbian capital, a joint venture between the Republic of Serbia and Abu Dhabi-based investor Eagle Hills. We show this UMP to be an extreme example of state-led regulatory intervention, characterised by lack of transparency and haste in decision-making processes, all of which serve to prioritise private investors’ interests in project delivery above the principles of representative democracy. Through analysis of legislative and planning documents, expert reports and media coverage from the period between 2012 and 2017, we explore the legislative mechanisms, contractual strategies and modes of governance involved in the project’s delivery. This provides two insights: first, it reveals that, in contrast with the active role of local governments in conceiving entrepreneurial strategies that is often assumed today, in the case of Belgrade Waterfront, the national government has instead played the decisive role; second, it shows how modifications to national law were instrumental in defining public interest, in enabling certain types of contracts to become technically legal, and in minimising risks for the private investor. We conclude by highlighting the need to further conceptualize nation-state politics and autocratic rule as driving forces of urban development processes.

Keywords: urban megaprojects; waterfront developments; regulatory capitalism; post-socialism; urban politics

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6.1. Introduction

Over the past years, urban megaprojects (UMPs) have provided globally circulated images which have re-shaped the way that cities represent themselves (Broudehoux, 2010; Evans, 2003). However, gains and benefits for the wider public are less clear and much-debated (Plaza, 2000; Sandercock and Dovey, 2002). Scholars have criticised UMPs on democratic, economic, and social grounds (Murray 2015; Olds, 2004; Orueta and Fainstein, 2008) and have particularly noted the lack of transparency in the development of these projects, often based on exceptional measures that serve to circumvent democratic control. Such enterprises are also

prone to planning failures, marked by overspendings and excessive delays (Flyvbjerg et al., 2003). Swyngedouw et al. have designated UMPs as ‘emblematic examples of neoliberal forms of governance’ (2002: 548) that propel socioeconomic restructuring. In the Western European context, recent civic engagement against particular projects has gained much attention and has contributed to significant delays in project implementation (Lauermaun, 2016; Novy and Peters, 2013).

The degree to which UMPs in Central and Eastern Europe (CEE) follow the same trends and facilitate comparable processes of socioeconomic restructuring as in Western Europe, North America and other global contexts is under debate (Cope, 2015; Kinossian, 2012; Kinossian and Morgan, 2014; Koch, 2014; Koch and Valiyev, 2015; Müller, 2011). On the one hand, there is ample evidence that cities throughout the region have embraced entrepreneurial strategies and have in many cases actively supported the transformation of central urban spaces modelled on Western examples (see Cook, 2010; Golubchikov, 2010; Temelová, 2007). Yet at the same time, and particularly with regard to large, prestigious urban development projects, scholars point out that nation-state politics have considerably more influence than in Western contexts (Cope, 2015; Kinossian, 2012; Koch and Valiyev, 2015).

Analysing the ‘Belgrade Waterfront’ project, a case study situated in post-socialist Belgrade, we seek to provide insights into the role of UMPs in the process of spatial and economic change, as well as into the ways in which power relations in the cities of the CEE region are continuously redefined in the wake of the post-1990 reforms. Our focus is on legislative dynamics and their effects on power relations between different levels of government and between public and private stakeholders in urban development politics. We theorise these in terms of the new modes of ‘regulatory capitalism’ structuring the interaction between states, corporations and civil society (Braithwaite, 2008; Levi-Faur, 2005, 2011). More specifically, we follow Raco (2014: 195) in his analysis of the “contractual capture” of state spending on urban projects’ by exploring the decisive role of procurement and contractual strategies for project delivery.

The particular case of Belgrade has to be seen in the light of Serbia’s economic, social, cultural and political collapse during the last decade of the twentieth century. The period of civil war and political turmoil which ended with the downfall of Slobodan Milošević’s government in the fall of 2000 had long-term consequences. These have ranged from the challenge of reintegrating the country into the European community to the overall necessity for urban regeneration and rebuilding efforts in Serbian cities after long periods of disinvestment. The development of the brownfield site of our case study was recently pushed for by national political elites in a process characterised by a lack of public information and consultation to such a degree that allegations of corruption and personal enrichment were levelled (Tanjug, 2015a; BETA, 2016).

In this paper, we explore the legislative mechanisms and modes of governance involved in the project’s delivery based on the analysis of legislative and planning documents, expert reports, and media coverage from the period between 2012 and 2017. We show that in the case of Belgrade Waterfront the national government has played a decisive role. It recruited Abu Dhabi-based Eagle Hills as the investor and facilitated the project through far-reaching legislative changes. Regulatory and contractual strategies in the case of Belgrade Waterfront secured smooth delivery and risk-minimization for the investor. We thus emphasise the importance of ‘the governance of legal governance’ (Valverde, 2009: 141) and demonstrate the need to further conceptualize nation-state politics and autocratic rule as driving forces of urban development processes, especially in contexts where a lack of experience in both democratic involvement and development of projects on this scale is present.

The first section of this paper discusses UMPs as instruments of regulatory capitalism and a manifestation of the post-political urban condition. The second introduces the Belgrade Waterfront project and gives an overview of the particularities of post-socialist urban transformation in Belgrade. In the third section, we describe the various legislative mechanisms and regulatory adaptations that facilitated the advancement of the project, and the fourth reflects on the insights gained through this case study for wider debates about power relations and modes of governance in urban development politics. We conclude with an assessment of the Belgrade case in the light of analyses of UMPs in other CEE and international contexts.

6.2. Urban megaprojects as instruments of regulatory capitalism in Central and Eastern Europe

In the debate about regulatory capitalism, Levi-Faur (2005) and Braithwaite (2008) stress how the implementation of neoliberal agendas strongly depends on state interventions in terms of proliferating mechanisms of regulatory control. This has led to the widespread creation of new regulatory agencies and the expansion of voluntary and coercive regulation on various scales and in different spheres of society. This view also informs political economy analyses which stress the *aidez-faire* aspect of neoliberal planning (Purcell, 2009: 142) and the emergence of a global rule regime built on ‘common, underlying parameters of marketization and commodification’ (Brenner et al., 2010: 219). Regulatory processes are increasingly proceeding beyond national contexts, with transnational norms and standards the product of struggles for authority between private, national and supranational organizations (Büthe and Mattli, 2011). The key question for urban development politics is in how far these new forms of rulemaking serve the interests of (local and global) economic and political elites, thus overriding principles of representative democracy.

The literature on UMPs has highlighted how regulatory capitalism and transnational forms of rulemaking affect the modes of governance involved in the delivery of UMPs in several ways. First, the disengagement of politics from policy making becomes particularly clear. Professionals act in project implementation through hybrid public–private enterprises with little democratic control. Often driven by elite priorities, UMPs are used for the establishment of ‘exceptionality’ measures in planning and policy procedures (Swyngedouw et al., 2002). This is facilitated by a system of contractual relationships between global consulting and technology firms and local companies and municipal governments (Lauermaun, 2016; McNeill, 2015; Raco, 2014). Moreover, the reworking and rescaling of regulatory structures, in the case of UMPs, also facilitates risk-minimization strategies of private investors. This is important when securing investment from private international investors, who usually take greater stakes in low-risk projects that enjoy profound state support. Finally, the global regulatory explosion argument also implies that regulatory order is created in some leading sectors and countries of the global West and then made to travel to the rest of the world (Levi-Faur, 2005: 24). The globalised construction and real estate industries are ever more shaped by transnational forms of regulation by the way of building norms, market standards and sustainable building assessment models (Faulconbridge and Grubbauer, 2015).

Yet, with regard to the specificities of UMPs situated in the context of post-socialist Central and Eastern Europe, there is much agreement on the crucial role of the nation-state in financing, legitimating and instrumentalizing UMPs for its purposes. Authors stress how the embrace of neoliberalism in CEE in the wake of the reforms of the 1990s constituted ‘a messy and uneven process’ (Cope, 2012: 162). They observe a deep discrepancy between the rhetoric of the market and the reliance on lucrative state commissions evident in many of the

development projects of the region (Müller, 2011; Kinossian, 2012; Koch, 2014). Moreover, while market-economy principles are partly embraced in the non-EU-member states, political reforms are often missing.

Kinossian and Morgan, in their analysis of the Skolkovo Innovation Centre, a regional innovation cluster on the outskirts of Moscow, show how political loyalty is the driving force in the Russian oligarchic business community (2014: 1679). Koch and Valiyev raise similar points in their analysis of development projects for mega-events in the three Caspian capitals of Astana, Ashgabat, and Baku. They show how UMPs promote images of a 'benevolent and magical state', largely ignoring questions of effective demand and appropriate use. They conclude that UMPs in such closed and illiberal contexts ultimately serve to consolidate 'authoritarian political configurations' (Koch and Valiyev, 2015: 575).

Regulatory capitalism in CEE is then, in the words of Cope, basing his argument on the case of Poland and its projects for EURO 2012, therefore best understood 'as a scenario of complex overlap and interaction between states and major corporations' rather than primarily in terms of 'the extension of market competition' (2012, 173). The prevailing logic of large-scale urban development in much of post-socialist and post-Soviet Eastern Europe emerging from these accounts is one of political patronage, with large potential for corruption and evident efforts on behalf of local elites to legitimate and mask these illicit schemes by 'dressing up [such projects] in nationalist and populist language' (Koch and Valiyev, 2015: 579).

In this paper, we focus on a case study of an UMP in the post-socialist context and additionally complicated by post-conflict recovery. Belgrade Waterfront is of interest to us as an extreme case of top-down regulatory implementation led by the national government that lacks expertise and experience in the field, with democratic imperatives replaced by contractual requirements imposed by the investor. This was coupled with a lack of formal public input, which then led to the emergence of grassroots movements that took over the role of public interest advocates. In the following section we provide an introduction to Belgrade and the history of the project.

6.3. Belgrade – post-socialist transformation and background to the city's riverfront redevelopment

For most of the countries and cities of post-socialist CEE the last decade of the twentieth century was the crucial period of free-market-oriented reforms, setting the course for extensive and highly dynamic processes of socio-spatial restructuring (Stanilov, 2007). Belgrade's post-socialist urban transformation has been shaped by a number of factors. First, technocratic planning principles as the legacy of the former communist and socialist regimes are reflected in the rigid planning model presently dominant in municipal government (Vujošević and Nedović-Budić, 2006). Second, development directions from the period between 1945 and 1992 – when the city was the capital of socialist Yugoslavia – have also had remarkable influence, especially a number of partially realised large-scale infrastructure projects (Blagojević, 2005). Finally, the most significant historical effect on the current situation has been the rupture that occurred after the breakup of the Yugoslav Federation, as a result of the ethnic wars of the 1990s. Belgrade as the former federal capital lost much of its hinterlands and found itself facing numerous challenges due to political instability and rapid deterioration of the national economy. At the same time, political elites in Serbia deliberately delayed socioeconomic reforms in order to keep their power (Vujović and Petrović, 2007). Among the many lost opportunities that resulted from such tactics was the recovery of derelict inner-city brownfield sites, especially those located along riverfronts (Vukmirović and Milaković, 2009).

The much-needed transformation and recovery of Belgrade's urban form and status as a European metropolis commenced with a long-awaited political shift that took place on the national level. In 2003, a new Master Plan came into effect that advocated to make Belgrade more competitive with other European metropolises and 'to restore Belgrade as the centre of the Danube region and to raise its ranking in the constellation of European cities' (City of Belgrade, 2015: 1). These objectives were to be achieved through utilization of its remarkable locational advantages (City of Belgrade, 2015; Vujović and Petrović, 2007), in which the potentials of Belgrade's location on the Danube transport corridor would play the crucial role 'as it [the corridor] provides the economic, functional, cultural and even spiritual links with Germany, Austria, Hungary and other Danubian countries, with incredible and until now unused development resources [...]' (City of Belgrade, 2015: 1). These ambitions have been embodied by struggles to implement several development projects for the renewal of Belgrade's waterfronts, relying on the flexibility of public-private partnerships and investor-friendly planning to attract foreign capital.

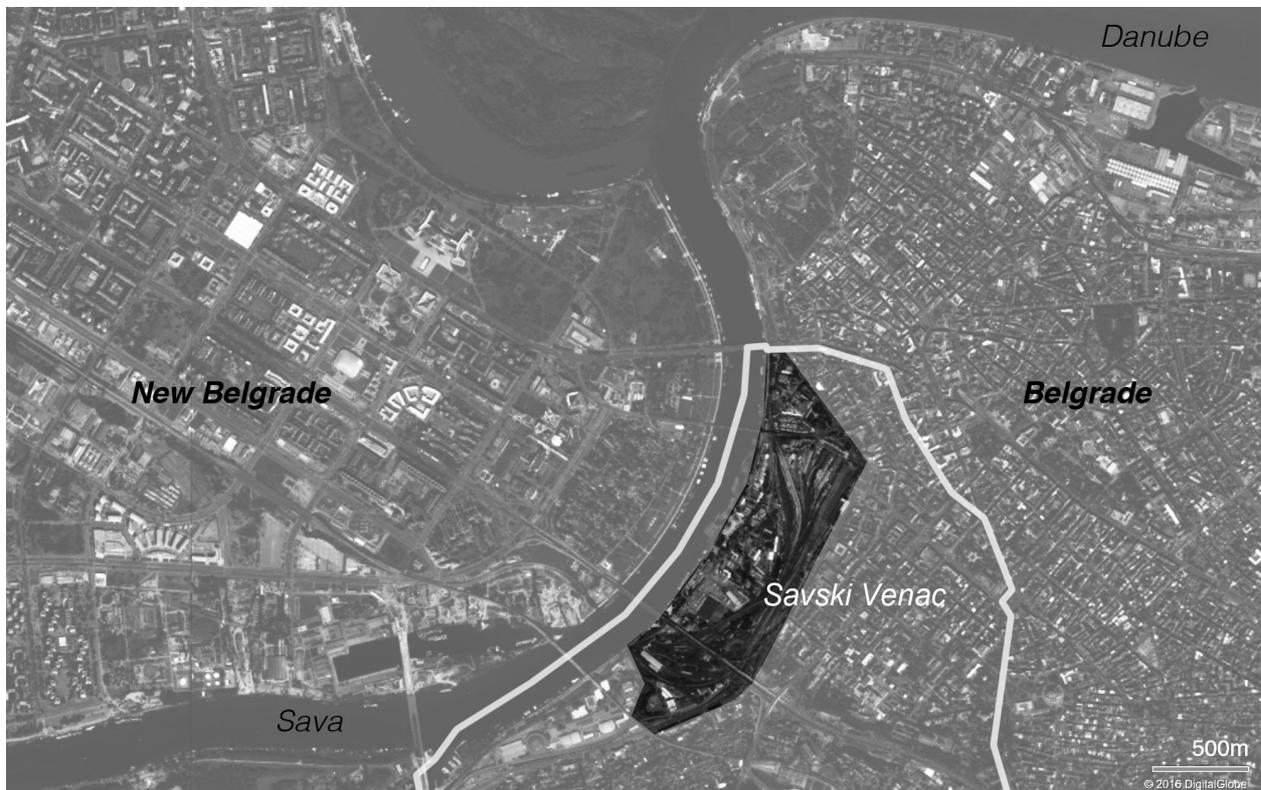


Figure 6.1. The location for the proposed 'Belgrade Waterfront' project at the bottom of the so-called Sava Amphitheatre in the Municipality of Savski Venac in Belgrade. Source: <http://www.bing.com/mapspreview> accessed on 24 June 2016 (with authors' additions) © 2017 DigitalGlobe ©, 2017 HERE, © 2017 Microsoft

Action	Date	Major actor	Description
Agreement on Cooperation between the governments of Serbia and the UAE	March 2013	Serbian Government	Set the ground for mutual interest in investments for redevelopment of Belgrade's brownfield areas
Modifications of the Belgrade Master Plan 2021 from 2003	September 2014	Belgrade Government	Discarded international competition as obligatory; allowed independent interventions on the spatial entity of the Sava riverbanks; enabled complete relocation of the existing railway infrastructure; made more flexible the restrictions of height and position of buildings on plots
Modifications of the Planning and Construction Act from 2009	December 2014	Serbian Government	'Specially Designated Areas' expanded to include areas with 'specific locational values' or with a 'potential for tourism development'; set grounds for conversion of leasehold into freehold upon request and without surcharge
Legal decision enforced	May 2014	Serbian Government	Belgrade Waterfront declared of special importance for economic development of the republic; thus gained legitimacy to be constructed on a specially designated area
Legal decision enforced	June 2014	Serbian Government	Spatial Plan and environmental impact assessment drafted for the Specially Designated Area for Development of a Part of the Coast of the City of Belgrade Waterfront – River Sava Waterfront Area for the 'Belgrade Waterfront' Project
Public insight on the Draft Spatial Plan Belgrade Waterfront	November 2014	RASP*	Most complaints rejected; as in accordance to previously made legislative adaptations
Environmental impact assessment finalised	December 2014	RASP*	Excepting some possible negative effects on the environment, agency approval of the proposed spatial plan due to the significant effects the project would presumably deliver
Decree setting out the Spatial Plan Belgrade Waterfront	January 2015	Serbian Government	Served as the major legitimation tool for the proposed intervention; ultimately established the development concept, planning documents, rules and conditions of use, organisation, planning and protection of the area
'Lex specialis' enacted in urgent procedure	April 2015	Serbian Government	Overriding all laws that govern general matters; determined both the public interest status and the specific procedures for expropriation and issuance of a building permit for Belgrade Waterfront
Joint Venture Agreement signed	April 2015	Serbian Government	Suspended the highest-level national legislative institutions and laws; suspended regulations regarding conditions for land use and obligatory tender procedures; set the rules for newly formed public-private partnership
Legal decision enforced	May 2015	Commission for Protection of Competition	Investor granted full anonymity
Joint Venture Agreement on public display	September 2015	Serbian Government	English and Serbian versions available on the website of the Serbian government not fully synchronised; only the English version legally binding

Table 6.1. Overview of the major regulatory/legislative changes for implementation of the Belgrade Waterfront project. Note: * RASP Republic Agency for Spatial Planning.

Belgrade Waterfront, the flagship among the projects intended to revive Belgrade's waterfront area, involves the conversion of about 90 hectares of attractive brownfield land located in the municipality of Savski Venac (Figure 1). The vast area on the eastern bank of the River Sava, at the bottom of the so-called Sava Amphitheatre, was until recently a neglected zone of small business and dilapidated housing, with much of the area covered by old railway

tracks, resulting in a complex ownership structure with initially both public and various private landowners. The remarkable locational qualities inspired the idea of establishing a new urban centre at this site; in fact, such a vision is nearly a century old. The idea was originally coined in the early 1920s in the first master plan of Belgrade, made by the Russian planner Pavlovič Kovalevski and then revived several times without ever becoming realised. The Belgrade Master Plan 2021 classified this area as one of the ‘most valuable’ (City of Belgrade, 2015: 109) and suggested a large-scale urban redevelopment initiative, arguing that ‘this area has the highest spatial potential for the construction of new central, commercial and public facilities in the city centre’ (City of Belgrade, 2015: 109).

The Belgrade Waterfront project has faced numerous issues since its early announcement in mid-2012. First of all, completion of the district, with high-rise buildings, offices, hotels and luxury apartments, was initially estimated to take only six to eight years, although the real prerequisites for its implementation depended on extensive preparatory work with unforeseeable completion dates (Slavković, 2014). The most important groundwork was the displacement of all railway facilities on site, the construction of a relocated new main bus terminal, and the particularly challenging finalization of the new train station building, an ambitious project started in the mid-1970s. In addition, overall lack of transparency and questionable forms of citizens’ participation in decision-making processes led the implementation of Belgrade Waterfront to be contested by both the general public and local experts (see Academy of Architecture of Serbia, 2015; Belgrade Association of Architects and Association of Architects of Serbia, 2014; Belić, 2016; Serbian Academy of Science and Arts, 2014; Stojanović, 2016). Despite these and many other implementation challenges that arose before the foundation stone was finally laid in 2015, there were numerous supporting government interventions ranging from justifications of the project’s necessity to concrete actions on comprehensive adaptation of legislative barriers for its smooth execution (Table 1).

6.4. Legislative modification as a regulatory tool for the implementation of Belgrade Waterfront

The very top level of the Serbian political establishment adopted an autocratic role from the very beginning of the project, assuming decision-making power, excluding municipal authorities and local experts, and circumventing effective legal regulations. This corresponds with an overall loss of democratic accountability in Serbia over the past years due to a marked concentration of power. As noticed by international observers, Serbian president Aleksandar Vučić and his allies from the Serbian Progressive Party have seized near-monopoly control over the country’s political institutions and the media (New York Times, 2017). The background for the newly adopted role of the state in facilitating the Belgrade Waterfront project was the previously signed Agreement on Cooperation (Serbian Government, 2013) between the governments of Serbia and the United Arab Emirates (UAE) from 2013. That agreement was marked by the personal connections of key stakeholders from both parties, with Aleksandar Vučić, minister of defence (2012-2013) and the future prime minister (2014-2017) and now president of Serbia (since May 2017), claiming friendship with Abu Dhabi’s royal family, the Al Nahyans (Filipovic and El Baltaji, 2014). In addition to setting up some initial cooperations,³² the agreement also established the base for mutual interest in investments for redevelopment

³² The cooperation between the two countries started with a US\$1 billion 10-year loan to prop up Serbia’s budget from the weight of transitional reforms. The rapidly developing partnership secured some initial economic investments, of which the most significant was the thorough restructuring and restoration of the national airliner in 2013.

of Belgrade's brownfield areas (Serbian Government, 2013: 3). Due to the strategic interests of the investor, the Serbian capital was selected as the proper location for investments, as

“the whole of South-Eastern Europe, primarily the developing Serbian market, is considered to be a geographic region attractive for investors. (...) The strategic position of the Serbian capital, with close transport links to other major European cities, is fully in line with the plans of the Belgrade Waterfront Capital Investment related to the expansion of its operations globally” (Commission for Protection of Competition, 2015: 8).

Introduced as one of the cornerstones of Serbia's anticipated renewal, the initiative to revive waterfronts received its highest level of publicity before the national parliamentary elections in March 2014 (Bakarec, 2015). However, along with publicity, concerns rose as well, due to a number of contradictory pieces of information, such as the initially announced €3 billion (US\$4.08 billion) which the investor and developer Eagle Hills was supposed to invest in Belgrade Waterfront (Sekularac, 2014). The eye-catching sum surely contributed to public reassurance regarding the importance of the project, especially in the phases preceding its implementation. However, much later when the investment was confirmed, the contract was made available to the public, revealing a significantly reduced amount. The investor is finally to put up €150 million of investment, with additional loans up to €150 million (Serbian Government, 2015: 33). Regarding the Serbian share, the agreement foresees an initial €130 million of loans extended by the Emirati partner, exclusively for legal and physical clearance and for necessary project infrastructure (Serbian Government, 2015: 35). In the subsequent course of events, the opposition openly accused the ruling political establishment of corruption (BETA, 2016), claiming that the initiative aimed to conceal a massive looting of city and state finances (Tanjug, 2015a). Despite rising public concerns and contestations, the Serbian prime minister continued to strongly advocate for implementation of the Belgrade Waterfront project, publicly describing it as ‘the future and the new image of Serbia’ (RTS, Tanjug, 2016) that is being implemented ‘against the will of the narrow-minded majority’ (Tanjug, 2015b).

As the initially signed Agreement on Cooperation only set grounds for a potential cooperation, it was of extreme importance for Vučić to ensure conditions for the enactment of a more binding and comprehensive legal document – the Joint Venture Agreement, which was signed later in 2015 (Serbian Government, 2015). To facilitate the Joint Venture Agreement, several modifications to the existing national and local legislative framework were enacted: 1. the urban planning document with greatest legal authority, the Belgrade Master Plan 2021, was modified; 2. the Belgrade Waterfront area was declared of special importance for national economic development; 3. a special law to regulate procedures for expropriation and issuance of building permits was adopted by the national parliament; and 4. a joint venture agreement served to suspend national law regarding conditions for land use and tender procedures.

6.4.1. Adapting the Belgrade Master Plan 2021 and the national Planning and Construction Act

Although enacted by the first democratic government after Milošević's regime in 2003, the Master Plan 2021 was generally considered an outdated policy instrument not capable of meeting the complexity of the transitional challenges (Belgrade Planning Institute, 2003; Blagojević, 2005). Yet, the plan explicitly advocated for an international competition as an obligatory element of the planning process, as well as for the Sava Amphitheatre and the land on the opposite side of the river to be treated as a single spatial entity (City of Belgrade, 2015:

109). A number of such obstacles to investor interests were removed by the plan's 2014 update (City of Belgrade, 2014: 2). In the same year, the Serbian government implemented changes to the existing national Planning and Construction Act from 2009 in order to redefine how public interest in planning projects is confirmed. 'Specially Designated Areas' ('područja posebne namene')³³ were redefined to also include those with 'specific locational values', with a 'potential for tourism development', as well as for those 'for which the Government determined that the projects are of importance for the Republic of Serbia' (Republic of Serbia 2014b: Article 21)³⁴. The Planning and Construction Act also enabled conversion of leasehold into freehold upon request and without surcharge. This meant, quite bluntly, that private investors can take ownership of state-owned land once the occupancy permit for a structure erected on the plot is issued, i.e. after construction is finalised (Republic of Serbia 2014b: Articles 102–104). The matter was further regulated by the separate Act on Conversion of Leasehold into Freehold, enacted by the parliament in July 2015. The main purpose of this law was to end the ownership transformation of the building land and to unlock investments, as the then-minister of construction Mihajlović explicitly stated (Marinković, 2016).

6.4.2. Declaring Belgrade Waterfront a 'Specially Designated Area'

Based on the preceding adaptation of the Planning and Construction Act, Belgrade Waterfront was officially declared a 'Specially Designated Area' and project of special importance for national economic development in May 2014,³⁵ which was followed by a decision, issued in June 2014, for drafting a legally binding Spatial Plan for the area (Republic of Serbia, 2014a). The whole procedure, from drafting to adaptation of this plan, which was fully based on the design proposed by the investor, took only thirteen months to be finalised. An obligatory environmental impact assessment, made by the state-owned Republic Agency for Spatial Planning (RASP), approved the proposed plan due to the significant effects it would presumably deliver:

"The general conclusion is that in addition to the minimal and hypothetical negative effects, the realization of this plan delivers significant effects, thus its adoption and implementation should be supported. [...] By this means, this project takes on a larger meaning and creates a shared obligation for the Republic of Serbia and the city of Belgrade to be realized in the future and at the same time encourages the much-needed development." (Republička agencija za prostorno planiranje, 2014: 123)

After formalised public input in November 2014 and the publication of its related report in December 2014, the decree setting out the Spatial Plan for the Specially Designated Area went into effect in January 2015 (Republic of Serbia, 2015a). This document ultimately

³³ According to the updated Planning and Construction Act from 2009, 'Specially Designated Areas' are areas that require a special regime of organization, development, use and protection of space; projects of importance for the Republic of Serbia; or areas designated by the Regional Plan of the Republic of Serbia or other spatial plan. In particular, this term refers to areas with natural, cultural, historical and environmental values; areas with the possibility of exploitation of mineral resources; areas with tourism potential; areas with hydro potential; or areas for the realization of projects of importance for the Republic. The strategic assessment of environmental impact is an integral part of the planning document for such areas (Republic of Serbia 2014b, Article 21).

³⁴ The 'Official Gazette of the Republic of Serbia' (Službeni glasnik Republike Srbije) is a publication issued by the public company since 1992, with the aim to spread information about laws, regulations and other state acts and forms necessary or of interest to the work of the leading state bodies.

³⁵ The project was declared of special importance for economic development of the Republic of Serbia in accordance with the decision 05 no. 350-3533/2014 dated 1 May 2014.

established the development concept, planning documents, rules and conditions of use, organisation, planning and protection of the riverbank area along the River Sava. It not only prepared regulations and set the rules, but also served as the major legitimation tool for the proposed intervention:

“The existing land use plans of lower rank and urban plans, as well as urban projects, will be harmonized with the provisions of this regulation in a manner determined by the Spatial Plan.” (Republic of Serbia 2015a: Article 7)

However, despite the legal importance of the Spatial Plan, the early implementation phases – involving relocation of old railway tracks – had already commenced in early March 2014, more than a year before the plan’s legal adoption (Spalević, 2014).

6.4.3. Enacting a *lex specialis* to confirm public interest

The proclamation of the Sava Amphitheatre as a ‘Specially Designated Area’ was instrumental to legally confirm the project as in the public interest. This would further enable expropriation of the land on the waterfront, as stated by Article 25 of the Expropriation Act (Republic of Serbia, 2013: 25). However, the government could have declared the public interest justifying expropriation only for the construction of any of a range of public facilities.³⁶ Implementation of a commercial–residential complex such as Belgrade Waterfront was not intended by this law. In order to invalidate this last major legal obstacle, the national parliament in April 2015 enacted a special law that confirmed public interest status and finally determined the specific procedures for expropriation and issuance of a building permit for Belgrade Waterfront (Republic of Serbia, 2015b). The relevant Act clearly stated that

“(t)he public interest for expropriation of property is to be established for the purpose of the land to be allocated for the construction of the commercial and residential complex Belgrade Waterfront with supporting infrastructure, in accordance with the Spatial Plan for the Specially Designated Area for Development of a Part of the Coast of the City of Belgrade Waterfront – Sava River Waterfront Area for the ‘Belgrade Waterfront’ Project.” (Republic of Serbia, 2015b: Article 2; emphasis added)

This *lex specialis*, overriding all laws that govern general matters, entitled the Republic of Serbia and the City of Belgrade to act as beneficiaries of legal expropriation³⁷ for the purpose of development of the project. Taking into consideration that both the national government and the city administration had been controlled by President Vučić’s Serbian Progressive Party since 2014, there were no major disagreements between these two levels.³⁸ Nevertheless, control over the work of the later-established limited liability company ‘Belgrade Waterfront Ltd’ was

³⁶ Act 20 states that public interest for land expropriation can be considered for buildings serving the interests of education, health, social welfare, culture, water, sports, transit and energy and utility infrastructure facilities, as well as for the needs of state bodies, territorial autonomy and local self-government, facilities for defence purposes, and for the construction of apartments for vulnerable social groups.

³⁷ Both the Republic of Serbia and the City of Belgrade are the beneficiaries of legal expropriation. According to Act 4, The Republic of Serbia, represented by the State Attorney’s Office, is appointed as the expropriation beneficiary. The City of Belgrade is the beneficiary of expropriation for the construction of public surfaces, that is, for the construction of facilities for public purposes and public areas for which the special laws stipulate the jurisdiction of the City of Belgrade.

³⁸ According to media coverage, the mayor of Belgrade, Siniša Mali, strongly supported and defended the decisions coming from the national government. He would often appear in press conferences and construction site visits alongside with president Vučić (Mihajlović, 2015; RTS, Tanjug, 2016).

fully transferred to the national government, along with the authority ‘to monitor and influence the realization of the project’ (Republic of Serbia, 2015b: Rationale, II).

6.4.4. Establishing the public–private partnership agreement

Finally, the step from legislative approval to project implementation was marked by the issuance of an umbrella document for the upcoming construction activities. The Joint Venture Agreement, signed in April 2015 in Belgrade and only made publicly available five months later after public pressure,³⁹ set the rules for a newly formed public–private partnership. The main contractors were the Republic of Serbia and a limited liability company from the UAE, ‘Belgrade Waterfront Capital Investment LLC’, listed as a strategic partner. The limited liability company ‘Belgrade Waterfront Ltd’⁴⁰ was established for the sole purpose of developing the project. To this day, information on the companies involved in the project and their ownership structures remains incomplete, as the investor was granted full anonymity by a decision of the Commission for Protection of Competition, a legal entity accountable to the Serbian National Assembly, in May 2015. Moreover, the agreement itself was characterised by many unclear elements which left room for interpretation and political manoeuvres. First of all, the legally effective English version of the document differed from the version presented in Serbian. Opposition parties, grassroots movements, lawyers and journalists in particular drew public attention to the significantly reduced⁴¹ and even slightly different content in the Serbian version⁴² (Mihajlović, 2015). Another major issue with the legality of the agreement was its unambiguous suspension of the highest-level national legislative institutions and laws, such as of the Law on Public–Private Partnerships and Concessions from 2011 which preconditions the formation of a public–private partnership on obligatory tender (Republic of Serbia, 2011: Article 22).

6.5. Power relations and modes of governance in urban development politics in Belgrade and Serbia

Belgrade Waterfront clearly constitutes an extreme case of speculative real estate development driven by the priorities of rent extraction. In this, it conforms to the three aspects outlined above in respect to the modes of governance involved in the delivery of UMPs. Firstly, it clearly builds on exceptional conditions in planning and policy procedures which are secured by legal means (Murray, 2017; Swyngedouw et al., 2002). Regulatory adjustments legally confirmed the public interest status of the project and thus allowed the Spatial Plan to be drafted, landowners to be expropriated, and the building permit to be issued. Secondly, the

³⁹ The Joint Venture Agreement in both English and Serbian was available on the official website of the Serbian government, <http://www.srbija.gov.rs>, as of 13 November 2015.

⁴⁰ A limited liability company from UAE ‘Al Maabar International Investment LLC’ was assigned as the guarantor of the project. According to the Joint Venture Agreement, the government of Serbia holds a 32% ownership share and economic and ownership rights while the strategic partner from the UAE holds 68% in Belgrade Waterfront Ltd.

⁴¹ The Serbian-language translation of the agreement does not contain appendices and is a 69-page abridged version while the English version of the agreement contains 259 pages, including appendices and an amendment to the agreement. The citizens’ initiative ‘We Wont Let Belgrade D(r)own’ also highlighted the poor quality of the Serbian-language versions of documents (Ne da(vi)mo Beograd!, 2015).

⁴² Economist Kovačević claimed substantial differences between the two versions and suggested an independent revision of the agreement (Lakićević, 2016). Most importantly, the Serbian version confirmed the applicability of national laws and regulations in the implementation of the project whereas the English version discarded their applicability for investments coming from the Emirates (Mihajlović, 2015). Civil society representatives, in their analysis of the agreement, stressed the high risks for the Republic of Serbia and uncertainties related to obligations of the investor, as well as the unclear ownership structure of the newly created companies (Ne da(vi)mo Beograd!, 2015).

project testifies to the power of real estate development companies, in this case Eagle Hills, in securing government support and contractual benefits for their projects. This involved minimizing risks for the investor by pledging that the Republic of Serbia as contractor in the Joint Venture Agreement would not change laws to the detriment of the contract. Besides, the contract specifies that in the case of less than 50% of the project realized within 20 years, the surplus of land will be offered for sale and profits shared among the contractors; this implies that the strategic partner from UAE would have profits even in the case of project failure (Neda(vi)mo Beograd!, 2015). Clearly, such contractual strategies are especially influential in contexts where governments and authorities lack experience and resources (Rapoport, 2015; Shatkin, 2008). Thirdly, Belgrade Waterfront also clearly builds on global circuits of knowledge in which expertise on development schemes, project management and market standards in real estate are circulated (Faulconbridge and Grubbauer, 2015). Eagle Hills undertook heavy international marketing of the project, offering exclusive residential and business real estate to high-end clients. Belgrade Waterfront, with its high-rise office towers and the recent involvement of the architecture and engineering firm SOM, is thus characterised by the same type of aesthetic spectacle that UMPs in Western contexts provide, ultimately serving to streamline public debates and approval processes as well (e.g. Andersen and Røe, 2016).

At the same time, Belgrade Waterfront also provides us with a number of new insights related to the geographies and modes of regulatory capitalism found beyond Western Europe. We wish to highlight several aspects of wider relevance which are organised around two main arguments: first, that, in contrast with the active role of local governments in the conceiving of entrepreneurial strategies that is often assumed today, in the case of Belgrade Waterfront, the national government has been the key figure to facilitate new alliances in the channelling of speculative real estate investment; and second, that project implementation and production of legitimacy depended on regulatory modifications, most importantly on the level of national law, which have been instrumental in confirming public interest in the project.

6.5.1. New frontiers of speculative real estate investment, nation state politics and new alliances

With real estate markets in global cities being highly competitive and increasingly limited in their number of investment opportunities, Belgrade Waterfront demonstrates how capital flows into real estate development are expanded to develop always larger and more speculative projects and infrastructures in what are considered high-risk markets (Halbert and Rouanet, 2013). The United Arab Emirates, after recovering from the global financial crisis, are currently in search of new investment opportunities for financial surpluses in terms of a 'diversification by urbanization' strategy (Buckley and Hanieh, 2014: 156). This includes targeting territories beyond the Gulf States and exporting real-estate-based growth strategies of 'geofinancial re-engineering' (Buckley and Hanieh, 2014: 171). Belgrade provides a strategic entry point for Abu Dhabi-based Eagle Hills into the European market.

Yet, the involvement of Eagle Hills as an investor is enabled only by the decisive role of the national political elites desperate to attract investment and pushing for project implementation, with the local government basically assigned only a subordinate and operational role. This is in stark contrast to the analyses of UMPs in Western contexts, which stress the active role of local governments in conceiving UMPs as part of entrepreneurial strategies to enhance their cities' image and locational advantages (Sklair, 2006). As outlined above, the particular importance of UMPs for nation-state politics in CEE has been stressed by several authors (Cope, 2015; Kinossian and Morgan, 2014; Koch and Valiyev, 2015). This does

not imply, however, that UMPs in this context come into being as the result of clearly outlined national urban policies. Golubchikov et al. describe this in the case of Russia in terms of a fragmented, arbitrary and nontransparent regulatory regime with ‘different bits of legislation regulating spheres related to urban and regional affairs’ (2014: 12). Such regulatory regimes are obviously more easily adjusted and manipulated to the benefit of political and business elites than those found in Western European contexts (see also Kusiak, forthcoming, on the case of Poland).

Finally, Belgrade Waterfront also points to the need to rethink clientelism and corruption in the face of globalised real estate markets and new alliances between national political and international business elites. Implementation of Belgrade Waterfront was characterised not merely by a lack of transparency but by the systematic and legally confirmed withholding of information. As requested by the investor and by the Attorney General on behalf of the Republic of Serbia, the State Commission for Protection of Competition designated as confidential even the most basic information related to the strategic partner of the Joint Venture Agreement, Belgrade Waterfront Capital Investment LLC.⁴³ In line with this strategy of stealth and informal lobbying is the (initially) low-key profile of the project. Although the internationally renowned design firm SOM was presented as the author of the flagship Belgrade Tower in 2014, this announcement came rather late. The design of the tower has played no particularly strategic role so far, and authorship of the master plan remains unknown (Figure 2). The traditionally strong influence of informal ties and personal relations between individuals in politics, planning and real estate in shaping decisions on property development has long been noted (Fainstein, 2001). The analysis of Belgrade Waterfront shows how such informal networks now operate on a global level, with the ownership structures and personal gains involved being effectively obscured.



Figure 6.2. Belgrade Waterfront master plan. Source: Belgrade Waterfront, © Eagle Hills

⁴³ Information withheld from the public included excerpts from the company register, its organizational structure, annual income reports, or even the number of employees, with the explanation that making such data available to the public could cause material damage to the foreign partner (Ne da(vi)mo Beograd!, 2015). Furthermore, the online register of companies registered in the UAE only gives very basic information on the ownership structure of the firms Belgrade Waterfront Capital Investment LLC, Al Maabar International Investment LLC and Eagle Hills Properties LLC.

6.5.2. *Legal technicalities, legitimacy, and the politics of planning*

Connected to the decisive role of national political elites in Belgrade Waterfront is the chain of far-reaching legislative enactments initiated by the Serbian government and, in the last instance, confirmed by the Serbian parliament. This process was largely facilitated by legal experts on the side of the investor; local planning experts were clearly excluded. The rule-making power of private firms within the framework of regulatory capitalism is then not only manifested in contractual relations. Raco, in his analysis of what he terms ‘state-led privatization’ in the case of the London Olympics, stresses how the policy focus on delivery is ‘underpinned by contracts that are designed to institutionalise policy outcomes and the mechanism through which they are to be achieved’ (2014: 177; original emphasis). Contracts, in Raco’s view, serve to reduce risks for private investors by insulating them from (future) democratic demands with the effect that ‘criticisms are deflected onto development partnerships and unaccountable and unresponsive delivery agents’ (Raco, 2014: 180f). Our analysis points to the importance of legal changes to national law which enable contracts to become technically legal in the first place. While transnational governance is increasingly shaped by private and market-based forms of regulation through soft rules (Djelic and Sahlin-Andersson, 2006), national law is still instrumental if public funds are accessed and the state seeks to provide exceptional benefits to private investors.

In pushing for project delivery, the legal status of the Belgrade Waterfront project played a key role. Professional and civil society organizations explicitly demanded to ‘review the grounds on which the Spatial Plan is formulated as of special designation, to present the arguments for such a formulation’ (Komisija za javni uvid u Nacrt Prostornog plana, 2014: 104) and in the case of the citizens’ initiative ‘Ne da(vi)mo Beograd’ even demanded the cancellation of the plans for Belgrade Waterfront on the grounds of legal issues: ‘the current plan should be annulled in whole and returned to the legal procedure of re-drafting because the proposed draft violates the laws and is contrary to the public interest’ (Komisija za javni uvid u Nacrt Prostornog plana, 2014: 127). Such demands were rejected as groundless by the commission for public review; the authorities justified the legitimacy of the project through its technically legal status. Kusiak, similarly, argues in her analysis of property restitution in Poland that ‘judicial theft’ through judicial and legal proceedings has served to invalidate political conflicts concerning the profits made from the reprivatisation of property (Kusiak, forthcoming). Yet, the making of such ‘legal “technicalities”’ which govern urban development processes relies fundamentally on ‘legal governance work accomplished through the historically variegated mechanisms of “jurisdiction”’, as Valverde (2009: 140) shows. She points out how ‘legal powers and legal knowledges appear to us as always already distinguished by scale’ (2009: 141). The efforts to secure legal status for Belgrade Waterfront can thus be interpreted in terms of shifts in the ‘workings of the machinery of “jurisdiction”’ (2009: 145) which assert nation-state and elite interests on the territory of the (capital) city.

The question of jurisdiction, finally, connects to long-standing debates about the definition and demarcation of the realm of urban politics (MacLeod and Jones, 2011). While urban development and planning historically fall into the jurisdiction of the local and federal government, the range of agents intervening in the urban political process is not confined to a territorially bounded space; on the contrary, it is increasingly shaped by plural spatial connections and global exchange (McCann and Ward, 2011). A central argument posed in discussions about the post-political city is that the sphere of governing through common-sense managerial approaches is extended while fundamental conflicts are subject to foreclosure ‘that

renders mute the articulation of radical dissent' (Swyngedouw and Wilson, 2015: 217). Current protests that are against large-scale planning projects and aim for the wider politicization of planning processes build on political participation as part of claims for urban citizenship. This involves preventing the displacement of 'issues [...] from arenas of public debate and decision-making into closed networks of elite representatives and technical experts' (Metzger et al., 2015: 2). Yet, as the case of Belgrade Waterfront demonstrates, in order to counter contemporary practices of depoliticisation, there is a need to go beyond local mobilization and emphasis on public forums within the city; approaching the politics of planning ultimately involves deconstructing regulatory order and analysing on which level of jurisdiction, with what means, and with what purpose public interest is defined.

6.6. Conclusions

In Western European contexts, local governments usually play the decisive role in the redevelopment of inner-city brownfields and derelict infrastructures (Moulaert et al., 2004). This allows, to a certain extent, the harmful consequences of speculative development to be countered and in some cases the new public spaces provided by UMPs offer amenities and opportunities which indeed improve the quality of life for residents (Degen and García, 2012; Smith and Von Krogh Strand, 2011). The most obvious problem associated with Belgrade Waterfront lies in the proposed UMP being too expensive for a country in need of more urgent investments, targeting a luxury segment of business and residential real estate which seems utterly misplaced in the capital city of one of Europe's most economically and socially deprived countries. The failure of Belgrade Waterfront to respond to the local urban context is masked by an overall lack of transparency in contracting, financing and all other planning and implementation procedures related to the project.

We wish to highlight three more general conclusions that emerge from our findings. The first is how analysis of the Belgrade Waterfront project reveals new dynamics in the global circulation of urban development models and related capital flows. The unstable political and economic situation in Serbia and the unclear prospects for EU membership make Belgrade Waterfront a high-risk endeavour. Investment under such conditions nevertheless proves to be interesting to actors from the UAE who seek to expand their activities into new markets. Belgrade Waterfront can be interpreted as a sign that the 'boosterist narratives' (Koch and Valiyev, 2015) characteristic of rentier state political economies in Eurasia, the Gulf region and Africa are expanding to include Europe as the new frontier. This is based on the activities of firms with close connections to the political elites in their home countries.

The second conclusion relates to the levels of regulation evident in the case study. When trying to secure the prospects for future rent extraction within a financialised land regime, it is essential for developers to transfer risk to public actors. In the Belgrade Waterfront project this has been achieved by means of regulatory modifications on different levels, but most importantly on the level of national law. Whatever narrative serves to justify UMPs in the CEE context – whether that of nationhood and national greatness (Müller, 2011), of world-city entrepreneurialism (Golubchikov, 2010), or of European cultural roots (Dixon, 2013), attention needs to be paid to state-led regulatory intervention behind such narratives. Despite various new forms of more private, market-based forms of rule-making and contracting in urban development projects, Belgrade Waterfront reveals how public funds are secured by instrumentalizing national law. Consequently, the 'contractual capture' (Raco, 2014) of the nation-state has proceeded much more assertively than in examples of UMPs in Western Europe.

Finally, the third conclusion is that concepts of legitimacy are key in order to make sense of projects such as Belgrade Waterfront. The legitimacy of the project was built on defining public interest through regulatory modifications and mechanisms of jurisdiction. These ensured that the project fulfilled certain requirements which allowed contracts to seize public funds, minimize risk for the investor and secure cooperation of local authorities. However, as Koch points out in her comparison of large urban development projects in the Gulf and in Central Asia, what appears legitimate in one context might be deemed illegitimate and even corrupt in another, depending on ‘contrasting citizenship regimes’ (2015). The civil society protests in Belgrade were able to question the official discourse centred on definitions and claims to public interest, but they did not succeed in preventing the project from being realized. Much in contrast to the more pluralistic and democratic settings of Western Europe, concepts of legitimacy mobilized in the Belgrade Waterfront project were not in need of public involvement or assessable criteria such as costs and benefits or demand and use. When trying to understand how regulatory capitalism shapes the delivery of UMPs in global contexts, more attention needs to be paid to the workings of legitimacy under conditions of autocratic rule.

CHAPTER 7

Discussion and outlook

This thesis follows the argument that the processes of urban regeneration directly result from transitioning processes occurring in society. This is rooted in the statement that cities are complex and dynamic systems inseparable from their socio-economic and political contexts, and in the general belief that their growth and prosperity are traditionally linked to economic success. Any disturbances of these system components could lead towards transitions of the whole system from one order to another, which in turn could have direct implications on the built environment in the long run. Considering that these processes are also deeply political, urban governance aims at steering them through adopting and implementing appropriate strategic frameworks. Consequently, dealing with such challenges is a highly complex task that requires specific and often innovative approaches in each individual context. As this research has demonstrated, urban governments can achieve some success with creative approaches to overcoming power relations and addressing the diversity of interests that many stakeholders advocate for in urban regeneration processes. However, in many other cases, the politics of policy-making falls under the unbalanced power-relations in society and growth-oriented paradigm, thereby often failing in the highest objective to satisfy the public interest.

An elaborate approach to urban regeneration, based on the principles of collaborative action and cross-boundary cooperation in declining communities in East Germany, demonstrated that the well-intended and smart approach from the state level had a variety of difficulties in practice. The major challenge was in finding mechanisms to reconcile significant local disparities in the system context and to balance power relations in the process of setting up shared goals and operating rationale for taking action. Paradoxically, this was particularly noticeable among a number of small and economically weak communities, whose strategic approaches adopted at the local level depended on legitimation from the higher political levels. In addition, lobbying of the most powerful actors in real-estate business and banking interests led the decline of German cities to be primarily tackled as a housing problem, leaving other significant issues to be considered less privileged and thus to be addressed with slower progress (Bernt et al., 2014). Finally, an extremely difficult problem for local urban governments on their way to provide innovative and effective strategies to oppose and/or deal with the declining trend in Germany was the negative connotation that decline still has in urban development contexts.

The example of dealing with a decline in Leipzig showed that reaching anticipated regrowth through the appropriate strategic framework seems to be easier in some advantaged contexts, but also highlighted the role of local politicians and local policy-making on this way. The local authorities in Leipzig never officially declared a policy that would exclusively cope with shrinkage, but they also didn't ignore or deny the declining reality, as it had happened in some East German communities based on a singular development orientation (Bernt, 2009; Liebmann & Kuder, 2012). Nevertheless, this case also showed the prioritisation of structures over social elements and a selective approach that lacked a coherent strategy that could bring all the interventions under a common umbrella (Bontje, 2004). The growth paradigm, manifested in the reliance on large flagship investors in industrial and service sectors, prevented

from using the chance for a more elaborate development of some alternative solutions, just like it happened in the case of Detroit after proclaiming bankruptcy in 2013 (Schindler, 2016), or in development of creative industries in post-industrial Glasgow (Aber, 2009). Besides, the local government also seemed to lack the capacities to strategically forecast future development trends and take into consideration the full spectrum of the consequences of rapid regrowth after a period of significant decline. This caused the emergence of a completely new set of challenges that required prompt solutions and demonstrated the importance of multi-dimensional strategic approaches to the formulation of strategic urban development frameworks. Resulting from a variety of locally specific conditions, as well as the fact that the economic performance of a large number of cities in East Germany has been based on a singular orientation, the high polarisation in reunified Germany, unfortunately, has remained a bitter reality. The dependence on former development paths in some cases got under influence of powerful and conservative local actors, who often restricted mobilisation and performance of innovative collaborative efforts.

An alternative example to deal with the urban decline in Detroit highlights the policy that aims at breaking up with the dependence on industrial and commercial paths of development and sets up some new urban governance rationalities in the post-neoliberal societies. Thus the adopted strategy in this particular context advocated for experimentation to show the way out of some harmful aspects of neoliberalism. However, the greatest impediment to its success was probably related to the lack of equally innovative strategies to equilibrate the opposing interests. Although the municipal bankruptcy and the evident lack of support from other levels of government allowed the development of innovative strategic perspectives, they also additionally contributed to the complex relationship between public and private institutions, especially considering the particular circumstance in which the public sector had significantly lower influence. This is especially evident in the conflicting disparity between locally based actors on the one side, having an interest in the city's long-term future, and extra-local investors on the other, seeking some short-term profits.

The shift of the focus to the socio-political transitioning from socialist to democratic societies in the CEE context aims at illustrating a high variety of settings in which urban regeneration is contextualised. The politics of policy-making in Belgrade and Skopje is focused on the implementation of the UMPs, led by one-sided approaches to urban and national image-making, along with new dynamics in the global circulation of urban development models. Considering the major justifications for the UMPs in terms of strengthening national greatness (Müller, 2011), global competitiveness (Golubchikov, 2010), or European cultural roots (Dixon, 2013), this chapter finally demonstrates their melting pot in the post-Yugoslavian urban context, with its particularities of extreme state-led regulation, autocratic intervention, and lack of democratic control. The overall failure of such policies in Belgrade and Skopje to respond to both urban and national contexts, as well as to address the variety of its socio-economic challenges, was primarily due to an overall lack of transparency in contracting, financing, and all other planning and implementation procedures. Such prioritisation of project delivery above the principles of representative democracy in the making of Belgrade Waterfront and Skopje 2014 projects revealed the one-sided political motives behind alleged improvements of urban and national images through large-scale refurbishments of the capital cities. This ultimately offers new insights into the reasons why the implementation of such policies in the context of both Serbia and Macedonia finally failed to reach the aim to satisfy the public interest.

The analysis of the Belgrade Waterfront project in particular reveals new dynamics in the global circulation of urban development models and related capital flows. This case also demonstrated that the concepts of legitimacy are crucial to making sense of such interventions. The legitimacy of the Belgrade Waterfront project was built on defining public interest through

regulatory modifications and mechanisms of jurisdiction. These ensured that the project fulfilled certain requirements which allowed contracts to seize public funds, minimize risk for the investor, and secure the cooperation of local authorities. Much in contrast to the more pluralistic and democratic settings of Western Europe, concepts of legitimacy mobilized in the Belgrade Waterfront project did not require public involvement or assessable criteria such as costs and benefits or demand and use. When trying to understand how regulatory capitalism shapes urban regeneration in global contexts, more attention needs to be paid to the workings of legitimacy under conditions of autocratic rule.

Resulting from the analysed cases, few observations deserve to be emphasised at the very end of this research. First, the regeneration of cities and the development of new future development perspectives must be approached as an extremely complex, necessarily inclusive, and long-term political process. This also requires reconsideration of the current economic models of growth that have already proven not to be suitable in meeting the interests and fulfilling expectations of diverse stakeholder groups in some divested cases. Second, following the recommendation of Oosterlynck and Gonzáles (2013), it is the crises in the urban context that hold the real potential to reconsider and redefine neoliberal relationships. In addition, approaching such urban development challenges creatively and innovatively could potentially lead towards acceptable alternative models of urban governance for the future. The strategies based on innovation, flexibility, and collaborative effort, therefore, seem to be of the highest importance in the future ventures for a sustainable urban transition. This also demonstrates that post-neoliberal urban rationalities in times of crisis should be understood as a highly broad and challenging topic that requires more scholarly attention in future research endeavours. Lastly, the highlights from this habilitation thesis could be acknowledged as valuable lessons for many urban governments all over the world. In particular, this relates to constraints that the general objectives embedded in the standards of strategic planning may impose. Instead of relying on pragmatic and largely accepted solutions, the task of effective and reflective urban governance should also be to anticipate some future trends, acknowledge the complexity of their possible outcomes, and welcome its creative interpretations. Such a far-reaching and mindful approach should be enabled and mobilized even if the response to anticipated trends involves presently less desired or seemingly contradictory interventions to recent trends in urban development.

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Interview 2 (2017) Former activist of the First Archi Brigade group and current representative of the civil rights group Plostad Sloboda ("Freedom Square"); Skopje, Macedonia, August 2017. The interview was conducted in Serbian language and translated to English by the author.

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LIST OF FIGURES AND TABLES

List of figures

Figure 2.1. Change in European population 2001–2011. Source: (European Commission, 2014, p. 85)

Figure 2.2. Growth and shrinkage in German federal states. Source: BBSR [Federal Office for Building and Regional Planning], 2014. Retrieved February 22, 2017, from <https://gis.uba.de/maps/resources/apps/bbsr/index.html?lang=de>.

Figure 3.1. The consequences of urban shrinkage are still visible in Leipzig's perforated physical urban structure. Source: <https://www.bing.com/maps> © 2018 Microsoft

Figure 3.2

a. The biggest square in Leipzig, Augustusplatz, as the new image for prosperous city: the Opera House, fully renovated in 2007. Author's photo, 2014

b. The biggest square in Leipzig, Augustusplatz, as the new image for prosperous city: City-Hochhaus skyscraper, renovated in 2002, and the new main building of the University of Leipzig, Paulinum, opened in 2017, recalling the style of the demolished church during the communist times. Author's photo, 2014

Figure 4.1. Detroit's physical urban structure. Source: <https://www.bing.com/maps> © 2018 Microsoft

Figure 4.2. The Renaissance Centre seen from the riverside walk. Author's photo, 2017

Figure 4.3. Declining neighbourhoods in Detroit. Author's photo, 2017

Figure 5.1. Belgrade and Skopje in the former SFRY

Yugoslavia was a multinational country, composed of six federal states, with Belgrade as the federal capital city.

Figure 5.2. Planned large-scale interventions on Belgrade waterfronts Source: © 2017 DigitalGlobe ©, 2017 HERE, © 2017 Microsoft

Figure 5.3. Skopje 2014 project. Source: <http://www.bing.com/mapspreview> accessed on 03 June 2017 (with authors' additions) © 2017 DigitalGlobe ©, 2017 HERE, © 2017 Microsoft

Figure 5.4. Belgrade Waterfront master plan

Although rather late, in 2014 it was officially announced that the internationally renowned firm SOM designed the flagship Belgrade Tower. Authorship of the master plan, however, still remains unclear. Source: Belgrade Waterfront, © Eagle Hills

Figure 5.5. Controversial initiatives in Skopje. Photo: A. de Keijser, 2013

Figure 6.1. The location for the proposed 'Belgrade Waterfront' project at the bottom of the so-called Sava Amphitheatre in the Municipality of Savski Venac in Belgrade. Source: <http://www.bing.com/mapspreview> accessed on 24 June 2016 (with authors' additions) © 2017 DigitalGlobe ©, 2017 HERE, © 2017 Microsoft

Figure 6.2. Belgrade Waterfront master plan. Source: Belgrade Waterfront, © Eagle Hills

List of tables

Table 3.1. Statistical data that illustrate Leipzig's regrowth. Source: Stadt Leipzig Informationssystem LIS, <https://statistik.leipzig.de/>, 2018

Table 6.1. Overview of the major regulatory/legislative changes for implementation of the Belgrade Waterfront project.

ABBREVIATIONS

BBSR – German Federal Office for Building and Regional Planning (Bundesinstitut für Bau-, Stadt- und Raumforschung)
BETA – Belgrade News Agency (Beogradska telegrafska agencija)
BIRN – Balkan Investigative Reporting Network
BMVBS – Federal Ministry of Transport and Digital Infrastructure (Bundesministerium für Verkehr und digitale Infrastruktur)
BMW – Bayerische Motoren Werke AG
BUMB – Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (Bundesministerium für Umwelt, Naturschutz, Bau und Reaktorsicherheit)
CEE – Central and Eastern Europe
DEGC – Detroit Economic Growth Corporation
DFC – Detroit Future City Strategic Framework
DHL – Dalsey, Hillblom and Lynn International GmbH
EC – European Commission
EFRE – European Regional Development Fund
EU – European Union
GDR – German Democratic Republic
INSEK – Integrated Urban Development Concept (Integriertes Stadtentwicklungskonzept)
LIS – City of Leipzig Information System (Stadt Leipzig Informationssystem)
LLC – A limited liability company
LWB – Leipzig Housing and Construction Company (Leipziger Wohnungs- und Baugesellschaft mbH)
MDR – Central German Radio (Mitteldeutscher Rundfunk)
NATO – North Atlantic Treaty Organization
PAB – First Archi-Brigade group (Prva Arhi Brigada)
PDD – Department of Planning and Development (Detroit)
RASP – Republic Agency for Spatial Planning (Serbia)
SEKo – Integrated Urban Development Concept Leipzig 2020 (Integriertes Stadtentwicklungskonzept Leipzig 2020)
SFRY – Socialist Federal Republic of Yugoslavia
SNS – Serbian Progressive Party (Srpska napredna stranka)
SOM – Skidmore, Owings & Merrill LLP
Srna – Serbian Press Agency (Srpska novinska agencija)
STEP – Urban Development Plan (Stadtentwicklungsplan)
Tanjug – Telegraphic Agency of the New Yugoslavia (Telegrafska agencija nove Jugoslavije)
UAE – United Arab Emirates
UAW – United Automobile Workers Union
UK – United Kingdom
UMP – urban megaprojects
UNESCO – United Nations Educational, Scientific and Cultural Organization
USA – United States of America

VMRO-DPMNE – Internal Macedonian Revolutionary Organization – Democratic Party for
Macedonian National Unity (Внатрешна македонска револуционерна организација –
Демократска партија за македонско национално единство)
VNG – Verbundnetz Gas Agbo

APPENDICES

Appendix 1.

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16.12.2020

Sehr geehrte Damen und Herren,

Hiermit bestätige ich gerne, dass der 2018 in der Zeitschrift Urban Studies erschienene Artikel „Urban mega-projects, nation-state politics and regulatory capitalism in Central and Eastern Europe: the Belgrade Waterfront project“ in gemeinsamer Autorenschaft mit Nebojša Čamprag entstanden ist. Beide AutorInnen waren zu gleichen Teilen an der Erarbeitung des Manuskriptes beteiligt, wobei mein Fokus stärker auf dem Theoriekapitel lag und mein Kollege federführend den empirischen Teil bearbeitete.

Mit besten Grüßen,



Monika Grubbauer

ABSTRACTS OF PUBLICATIONS

Nebojša Čamprag (2019): **Urban regeneration as a collaborative effort – strategic responses to shrinking cities in East Germany.** In: K. Jesuit u.a. (Hrsg.): Collaborative Governance Efforts for Local Economic Development: Lessons from Detroit and Other Successful Cases around the World, pp. 112-134, London/New York: Routledge.

The multifaceted phenomenon of shrinking cities, widespread today across Europe, caused complex and comprehensive transformations of demographic, socio-economic and structural components of its cityscape. The phenomenon demonstrated particular impact on the cities of the former German Democratic Republic (GDR), as a direct consequence of post-socialist transition and global economic restructuring. This chapter explores the challenges of strategic approaches to urban decline in the case of East Germany through critical examination and evaluation of collaborative governance efforts in ventures for urban regeneration. In order to support finding inclusive and strategic solutions to extreme population loss and economic decline, German Federal government strongly encouraged collaborative actions, based on capabilities and resources under control of local actors. Industrial path dependency, exclusively growth-oriented development strategies and extremely negative connotation that decline had in urban development context were the major impediments for the local governance in the former GDR. Although cross-boundary cooperation helped in formulation of innovative perspectives, varied success rates of such strategies in practice also demonstrated many challenges for local decision makers that have resulted from a number of factors beyond required stakeholders' consensus on shared rationale for taking action.

Nebojša Čamprag. (2018): **The Trap within Anticipated Regrowth: Two Sides of Strategic Response to Urban Decline in Leipzig.** In: Artículo – Journal of Urban Research, Luxembourg. Online: <http://journals.openedition.org/articulo/3596>

Although a considerable body of literature on shrinking cities has been produced in the recent years, a majority of it is focused on experiences from rapidly declining industrial regions from the Global North. Nonetheless, these cases still hold a significant potential for investigations into a range of manifestations of urban decline and could also serve as an important indicator for evaluating effectiveness of urban governance models. Thus, the research presented in this paper focuses on the well-known case of Leipzig, which has been represented as a prime example of urban decline in Europe for decades. Through analysis of secondary literature sources, various urban redevelopment frameworks, and media coverage, this study provides two major insights on strategic response to decline in Leipzig. First, many opportunities that national and international subsidy programmes offered, alongside with entrepreneurial urban governance indeed managed to provide a locally adapted strategic framework that corroborated with the anticipated return towards the trajectory of urban growth. Second, although the major growth objectives were finally achieved, the example of strategic planning in Leipzig also showed a general lack of preparedness in local governance with regards to

considering and dealing with a broader spectrum of challenges that often occur alongside rapid urban regrowth.

Nebojša Čamprag (2018): **Innovative post-neoliberal policy as a way out of crisis? Another reflection on the case of urban decline in Detroit.** In: *City, Territory, Architecture*, 5:2, Springer Berlin Heidelberg.

Online: <https://doi.org/10.1186/s40410-018-0078-4>

Many scholars have discussed urban decline, and one of the emerging discourses has called for redefining the crisis as an opportunity to establish new urban governance models. This paper evaluates the outcomes of such innovative approaches to managing urban decline by identifying its major implementation challenges, effects and outcomes, and pointing out long-term development perspectives. The focus was on Detroit, the ‘greatest failure’ among the troubled large cities in the US, whose municipal government, policy makers and elites have invested a great deal of effort to stem the city’s rapid decline. Of particular interest was the period since 2013 when the city government declared bankruptcy. An innovative strategy based on stabilisation, recovery, and irreversible degrowth was then embraced. The research method to investigate the efficiency of its implementation is centered on analysis of the secondary literature, strategies and official documents designed by the local government and private foundations in Detroit, as well as of supporting news reports. In conclusion, besides the importance of redefining approaches to urban policy-making in declining cities, the study illustrated the necessity of developing equally innovative alternative ways for their successful implementation.

Nebojša Čamprag (2018): **Re-imaginering Belgrade and Skopje: Urban Megaprojects between Politics and Struggle.** In: *European Planning Studies* 27 (1), pp. 181–200, Routledge.

Online: <https://doi.org/10.1080/09654313.2018.1545011>

This comparative study on the urban re-imaginering performed through large-scale urban refurbishment focuses on the specific post-socialist and post-conflict contexts of former Yugoslavia. Through the analysis of legislative and planning documents, expert interviews, reports, and media coverage, this study shows how initiatives for the implementation of grandiloquent urban megaprojects (UMP) in the capital cities of Serbia and Macedonia became extreme examples of national image reconstruction, carried out through autocratic state-led interventions that disregarded public input. The two main insights that the study provides classify these cases as rather particular in the European framework. First, the national governments have played a decisive role in conceiving entrepreneurial strategies for national rebranding through urban re-imaginering of its capital cities. Second, this politically orchestrated processes advanced through non-transparent decision-making, in spite of the rising opposition by the civic alliances. In conclusion, autocratic implementation of UMPs in the urban contexts of the Yugoslavian successor states played out much more forcefully, overriding the imperative to satisfy genuine public interest.

Monika Grubbauer/Nebojša Čamprag (2018): **Urban Megaprojects, Nation-state Politics and Regulatory Capitalism in Central and Eastern Europe: The Belgrade Waterfront Project.** In: *Urban Studies* 56 (4), pp. 649–671, SAGE Publications Ltd.

Online: <https://doi.org/10.1177/0042098018757663>

In this paper, we explore how state-led regulatory planning is utilised to push for delivery of an urban megaproject (UMP) in the specific context of post-socialist Central and Eastern Europe. Our focus is on the large-scale brownfield redevelopment project 'Belgrade Waterfront' under implementation in the Serbian capital, a joint venture between the Republic of Serbia and Abu Dhabi-based investor Eagle Hills. We show this UMP to be an extreme example of state-led regulatory intervention, characterised by lack of transparency and haste in decision-making processes, all of which serve to prioritise private investors' interests in project delivery above the principles of representative democracy. Through analysis of legislative and planning documents, expert reports and media coverage from the period between 2012 and 2017, we explore the legislative mechanisms, contractual strategies and modes of governance involved in the project's delivery. This provides two insights: first, it reveals that, in contrast with the active role of local governments in conceiving entrepreneurial strategies that is often assumed today, in the case of Belgrade Waterfront, the national government has instead played the decisive role; second, it shows how modifications to national law were instrumental in defining public interest, in enabling certain types of contracts to become technically legal, and in minimising risks for the private investor. We conclude by highlighting the need to further conceptualise nation-state politics and autocratic rule as driving forces of urban development processes.

ABOUT THE AUTHOR

Nebojša Čamprag was born in 1978 in Subotica, Serbia. He is an urban planner and researcher based at the Faculty of Architecture at Technische Universität Darmstadt. Nebojša obtained his bachelor's degree (BSc.) in urban and infrastructure planning from the University of Novi Sad, Serbia in 2003 and master's degree (MSc.) in Contemporary Architecture and Urbanism from the same university in 2007. As an Erasmus Mundus scholar, he obtained his double master's degree (MSc.) in International Cooperation in Urban Development from Technische Universität Darmstadt and Institut d'Urbanisme de Grenoble in 2010. During his master's studies, he concentrated on the role of non-governmental organisations in the determination of conservation policies. In 2014 Nebojša defended his doctoral dissertation (Ph.D.) as an associate member of the Graduate School of Urban Studies URBANgrad. For his work, in which he investigated transformations of identities of cities through comparison between Frankfurt and Rotterdam, Nebojša was awarded the prize for the best doctoral dissertation at Technische Universität Darmstadt. As a post-doctoral researcher at the same university, Nebojša took part in different conferences and exchange programmes in Europe and USA and received several awards and grants for his research. The thematic spectrum of his post-doctoral research has mostly been addressing interactions between the globalization and the built environment on the level of international comparison, with the main research foci on urban identity and representation of cities, effects of urban mega-projects, issues of urbanity, and strategic planning in transitioning urban contexts. Since 2014, Nebojša works as the manager of the University Consortium "Mundus Urbano" that offers an advanced interdisciplinary MSc. Programme "International Cooperation in Urban Development". In 2018 he established a research group "Urban Morphosis Lab" that gathers international researchers who are investigating the varied manifestations in rapid urbanisation and its scope within the metamorphosing urban landscape.