

**The Effect of Strategic Planning on Urban Governing  
Arrangements:  
The Politics of Developmental Planning in Budapest and Warsaw**

By

**Masa Djordjevic**

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**Department of Political Science**

*PhD Defence Committee:*

**Tamas Meszerics**, Central European University (supervisor)

**Paul Kantor**, Fordham University, United States

**Gerry Stoker**, University of Manchester, Great Britain

**Pawel Swianiewicz**, University of Warsaw, Poland

**Viola Zentai**, Central European University

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## Abstract

Systemic reforms towards free-market democracy in the 1990s produced a radically new context and challenges for the former socialist cities of Central Eastern Europe. New local public leaders, for the first time democratically elected, lacked experience in running a fragmented capitalist city. The basic interest behind undertaking research on the politics of urban planning in the large post-socialist cities of Central eastern Europe was to understand what drives institutional change in such an urban political milieu. The thesis uses the approach of the shift from local government to local governance in order to position post-socialist cities on the map of the discipline of urban politics. It suggests an approach to comparative urban governance through studying various structure of governing arrangements.

The thesis explores the claim that strategic planning is an opportunity for transitional cities to move faster towards effective urban governance on the example of the cities of Budapest and Warsaw. The link between the institution building *aspect* of strategic planning and the effective institution building *nature* of governance processes is explored by focusing on the 'effectiveness' concern and 'public participation' concern that feature in both urban governance and urban planning literature. The thesis explores the effects of political deliberations during the strategic planning processes in Budapest and Warsaw since 1990 on the urban governing arrangements initially characterised as local government rather than governance.

The comparative analysis of two cases shows that strategic planning processes have had little effect on the development of governance relations since the beginning of the transition. No change in the initial governing arrangement towards a form of governance relations was detected. Two case studies demonstrate the consolidation of the already existing governing arrangement through consolidation of the political elite consisting of local politicians, a number of public officials and external planning experts contracted out by city authorities. No evidence shows either a shift towards greater involvement of collective interest groups, be they business or civil sector-related, or towards greater participation of citizens in the policy-making processes.

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## Introduction

There is a clear consensus in the studies on cities – on their politics, economy, social life, urban landscape – that in the last twenty or so years globalisation has brought about a set of profound changes for cities worldwide. Cities once again became a focus of social and political research, treated as powerhouses of global, regional and national growth and innovation. Economic globalisation, the internationalisation of local economies and communication technologies, and the rescaling of the nation state have created new opportunities and threats for both cities and the fast growing proportion of the world population living and working in urban regions.

A growing body of literature contributes to this surge of academic interest in cities: from political geography to political economy (including regulation theory, functional urban regions approach, local economic development concepts, etc.) to urban politics, urban planning, and public policy sciences. Since the beginning of the 1990s the analytical focus political studies in Europe and North America has been shifting from *government* to *governance*. Analysis has needed to expand in order to include a wider political environment of decision-making than the government itself, the environment that affects people's lives in different localities, states, regions and at long-distance. The governance perspective is focused on the inter-dependence of governmental and non-governmental forces in meeting economic and social challenges. Fast development of the concept of governance also brought about a stronger focus on the process of governing than ever before. The studies of urban politics have followed this trend.

This thesis suggests an approach to comparative urban governance through studying urban governing arrangements. The dominant focus in the literature on urban governance has been on the process of change. Studying the process, the dynamics of relationships among different actors that cuts across sectoral lines in the local setting came at the critical moment in the development of the discipline of urban politics. There seemed to be no way out from the deadlock in the discussions between the elitists and pluralists in the American urban studies, and no improved understanding of local politics with yet more research focused on the inner workings of local public institutions excluding the wider local and national political environment, as in local government studies in Britain and in continental Europe. Studying the process instead of structures gave a huge impetus to urban researchers on both sides of the Atlantic.

But after at least fifteen years of studying the changing processes and conditions of governing, coupled with the dynamics of the globalisation, it seems that there is a shortage of concepts that describe a variety of local political structures that I call here governing arrangements. In its theoretical considerations, this thesis offers a typology of governing arrangements in order to examine and revise the overlapping and often confusing analytical use of different terms - such as regimes, coalitions and policy networks – and the relations between them taking into account what governing structures they cover, and what they leave out. In addition to offering typology as a way of reviewing the existing concepts, the purpose of the thesis is to try to position post-socialist cities in Central Eastern Europe and their institution-building experiences since



1990 on the map of the discipline of urban politics which primarily developed on the basis of the West European and North American experiences.

The empirical research presented in this thesis focuses on the politics of developmental planning in the large cities in the post-socialist region of Central East European (CEE) that now belongs to the European Union. Large cities above one million inhabitants are rare in CEE and can be found only in capital cities such as Budapest, Prague and Warsaw. Their experiences reflect the experiences of smaller cities in the region, but also constitute a category of its own. For the purpose of this thesis, I will focus my empirical analysis on the cases of Budapest and Warsaw in order to undertake a cross-city and cross-country comparison.

My basic research interest behind choosing urban developmental planning as the focal point of empirical investigation was to understand what drives institutional change in such an urban political milieu and in such a period following the transformation from the socialist regime towards market economy, parliamentary democracy and state decentralisation. Strategic planning was one of many new ideas, operating frameworks, and methods transferred to post-socialist cities by international organisations assisting the reforms in the 1990s, and by the inter-city exchange with Western city leaders and local administrators. The strategic planning paradigm and methodology entered the practice of city management in the Western European and North American cities during the 1980s. It was first developed in the private business sector and in the 1980s started being used and adapted by the public sector for the purposes of envisioning the development and guiding

future actions of public institutions. It can be defined as developing a frame of reference for guiding future actions aimed at making favourable development happen in the city.

The theoretical and practical shift towards strategic planning by city government coincided with an increasing awareness that urban planning as a regulatory activity is in essence a political process. Critics of the practice and discourse of rational comprehensive planning were the first to emphasise this political aspect contrary to the widespread attitude within the public sector that planning was a bureaucratic and technical regulatory activity of the welfare state. Without neglecting its technical aspects – nowadays often viewed as a methodology of planning used by planners as facilitators of the interactive process of planning – since the 1990s planning has been clearly understood as a political process of capacity and institution-building for the purpose of making favourable or preferred development happen in a city. By the same token, one of the important reasons for undertaking strategic planning by city authorities is that, as an integrated policy-making activity, it is an instrument for building effective local governance in order to overcome the problem of effective coordination of activities by a large number of players in the contemporary city due to economic globalisation and political fragmentation.

The basic assumption of my comparative analysis is that strategic planning is an opportunity for transitional cities to move faster towards effective urban governance. This can be explained by a combination of contextual factors that influenced the effectiveness of city governing and development processes in the 1990s in former socialist cities of

Central Eastern Europe. These cities were simultaneously faced with the introduction of a system of local government, new economic conditions of a free-market economy opened to economic globalisation, the rapid proliferation of new economic actors through the development of a business sector, and development of the civil society independent from the government sector. In this context, it has been difficult to build both effective local governance and government, and strong local leadership for urban development. In this thesis, I would like to explore the claim that strategic planning can help the city authorities to deal more effectively with these challenges and the resulting policy coordination problems.

The link between the institution-building *aspect* of strategic planning and the effective institution-building *nature* of governance processes is explored through two dominant concerns that both the planning literature and practice, and governance studies share. These two concerns will be referred to here as the ‘effectiveness’ concern and the ‘public participation’ concern. The strategic planning paradigm, in addition to bringing the new way of thinking about the city development and new tools for a more effective developmental planning process, requires much more attention to be paid to the participation of other societal groups in elaborating and implementing strategy. This new participation concern highlights the shift from the emphasis on the technical knowledge towards political coordination as the dominant aspect of public planning.

Depending on how implementation and public participation are dealt with during the strategic deliberations and decision-making on developmental priorities, strategic

planning can redesign the internal institutional capacity of the local government system and build governance capacity of a network of local public and non-public actors. Therefore, the main research question of my thesis is how the paradigm and methodology of strategic planning affected the governing arrangements in post-socialist cities of Budapest and Warsaw after the systemic change. I offer three possible scenarios as response to this question.

The thesis will unfold according to the following structure. In the first chapter the relevant theoretical concepts will be presented and examined, and a typology of urban governing arrangements will be presented and discussed. In the second chapter, the politics of urban planning will be discussed with the special emphasis on the strategic planning paradigm and the changing institutional relations of urban planning. Chapter 3 will introduce in more depth the research assumptions, questions and methodology for studying the cases of Budapest and Warsaw. The following two chapters present two case studies: Budapest case in Chapter 4, and then Warsaw in Chapter 5. Finally, a comparative analysis of the two cities will be offered in the conclusion, with a special emphasis on the comparison of the nature of strategic planning processes, the effect of strategic planning on building institutional relations of local governance, potential obstacles to building governance relations, and concluding remarks on the typology of governing arrangements.

# **1 Theoretical concepts of urban politics reexamined:**

## **Studying urban governance through governing arrangements**

*Winning elections and gaining useful forms of cooperation are, after all, at the centre of governing responsibilities in a democratic system. That these responsibilities can be met in more than one way is what political choice is about. That these choices are not trivial is what is meant by the phrase “politics matters.” Stone 1987: 6 (“The Study of the Politics of Urban Development” in Stone and Sanders 1987)*

In the last twenty to thirty years, cities around the world have experienced that economic globalisation, deindustrialisation and democratisation have increased the importance of cities as powerhouses of growth and creativity, but also brought about complex challenges for local public authorities in steering urban development. The main common characteristic of these processes, coupled with the growing integration and competition of European cities within the developing institutional and policy-making environment of the European Union, is the proliferation of economic, civic and governmental actors operating at and across various territorial scales. Cities became the playgrounds not only for *local* businesses, civic interests and public sector actors, but also business and civic groups operating nationally or supranationally who decide to locate part of their operations there.

The diversity of interests in the locality and diversity of resources that those actors bring to the locality lead to the competition between cities to attract those resources, but in the same time challenge the capacity of city governments to effectively influence local development, enable growth, deliver local public services to all inhabitants, and prevent segregation of disadvantaged social groups and their isolation from the labour market.

The coordination of public actions internally within the public sector and with non-public actors becomes increasingly difficult when diverse and fragmented interests operate in a single locality. The purpose of this chapter is to reexamine the dominant theoretical concepts explaining the nature and variety of relations of governing today's cities and to offer an approach to studying urban governance that tries to capture the variety of governing arrangements in cities for the purpose of cross-national research.

## 1.1 Governance

Since the beginning of the 1990s, the analytical focus in the studies of politics in Europe and North America at large has been shifting from *government* to *governance*. The objects of analysis was expanded to include a wider political environment of decision-making than the government itself, namely the environment that affects people's lives in different localities, states, regions and at long-distance. Fast development of the concept of governance also brought about a stronger focus on the process of governing than ever before (Pierre 1998).

Referring to the diversity of insights into then emerging new concept of governance, Stoker called for the development of a governance perspective. "The contribution of the governance perspective to theory is not at the level of causal analysis. Nor does it offer a new normative theory. Its value is as an **organizing framework**. The value of the governance perspective rests in its capacity to provide a framework for understanding changing **processes** of governing" (Stoker 1998a: 18; emphasis added). Stoker defined the term referring to the minimum agreement among the students of governance as "the

development of **governing styles** in which boundaries between and within public and private sectors have become blurred. The essence of governance is its focus on governing mechanisms which do not rest on recourse to the authority and sanctions of government” (Stoker 1998a: 17; emphasis added). Governance is focused on the inter-dependence of governmental and non-governmental forces in meeting economic and social challenges. This inter-dependence leads to a more or less continuous process of interaction among actors operating at different institutional and sectoral levels (Stoker 1998b).

In 1998 Stoker pointed at five most important aspects of governance, presented as five propositions:

1. Governance refers to a set of institutions and actors that are drawn from but also beyond government.
2. Governance identifies the blurring of boundaries and responsibilities for tackling social and economic issues.
3. Governance identifies the power dependence involved in the relationships between institutions involved in collective action.
4. Governance is about autonomous self-governing networks of actors.
5. Governance recognizes the capacity to get things done which does not rest on the power of government to command or use its authority. It sees government as able to use new tools and techniques to steer and guide (Stoker 1998a).

Since the early-1990s, the term has been widely used, and become one of the dominant buzzwords in the studies of politics. However, it has been often used to answer research

questions of whether there is emerging governance as opposed to the pivotal status of government in decision-making for communities, and whether there is more or less governance in a locality, region or country than before or than in other places. One consequence of this way of using the *governance perspective* is that we see governance everywhere, and want to see more of it.

## **1.2 From local government to local governance: changing institutional setting of local politics**

There is a wide agreement among students of urban politics that since the 1980s important changes have occurred in the local government systems of Western Europe. Understood as a shift from local government to local governance, these changes are caused by economic globalisation, political and social fragmentation of societies and localities within them, new policy challenges, public sector reforms including privatisation and contracting out of public service as part of the New Public Management (NPM), and crisis of representative democracy visible in the distrust in local governments and voter's apathy (John 2001; Denters and Rose 2004; Hambleton, Savitch and Stewart 2003; Savitch and Kantor 2002). These general causes, influencing and supporting each other, can be broken down to more specific causes depending on the state of the national system of government and the status and patterns of their local government sub-systems before the changes occurred.

In general terms, a traditional local government system represented a formalised pattern of governing local affairs strongly characterised by the distinctive nature of national



systems of local government and their subordination to the national level. It had straightforward tasks in jurisdictionally defined local areas. Tasks were based on defined competencies in delivering local public services. Economic development did not feature as an important issue, because it was planned and negotiated with the private sector by the upper level of government, mostly national. There was little competition, whether horizontal in the locality or vertical with other level of government. Democratic representation was fulfilled by citizen's participation through elections, and casting their vote for political parties as only established forms of interest articulation.

In contrast to this, developing local governance is seen as characterised by non-hierarchical, fragmented, decentered government structure with horizontal and vertical competition between government levels and units. The relationships between governments need to be built and maintained through self-organising network that help implementation and coordination of policies. The complexity of the inter-organisation system is increased by the presence of strong non-governmental actors that have sufficient resources to challenge the realisation of public policies. So, governance includes network-building with those various non-governmental interests. "Governance involved non-state solutions to the collective action problems" (John 2001: 9) that developed in the complex local setting of numerous local and non-local actors. Governing in governance "becomes an interactive process because no single actor has the knowledge and resource capacity to tackle problems unilaterally" (Stoker 2000:3). Instead of routinised policies mainly concerned with public services, the innovative approaches to service delivery through privatisation and contracting out are pursued and the issue of local economic

development becomes one of the main issues for local authorities. Citizen participation through casting a vote in local elections is expanded to voicing mistrust or dissatisfaction with local policies and demanding the participation of both interest groups and citizens in local policy-making.<sup>1</sup>

In order to account for what has happened with local governments and to see if a shift towards governance has really occurred across Western Europe, and not only in the North America and Great Britain where the shift seemed to be the fastest, John (2001) shows that Page and Goldsmith's famous comparative framework of local government "is a good baseline from which to judge the evolution from government to governance" (John 2001: 31). Acknowledging the limitation and certain oversimplification in dividing European experiences in two dominant groups of local government systems – northern and southern group, John asserts that in terms of understanding the initial state of local government as a benchmark from which to judge the changes, Page and Goldsmith's classification is the most satisfying comparative account of local government systems across Western Europe (Page 1991; Page and Goldsmith 1987). "The central idea is that there is a relationship between the number and type of the functions allocated to sub-national government, the legal discretion open to local policy-makers and the access of local politicians to the central state. By functions they mean the responsibilities that

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<sup>1</sup> The following quote nicely captures the essence of the contrast between traditional local government and emerging local governance. "In short, whereas *government* is vertical and firmly institutionalised, *governance* is flat and flexible. Whereas *government* is formal and directed from above, *governance* is informal and self-regulating. Whereas *government* connects to localities through demarcated procedures, *governance* is looser and less confined by boundaries. *Government* emphasises the centralising features of regionalism, while *governance* stresses the decentralising virtues of local cooperation. By and large, the multi-tiered approach is a form of

central states assign to lower levels of government (...) Discretion refers to the legal and administrative freedom locally elected authorities have in deciding how to administer services and to allocate resources. (...) Access refers to the extent of contacts between central and local actors” (John 2001: 26).

Based on these three broad criteria, Page and Goldsmith distinguished two main groups of local government systems in Western Europe between the post-Second World War state reforms and the 1980s. In general, the northern group (Britain, Denmark, Sweden and Norway, expanded by John to include Ireland, the Netherlands, Finland, and a selection of German states and Swiss cantons) is characterised by high levels of local discretion, a wide set of decentralised functions to local governments, and a lower access of local politicians and officials to central government actors. The opposite relations characterise the southern group (France, Italy and Spain, expanded by John to include Belgium, Portugal, Greece, and those German states and Swiss cantons with similar local systems): low levels of legal discretion and a narrow set of local functions are compensated by a high degree of access of local government actors to central government in order to obtain central resources and favourable decisions.<sup>2</sup>

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*government*, while complex networks, linked functions, and public-private partnerships are types of *governance*” (Savitch and Kantor 2002: 329; emphases in the original text).

<sup>2</sup> The northern group includes the countries with welfare states, and that seems to be a crucial factor in developing the stress on legal autonomy and high discretion in those local government systems. Decentralised functions “expanded in the post-war years, where local government was given the responsibility for administering welfare services, with finances and the local discretion to do the job effectively” (John 2001: 27). In contrast to that, the southern European countries, it is regional and central governments that provide welfare services rather than local governments.

According to John, Page and Goldsmith’s approach offers two accounts of the role of local politics in a representative democracy. “Northern democracies developed the theory of local self government based on the independence of locality to decide matters of importance. Extending Goldsmith’s argument, local government becomes like a political system in miniature, with local interests, parties, manifestos and policies, if in a position of subordination to national

Taking this division and its characteristics as the baseline in defining the nature of traditional local government systems, John concludes that contrary to the sceptics and critics of the governance thesis “enough evidence has been summarised to show that what has happened to local politics since the early 1980s resembles governance and is qualitatively different from what went on before” (John 2001: 168). Contrary to the sceptical claims that local governance is only British or in the best case northern European phenomenon, John’s comparative evidence along several analytical dimensions such as the development of regimes, institutional fragmentation, privatisation, institutional formation, new patterns of leadership and the spread of New Public Management (NPM), shows that the emergence of governance is cross-European. He shows that the north-south division has not disappeared, but that the overall picture becomes more complex:

most countries show some movement to governance, though only the UK displays all the elements (...) The comparative approach shows how governance takes various forms according to country and locality. There is no uniform pattern. There is a massive variety of political arrangements and practices across and between local political systems in the first place; flexibility, networks and fragmentation compound the variations (John 2001: 175).

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legislatures and bureaucracies. The justification of local government is similar to that of central government save that the former is not formally sovereign (John 2001: 30). The southern group of states, however, values more territorial representation and political localism than independence of locality. “The function of local politics is to represent the interests of the locality to the central level of government. The commune embodies the local community and is only responsible for matters that are genuinely local. In a clientelistic systems, politics is personal, which aids representation” (John 2001: 31, based on Goldsmith 1996).

This conclusion has been also confirmed by the contributions in Denters and Rose's book (2004). They confirm the international character of the shift from local government as it was known until 1980s, and stress three major changes that were put forward by the national contributions in this comparative volume: a widespread adoption of NPM and public-private partnerships, involvement of organised local associations, interest groups and private actors in policy partnerships; and introduction of new forms of citizen involvement in addition to traditional democratic representation. They also stress the great variety of experiences across countries, especially when it comes to the greater involvement of organised interests and citizens. "The differences here are so large as to defy any easy generalisation. Patterns of change do not reflect simple categorisations based on the distinction between federal and unitary systems or between Northern, Southern and Anglo local government systems" (Denters and Rose 2004a: 261).

### **1.3 Self-governing networks of governance**

The main focus of the governance perspective is on institutional processes and relations and how they change. The main object of interest in the shift from local government to local governance has been how institutional actors multiply and become more dependent on each other, and how hierarchies of the traditional government system are transformed and often surpassed in the power to act by the development of network type of relations among numerous public and private actors at various levels of territorial organisation.

In the political science literature, there are three main modes of coordinating social life: formal hierarchies, open-ended competitive bargaining (with the market as the most

visible form), and networks (see Rhodes 1997; Rhodes and Marsh 1992; Marsh and Rhodes 1992). The network approach is based on the premise that “[c]ooperation is obtained, and subsequently sustained, through the establishment of relations promised on solidarity, loyalty, trust and mutual support rather than through hierarchy or bargaining. Under the network model organisations learn to cooperate by recognising their mutual dependency.” (Stoker 1995:59)

A dominant approach to networks that also includes the study of local politics comes from British political science. This approach, building heavily on Rhodes and Marsh’s work in the beginning of the 1990s, originates in the concepts of networks in the European interorganisational theory, based in turn mostly on German and Dutch literature (such as Hanf and Scharpf 1978; Marin and Mayntz 1991; Jordan and Schubert 1992; Wilsk and Wright 1987; Heclo and Wildavsky; Kickert, Klijn and Koppenjan 1997; see Rhodes 1997). Policy networks’ approach is an alternative to both pluralist and corporatist models of interest group intermediation. Rhodes and Marsh’s approach is a meso-level approach that sees policy networks as structural relations between institutions rather than interpersonal relations between individuals within these institutions. Based on the analysis of the British governing networks during the Thatcher years, they stress vertical relations between central government departments and local authorities and agencies at the local level, in addition to horizontal relations between government and interest groups (Marsh and Rhodes 1992). Their approach also stress that relationships between interest groups and governmental organisations at different levels vary between policy areas. Therefore, they suggest that policy networks should be studied at the

disaggregated level of sectoral policy-making (Rhodes 1997). Based on this and four dimensions such as membership, integration, resources and power, they distinguished a continuum of network types between policy communities and issue networks. “The typology treats policy network as a generic term. Networks can vary along a continuum according to the closeness of the relationships within them. Policy communities are at one end of the continuum and involve close relationships; issue networks are at the other end and involve loose relationships” (Rhodes 1997: 43).

Another important set of contributions to the study of local governance use the concept of policy networks as presented in comparative work on British and French urban governance by John and Cole (John and Cole 1998; John and Cole 2000; Cole and John 2001). When defining the shift to governance, they put a stress on a change in the context of policy-making of different public sector actors and agencies, and also in the nature of inter-organisational relations aimed at policy-coordination and implementation. They use the concept of network relations to characterise the changing public sector relations and proliferation of public and semi-public agencies as main decision-making actors, not the relations between actors beyond the fragmented and increasingly complex public sector. When examining public-private relations, they use the term “regimes”, more often than “networks”.<sup>3</sup>

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<sup>3</sup> In their 2001 book their definition of networks is more related to the change in the relations and type of public institutions. “Governing through regular relationships across organisations – policy networks – is a form of public decision-making that is a response to the complexity of modern institutional arrangements and the rapidity of policy change” (Cole and John 2001: 12). In one of their texts published in 2000 they use ‘networks’ again to show changing public institutional relations and ‘regime’ to indicate changing public-private relations (John and Cole 2000). However, in the 2001 book when analysing the empirical findings related to local economic development as a distinctive policy sector, and in another text published in 2000, they clearly use

When defining different approaches to more horizontal structures of integration that occur in multi-actor governance, Stewart (2005) distinguishes between coalitions and regimes on the one hand, and network governance and urban partnerships on the other. He stress out that “[n]etworks are loose, informal, unaccountable and often exclusive. Above all, they seldom have direct decision-making or resource allocation functions. The institutional manifestation of network governance has been either an array of talking shops which attempt to influence the silo-base behaviour of constituent agencies, or the establishment of more formal partnership arrangements” (Stewart 2005: 155). This definition of networks stresses that networks have an amorphous form that has decision-making function only if developed into a more formal institutional mechanism.

This all shows that while the concept of networks is widely used in the studies of local governance in defining the very nature of governance relations, there is some ambiguity in how the term is used: it can indicate everything from loose and unstable ties of issue networks to strong and close ties of urban regimes. In addition, Rhodes and Marsh stress more the vertical relations of networks than horizontal relations because it is based on the British experience with the strong role of the central government in transforming local politics in the long Thatcher years. I will return to these problems latter in the chapter when suggesting studying governance through differentiating between different governing arrangements. In the next section I will show how the governance concept has been influenced by the approach to urban politics characteristic for the American

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‘networks’ for both internal public sector and public-private relations in four cities in Britain and France (John and Cole 2000a). The networks in Leeds and Lille qualify as urban regimes (see



scholars, and the particular contribution of the urban regime theory to the study of local governance.

## 1.4 Urban Regime

*The governance perspective, again like a map, is date and place specific (...) It is to be hoped, therefore, that the governance perspective can develop in an evolutionary way to **capture the processes of adaptation, learning and experimenting** that are characteristic of governance (...) It does not advocate governance. Nor does it explain the multiple and various relationships that exist within governance.* (Stoker 1998a: 26; emphasis added)

In addition to the concept of policy networks, another set of approaches that tried to explain the multiple and various relationships within the governance perspective came from the other side of the Atlantic, and developed before the term local or urban governance started being widely used in the field of urban politics in Europe (e.g. Kooiman and Van Vliet 1993; Rhodes 1996; Stoker 1995; Stoker 1998b; Stoker 1998a). Following the development of the concept of *growth machines*, specific local coalitions of property developers and local politicians pushing developers' interests in urban economic development policies (Logan and Molotch 1987; Harding 1995), and as a reaction to the old community power debate between pluralist and elitist approaches to urban politics in the US cities,<sup>4</sup> the leading American explanation of the variety of urban governance structures of interests is *urban regime* theory. Having said that, it must be

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John and Cole 1998; John 2001: Ch. 3).

<sup>4</sup> The 'community power debate' developed between elite and pluralist theories in the 1950s and dominated urban politics studies in the US for almost three decades. Exponents of the elite theory argued that the power to make decisions in cities is shared by a small group of locally powerful people, with economic interests being dominant, i.e. that that a 'business-dominant elite governs the city (Hunter 1953; Bachrach and Baratz 1962). Advocates of pluralist approach to city politics rejected Hunter's elitist findings based on the case of Atlanta, and claimed that local power is not concentrated in one group, but dispersed to several groups of interests due to inequalities of various types of resources, and that democratically elected politicians had a significant role in making decisions for local communities (Dahl 1961, 1986; Polsby 1980).

recognised that the very development of the governance concept owes credit to the regime theory and its new approach to power. Regime theory was articulated with more clarity before than the urban governance perspective, and in that respect contributed to its development as an umbrella concept or rather an organising framework at a higher level of abstraction than urban regime.

Urban regime theory introduced a new way of looking at the workings of urban politics, and a definition of the urban regime as a governing form, primarily in US cities. It has become a widely used analytical paradigm in understanding urban politics since Clarence Stone's influential book on Atlanta (Stone 1989). As a paradigm, it has been used and misused to describe and explain the process of building up collective action in many cities primarily in the US, but also in Europe. As a widely used term, it became an ever-present and under-specified word in the vocabulary of introductory chapters of numerous edited volumes intending to describe the sea-change in urban politics and policy-making coming with globalisation in the last twenty years. As such, the "urban regime" is automatically incorporated into the discourse of entrepreneurial cities, pro-active urban policy, indispensable and increasing public-private cooperation, presumably all coming about as a package. This shows both the huge promise of the theory and a craving for analytical tools that could fill the theoretical void in the discipline of urban politics.

When Stone's seminal book was published in 1989, the concept of urban regime had already been used by Elkin (1980; 1987) and Fainstein and Fainstein (1986). But the real debate and widespread application of the concept started only after and on the basis of the

urban regime concept Stone developed and demonstrated on the case of Atlanta. That is why the main theoretical framework to be presented here and defining characteristics of urban regimes will be based on Stone's account.

Stone defined an urban regime “as *the informal arrangements by which public bodies and private interests function together in order to be able to make and carry out governing decisions*. These informal governing decisions, I want to emphasise, are not a matter of running or controlling everything. They have to do with *managing conflict* and *making adaptive responses* to social change” (Stone 1989: 6).

It follows that in contrast to the old debate between pluralists and elitists that focused on the question of “Who Governs?”, Stone introduced a new understanding of power called the *social-production model of power*. “If the conventional model of urban politics is one of social control (with both elitist and pluralist variants), then the one proposed here might be called ‘the social-production model.’ It is based on the question of how, in a world of limited and dispersed authority, actors work together across institutional lines to produce a capacity to govern and to bring about publicly significant results” (Stone 1989: 8). This view of power produced a paradigm shift in the studies of urban politics. The new perspective views the capacity to govern as something to be achieved and constantly reaffirmed by the publicly significant results, not to be taken as given.<sup>5</sup> The capacity to

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<sup>5</sup> “What makes governance in Atlanta effective is not the formal machinery of government, but rather the informal partnership between city hall and the downtown business elite. This informal partnership and the way it operates constitute the city's regime; it is the means through which major policy decisions are made” (Stone 1989: 3). And further away, “[t]he term “governing coalition” is a way of making the notion of regime concrete. It makes us face the fact that informal arrangement are held together by a core group – typically a body of insiders – who come

govern is produced through constant cooperation, conflict resolution, and adaptation to ever-changing circumstances. “In the world of diffuse authority, a concentration of resources is attractive. What is at issue is not so much domination and subordination as a capacity to act and accomplish goals. The power struggle concerns, not control and resistance, but gaining and fusing a capacity to act – *power to*, not *power over*.” (Stone 1989: 229)

Stone uses the political economy approach to local politics to explain the structural context of the social production model of power. Local politics is shaped by the division of labour between state and market. Modern society is very fragmented, and formal authority is weak. Stone followed Stephan Elkin’s approach based on the division between the interests of the market and interests of the democratic state (Elkin 1987). The market is characterised by a substantial concentration of resources and economic activities in private hands, and the democratic state is based on popular control through elections. City officials need revenue, credit, investment into the city, and a satisfactory level of economic activity, i.e. to get re-elected they need to make governing arrangements with resource-holders in the business sector.<sup>6</sup>

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together repeatedly in making important decisions. Thus, when I refer to the governing coalition in Atlanta, I mean the core group at the center of the workings of the regime” (Stone 1989: 5).

<sup>6</sup> “In Elkin’s formulation (...) a regime represents an accommodation between the potentially conflicting principles of the popular control of government and the private ownership of business enterprises. These potentially conflicting principles provide a structural context within which regimes form; hence there is a set of pressures that guide the working out of regime forms. At the same time, it is important to bear in mind that the reconciliation of potentially conflicting principles involves political choice and political judgement. This is particularly true in the case of urban regimes, because neither the issue of how best to satisfy the principle of popular control nor the issue of how to induce private business to serve community well-being is itself the kind of question to which there is a technical answer” (Stone 1987: 269, Ch. 14).

Defining an urban regime as an informal arrangement through which public bodies and private interests function together to make and carry out governing decisions, Stone did not confine private interests to business groups. “Labour-union officials, party functionaries, officers in nonprofit organizations or foundations, and church leaders may also be involved” (Stone 1989: 7). Yet, particular attention must be put on business interests because businesses control politically important resources and are rarely totally absent from the scene. This is what Stone calls the *systemic power* of business elites. Building on his dynamic and result-oriented social production view of power, Stone argues that policy effectiveness depends on being able to earn business support, but that does not signify “that voting power is unimportant, only that it is inadequate by itself to **sustain** a governing coalition” (Stone 1989: 228; emphasis is mine). That is why an urban governing coalition that forms the basis of a regime is not identical with the electoral coalition that wins elections.

A regime is a set of arrangements by which the division of labour between public and private interests is bridged (Stone 1993). The way regimes are built, achieved, sustained, adapted, or weakened is a typical collective action problem. Regime formation is not easy, and sustaining an existing coalition in the light of social change is even more difficult. Understanding urban regimes as a form of collective action, the analytical emphasis concerns the process of interaction, mutual learning and adaptation to new circumstances. The essential proposition - both theoretical and methodological - that lies behind Stone’s attempts at distinguishing different types of regimes<sup>7</sup> is “that public

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<sup>7</sup> By distinguishing different types of regimes, Stone brought the theoretical propositions closer to actual experience of governing in American cities. He offered a typology in his 1987 work of

policies are shaped by three factors: 1) the composition of a community's governing coalition, 2) the nature of the relationships among members of the governing coalition, and 3) the resources that members bring to the governing coalition" (Stone 1993: 2).

Other American authors joined in building up typologies of urban regimes in the attempt to explain cities they studied (e.g. Savitch and Thomas 1991; Savitch and Kantor 2002; DiGaetano and Klemanski 1999; Sellers 2002; Sellers 2002a). Very often they used the term "regime" with a more or less different meaning than Stone did, but the difference in meaning was not always well defined. When the concept started being used by European researchers of urban politics, the result was "a dispute about the nature of regimes and how they apply to the Western European context" (John 2001: 47). Bringing in more case studies and asserting that they illustrate new types of regimes, slowly led to the conceptual confusion. This in turn provoked critical examination of the capacity of the

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urban regimes as a way to illustrate that "governing coalitions differ in composition and in policy orientation" (Stone and Sanders 1997: 270). He distinguished between *corporate regimes*, *progressive regimes*, and *caretaker regimes*. A corporate coalition's central concern is to promote the development of interests of major downtown businesses. A progressive coalition's aim is to expand local services and protect local middle- and lower-class neighbourhoods. A caretaker coalition is centred on preserving the existing situation favourable to the city's small-businesses and home-ownership population.

In his 1993 work, Stone developed this typology further based on the relationship between the resources available to the coalition partners and the nature of the policy agenda of the coalition (Stone 1993). He distinguished between four types of regimes. *Maintenance regimes* want to preserve the given situation, and want to prevent a change. *Development regimes* are centred on the growth agenda and want to secure more resources. *Middle-class progressive regimes* want to establish some control over growth, and are often concerned with environmental protection. *Lower-class opportunity expansion regimes* require mass mobilisation to satisfy their goals, and are therefore rare.

urban regime concept to be internationally applied, i.e. beyond the American urban environment (see John 2001).<sup>8</sup>

#### 1.4.1 Contribution of urban regime theory to the study of urban governance

Evaluations of the contribution of urban regime theory to the study of urban governance depend on the examiner's reading of what the theory has been about, how it has been used in the literature, and the relation between the urban regime concept and governance perspective. I propose two readings of the Stone's urban regime theory, and respectively two contributions to the study of urban governance.

*First*, it offers an understanding of the setting of urban politics in the Western free-market democracies, and of the logic of the formation and inner workings of various urban governing styles. In this sense, urban regime theory offers a generally applicable analytical framework that can organise the research of concrete local governing styles by offering a set of research questions. Read in this way, the contribution of the theory is in asking these questions, without expecting to get *the* urban regime-like form of governing as the ultimate answer. This means that the question whether there is a regime-type of governing style in a city should not be the central question of the applied urban regime theory. The main contribution is the set of questions and propositions that can guide the

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<sup>8</sup> Problems with the international application of the concept were first noticed by the British researchers who explored the capacity of the urban regime theory to explain British local politics. The main criticism point at the different intergovernmental relations between different territorial levels in Europe, with the much stronger role of both national and sub-national authorities in steering local development. An extensive literature contrasts urban politics in the US with that in Europe (see e.g. Harding 1994; Harding 1997; Harding 2000; Stoker and Mossberger 1994; Stoker 1995; Gurr and King 1987; Di Gaetano 1997; John and Cole 1998; John 2001).

examination of the *process* of overcoming the collective action problem at the city level through the formation of informal coalitions between different interests in the city, both public and private.

As already mentioned, Stone singles out three crucial questions in order to define what is central to the urban regime analysis: 1) the composition of a community's governing coalition, 2) the nature of the relationships among members of the governing coalition, and 3) the resources that members bring to the governing coalition. The *question of the composition* of the governing coalition looks behind the electoral coalition into the less visible realm of informal networks of actors, their interests and resources. This question also asks who is excluded from the informal governing coalition, and what their interests and resources are. The *question of the nature of the relationships* among the members of the governing coalition leads us to study the way different interest are grouped, networks are formed, informal agreements on the political agenda of the coalition are made, how conflicts are dealt with, what incentives coalition members give each other to sustain the coalition governing process, who drops out of coalitions and why, how coalitions adapt to social and economic change, how and why the relationships weaken, and why coalition break up. *Analysing the resources* that coalition members bring into the coalition primarily contributes to our understanding of what keeps a coalition of different interests together, how a particular grouping of resources influence the political agenda of the coalition, and how this agenda then affects the broader community and relates to interests left out of the governing coalition.



Understood as a set of questions and proposition that can organise inquiry and help explain the complexity of urban politics of the governance type, the urban regime approach is an illuminating concept in urban politics irrespective of what the actual governing style turns out to be. Stone's social production model of power and his political economy view of urban politics, examining the relationship between public and private interests, counts the most in evaluating the contribution of the urban regime theory to the study of governance, even when applied to cities where these processes do not produce a regime, but other forms of coalitions or networks. "The utility of the regime model therefore is less its precise application in Europe and more its explicit articulation of ideas of stakeholder power, dominant interests, capacities to incorporate, abilities to exclude and opaque accountability" (Stewart 2005: 154).

The *second* proposed reading of urban regime theory concerns the exposure and definition of one distinctive governance form, namely *the* urban regime-type of the governing coalition. This model for empirically determining and examining a particular outcome of the struggle over the governing process at the city level, i.e. a regime style, signifies a much more concrete and case study-driven contribution to governance studies. Contrary to the first-mentioned contribution to the general analytical framework for studying governance, what matters here is whether the empirical analysis can positively determine whether a regime-type of governing arrangement exists in a particular city. A regime as a distinctive governing arrangement can be defined as an informal long-term stable governing coalition composed out of the politicians and business leaders with the possible but not necessary participation of other social actors. It is not prescribed what

types of businesses are partners in the coalition, but a strong business involvement in the governing process and the sustainability of the coalition beyond at least one election period are necessary conditions for determining the existence of the regime style in a particular city. “Regimes are exceptional rather than a general form of governance” (John 2001: 52). I will return to this distinctive governing arrangement later in this chapter.

In order to summarise the contribution of urban regime theory to the study of urban politics, it is illustrative to recall Stoker’s description of the two different ways urban regime theory is used in the study of governance. “Regime theory holds that causal relationships underlying policy development are very complex and so it offers a broad conceptual framework for guiding analysis. Case studies test that framework by being able to demonstrate its application in practice. The test is of a **capacity to explain a process** rather than to **predict an outcome**” (Stoker 1995: 66; emphasis added). Both uses are important for studying urban governance, but for different purposes and at different analytical levels. On the one hand, “there is no need for a regime analysis to discover an effective and operational regime in a city” (Stoker 1995: 66) to be evaluated highly in terms of its influence on the students of local politics and its potential for the further theoretical development of the discipline and broader geographical application. On the other hand, however, discovering a regime-type of a governing arrangement in a city (especially beyond the US experience), if the analysis is led by a strict definition of what a Stonian regime is and is not, will continue to excite urban researchers and greatly contribute to our understanding of the conditions and actions needed to form and sustain such a distinct type of governance.

## 1.5 Studying governance through governing arrangements

*One of the future challenges – arguably, the most important – in this research is **linking institutional theory to regime theory** as a means of helping to understand how and why cities display different patterns of public-private elite formation and objectives and to reveal the consequences of these patterns. (Pierre 1999: 391; emphasis is mine)*

The dominant focus in studying urban governance is on the process of change. Studying the process, the dynamics of relationships among different actors, that cuts across sectoral lines in the local setting came at the critical moment in the development of the discipline of urban politics; there seemed to be no way out from the deadlock in the discussion between elitists and pluralists in American urban studies, and no improved understanding of local politics with yet more research focused on the inner workings of the local public institutions excluding the wider local and national political environment, as in local government studies in Britain and in continental Europe. Studying the process instead of structures gave a huge impetus to urban researchers on both sides of the Atlantic. But after at least fifteen years of focusing predominantly on the changing conditions of governing, coupled with the dynamics of globalisation, it seems that there is a shortage of concepts describe a variety of local political structures of governance relations.

As mentioned before, comparative studies report a great variety of governance relations in Western Europe and North America (see John 2001; Denters and Rose 2004; also Savitch and Kantor 2002). The terms used to mark those various new institutional relations and different stages in the uneven process of governance come down to a few such as like networks, regimes, coalitions and partnerships. The existing analytical

literature does not possess coherent terminology about the actual governing arrangements in the cities beyond the experience of Western Europe and North America, beyond the global cities and large cities across the globe with big regional or international recognition. The cases in point are the third- and fourth-rank cities in Europe and beyond, smaller regional players, non-American cities with no trace of urban regime-type of governing coalition and no strong local government that acts as the leader of local development, and transitional cities of all colours, including post-socialist cities.

There is no systematic examination of the forms that governance arrangements have taken in these cases at different points in time, and how the process of governing produce challenges that in return affect the governing arrangements and force them to adapt or visibly change. There is no tentative typology against which we can estimate different governing forms and paths in the governance process in cities around the world taking into account the local context and the characteristics of the previous developmental stage. Whether there is more or less governance than before in a locality is not telling if we cannot analytically distinguish between even more general forms of new governing arrangements in a clear and coherent way. All theoretical concepts and analytical perspectives on urban politics in the age of globalisation and its challenges for the cities worldwide have been introduced by Western urban researchers and developed *on the basis* of the governing experience in Western free-market democracies. However, urban researchers all around the world refer to the same concepts either in order to show that they are academically well-informed or to actually use them analytically, but with limited explanatory effect. The real question is how much the existing conceptual confusion and

misuse of a small number of terms helps the analytical purposes beyond pure description, and ultimately affect conceptual development of the discipline.

Scholars must develop systematic and analytically relevant knowledge about the diversity and different nature of the structure of governance, regardless of how short-lived or unstable these forms can be in the world of constant change. Since the empirical focus of my thesis is on the development of governance in large post-socialist cities, such as Budapest and Warsaw, I will introduce a typology of urban governing arrangements that will later serve my purpose of putting the transition experience of these two cities into a broader context of possible governance forms. The typology is not focused on the study of the purpose of the governing arrangement and the nature of its agenda, but rather on the combination of actors and fundamental characteristics of their mutual relations.

## **1.6 A typology of governing arrangements**

One might distinguish four basic types of governing arrangements: (1) coalitions, (2) networks, (3) local government-centred governance, and (4) traditional local government. There are three variables used in building up the typology: (a) types of actors involved in the governing arrangement; (b) the nature of the relationships among the actors involved; and (c) stability and longevity of the governing arrangement (see Table 1).

The distinction of different types of actors participating in a governing arrangement is based on the basic division between the public sector, the private (business) sector, and the non-profit sector of civil groups. Each of these three groups is diverse in itself, and

consists of several different types of actors operating at different governing levels – local, metropolitan, regional, national and supra-national. For instance, the public sector includes politicians, public officials, technical expert staff at all levels of government; the private sector consists of all types of businesses operating at the local level, international business companies with local branches, big national companies locally based, local small businesses, financial institutions, etc.

Actors involved in the urban governing arrangement can be grouped in a number of ways, and this is important for the examination of the variety of urban governing arrangements. It is thus important to distinguish between the following compositions of actors, taking into account both horizontal and vertical relations:

- a) Local public-public (horizontal relations dominate)
- b) Local public - non-governmental (horizontal relations dominate)
- c) Local public-private (horizontal relations dominate)
- d) Intergovernmental coalitions (vertical relations dominate)
- e) Intergovernmental coalitions with strong influence of the central state (vertical relations dominate)
- f) Central-local public-private (both vertical and horizontal relations)

The nature of the relations among actors involved in the governing arrangement can be characterized as cooperation to certain extent and with certain intensity. The typology to be presented here is based on a continuum from maximum cooperation to minimum cooperation or no cooperation among the actors who have some capacity to influence the

local situation. When examining the relations between locally-influential actors, it is important to keep in mind both the actors participating in the governing process and those left out. The less cooperation there is in the governing of the city, the more important it is to examine the relations with excluded actors and the reason for low and weak cooperation at the local level. Simply concluding that the cooperation is weak does not explain local politics or the possible directions of change.

The third dimension of the typology is the stability and longevity of the governing arrangement. The typology is based on the presumption that it matters where the local governing arrangement lies on the continuum from more stable and long-term cooperation, through project-based short-lived or ad hoc cooperation, to no real cooperation.

Having presented these three variables, four basic types of governing arrangements can be introduced. The intention behind building up such a typology is to analytically capture the complexity of local situations, and to map the possible paths of governance processes for the purpose of cross-national comparison.

Table 1 – Typology of governing arrangements

Types of arrangements	Types of actors	Nature of the relationships	Stability and longevity of the relationships
<p><b><u>Coalitions</u></b></p> <ul style="list-style-type: none"> <li>▪ <b>Urban Regime</b></li> <li>▪ <b>Other coalitions</b></li> </ul>	<p>Across all sectoral lines</p> <ul style="list-style-type: none"> <li>▪ <b>Urban regime</b> <ul style="list-style-type: none"> <li>- Local public-business (horizontal)</li> <li>- Local public-business- non-profit (horizontal)</li> <li>- Central-local public-private (vertical and horizontal)</li> </ul> </li> <li>▪ <b>Other coalitions</b> <ul style="list-style-type: none"> <li>- Local public - non-governmental (horizontal)</li> <li>- Intergovernmental coalitions with non-profit sector (vertical)</li> </ul> </li> </ul>	<p><b>Strong cooperation</b></p> <ul style="list-style-type: none"> <li>▪ <b>Urban regime</b> Maximum horizontal cooperation</li> <li>▪ <b>Other coalitions</b> Strong cooperation, but intensity varies</li> </ul>	<p>Varies</p> <ul style="list-style-type: none"> <li>▪ <b>Urban regime</b> Long-term</li> <li>▪ <b>Other coalitions</b> It varies: from short-lived (project-based) to long-term</li> </ul>
<b><u>Networks</u></b>	Across all sectoral lines	Cooperation, but with variable intensity at different times, depending on the agenda	Long-term
<b><u>Local government-centred governance</u></b>	<ul style="list-style-type: none"> <li>- Local public-public (horizontal)</li> <li>- Intergovernmental networks (vertical) with or without the strong influence of the central state</li> </ul>	<b>Medium to Minimum horizontal cooperation</b> across sectoral lines (a need for governance, but still only government)	Longer-term arrangement, but no sustainable cooperation: sector-based ad hoc cooperation
<b><u>Traditional local government</u></b>	Local public-public (horizontal)	<b>No cooperation</b> across sectoral lines	Longer-term



### 1.6.1 Coalitions

Coalitions are organised forms of cooperation between, the governmental and non-governmental actors with a clear policy agenda. Coalitions cut across sectoral lines and are primarily characterised by informal collaboration among actors, though may also use formal channels of communication as much as necessary or effective. Governing coalitions as a type of governance are always broader than electoral coalitions. This understanding of coalitions builds up on the insights of urban regime theory into the conditions for coalition formation and adaptation, and internal dynamics of governing coalitions, but applies them broader than to the urban-regime type of governing style. Namely, urban regimes are considered here as distinctive types of governing coalitions; not all coalitions are regimes. Therefore, the typology introduces a distinction between two basic forms of governing coalitions: regimes and other coalitions.

#### 1.6.1.1 Urban regimes

After applying Stone's urban regime theory to the pivotal case of Atlanta, the concept of a regime as a governing arrangement has been applied many times to numerous settings. Widespread concept stretching has led to many dilemmas of what is and is not a regime. The application of this concept shows that there has been no common agreement about the necessary defining characteristics of an urban regime as a governing form (see the discussion in Mossberger and Stoker 2001). My interpretation of the concept agrees with Mossberger and Stoker's recent contribution. According to them, "urban regimes are

coalitions based on informal networks as well as formal relationships, and they have the following core properties:

- partners drawn from government and nongovernmental sources, requiring but not limited to business participation;
- collaboration based on social production – the need to bring together fragmented resources for the power to accomplish tasks;
- identifiable policy agendas that can be related to the composition of the participants in the coalition;
- a longstanding pattern of cooperation rather than a temporary coalition” (Mossberger and Stoker 2001: 829).

The authors argue that “to qualify as a regime requires that a coalition meet all of the above criteria. On the issue of stability, short-term collaboration may be described as an emerging regime or a failed regime, depending on the context” (p.830). I would add, on the issue of coalition partners, if there are other non-governmental partners involved (e.g. civic groups, non-profit organisations, etc.) besides local government actors, but no visible business sector interests, then it represents a case of another type of governing coalition or a network, but not an urban regime. Thus, being a distinctive type of governing coalitions, the urban regime is also the most extreme type of governing arrangement because of the participation of the business sector in governing, the strong and long-running horizontal cooperation it requires, and the resources available to achieve coalition objectives.

After establishing that a regime is not any governing coalition of interests or inter-organisational collaboration, more specific characteristics can be examined and built into the typologies of urban regimes. Stone's attempt to distinguish among four regime types primarily in the American setting has already been mentioned. However, growing application of the concept to other settings showed its limitations when applied in the European context of weak municipality dependence on the business sector, strong intergovernmental relations, strong links between local and national politics, and the reluctance of the business sector to get directly involved in policy-making.<sup>9</sup>

Looking at the typology of governing arrangements as presented in Table 1, the first criteria that distinguishes regime-type of coalitions from other coalitions is the composition of the coalition partners. Participation of the business sector actors together with local politicians is one of the core properties of regimes. Other partners can be from the non-profit sector operating at local, regional, national or supra-national level, and from the public institutions at the higher level of government, in which case there is also

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<sup>9</sup> Testing and developing the urban regime concept through cross-national comparison led to the recognition that there is a need for constructing an adequate conceptual framework that is capable of explaining the great variety of arrangements and conditions that cross-national research has brought to light. For instance, building up on the characteristics of urban regimes understood as a distinctive governing arrangement, Messberger and Stoker (1994) identified organic, instrumental, and symbolic urban regimes. They brought Stone's typology to a more general analytical level in order to account for the coalition building aspects that were neglected in urban regime theory strictly centred on the North American context of weak local authorities. *Organic regimes* characterise "cities with a tightly knit social fabric. These are cities with a shared history and a sense of place, or with homogeneous population that could be expected to have a high degree of consensus. Often, such cities have a fewer needs for change and achievement" (1994: 199) and seek to maintain a status quo. *Instrumental regimes* predominate in the US literature and are well-captured by Stone's development type of regime in Atlanta. Symbolic regimes "occur in cities striving to change direction: in 'progressive' cities concerned with changing the ideology of local governance, or in cities attempting to 'revitalise' their fortunes with a change in image as well as in circumstances" (1994: 199). Their purpose is *transition* from unfavourable conditions to what is perceived a more favourable local situation.

vertical cooperation in addition to the horizontal at the city level. Compared to other types of coalitions, urban regimes are characterised by trust and strong cooperation; the cooperation is stable over more than one election period; the choice of policies to be pursued depends on the coalition agenda agreed by all its members; the capacity to make things done matches the resources that different partners bring into the coalition, and is mostly strong enough to realise coalition objectives.<sup>10</sup>

#### **1.6.1.2 Coalitions other than regimes**

Some coalitions do not include business sector actors. We can include here local coalitions between the local public sector actors and non-profit sector, and intergovernmental coalitions of local and regional public actors with the non-profit sector. There is a great variety of governing forms that belong to the coalition type: coalitions are based on cooperation with varied intensity. Their stability and longevity also varies: from strong and long-term cooperation to project – or issue- based and more short-term cooperation. The capacity for effective governing also varies: from strong capacity to fulfil a fixed agenda, to limited capacity to make things done on several policy issues, but without a fixed coalition agenda.

A significant body of case-study literature contributes to our understanding of the variety of governing coalitions, their formation and decline in different cities (e.g. Savitch and Thomas 1991; Kantor, Savitch and Haddock 1997; Savitch and Kantor 2002; DeLeon

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<sup>10</sup> For an overview of empirical cases of regime-types of coalitions see John (2001: 52-59). Most of the examples from the secondary literature summaries by John corresponds very well with the definition of urban regimes advocated here, especially the cases of Leeds, Birmingham Manchester, Lille, Frankfurt, Rotterdam, Hamburg, Barcelona and Bilbao.

1992; Bassett 1996; DiGaetano 1997; Harding 1997; John and Cole 1998; Dowding, Dunleavy, Kind, Margetts and Rydin 1999; Sellers 2002; Sellers 2002a).<sup>11</sup>

### 1.6.2 Networks

The urban governance perspective is based on the notion of governance as self-governing networks of actors (Stoker 1998a). The network style of analysis is present from the very beginning in the development of the concept of governance and in urban regime theory (see also Stoker 1995). How then can networks be a distinct type of governing arrangements?

I use a narrower notion of networks as transitional arrangements or as basic and stable governing structures that become a coalition when a set of issues or a policy should be pushed to the fore of the local political agenda and put into practice. I suggest that the term of governing networks refer both to potential coalitions slowly in making, but still with uncertain outcome of this process, and as potentially existing governing coalitions, but with no empirically strong evidence that there is really a coalition of actors behind the

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<sup>11</sup> Often it happens that the examples of coalitions studied are labelled as urban regimes, although they are not according to the Stonian more strict definition of regimes. Classical example of this, but still a rich study of the variability of urban coalitions, can be found in Savitch and Thomas (1991), Kantor, Savitch, and Haddock (1997), and Savitch and Kantor (2002). For longer explanation see Mossberger and Stoker (2001). Another example is Sellers (2002a, 2002). It is more common among American urban scholar than European to assume that a regime is any type of coalition, not just those types that have business actors as necessary coalition partners. E.g. Savitch and Kantor define regime as “a regularised pattern of political cooperation for mobilising city resources in support of a common agenda” (2002: 171). “Our notion of regime differs in important respects from that used by other regime theorists (...) most regime theorists use this concept to focus on the internal process of business-government relations, while we can also envision regimes as working within a highly variegated public and semi-public sphere” (Savitch and Kantor 2002: 220). In my typology I would consider those intra-public arrangements to belong to coalition types other than regimes, more specifically to intergovernmental coalitions, or even to networks as looser structures.

visible window of local politics.<sup>12</sup> Some coalitions can be more project-driven, i.e. established once there is a policy or project to promote and implement, than existing as stable and at least medium-term governing arrangements making decisions in most of local policy areas. When this is the case, the notion of a network can be better used to define the basic form of governance in the locality than the notion of a coalition. Only when things get to the concrete level of advocacy campaigns or project implementation might a coalition be formed out of looser form of consultative relations characteristic for networks, but the basic networks-type of governing arrangement remains in other policy areas. In other words, I suggest that it is better to use the term “networks” than the term “coalition” when the researcher cannot offer a strong evidence of frequent and strong cooperation ties between actors that the decision-making capacity.

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<sup>12</sup> I am referring here to the methodological and data collection problems characteristic for studying local governing arrangements. First, there are difficulties in collecting empirical information on the internal workings of the governing networks. Very often the researcher can only guess the nature of relations among local actors, or the identity of influential local actors who play a role in governing, without being able to gather data that can serve as definite empirical evidence. For example, it is often not clear in case studies what justifies the conclusion on the existence of a *regime* or a governing *coalition*. The impression is that coherent city-wide regimes and other types of coalitions can be found less often in reality than the literature suggests, even when the strict definition of a regime is used. It is instructive to quote Harding on this: Urban regime theory is “methodologically underspecified. Researching ‘informal arrangements’ and coalition-building is inherently tricky but the regime literature, whilst emphasising such phenomena, offers few guidelines to empirical researchers. Stone (1989:254-60) is methodologically the most explicit, but even he refers only in general terms to two data sources: a local newspapers and interviews undertaken as an ‘aid to interpretation’” (Harding 2000: 58).

The second difficulty lies in applying the existing terminology of the discipline in categorising transitional unstable local political process for a period of time, at least until a more easily recognisable governing arrangement is formed in a locality. This has been already mentioned in the previous sections of the text.

Due to these methodological difficulties, there are governing forms that appear to urban researchers as indistinct and difficult to define and categorise, especially having in mind the challenges of cross-national comparison. Nevertheless, these forms are important and valid objects of urban research, regardless of how temporary or blurred they appear to the students of urban governance, and we need to find conceptual terms to be able to explain them.

A good example of the use of the concept of networks to describe and explain the local governing arrangement is given by Bassett in his examination of local politics in Bristol (Bassett 1996). After describing the changes in the governing process and in the local context that occurred since 1945, he tried to apply the growth coalition and urban regime theoretical frameworks to explain the existence of public-private partnerships in a city where governing institutions have traditionally been separate from the business sector. Bassett claimed that these two theoretical frameworks failed to explain the governing process in Bristol in a meaningful way, i.e. they did not capture the essence of the experience of the proliferation of partnerships in this particular city, without ruling out the possibility that regimes and also what it called here coalitions may be formed in certain circumstances.<sup>13</sup> Policy network analysis led Bassett to the following conclusion:

the picture of the local political system as a series of policy networks elbowing for space around relatively separate core policy areas seems a more accurate description of what is happening in the city. If urban regime theory emphasises the horizontal nature of local linkages, the policy network theory emphasises more the vertical linkages between locality and centre in different, unevenly professionalised policy domains. It is only in certain contexts, perhaps marked as strong leadership and the dominance of one network or ideology, that different networks cohere into a recognisable urban

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<sup>13</sup> “This is a suggestive approach [Stoker and Mossberger’s 1994 distinction of organic, instrumental and symbolic regimes], but applying it to a city like Bristol is not easy because local developments do not seem to fit clearly within any one category. For example, the city’s network of partnership initiatives sprawls across the symbolic and instrumental categories, and other more traditional service activities seem to fail within the caretaker category. It is not clear, therefore, in what sense one can claim that a coherent regime exists in the city. Similar problems arise with the alternative approach, developed by DiGaetano and Klemanski (1993) which has already been applied to Bristol” (Bassett 1996: 548). And further on, “[t]he result in the Bristol case, as DiGaetano and Klemanski admit, was at best a ‘fractured’ or ‘dual’ regime in the 1980s. However, it seems to this author that political systems may well be subject to conflicting and even contradictory tendencies in different policy areas” (1996: 550).

regime. With a relatively weak political leadership in the city, this has not yet occurred in Bristol (1996:552).

Bassett's example of a networks type of local governing arrangement nicely illustrates one possible application of the notion of networks maintained here: Namely, networks can explain those governing forms when there is clearly governance at play, coming after and instead of government-centred forms, but in a elusive, complex, fragmented, multi-layered form when no easily detectable coalition makes decisions in most of the policy areas.

In terms of the typology presented in Table 1, networks are defined here as a type of local governing arrangements cutting across all sectoral line considering the types of actors involved. The nature of relationships among these actors is mutual consultation and cooperation, but with variable intensity from network to network and from one moment in time to another, depending on the political agenda and the position of a certain policy issue relevant for the network on that agenda. Networks can be stable relationships but they can also transform into another governing arrangement such as a coalition, even the one of the regime type, if the circumstances allow. Alternatively, when a regime or another type of governing coalition dissolves, the governing arrangement in a city can transform into a network type. The capacity for effective governing again varies from case to case because the capacity of each and every policy network within a city varies. Some networks can have strong capacity to make things done in a particular policy domain, but others can be weaker. So the overall capacity for effective governing in the



city depends on the particular constellation of capacities and resources of all existing networks that participate in the governing process.<sup>14</sup>

### 1.6.3 Local government-centred governance

This type of governing arrangements is introduced to capture the situation of emerging governance, but still with the main role of governing played by the fragmented local public sector. The central role local government still plays here does not imply that local government is strong or have a needed capacity and resources to play the governing game. It simply shows that cooperation with other types of actors is still not developed to the level that would signify clear networks or coalition type of governance in the city. This type indicates that there is a need for governance, i.e. cooperation between public, private and non-profit actors to get things done at the local level, but that no distinct governance form is recognisable. Instead, the local public sector is left to deal with the collective action problem as best it can in the given circumstances.

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<sup>14</sup> While Rhodes and Marsh stress vertical relations in networks due to the British strong central government influence in local matters, for me the horizontal relations are equally important. It can be only empirically determined if either vertical or horizontal relations are dominant in a city, because it depends on many national institutional factors. While horizontal relations are always present, vertical relations can be weak in some national government systems.

Looking further at the Rhodes and Marsh's typology of networks in a continuum from issue-networks to policy communities, my three types of governing arrangements that can be characterised as governance – local-government centred governance, networks and coalitions – correspond to a large extent to the continuum from issue networks to policy communities. Following the distinction stressed in Rhodes (1997: 43-45), their *policy communities* to a large extent match *coalitions* here (taking out the stress on vertical relations), while their notion of *issue network* (with a large range of participants, fluctuating interaction and access, limited consensus and ever-present conflict, and interaction based on consultation rather than negotiation or bargaining) matches my notion of *local-government centred governance* in addition to *networks*.

The types of actors involved in the this governing arrangement are all from public sector institutions. There can be a form based clearly on local public actors, i.e. horizontal cooperation in the city and its metropolitan area. Another form is based on intergovernmental networks, i.e. vertical and horizontal cooperation, with or without the central state playing a strong role in local politics.

The nature of the relationships among public actors is characterised by cooperation, but the intensity and stability of that cooperation can vary from one point in the decision-making process to another. Cooperation is never very strong for a long period of time. Cooperation with the civil groups and the business sector may emerge, but in sporadic forms and with different outcomes in different policy areas.

Local government-centred governance can be a longer-term governing arrangement, but concrete cooperation among different actors in different policy areas can be less stable, pursued more in an *ad hoc* manner. The overall capacity of local government to get things done is far from strong, but how weak it is depends on the issue or policy area and the resources of other actors who are operating in the same domain at arm's length from the public bodies.

This type of governing arrangement can be seen as local government-centred networks or intergovernmental networks, and on this point my approach comes very close to the networks type previously described. However, because of the recognisably central role city government plays in the governing process, it is important to distinguish this type

from the governing *networks* type. The *networks* operate in the context of far more collaboration between the governmental and non-governmental sectors, and particular networks can be business-led or non-profit sector-led. It is more likely that governing networks slip at times or fully develop into the governing coalition type than to turn back to less cross-sectoral cooperation of the local government-centred type. As for the later governing arrangement type, *local-government centred governance* is likely to experiment with more inter-organisational and cross-sectoral cooperation and slowly move into the networks type of governance, but building up governing coalitions seems a very unlikely development here. The networks here are more of the *acquaintance type*, i.e. governmental and non-governmental actors are more acquaintances than partners.<sup>15</sup>

The classification of a city's governing arrangement is therefore an empirical question, and the empirical analysis in this case requires a very meticulous attention to details of the arrangements in different policy areas in order to distinguish real practice from the political discourse of cooperation that serves as window-dressing.

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<sup>15</sup> Looking back at the existing literature, Rhodes and Marsh's definition of *issue networks* corresponds to some extent to the local government-centred type in my typology (see previous footnote). The network structure in economic policy in Rennes found by John and Cole (2000a) corresponds well with this governing arrangement. "In Rennes, the main economic policy network centres on the mayor and his close municipal associates. The politicians have poor relationships with the local business community and elected local authorities above the commune. The membership of the Rennes network is small and closed to the less important local elite. The governing capacity of the Rennes economic development network is at best medium because of the poor relations between the town hall and the local business community" (John and Cole 2001:262)

#### 1.6.4 Traditional local government

If one is to believe the globalisation literature, and accept the fragmentation and increasing complexity of policy-making claims of the students of urban politics, traditional local government is not possible any more in practice. Traditional local government that is in charge of city development no longer exists, the argument goes, and strong interdependency of numerous actors who have some influence and stakes in the local development makes this governing type unlikely in the new *glocalised* order.

As defined in the section 1.2 of this chapter, traditional local government as the governing arrangement is a stable, long-term formal governing form characterised by a legally defined set of competencies, no significant cooperation across sectoral lines, strong capacity to fulfil the prescribed tasks that match the available resources of the local government with or without additional support from the central state. There is no governance here, and no need for the local public sector to develop governance-type relations with other actors.

Though differences between different groups of countries in terms of the characteristics of the local government systems were clearly recognisable, for the typological purposes I take the characteristics of northern European group of local governments as the norm. The reason for this is twofold. First, the classical local government literature assumes a high level of local discretion in policy-making and a wide set of local competencies as the norm. “In terms of the study of Western European local politics, researchers generally take decentralised northern European democracies as the norm, and then seek to

incorporate the experiences of other nation-states, such as those in the south of Europe” (John 2001: 26). Second, the countries of Central Eastern Europe took the high autonomy of the local level as the model for decentralisation reforms at the very beginning of the transition from the socialist system, and that affected the institutional setting of large cities such as Budapest and Warsaw that are empirically in the focus of this study.

If this governing arrangement is possible in practice is an empirical question. Even if one doubts that such an arrangement is possible in practice, theoretically it is useful and highly recommendable to keep this governing type at another extreme point of the typology of governing arrangements, the farthest away from the urban regime type.

The typology presented here is understood as a continuum of possible forms urban governing can take and incrementally change from one form to another. In this way, having a local government arrangement at one extreme can help us better understand the other three types and the underlying logic of the development of local governance as different from local government. This is so because the underlying logic the typology attempts to capture shows a continuum from a more public sector-led governing arrangement (often with a limited capacity to for action) towards more private and non-profit sector-led structures, as it is the case with coalitions.

## **2 Urban planning: The strategic planning paradigm and the politics of developmental planning**

Urban planning is one of many terms (city/town planning, land-use planning, urban design, developmental planning, etc.) that refer a public sector regulatory powers of envisioning and translating all aspects of city development into spatial terms. In different national planning traditions different aspects of urban planning are emphasised, but in general the term covers everything from zoning (planning the function and appearance of every plot of land in the city) towards developmental planning that focuses more on the combination of functions and define axes of development in spatial terms without much attention to particular plots. The terms can also refer to strategic planning that first defines general goals towards which the overall multi-sectoral city development should be directed and then elaborate operational goals and programs to realise general goal. The term covers everything from strictly spatial development towards social and economic developments of the city, as seen in their spatial manifestations.

### **2.1 Strategic Planning Paradigm**

Strategic planning was initially developed in military circles and was taken over and developed by the private sector in the 1960s as a set of concepts, procedures and tools for running private companies in the times of increasing uncertainty. In the 1980s the public sector started to use strategic planning to envision development and develop rules to guide future actions of public institutions.

What distinguishes strategic planning from traditional public sector planning (including comprehensive or master planning for a local community) is:

- its orientation towards action, results and implementation;
- its emphasis on broader and more diverse participation in the planning process;
- its emphasis on understanding the community in its external context, determining the opportunities and threats coming from the broader environment;
- its understanding of competition between localities as inevitable and therefore its emphasis on the identification of the competitive niche for the locality;
- and its emphasis on assessing local strengths and weaknesses in the context of opportunities and threats (Kaufman and Jacobs 1988).

All these issues had been raised within the traditional public planning discipline as internal critical reflection on the practice, but the emergence of the application of the private sector strategic planning in the public sector in the 1980s brought about a major change from the previous discourse and practice of public planning. “The strategic approach is [was] distinctive, however, in pulling all those elements together into a coherent planning structure” (Kaufman and Jacobs 1988: 43).

In general, strategic planning can be defined as “a disciplined effort to produce fundamental decisions and actions that shape and guide what an organisation (or other entity [such as an interorganisational network or a community]) is, what it does, and why it does it” (Bryson 1996: x). It is a set of concepts, procedures and tools to assist leaders and managers to fulfil these tasks. In the broadest understanding, it can be divided in ten sub-processes or steps:

1. Initiating and agreeing upon a strategic planning process;
2. Identifying organisational mandates;
3. Clarifying organisational mission and values, including the analysis and recognition of stakeholders;
4. Assessing the external and internal environment to identify strengths, weaknesses, opportunities, and threats;
5. Identifying the strategic issues facing the organisation, network or community;
6. Formulating strategies to manage these issues;
7. Reviewing and adopting the strategic plan or plans;
8. Establishing an effective organisational vision;
9. Developing and effective implementation process; and
10. Reassessing strategies and the strategic planning process (Bryson 1996).

This general process is not linear, but rather iterative in practice. Very often it also does not start at the beginning, depending on what reasons lead the organisation or community to experiment with and undertake the strategic approach in the first place. The sixth stage of strategy development can be considered as strategic planning in the narrow technical sense: according to the rational-deductive logic it includes elaboration of the *vision* and *strategy* based on the definition of the main problems facing the organisation or community, and decisions on *strategic goals*, *operational objectives*, implementable *programmes*, *policies* and *tasks*.

The strategic spatial planning literature provides different explanations why interest and engagement in the strategic planning has increased at the *city* level. First, it is for



economic reasons that cities engaged in strategic planning, namely due to the uncertainty brought about by globalisation and the increased competition among localities for economic investment largely pursued by attracting mobile capital (e.g. Thornley 2000, Altes 2000). Thornley (2000) argues from the examples of world cities such as London, Singapore and Sydney that economic globalisation has led to an increase in competition between cities and that this competition and the need to be competitive has stimulated the revival of strategic thinking in cities. “I suggest that economic competition between cities provides the frame of reference for much current strategic thinking and that attracting inward investment is the dominant criterion of the resultant plans.” (Thornley 2000: 39).

Second, political reasons are often mentioned in order to explain the widespread practice of strategic planning in cities. In the network society there is an increased number of local and non-local players influencing the development of cities (Castells 1996). No one is strictly in charge, there has been increased fragmentation of political actors whose actions and aspirations are mutually interdependent. This is partly due to the decentralisation processes, and partly to the increased mobility and proliferation of economic actors whose decisions have effects on the local situation in cities. A large number of actors leads to the collective action problem in governing cities and steering their development. This understanding of the reasons that have led to the widespread engagement with strategic planning at the city level is especially characteristic for the proponents of the collaborative or interactive approach to planning (Innes and Booher 2000; Teisman 2000; Healey 1997; Healey *et al.* 1997). It is argued that “effective forms of strategic planning today are characterised by two features in particular: they are collaborative and they are self-organising and adaptive to many unique conditions and problems. They are not

hierarchical or bureaucratic, not dependent on authoritarian leadership, and not primarily grounded in the advice of technical experts (...) These strategies depend on power, but it is the power of networked relationships, shared information, identity, and meaning” (Innes and Booher 2000: 176)

The third stream of reasoning that tries to explain the revival of strategic planning for cities refers not to the changed political and economic conditions of development of cities worldwide, but to the reasons internal to the practice and discipline of planning itself. This stream refers to the planning failures in the past due to the shortcomings of the tradition of rational spatial planning. According to this argument, it is not only that the economic and political context of urban governing has changed since the 1980s, but the discipline of planning experienced a crisis due to the ineffectiveness of the traditional post-World War II rational approach to planning. Rational (comprehensive) planning is based on the technical experts’ skills within the public sector - as the main agent of planning - and on planning products that should be positioned in the built environment (urban design tradition). Critics of rational planning emphasised the rigidity of the formal systems of urban planning, especially in Europe, and implementation failures that were a frequent result of planning focused on products and premised on the belief in the capacity of the public sector to deliver what was planned (Mastop 2000; Healey 1997; Healey et al.: 1997; Rydin 1998; Newman and Thornley 1996; Fischer and Forester 1993; Forester 1989).

As a result of all these developments, the use and adaptation of strategic planning by city governments marked a paradigmatic change within the local public sector in the way they understood the purpose, opportunities and limitations of the public planning efforts for urban development. Mastop's definition of strategic planning nicely captures the essence of the new approach: *strategic planning develops frames of reference for future action*, not a blueprint for future product of development. Its object is subsequent action, processes, not products; it requires continuous interaction before and after formal adoption of a strategic document; it is open-ended and should be continuously updated (Mastop 2000).

## **2.2 Politics of developmental planning**

The theoretical and practical shift towards strategic planning by city government coincided with the increasing awareness that urban planning as a regulatory activity is essentially a political process. Critics of the practice and discourse of rational comprehensive planning were the first to emphasise this political aspect contrary to the widespread attitude within the public sector that planning was a bureaucratic and technical regulatory activity of the welfare state. Without neglecting its technical aspects – nowadays often viewed as a methodology of planning used by planners as facilitators of the interactive process of planning – since the 1990s planning has been clearly understood as a political process of capacity and institution-building for the purpose of making favourable or preferred development happen in the city. In this respect, urban

strategic planning is viewed as an arena of and an instrument for developing urban governance.<sup>16</sup>

Public planning aimed at enabling effective urban development requires effective governing arrangements. Understood as developing a frame of reference for future action, the strategic planning paradigm is centred on the premise that both developing a frame of reference and undertaking action are inherently collective action problems. To be effective, strategic planning as a political process needs to overcome fragmentation in the public sector and local society and the weakness of the governing capacity of local governments. As such, the politics of developmental planning, understood here as the politics of strategic planning for the favourable development of the city, can contribute to process of building urban governance.

### 2.2.1 Planning as institution-building

In the 1990s the planning literature started using the institutionalist approach because of a growing awareness of the political nature of urban planning processes and outcomes, and the influence of political relations between various sectors and actors on urban development. Patsy Healey, one of the main proponents of the institutional approach to planning, asserts that “strategic plan-making is thus as much about processes, about institutional design and mobilisation, as about the development of substantive policies.

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<sup>16</sup> “We would expect to find cities continually searching for new institutional arrangements and alliances, striving to draw together the necessary resources to achieve policy objectives. The concept of resources includes not only development finance but also legal frameworks and organisational expertise. [Spatial] Planning systems play an important rule-setting function and the availability of local government planners and other officials will be a valuable resource in establishing successful governance” (Newman and Thornley 1996: 85).

(...) They [plan-making efforts] are located within the alliances and networks surrounding governance activity and they reflect the quality of these relationships. Through social relations of plan-making processes, issues are identified, strategic ideas articulated and policy agendas structured” (Healey 1997a: 11). She defines strategic planning as

a social process through which a range of people in diverse institutional relations and positions come together to design plan-making processes and develop contents and strategies for the management of spatial change. This process generates not merely formal outputs in terms of policy and project proposals, but a decision framework that may influence relevant parties in their future investment and regulatory activities. It may also generate ways of understanding, ways of building agreement, of organising and of mobilising to influence in political arenas (Healey 1997a: 5).

Holding up the issue of effectiveness as the central focus of the evaluation of planning practices, Mastop argues that

institution-building lies at the heart of strategic planning. While this holds for every kind of planning in some respect, the open-ended character of strategic planning makes it a key issue. Strategic planning is institution-building (i) because those involved somehow feel that existing institutions responsible for handling spatial development no longer adequately solve present-day or anticipated problems, i.e. innovation is considered necessary, (ii) because it offers new or renewed concepts as well as regulative principles for understanding those problems, (iii) because it offers new ways for dealing with those problems, and (iv) because it represents an act of repositioning oneself in a wider network of relevant actors and developments (Mastop 2000: 149).

For Mastop, strategic planning in order to be innovative and effective in future developmental interventions and actions must lead to new institutional arrangements and increased institutional capacity (even if it implies incremental changes in existing arrangements).

### 2.2.2 Changing institutional relations of urban planning: a comparative framework

The 1997 book *Making Strategic Spatial Planning: Innovation in Europe* (Healey et al. 1997) is a very useful attempt to put together in a systematic way the multifaceted changes in the institutional aspect of urban planning emerged from the collaboration of a number of researchers. The book's value lies primarily in the attempt to define the changing variables, their groupings, and in that way to systematise the widespread claims and evidence of how urban planning as a political and regulatory process has been changing in Europe since the 1980s. It was a useful attempt to capture the complexity of the process and the complexity of the relationship between planning for cities, concerns with the effectiveness of interventions in urban development and changing governing processes in cities. The underlying normative approach of communicative planning for which Healey and other editors of this book are well known is not of interest here. I believe that the comparative framework they put together is a good background for comparing the practice of urban planning across Europe, irrespective of the one's opinion on the communicative approach to planning.

This comparative framework for studying changing institutional relations of urban planning in Europe is presented in Table 2. It was based on two hypotheses. The first

hypothesis was that there was “the convergence of European spatial planning systems during and after the Second World War period (from the 1940s to the late 1960s). The convergence built in this period was linked not only to economic forces (economic growth within the Fordist system of regulation) but also to the social consensus that emerged from the Second World War in the form of welfare states, and it impacted in many ways on the building of spatial planning systems” (Motte 1997: 233). The book’s authors developed their framework to satisfy a need for “a scheme of interpretation of the functioning of the main elements of spatial planning systems in order to understand and compare these institutional systems of spatial planning in Europe” (Motte 1997: 233) and their possible evolution. The second hypothesis, supported by the case studies analysed in the book,<sup>17</sup> asserts a general convergence of the characteristics of transformation of the institutional systems of spatial planning across Western Europe during the 1980s and 1990s, despite diverse practices, national differences and local contingencies.

The offered scheme of interpretation of changing institutional relations of urban planning is based on three sets of complementary characteristics of spatial planning systems: (1) *referents* or principles of planning, (2) *agents* involved in planning, and (3) *relationships* between agents. Referents of planning are “way of thinking, or social constructs, that are mobilised within planning practices.” Referents as principles of planning shape the designation of the agents within one system. Referents outline the meaning of the actions of agents who get involved in planning practices, and the nature of their relationships.

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<sup>17</sup> They studied in depth ten cases of strategic planning (in five large cities, two urban regions, and three rural areas) across Western Europe: Copenhagen in Denmark, Lyon in France, Madrid in Spain, Lisbon in Portugal, Zurich in Switzerland, Bergen or Hordland County in Norway,

“There designations and meaning are then routinely consolidated and reproduced in the continuing planning practices in the systems” (Motte 1997: 235). The scheme of interpretation proposed a hypothesis concerning trends in the evolution of planning systems, and was not intended to represent a unique image of all European systems.

According to this comparative scheme, post-war planning was characterised by four main *principles* that led to the stability of planning systems. First, the systems were based on the belief in the rational organisation of the state where problems are solved by rationalising the decision-making procedures of the public sector. Second, the preparation of the plan was separated from the implementation of the plan. “It was considered that implementation was not a problem so long as the plan was well elaborated” (p.235). Third, priority was given to the built environment, i.e. to the buildings and other constructed objects to be produced and positioned in urban space. Fourth, the public sector was considered to be the only legitimate agent of planning because of its assumed role of “a neutral articulator of the collective interests of the society”.

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Lancashire County in England, Friesland Province in the Netherlands, Marks Kommun in Sweden, and Grosseto, Tuscany in Italy.



Table 2 – A comparative framework for studying the changing institutional relations of urban planning in Europe in Healey et al. (1997)

	<i>Up to the end of the 1970s</i>	<i>Since the 1980s</i>
<b>A. REFERENTS/PRINCIPLES</b> of planning		
1. Nature of decision-making procedures and processes	1. To rationalise the decision-making procedures of the public sphere	1. To rationalise the decision-making processes of the social system
2. Modes of planning and the relation of the plan to implementation	2. To separate the plan-conception from implementation (rigidity of implementation)	2. To integrate the elaboration of the plan and its implementation (flexibility)
3. Policy priorities (the priorities of spatial planning)	3. Priority given to the built environment (allocative planning)	3. Priority given to the economic and social challenges (developmental planning)
4. Legitimate planning agents	4. Public sphere is the only legitimate one	4. Legitimacy shared between the public and private spheres (citizens, businesses)
<b>B. AGENTS</b> of planning		
1. Dominant agents	1. One dominant public agent (generally technicians)	1. No dominant public agent
2. Functional division in public administration	2. Powerful and autonomous public sectors	2. Open public sectors
3. Number of territorial levels involved in planning	3. One dominant territorial level within the public sphere	3. Dependent territorial administrative levels
4. Number of private agents involved in planning	4. Few private agents	4. Many private agents
<b>C. RELATIONSHIPS</b> among agents		
1. Nature of dominant relations	1. Technical relations are dominant	1. Horizontal political and social relations are dominant
2. Integration mode of sectors	2. Closed sectors (culture of conflict between technical sectors)	2. Horizontal integration of the sectors through the development of a culture of superior objectives: vision, employment, social needs
3. Integration modes of territorial levels of government	3. Administrative and financial domination of the territorial levels in the public sphere	3. Vertical integration of the territorial levels through negotiation within the public sphere
4. Influence of private agents in planning processes	4. Citizens and businesses have limited relations with the public agents	4. Citizens and businesses influence the elaboration of plans

Since the 1980s, the principles of planning practices have changed. First there has been opening towards actors operating outside the public sector. This led to the rationalisation of the decision-making processes of planning understood as a social activity of the whole community, instead of the rationalisation of the public sector procedures. The second change involved the consideration of implementation possibilities during the very elaboration of plans, so that plan-preparation and plan-implementation are seen as a single integrated process. That requires flexibility of moving back and forth from strategic plan-making to concrete actions. Third, addressing economic and social challenges has acquired priority in planning practices, instead of the built environment. Finally, social and economic actors besides the public sector started being considered as legitimate agents of planning. The image of the neutrality of the public sector institutions in determining collective interests and in dealing with group and individual interests has been rejected in a rapidly spreading neo-liberal discourse.

In the post-war planning systems, the dominant *agents of planning* were technicians, namely planners, “because of their knowledge and skills, on the basis of the faith in their capacity to solve, by their expertise, the problems of society” (Motte 1997:236). The public sector was divided into strong and autonomous policy sectors. Decision-making had a vertical logic, while horizontal links between sectors were weak. Planning was done exclusively within the public sector, and in every country there was one territorial level of administration dominant in organising urban planning (the central level in France, Spain and Portugal, central and local level in England, the regional level in

Germany and Switzerland, the local level in Denmark and the Netherlands). The participation of agents outside of the public sector was either non-existent or limited.

Since the 1980s, politicians have become much more important agents of planning than technicians. In some cases, mayors took over the leadership role in strategic planning. So, there is no more dominant public sector actor, but a number of public actors are involved. There was a growing need for the integration of activities of different policy sectors. New economic and social priorities required coordination of planning activities and interventions across space among sectors. Increasing coordination of planning activities at all territorial levels of government also occurred, while decentralisation enabled municipalities to be the dominant level of government formally responsible for planning for local communities. In the same time, many other actors became involved in planning, very often outside public institutions. So, many private agents became involved in some way in planning practices.

Concerning the *relationships among agents*, post-war planning was characterised by the dominance of technical relations focused on the search for the best solution. The division between autonomous public policy sectors and departments resulted in a culture of conflicts between sectors for financial resources and dominance. Public regulations were integrated only by administrative and financial rules enforced by the dominant level of government in planning. Citizen groups and businesses normally had very limited relations with the dominant public agents of planning.

The evolution of the planning practices since the 1980s besides bringing in new agents also led to a transformation of relations between agents of planning. Political relations and social relations of different social groups in the locality and beyond became dominant in the process of planning. Instead of separation and conflict between policy sectors, a new culture of horizontally integrated activities between different sectors started developing around the mobilisation behind superior developmental objectives for the locality. These superior objectives are epitomised in a vision for the city, main developmental goals and strategies to lead the development in the preferred direction. By the same token, the need to integrate different territorial levels of government in planning for localities is recognised and pursued through the intergovernmental negotiations and cooperation on development issues. Finally, citizens and businesses negotiate their role in the planning practice and their relationship with the public agents. There has been an obvious legitimisation of the agendas of issues of concern to different types of private agents, and these agendas do influence the elaboration of plans. But the authors of the book recognised that there is still a great diversity and limitations in the way private agents are involved in planning itself.

This comparative framework for exploring the changing institutional relations of urban planning is very useful starting point for exploring the changes in planning practices all around Europe, including Central East European cities since the beginning of the 1990s.

### 2.2.3 Strategic planning as an arena for building effective governing arrangements

Healey et al. (1997) asserted in their conclusion that the institution-building aspect of urban planning is related to governance processes. They asked whether proactive and interactive planning is important for the development of governance. The evidence they found in the case studies showed that one outcome of strategic plan-making is an increased institutional capacity for subsequent action, i.e. an increased capacity to translate strategic ideas into action.

[I]n several cases it is clear that plan-making provided a key arena for the articulation of new alliances and the evolution of new governance approaches. Plan-making was thus at the hearth of local-institutional capacity building. The Lyon and Lisbon cases are the most striking examples, but others where this seems to be the case include Madrid, Zurich and Marks Kommun. This suggests that, in certain circumstances, the institutional arenas and political dynamics of strategic spatial plan-making can come to play a central role in local governance (Healey, Khakee, Motte and Needham 1997a: 291).<sup>18</sup>

The link between the institution-building *aspect* of strategic planning and the effective institution-building *nature* of governance processes can be explored through two dominant concerns shared by both the planning literature and governance studies. These

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<sup>18</sup> Then the authors offered a preliminary list of local conditions that led to governance building through urban planning processes in the cases they studied: “decentralised government systems giving strong power to local entities; potentially conflicting interests among stakeholders with sufficient power to stall each other unless involved in a strategic exercise; external sources of finance, which demand a transparent, strategic approach; strong local political commitment; the fact that spatial planning is concerned with concrete places, which means that it can be used to develop local identities; and a local governance culture that understands the spatial dimensions of activities and their impacts, which is prepared to think long-term and to adopt a transparent policy-driven approach” (Healey, Khakee, Motte and Needham 1997a: 292).

two concerns will be referred to here as the ‘effectiveness’ concern and the ‘public participation’ concern.

#### **2.2.3.1 The ‘effectiveness’ concern**

A quest for improving effectiveness of the local governing process lies at the very heart of the governance project. From the perspective of urban politics, the quest for improving effectiveness of governing has to do with the capacity to govern, to act, to get things done in a locality, and is ultimately the problem of coordination of various actors, their resources and actions. Discourse about the transition from government to governance is rooted in the quest for a more effective, results-oriented governing arrangement in a particular local setting. So, the effectiveness concern in the urban politics literature is inherently contained by the dominant interest in and aspirations towards effective governance (Klausen and Sweeting 2005; Stewart 2005).

From the urban planning perspective, the very reason for plan-making is contained in the quest for a more effective public action in directing, coordinating and regulating urban development. The effectiveness concern is the very *raison d’être* for the public planning requirements and practices. On the other hand, however, there has been a significant shift in the way the effectiveness of plans and planning processes has been understood since the 1980s. As was already mentioned in the beginning of this chapter, one reason for the revival of urban strategic planning in Europe and North America since the 1980s has been the ineffectiveness or the planning failure of the post-war practices of urban planning based on the rational (comprehensive) model of planning. In this urban design tradition, effectiveness was measured by the realisation of the projects set up by the plan,

meaning the ultimate measure was the production and positioning of plan-determined objects in the urban environment. As a reaction to planning failures, in addition to the globalisation and political fragmentation challenges, city governments started applying and adapting strategic planning instruments in the field of urban planning. What followed was a changing view of what is expected from urban (strategic) plans, i.e. the way effectiveness of planning was redefined.

The literature on ‘performance’ principle of planning nicely captures the essence of the new understanding of the effects urban plans should have. Dutch urban researches and planners started using the notion of the ‘performance’ principle in studying the effectiveness of urban strategic and spatial planning (see Mastop 1997; Mastop and Faludi 1997; van Damme, Galle, Pen-Soetermeer, and Verdaas 1997; Needham, Zwanikken and Faludi 1997; Mastop and Needham 1997). As Mastop put it,

[a]lthough planning or plan-making is understood to be instrumental for direct interventions, plans are powerless to affect such interventions in themselves (...) However, not only are plans instrumental, they are also conjectural and conditional in nature. So it is unwise to expect a direct link between a plan’s content and those direct interventions. Regardless of what a plan claims, its effectiveness always depends on its use (2000: 146).

According to Mastop, performance or thinking effectiveness is primarily a way of relating planning to further action, and not relating planning to the realisation of plan-determined outcomes. “A plan is performing well, i.e. serving its function, if and only if it plays a tangible role in the actions of the actors to whom it is addressed (including the subsequent actions of plan-maker(s)) and/or of other actors to whom the plan appeals, in

either case irrespective of whether or not the outcomes of those actions correspond with the content of the plan” (Mastop and Faludi 1997: 822).

To sum up, the quest for effective urban strategic planning initiated a shift from understanding the effectiveness of plans through the implementation of what was determined in the planning document *towards* the effectiveness of the planning process measured by the way plan is used in the further actions aimed at the implementation of the main values, principles and goals of local development. So, the quest for effectiveness, being the regulating principle for strategic planning (Mastop 2000), disqualifies the idea of plans as blueprints for further urban development, and the idea that plan elaboration should be separated from implementation.

The effectiveness concern implies that the implementation prospects of strategic objectives and programs should be considered during the deliberation and negotiation of the plan-elaboration process. Considering the challenges of implementation requires the assessment of who the potential stakeholders are, and of their willingness and capacity to undertake further action in the direction agreed during the plan-making. So, the main question that should be considered during the strategic planning is who, with what resources and under what conditions can implement the objectives and programs being proposed.

#### **2.2.3.2 ‘Public participation’ concern**

Call for wider public participation in local decision-making has been an integral part of the urban governance project since its very beginning. Growing concern about the



generally low or declining public interest in local politics prompted a contemplation and action towards arguing for and supporting greater involvement of the non-governmental players in the policy-making processes for local communities. The shift from local government to governance is understood to a large degree as a way of dealing with this concern for participation in local politics. The key questions for understanding practices of participation, their achievements and weaknesses in different local and national settings, ask who the public is and which non-local public sector actors actually get involved in local policy-making process in cases where cooperation between governmental and non-governmental actors really takes place.<sup>19</sup>

Urban planning for local communities, especially strategic planning, is at the forefront of local policies where concerns about wider public participation have been expressed. This is because of the very rationale for urban planning undertaken by local authorities. The key question behind the participation concern in urban planning is who is, and who should be, making decisions about development issues concerning the local residents.

Here again, as in urban governance studies, the students of planning have found that participation is understood and practised in many ways, serving different functions in different national and local settings. Considering the role public participation seems to have in plan-elaboration in different cases, the literature shows at least four different arguments for “more participation”:

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<sup>19</sup> For a useful distinction between individual citizen participation, involvement of associations of civil society, and involvement of ‘resourceful societal actors’ see Klausen and Sweeting 2005).

1. To help secure the implementation of the plan by building commitment of a number of local players and the public at large, i.e. to extend and in that way strengthen the political ownership of the plan in order to increase the chances of implementation;
2. To help local politicians, especially councillors, make informed decisions about the development needs and possibilities; in this case, decisions are made and political ownership of the plan is claimed by local public authorities;
3. To strengthen the legitimacy of the multi-agency and multi-layered local public sector in front of the electorate and interest groups in cases where public interest in local affairs and trust in the leadership role of local authorities in the urban development-related issues is low or declining;
4. To enhance democratic participation because more participation of the wider public is always better and relies on the basic democratic value.

The first argument for more participation is related to the effectiveness concern discussed in the previous section. The argument suggests that building consensus among the players who have the resources and capacity to influence local development increases the effects of public interventions defined in the plan. Who these influential local players are depends on the local context, but they can be all from business or other organised interests to local citizens at large (see Healey et al. 1997; Forester 1989).

The second and third argument for more participation, or rather the function that participation has during the plan-making process is nicely illustrated on the examples of the British and Norwegian community planning practices studied by Abram and Cowell

(2003). This comparative research was undertaken with the objective of exploring the discourses and practices behind the claims of greater public participation and sectoral integration of policies that were used in promoting strategic planning (termed 'community planning' in these two countries).

Both cases exhibit rather less public participation than one might have expected. In Scotland, expectation might be driven by the way official guidelines for community planning give emphasis to understanding community aspirations (...); in Norway, from its reputation as one of Europe's more participatory democracies (...) The reputation of 'participativeness' of Norwegian political practice, for instance, stems as much from high level of party membership and greater general expectations of being 'listened to' than from comprehensive participatory policy making. In neither case study the researchers identified the use of hands-on participatory planning. While there were community-based citizen participation processes going on in both authorities (...) in neither case were they truly central to the plan-making process (Abram and Cowell 2003: 18).

Abram and Cowell found that public participation is understood differently in the British and Norwegian contexts: from political participation in terms of party politics, through inter-agency coordination to secure better implementation management, to wider public consultations being held in the final stages of the plan-preparation. "In both case studies, one might conclude that the day to day practices of strategy-building were more corporatist than participatory, albeit that efforts had been made to draw in a wider range of 'stakeholders'" (Abram and Cowell 2003: 21). And further on, "[i]n Scotland, despite a community-centred and participatory rhetoric, community planning has been most thoroughly embedded as an instrument for 'network management' between public bodies

and for service delivery reform at local authority level. In Norway, the greater direct powers of elected councils mean that *kommuneplan* function more clearly as an instrument of local *government*” (Abram and Cowell 2003: 32).

The Norwegian case illustrates well what was described here as the second argument for ‘more participation’. Namely, that participation in the plan-elaboration was in reality a consultation process at the final stage of plan-preparation before it goes to the council for approval. The British case, however, illustrates the function participation can play described above as the third argument for more participation. In this case much effort during the plan-making process is devoted to extend ‘ownership’ to the main public sector partners, being numerous and very fragmented.<sup>20</sup>

The collaborative approach to planning based on the Habermasian discourse on communicative action (see Fischer and Forester 1993; Forester 1989, 1993; Healey 1997) expresses a clear normative, democratic argument for more participation by local citizens, not only organised interests or different elites.

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<sup>20</sup> “A key lesson from the comparative study might be that the more limited participatory ambitions of Norwegian local government is surely more realistic, and less prone to over-reaching tokenism, than the reflexes for ‘greater participation’ heard across the UK. However, (...) we need to understand the circumstances that allow this to be legitimate in Norway. (...) With the greater strength invested in local autonomy, even though it is now relatively limited, Norwegian municipalities retain a more clearly defined structure of decision-making than British local authorities. This may mean that the inevitable tensions and failures of local government do not lead to deep criticism of the values of state action as a whole, whereas in Scotland, the pervasive concern that community plans should be seen to ‘make a difference’ highlights ongoing fragilities in forging coalitions for collective, council-level activity” (Abram and Cowell 2003: 333).

As we can see, the requirement for greater participation in urban planning is quite ambiguous in itself and leads to very different practices. That is why it is called here ‘participation’ concern instead of democratic concern, because some arguments and practices are not based on the concern with improving the state of local democracy. Some are much more oriented towards the effects of planning, meaning the implementation prospects of plans.

Depending on how the challenges of effectiveness and public participation in urban development interventions are dealt with during the planning process in a city, strategic planning can play a bigger or smaller role in governance processes. This link between the institution-building aspect of strategic planning and the institution-building nature of governance processes is the main focus of the comparative empirical research and analysis to be presented in this thesis. Next chapter will deal with the main research hypothesis, questions, and methodology for exploring the effects of political deliberations during the strategic planning process, as a special integrative local policy activity, on the urban governing arrangements in the post-socialist cities of Central Eastern Europe.

### 3 Studying urban governance in post-socialist cities: Research thesis, questions and methodology

*Indeed, one of the key questions challenging students of governance is to clarify the role of government in the process of governance. Understanding this process requires an understanding of **what drives institutional design and institutional change in the urban political milieu**.* (Pierre 1998: 6; emphasis added)

My basic interest behind undertaking research on the politics of urban planning in two post-socialist transitional cities of Budapest and Warsaw was to understand what drives institutional change in such an urban political milieu. Decentralisation and local democracy were introduced in Hungary and Poland for the first time in 1990, and since then cities had to manage both the establishment and autonomous development of a local government system, and deal with immediate wider regional, European and global changes and challenges for cities operating in a constantly changing external environment. Being challenged both by the internal, local, national, and global challenges while learning the basic rules of the governing game was coupled with the challenge of managing policy transfer of discourses and methodologies brought about by international organisations and donors that entered Central Eastern Europe (CEE) in the beginning of the transition from the socialist regime.

Strategic planning paradigm was one among many new ideas, operating frameworks, methods and techniques promoted by international organisations taking part in the transformation processes in the region (e.g. the World Bank's approach *to City Development Strategies* in Buckley and Mini 2000, Freire and Stren 2001). Due to the fact that many cities around Europe and beyond have been undertaking strategic planning

and management since the 1980s,<sup>21</sup> strategic urban planning seemed to be a particularly useful and eventually indispensable tool for large cities such as Budapest and Warsaw to reconsider their position, problems and opportunities in the new national (intergovernmental), Central East European, European and global environment.

As shown in the previous chapter, the strategic planning paradigm brought about an awareness of the importance of the institution-building, namely of the political aspect of urban planning for the purpose of achieving greater effectiveness of planned interventions and greater participation of local stakeholders in the developmental interventions in the city. As such, it is widely viewed as a possible new arena and instrument for integrating policy making at the city level, and overcoming the collective action problem inherent to the processes of governing fragmented capitalist cities.

### **3.1 Main thesis and research question**

Having this in mind, the basic assumption of my comparative analysis is that strategic planning is an opportunity for transitional cities to move faster towards effective urban governance. This can be explained by a combination of contextual factors that influence the effectiveness of city governing and development processes in the 1990s in post-socialist countries. I will list here the most important ones. *First*, both democratic local

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<sup>21</sup> For the extensive explanation of the development and influence of the spatial planning recommendations, including strategic spatial planning, of the European Union to the member states epitomised in the *European Spatial Development Perspective* (CEC 1999) see Faludi (2002).

government and governance were new concepts in those countries.<sup>22</sup> Decentralisation processes introduced local democracy and local politics for the first time in 1990, giving responsibilities and financial resources to newly elected local authorities. A completely new intergovernmental system was put in place, and local authorities were entrusted to manage social services and community development practically overnight (see Bird, Ebel and Wallich 1995; Horvath 2000; Peteri 2002; Swianiewicz 2002; Regulski 2003).

*Second*, newly elected local authorities had to deal immediately with the newly introduced open market conditions, and the fast developing private sector actors. Much of the investment in the city was coming from foreign business companies. However, new local authorities, although supporting the incoming investments and market-development, had little experience with the private business actors, their interests in broader city development, and the opportunities and weaknesses of incorporating business actors in the strategic partnerships for city development.

*Third*, spatial planning and sectoral planning practices and technical knowledge in the public sector were widely practised in the former socialist state. Planning expertise and education was transferred into the new system after the regime change. Thus, what was missing was not technical knowledge, but a new way of thinking as planners and educating planning experts to be able to work in the new market-based environment and multi-actor governing context.

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<sup>22</sup> For the description and explanation the centralised and centrally planned socialist system of governing city development and its consequences for the city residents and built environment see for example Enyedi (1992), Andrusz, Harloe, and Szelenyi (1996), Bertaud and Renaud (1994).



*Fourth*, civil society actors appeared and started flourishing in the same time with the introduction of the market conditions and decentralisation reforms. While civil society developed fast in its more spontaneous and non-institutionalised forms, more institutionalised forms have been developing more slowly (e.g. Soos, Toka and Wright 2002; Mihaylova 2004). This refers to the development of visible, well-informed, skilled and legitimate representation of various social groups and their interests that can adequately and in a well-informed way participate in local policy-making. There have been many civil, non-profit actors present in public life, but very often without relation to the policy-making and without legitimacy to speak for those social groups they claim to represent. So, various social interests are in general weakly organised in Poland and Hungary, and respectively in their capital cities.

In this context, it has been difficult to build effective local government, local governance and strong local leadership for urban development. In this thesis, I would like to explore the claim that strategic planning can help the city and its local authorities to deal more effectively with these challenges and the resulting policy coordination problems. As a policy tool it helps envisioning the city as a collective actor and in that respect deals with urban fragmentation. Strategic planning can develop a greater degree of cooperation, collaboration, and mutual accomplishment. It can be a powerful exercise for integrating the fragmented local public sector and its various sectoral policies, because it is by definition an integrative decision-making activity that aims at coordination and structuring of activities in different policy areas. In the same manner it can be a tool for

involving local citizens, various organised social and business interests in order to learn from them, involve them in the search for the best or most effective developmental programs that match strategic vision and goals, and involve them in securing the implementation of those programs. Depending on how implementation and public participation are dealt with during the strategic deliberations and decision-making on developmental priorities, strategic planning can help redesign the internal institutional capacity of the local government system and build the governance capacity of a network of local public and non-public actors. It can also help linking the city with outside development, which is particularly significant in the wider European context where the EU policies become an important factor.

As a specific policy-making activity aiming at policy coordination and integration of sectoral efforts in urban development, strategic planning is one of a few aspects of general local government activity that can lead towards developing governance relations in the city. Other aspects include the introduction of New Public Management-type of reforms in local service delivery, such as privatisation and contracting out of services, partnerships between the public and private sector within individual policy areas or at least in some of them, and site-specific activities such as flagship or neighbourhood regeneration programmes. While governance relations can be supported by developing public-private relations in each of these different policy spheres, focusing on strategic planning is based on the idea that the integrative nature of the planning processes will help detect the general attitudes and changes in the attitudes of local public actors towards collaboration with non-governmental actors that is more than accidental, *ad hoc*

or specific project-driven. To put it bluntly, if there is a real change in attitude towards building networks with the non-governmental actors or greater involvement of citizens in policy-making, it will show in studying participation and implementation considerations during the strategic planning processes.

Therefore, the main research question of my thesis is how strategic planning paradigm and methodology affected the governing arrangement and governing capacity of post-socialist cities. To explore the effects of political deliberations and negotiations during the strategic planning process on the (development of) institutional relations of urban governance, I will analyse the developments in two biggest post-socialist cities in CEE, now EU cities, Budapest and Warsaw since the beginning of the 1990s. Large cities above one million inhabitants are rare in CEE<sup>23</sup> and can be found only in capital cities such as Budapest, Prague and Warsaw. Their experience reflects the experiences of smaller cities in the region, but also constitutes a category of its own. The complexity of governing large cities is related to the size, large number of individual and collective actors, larger distance between citizens and local authorities than in smaller cities, wider regional importance in addition to the national importance, in addition to the capital city status that these cities have.

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<sup>23</sup> The term Central East Europe here covers the fastest transforming post-socialist countries like Czech Republic, Hungary, Poland, Slovakia, and Slovenia, that were also in the first wave of post socialist states to enter the European Union. In the region of South Eastern Europe, and east from the CEE countries towards the former Soviet republics, there are large cities above one million inhabitants, but their experiences after 1990 have been different, and they are out of the scope of this thesis and its conclusions.

The study deals with a number of questions that accompany the main research question How has the strategic planning process been organised and used? Has it been used to improve the capacity of the local public sector and local political leaders to deal with the wider society in directing urban development in a preferred direction? Has it involved changes in the institutional setting that otherwise would not happen? Has it produced changes in the existing governing arrangement? Was the change directed towards improving governing capacity, i.e. towards a governance form, or was it a step in a long learning process for local public authorities to strengthen the integration and institutional capacity of local *government*, not governance? Was the product merely symbolic, a document to be used in city-promotion, presented to investors and visitors, put on a website, but never used? In general, how has the opportunity been used, and what are its intended and unintended outcomes? These are important questions because of the big influence of the strategic planning paradigm in the planning and urban policy literature, and because of the widespread policy transfer of strategic planning ideas.

This radically new context of decentralised government responsibilities at the local level and the free-market economy led to a fast proliferation of governmental and non governmental players in the everyday development decisions of post-socialist cities. However, my starting assumption about the governing arrangements in post-socialist cities is that, contrary to this shift towards governance in Western Europe, the initial governing arrangement that was developing and *expected* to develop (by law-makers, local politicians and public at large) by mid-1990s in post-socialist cities of CEE was a local government arrangement rather than a form of local governance. The reason for this

can be found in the strong emphasis on local democracy, local autonomy and the values of decentralisation in the political discourse of initial democratic reforms in 1990 in CEE countries. Additionally, there was no experience with the market economy and private sector actors at the city level, and local social groups were weakly organised.

I suggest the influence of strategic planning process on local governing arrangement may generate three outcomes:

1. No change can be detected, or rather consolidation of the already existing governing arrangement through consolidation of the political elite consisting of local politicians, local public administration and planning experts within and beyond the local public sector.
2. A shift towards greater involvement of collective interest groups that can secure implementation of programs and projects due to their resources and capacity to influence various aspects of urban development.
3. A shift towards not only interest groups' participation, but also towards greater general public involvement and transparency of the process, i.e. improved local democracy.

These three outcomes of strategic planning or scenarios of how strategic planning process can influence local governing arrangements will be studied by focusing on how implementation (the effectiveness concern or “getting things done”) and public participation are dealt with and coordinated during the strategic deliberations and plan elaboration. Considering implementation during the planning process can be a particularly

effective activity in terms of extending the institutional capacity beyond the public sector, i.e. for building up governance. Attempts at securing implementation include looking for partners beyond the public sector. It offers a possibility of building long-term coalitions (even if issue- or project-driven), which can lead towards a change in the existing governing arrangement (e.g. towards more business or non-profit sector involvement). The greater participation of citizens, on the other hand, can improve the state of local democracy and lead towards greater public ownership of the strategic plan and proposed interventions. It is important to keep in mind that securing effectiveness through negotiating implementation does not automatically lead to improved public participation, or vice-versa.

### **3.2 Research methodology**

Two case studies – on Budapest and Warsaw – were developed on the basis of the research designed around the chronology and analyses of political and planning events in two cities. The main emphasis was put on the initiation, elaboration, political deliberations and negotiations, and final approval of the main strategic document(s) and other relevant planning documents. When it was possible, an investigation and analysis was undertaken of what happened after the approval, i.e. how the strategic planning document was used and attempts at implementation managed once it became official policy.

I paid special attention to the identification of the actors involved in the strategic process, and their role, significance and expectations given to their involvement by those who

initiated the process. In order to study how the effectiveness of the strategic plans was understood and how, if at all, implementation was being considered during the political deliberations in the plan-elaboration phase, I put a special emphasis on these two aspects during interviews with experts and public officials.

As research methods I used two basic techniques: analysis of various available written documents in two cities, and semi-structured interviews with local officials and planning experts involved at some point in the planning process and local experts observing and analysing local political and planning processes. In the beginning of the field research, secondary literature on this topic hardly existed, though some have subsequently appeared. Personal interviews with local experts and public officials in both cities were therefore extremely valuable source of information on all aspects of the functioning of the local political and planning system.<sup>24</sup> In addition to this, I collected and analysed official documents that accompanied the development of strategic and other planning documents, including promotion materials in local newsletters and newspapers (especially those published in English), examined content of official city government websites and how they changed depending on the election cycle, and studied data sources and reports prepared by international organisations involved in the decentralisation processes in both cities.

In the following two chapters, two case studies will be presented: first the Budapest, then the Warsaw case. Both chapters start with the information and explanation of the context

in which the city has been developing since 1990, namely socio-economic indicators, intergovernmental relations, the working of the local political system and local civil society. Then the details of the ‘thick’ chronology of the planning and relevant political events and developments in the last fifteen years will be given. Important planning processes and resulting documents will be analysed in depth. Finally, main conclusions on the characteristics of the political processes of urban planning for each case will be offered before proceeding to comparative analysis in the last chapter.

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<sup>24</sup> The comparative framework for studying the changing institutional relations of urban planning in Europe developed in Healey et al (1997) and presented in Chapter 2 was used for developing research question and general interview guidelines for the empirical study of two cities.



## **4 The case of Budapest**

### **4.1 Contextual variables**

Budapest is the capital city of Hungary. With 1.7 million inhabitants, it is one of the three largest cities of Central Eastern Europe. Budapest, Warsaw and Prague are the only cities in the region with a population above one million. As a relatively small country, Hungary (10 million people) has a strong monocentric structure, with Budapest dominating as the country's political, economic and cultural centre. Besides Budapest, Hungary has only eight other cities above 100,000 inhabitants. Debrecen, the second largest city in the country, has only 204,000 inhabitants. In this monocentric national context, 17 % of the total Hungarian population lives in the capital city.

The city of Budapest was established after unification of three towns – Buda, Pest and Obuda – in 1873. The most rapid development took place between 1880s and the beginning of the First World War, when a nation-building project sought to make the city the second metropolis of the Austro-Hungarian empire and the representative capital enabling the Hungarian nation to assert its new powers in the dual monarchy. After the First World War, Hungary lost two thirds of its former territory, and it was impossible for Budapest to maintain the international importance it had enjoyed before the war. The imposition of the socialist regime after the Second World War further strengthened this situation even further, until the gradual opening up in the 1980s.

#### 4.1.1 Socio-economic indicators and internationalisation of the city's economy

Budapest is the centre of the metropolitan area of about 2.4 million people. It is a part of the Central Hungarian Region, with 2.9 million inhabitants. The metropolitan area, as the functional urban area, is the residence of one quarter of the total Hungarian population. Since the early 1990s, the city of Budapest<sup>25</sup> has been constantly losing population to the surrounding area. An average of 20,000 Budapest citizens annually leave Budapest to settle in the surrounding towns and villages of the Budapest agglomeration (The Mayor's Office 2004: 52). It is the only capital city in Central Eastern Europe (compared to Berlin, Vienna, Prague, Ljubljana and Zagreb) that has lost population since the 1980s (about 18% decrease). The Budapest metropolitan area has experienced the biggest increase in population (of about 34 % in twenty years) compared to other capital cities in the region (Tosics 2006; see also Tosics 2005).

Budapest's economy plays a big role in the overall economic strength of Hungary. Twenty percent of all employed Hungarians work in Budapest. Budapest has a low unemployment rate: in 2004, 4.4 percent of the city population was unemployed compared to a national average of 6.1 percent. Fourteen percent of all unemployed people in Hungary live in Budapest (Hungarian Central Statistical Office 2005). Seventy percent of the city's population is working age (between 15-74), and the activity rate of the working age population is 60.8 percent. Twenty eight percent of the population above the age of 25 holds a university degree. In terms of the monthly earnings, the average

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<sup>25</sup> Budapest total area is 525 km<sup>2</sup>. Population density was 3,247 persons per km<sup>2</sup> in 2003. The number of passenger cars was 355 per 1000 city inhabitants in 2003 (Hungarian Central Statistical Office 2004).

monthly gross earnings of employees in Budapest is 761 EUR (186,040 HUF), compared to 531 EUR (129,797 HUF) in Hungary and 438 EUR (107,057 HUF) for the rest of the country excluding Budapest (Hungarian Central Statistical Office 2004).

In terms of GDP, 35 percent of Hungarian GDP is produced in Budapest. GDP per capita in 2003 was 14,400 EUR compared to the GDP per capita in the Pest county (the county surrounding Budapest) of 6,200 EUR, and to the national GDP per capita of 6,900 EUR. That means that the Budapest GDP per capita is about 210% of the national average, while Pest county is about 90% of the national average (Hungarian Central Statistical Office 2005).

Since the beginning of the transition in 1990, Hungary has been one of the most attractive environments for foreign investors among the Central East European transition countries. About half of the FDI to the CEE region went to Hungary in the 1990s, and about 60% of the FDI in Hungary went to Budapest. That shows that about 30% of all FDI in the CEE countries was invested in Budapest (Municipality of Budapest 2003). Since the beginning of the 2000s, the inflow of foreign investments to Budapest has decreased slightly.

In terms of the location of enterprises, 28 percent of all active enterprises in Hungary are located in Budapest. Fifty-two percent of all enterprises in Hungary with FDI are located in Budapest. Foreign share in the equity of these enterprises is 18.3 billion EUR in Budapest; in Hungary foreign share is 37,2 billion EUR in 2004. Total investments in Budapest in 2004 were 2.8 billion EUR out of 11.5 billion EUR in Hungary. Total

investments per capita in Budapest in 2004 was 1,637 EUR compared to 1,135 EUR national average (Hungarian Central Statistical Office 2005).

Budapest's economy is based on services: almost 80 percent of the gross value added generated in the city comes from services in 2003. In the period after the change of the political system, there was a major decline in industrial production, but the expansion of services in the capital city partly ameliorated the consequences of the industrial decline. About 80 percent of the employment in the city is in services (2002). "Based on their share from national employment figures, the greatest and most significant sectors in the capital are financial services, real estate and business services, public administration and social security" (The Municipality of Budapest 2004: 55).

According to *the European Cities Monitor 2005* by Cushman & Wakefield/ Healey & Baker, an annual survey of senior managers and board directors of 500 Europe's top companies on the best places to locate business, Budapest came 21st out of 30 European cities in 2005 (up from 23rd rank in 2004), ahead of capital cities such as Vienna, Copenhagen, Rome, Helsinki, Moscow, Oslo and Athens, and one rank after Warsaw.<sup>26</sup> That is the overall score calculated on the basis of 12 different business location factors.<sup>27</sup>

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<sup>26</sup> In 1990, when 25 European cities were included in the study, Budapest came 21<sup>st</sup>. Fourteen percent of the biggest 500 companies were already located in Budapest in 2005 (compared to 40 percent in Paris at the top of the list). According to the expressed expansion plans of companies in the next five years another thirty-two company will locate to Budapest, together with Prague and Moscow the highest number after Warsaw (Cushman & Wakefield/ Healey & Baker 2005).

<sup>27</sup> According to another attempt at city ranking, the Central Hungarian Region (where Budapest belongs) was named the winner in the Central European region by the *Financial Times'* monthly *fDi Magazine's* European Region of the Future 2006/7 report, ahead of Vienna and Zurich regions. The city of Budapest itself ranked second in the central European subregion of the Visegrad four (after Brno) in *fDi's* European Cities of the Future 2006/07 report, one place down from the previous year's first place ranking. In the last stage of ranking, Central Hungary came

#### 4.1.2 Intergovernmental relations

One of the first legal acts introduced by the first democratically elected conservative coalition government after national elections in April 1990 was *the Act on Local Governments*. It introduced a municipal level of government with a broad range of responsibilities as one of the main pillars of the new democratic system. In the 1991 *Act on the Capital City*, that was later incorporated as a special section of the *Act on Local Governments*, the two-tier administrative structure of Budapest introduced in 1950 was strengthened by introducing two elected tiers of government: the municipal government (at the city level) and 22 (later 23) district governments. The two levels of local government in Budapest were granted equal legal rights, neither was subordinated to the other. Both levels had directly elected municipal councils, and mayors elected by the councils until 1994. (Since 1994 mayors have been directly elected.) The 1990 *Act on Local Governments* left the coordination of tasks being arranged by voluntary cooperation between two levels, and that produced many problems in negotiating division of tasks and counterbalancing the intentions of some districts towards autonomous decision-making.

After experiencing the inefficiency of such a government system in the capital city, in 1994, after the national elections that brought the socialist-liberal coalition government at

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second of all European regions in the competition, after the Vilnius and Kaunas region. A total of 89 hopeful locations bid to be picked for fDi's list of European Capitals and Regions of the Future. Locations are ranked according to 28 individual criteria in seven main categories: economic potential, cost effectiveness, human resources, IT and telecoms, transport, quality of life, and FDI promotion (fDi Magazine 2005; Budapest Business Journal 2005). Budapest political leaders were quick to use the result for city promotion among its European partners.

the national level, the 1990 law was amended. The revisions introduced direct elections for all mayors, and specified in more detail the duties and powers of the two levels of government in Budapest. A fundamental principle is that the government of the city of Budapest should perform duties and exercise rights of local government that concern the whole of the city or more than one district, and those that derive of the special role of Budapest as the capital city.<sup>28</sup> Both tiers of local government are provided with their own assets, subsidised from the central budget, and entitled to collect revenues of its own. Even though this system has eased to some extent the difficulties of negotiating coordination of tasks, the government of the capital city has remained fragmented. Constant communication between the two tiers has been needed in order to produce agreements on different activities (see Municipality of Budapest 2005b; Tosics 2005; Soos and Ignits 2003).

In 1996, the Hungarian Parliament approved the *Act on Regional Development and Spatial Planning* that established the institution of planning and statistical regions (seven regions since 1998) and their regional development councils, and two special regional development councils, the first is the Budapest Agglomeration Development Council. The special regional status given to the Budapest metropolitan area was the first official attempt at recognising the functional links between Budapest and its agglomeration settlements. The boundaries of the Budapest metropolitan area were expanded to include the city of Budapest and 78 settlements (towns and villages) of the agglomeration belt. According to the 2001 census, Budapest metropolitan area had a population of 2.4

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<sup>28</sup> The mandatory responsibilities of the city government include spatial planning for the whole city, main infrastructure development and maintenance, and organisation of public utilities that

million people, or about one fourth of the Hungarian population. Most of the agglomeration belt outside of the city borders belongs to the Pest County. In July 1997, the Budapest Agglomeration Development Council was established (BAFT) with some planning powers for the territory of the metropolitan area.

However, after the change of central government in 1998 elections, the new conservative government initiated the revision of the 1996 *Act on Regional Development and Spatial Planning* that introduced the compulsory establishment of seven statistical regions and their development councils. This regional level administration corresponded to the NUTS 2 level required by the EU, being introduced for planning and statistical purposes, and involving no real power. The regions were specified in the *National Development Concept*, one of them being the Central Hungarian Region. As a consequence of this change, the Budapest Agglomeration Development Council was dissolved in December 1999. All functions of the metropolitan council were passed to the Development Council of the Central Hungarian Region. A Central Hungarian Region was set up to consist of the city of Budapest and Pest county, which retains to a large extent a rural character. It has 2.9 million people or 28% of the national population. Its territory covers 7.4 % of the territory of Hungary. Forty-six percent of the national GDP is produced on its territory, GDP per capita of the region being about 11,100 EUR in 2003 (about 160% of the national average).<sup>29</sup>

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pasted into the city government ownership.

<sup>29</sup> The messy story of introducing statistical regions of the NUTS 2 character in Hungary is especially illustrative when it comes to the status of the city of Budapest. The Central Hungarian Region's GDP per capita has been above 75% of the EU average, and after being eligible for Objective 1 financial support in 2004-2006 will lose this eligibility after 2006. The Hungarian government negotiated a period of 4 years of 'phasing in' into Objective 2 status meaning that the

Considering the financial means available to the city of Budapest, the total size of the city government's revenues was about 1,28 billion EUR (338.9 billion HUF) in 2004, including borrowing (87 million EUR or 23 billion HUF from loans) to finance the deficit.<sup>30</sup> About 43 per cent of total revenues came from centrally regulated funds - 7% from the personal income tax returned to the city, 12.7% equalising state subsidies, and 23.5% permanently received funds including social security fund transfers (Municipality of Budapest 2005b). One third of the country's total personal income tax revenues is collected in Budapest. In the beginning of the 1990s, the amount of PIT that was retained in the city (and in districts due to the fact that these two levels share the revenues from the PIT) was 100 %. Then it slowly decreased to 50%, further to 30 %, and in the last

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region will receive some Structural Funds, less and less every year, in that period. Knowing that the region containing Budapest would lose the eligibility to the Structural Funds, the Pest County council, one of the nineteen elected county governments in Hungary, voted unanimously to exclude Budapest from the Central Hungarian Region in mid-2004. A political conflict between the City of Budapest and surrounding Pest county, containing most of the settlements of the Budapest agglomeration, developed on this issue. The City council voted unanimously to keep Budapest in the region in autumn 2004. The approach of the Budapest political leaders was that regional cooperation for building up economic competitiveness and sustainable urban development at the regional level was much more important than considerations about getting the regional development funds from the EU. If the solutions put forward by the Pest county won, Budapest would be separated from its functional area and prevented from making any influence on the decisions of the agglomeration settlements. After long negotiation involving the socialist liberal central government (being of the same political colours as the coalition at the city level), the conflict was resolved in early 2005 when both sides accepted that dividing the Central Hungarian region between the Pest county and the City of Budapest would not be beneficial to anybody in the long run. This was confirmed in March 2005 by another modification of the 1996 *Act on Regional Development* that confirmed the division of the country on seven statistical regions, and Budapest being a part of Central Hungary. After this issue being resolved, the Budapest Agglomeration Development Council (BAFT) was reestablished in the summer 2005 for coordination and planning purposes.

<sup>30</sup> In 2003, total revenues of the local public sector in Budapest (city government and district governments together) were 2.14 billion EUR or 567.860 billion HUF, including credit operations. The revenues amount per permanent inhabitant was 1,258 EUR or 332,700 HUF. Total expenditures of the local public sector in Budapest were 2.17 billion EUR or 573.387 billion HUF. Expenditures amount per permanent inhabitant was 1,270 EUR or 335,900 HUF.



several years it is only about 10 % of the PIT generated in its territory that goes back to Budapest (Horvath and Peteri 2003).<sup>31</sup>

Own revenues constituted 58 percent of total revenues in 2004, with the own revenues in the reporting year being about 38% (including operating revenues of institutions, revenues from stamp duties, business turnover tax and tourism tax as local taxes collected by the City<sup>32</sup>, fines and allowances, and accumulation and capital-type revenues), loans being 7%, redemption of Government securities 0.2 % and residual funds – funds remaining from last year – 12% (Municipality of Budapest 2005b). Total expenditures in 2004 were 299 billion HUF (1.1 billion EUR). The structure of the City's total expenditures in 2004 was as follows: 73% went to operating expenses, 2.8% to refurbishment, 15% to capital investments (size of capital investments being 45.3 billion HUF or 171 million EUR in 2004), 0.6% to debt service, and about 8.3% to the purchase of government securities (Municipality of Budapest 2005b).

In general, the city government has been receiving a decreasing amount of central grants due to the equalisation system, while district government received more since 1998. Due to the high amount of own revenues, city government is less dependant on the central transfers and is able to deal more easily with the volatility of the Hungarian equalisation

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Accumulation and capital expenditures of both tiers together were 397 million EUR or 104,885 billion HUF in 2003 (Hungarian Central Statistical Office 2005).

<sup>31</sup> “One of the most important goals voiced since the establishment of the local government system, decreasing the capital's weight within the country, was achieved in this decade [1990s]. On spite of the capitals' development, an increasingly small amount of the central funds are used here [in Budapest]. At the same time, as a counterbalance, the local governments [districts] of the capital have well exploited opportunities for independent management and fund generating that were afforded by the local government system” (Horvath and Peteri 2003: 401).

system. The administrative divisions within the capital and beyond its borders, and politically polarised political climate contribute to the situation of fragmentation within the city, and political conflicts beyond the city borders in the immediate surrounding. Intergovernmental relations have changed in every election term depending on the political colours of the central government vis-à-vis city government. In the four election terms since 1990, political coalitions at the central and city level were in opposition to each other in 1990-1994 and 1998-2002, and these periods were characterised by conflictual intergovernmental relations. Political colours at the central and city level were the same in the periods 1994-1998 and 2002-2006 and consequently intergovernmental relations were characterised by increased cooperation between these two levels and greater central support for city government policies.

#### 4.1.3 Workings of the local political system

Since the first local democratic elections in October 1990, Budapest has chosen the same person for mayor – Gabor Demszky from the liberal party (since 1994 directly elected in local elections). Demszky has kept that position for 16 years now. It is a clear indicator of stable city leadership in times of great changes in city management. Being directly elected gives prestige, legitimacy and additional power to the mayor in negotiating with district governments, and it helps ease the fragmentation problem, or how it is often called in Budapest, the problem of “too much decentralisation”.

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<sup>32</sup> Tax on buildings, tax on land, and communal tax of private individuals are also local taxes, but are retained by Budapest districts.

Mayor Demszky is the prominent figure of the *Alliance of Free Democrats* (SzDSz).<sup>33</sup> His party formed the minority government in the City Council in the first election period (1990-94), and after 1994 ruled the city in coalition with the *Hungarian Socialist Party* (MSzP).<sup>34</sup> Irrespective of all negotiations that the central-left coalition government has needed to secure effective decision-making, this is another indicators of the extreme stability of the political leadership at the city level.

The Budapest city Council has sixty-seven members: sixty-six elected from party lists and the sixty-seventh being the directly elected mayor. Only parties that gain more than 4% of valid votes may enter the City Council. The Budapest Council is assisted by the Mayor's office. The political leadership of the city government is represented by the Mayor and deputy-mayors, elected by the Council from its members, that form a quasi-cabinet body. Usually there have been four deputy-mayors, two from each coalition

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<sup>33</sup> Mayor Demszky is a very visible figure in Hungarian politics, and for some time, in the third term, was the second most popular politician in Hungary. Demszky is a sociologist by training. He was an active member of the opposition circles acting against the socialist regime, and was a prominent editor of a samizdat paper (underground-published paper distributed among the opposition circle's members) in the 1980s. Demszky has been a very pro-European figure, also a well-known figure in the circles of international organisations, travelling frequently and speaking on behalf of the City of Budapest.

Before the 2002 elections, the liberal and socialist party were considering to candidate him for the leader of the central left coalition (the opposition) in the coming national elections, but he decided not to accept it. In the elections for the European Parliament in June 2004, he was elected for a MEP, but had to resign in the fall 2004 because the Budapest administration office, the legal supervisory body of Budapest delegated by the central administration ruled that it was illegal to hold both mayoral and MEP titles at the same time, claiming there would be a conflict of interest. Populist right-wing political block run by FIDESz party started the campaign against him claiming that it is unconstitutional to keep both positions - of the Budapest mayor and the MEP – and that he should resign as the Budapest Mayor. Demszky however resigned as the MEP and had to give up the big annual salary that goes with the MEP position. He publicly said that it would have been dishonourable if he had chosen the MEP position and resigned as the Budapest Mayor after the support he had got for the residents of the city for three consecutive elections. He also stated that he had sought election as an MEP primarily to strengthen the position of Budapest (Budapest Sun 2004).

party; at present there are 6 deputy-mayors. Deputy-mayors are responsible for different general policy areas.<sup>35</sup> The Mayor's Office is headed by the City Clerk appointed by the City Council, who is responsible for the operation tasks of the city government.

After the first term 1990-1994, when the City Council was led by the liberal minority government, a political coalition between liberals and socialists has dominated the City Council. The coalition had 41 council seats in 1994-1998, 39 seats in 1998-2002, and 41 seats in 2002-2006 (Municipality of Budapest 2005b). The remaining seats belong to the conservative and right-wing parties. In 1998 local elections for the Budapest mayor, 58.2% of the vote went to Gabor Demszky, and in 2002 local elections 46.7%.

In terms of the turnout, Table 3 shows that the turnout in local elections has been slightly lower in Budapest than the national average for local elections, except in 2002; most likely due to the strong opposition in Budapest towards the populist right-wing central government policies towards the capital city in 1998-2002. Comparing local and national elections, turnout in Budapest was much lower for local elections than national. However, contrary to the patterns for local elections, the turnout in national elections was higher in Budapest than the national average for national elections.

Table 3 - Turnout in local and national elections in Budapest

	<b>Turnout in Budapest (in %)</b>			
	<i>1990</i>	<i>1994</i>	<i>1998</i>	<i>2002</i>
<b>Local elections</b>	<b>37.39*</b>	<b>39.32</b>	<b>43.69</b>	<b>52.68</b>

<sup>34</sup> The official website of the City of Budapest is [www.budapest.hu](http://www.budapest.hu). The English version is available directly at [english.budapest.hu](http://english.budapest.hu)

<sup>35</sup> Urban development and strategic planning have been the responsibility of different deputy-mayors. General urban development has been split between at least three deputy-mayors throughout the whole period.

<b>National average in local elections</b>	40.20*	43.44	45.66	51.10
<b>National elections*</b>	71.18	74.25	63.63	77.52
<b>National average in national elections*</b>	65.11	68.92	56.26	70.53

\*in the first round

Source: Central Data Processing, Registration and Election Office of the Ministry of Interior, [www.valasztas.hu](http://www.valasztas.hu)

The general voting patterns of Budapest districts show that river Danube is the main dividing line in terms of vote for particular parties. The five districts of the Buda side (on the west bank of the river) give more support to the populist right-wing FIDESZ (*Hungarian Civic Alliance*) party than the eighteen districts of the Pest side. The similar pattern is exhibited for the liberal SZDSZ party: more support in the Buda side than the Pest side. The same goes for the smaller, far-right, party MIEP (Hungarian Life and Justice Party). The socialist MSZP party has the strongest support on the left, Pest side of the city.<sup>36</sup> In 2002 local elections, directly elected mayors of 17 Budapest districts out of 23 were from the socialist party, 2 were from the liberal party, and the remaining 4 from the FIDESZ-led conservative block. The east/west of Danube division was slightly modified after 2002 local elections with liberal mayors winning two districts out of 5 on the western, Buda side, taking them over from FIDESZ mayors.

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<sup>36</sup> The same voting pattern exists in the Budapest agglomeration belt. “In the Budapest Metropolitan Area, the principal dividing line for the large political parties is the Danube. West of the river, both in the city and in the suburbs, the conservatives (and liberals) are the better supported side, while to the east of the river, in Pest and in the adjacent suburbs, the socialist are the main political party of choice. The liberals and the far-right, which constitute a special political culture, do better in Budapest than in the suburbs” (Soos and Ignits 2003: 11).

#### 4.1.4 Characteristics of the civil society

Budapest has a booming civil society, but only in relative terms. One third of all non-profit organisations in Hungary are located in Budapest, about 16,000. Information on their involvement with the local public sector in Budapest is hard to find. According to some general findings on the public participation and involvement of civic organisations in the local decision-making, the majority of NGOs in Hungary<sup>37</sup> are financially supported by and dependent on local government (about 80%), probably to a lesser extent in Budapest because of the large number of organisations and the availability of other financial sources (Soos and Kalman 2002). All commentators stress that citizens are passive and disengaged in local politics. The authors of one of the rare studies of the state of local democracy in Hungary suggest that “Hungarian local governments are good at decision-making and implementation of decisions, but perform poorly in their contacts with the citizenry. Local politicians feel better within local government offices than in forums, at meetings or during consulting hours. They are better at reacting to problems than finding out what people perceive as problems and how voters think they should be solved. The democratic deficit is higher than the management deficit” (Soos and Kalman 2002: 48).<sup>38</sup>

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<sup>37</sup> Based on a survey data, “participation in civic organisations is mostly limited to a relatively small proportion of citizens. In 2000, only 9.3% of adult citizens participated in non-governmental civil organisation of any kind, including sporting, cultural, religious, or political associations. If members of sport associations are omitted, this figure decreases to 6.3%” (Hajnal 2001: 159).

<sup>38</sup> In a study based on the survey of chief administrative officials, CAOs in the Hungarian municipalities over 50,000 inhabitants (larger municipalities) reported that in about 41% of those municipalities there were public demonstrations concerning local matters, in 73% there were citizens’ petitions on various local issues, in 73% there were requests for direct meetings between local officials and group of citizens, in 27% of municipalities local government decisions were challenged in a court or at a higher administrative authority, and in even 91% municipalities civil society organisations submitted proposals on some questions of public interest (compared to 63% in Poland; the same type of findings is given for Poland in the chapter on Warsaw). In the same

The representation of social interests at the local government level is not very developed, i.e. there is a no sense of constructive participation of social groups in local policy-making. In Budapest, the right to attend public hearings and comment on the work of the City Council is not frequently used. There are not enough strong social interest groups that can legitimately lobby for the people they claim to represent. On the other hand, all activities of the Mayor and the City Council are publicised. Newspapers regularly cover the city politics. Regular public opinion surveys on different issues are organised by city authorities. But ordinary citizens are still wary or disinterested in getting actively engaged with issues that are important to them.

## **4.2 Chronology of planning events**

### **4.2.1 First local democratic elections and the first election period 1990 - 1994**

After the centralised political system of the socialist state, the new *Law on local governments* in 1990 introduced democratically elected level of local in Hungary. It gave municipalities a wide range of mandatory tasks and rights to legal and political independence, including the right to collect and manage own revenues and the property rights to assets needed to fulfil mandatory responsibilities. Very soon after the approval of the new law, the first democratic municipal elections were scheduled, and newly formed political parties chose their candidates for the Budapest City Council.

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study, in only 22% of larger municipalities in Hungary CAOs considered that citizens had a big influence in local decision-making, in 33.3% of larger municipalities citizens had moderate influence, and in 44.4% only small influence (Pop 2005).

Gabor Demszky was chosen by the liberal *Alliance of Free Democrats* (SZDSZ) to be their candidate for the mayor of Budapest, and he drafted the campaign program for local elections. This first election program of the future city mayor generally defined the choice of fundamental values and main goals to lead city development in the new political era. Demszky was elected by the City Council to be the mayor of the city of Budapest in the fall, and his Liberal party ran the City Council as a minority government in the first election period between 1990 – 1994. He appointed four deputy mayors from his party to be responsible for different policy areas of city development. Leading a minority government at the city level in these very first transitional years meant that making informed choices on development issues was very difficult for two reasons. Politically, all local political players were new, and the local government system was in its infancy. Political actors lacked experience in dealing with political cleavages and in collaborating across political lines. Economically, it was impossible to know right from the start the reality of the financial and institutional constraints of the newly formed city government vis-à-vis other levels of government, especially Budapest districts, and thus how to reorganise urgent tasks.

In this atmosphere, the newly elected mayor drafted his own program after the election, this time going further than general value choices and objectives for city development.

The mayor's 1991 program, called *Foundation for a European Hungary*,

represented the first major attempt at drafting a comprehensive policy document for the city. In the wake of the change of the system, the city's leaders made their first concerted attempt at summarising the various tasks, problems and conceptions pertinent to the city's future urban policy, and



prepared them for debate (...) This document represented the first attempt at identifying the municipality's strategic goals and the tools conducive to make them happen. Naturally, the analysis of the tools and methods of intervention was bound to remain rather vague and the depth of elaboration of the individual programs rather uneven. Nevertheless, this fully satisfied the requirements of the day, as the related laws and regulations were also incomplete, and this it was not possible to specify the municipality's realistic potentials (Pallai 2003a:57).

This program was made on the basis of several proposals, often competing and contradicting, of local experts who were encouraged to take part and offer their views on the possibilities of the future city development. Due to the lack of clear financial picture of constraints and possibilities of different solutions for future urban development, and the lack of experience of local leaders, it was difficult to filter down numerous proposals in order to match the implementation capacity and resources available at the time.

However, there was a growing recognition that some prioritisation was needed for the numerous project proposals dating back from the socialist period. By February 1992 the first medium-term development program with the city's priority projects (*Budapest Priority Medium-term Development Goals*) was prepared and approved. This was "the first attempt to filter those projects. The document's aim was to identify the projects in the field of physical infrastructure that could be realistically completed in the medium term (3-5 years)" (Pallai 2003a: 59). The document specifically grouped and related a large number of proposed projects to a specific medium-term goal - the planned hosting of the World Exposition together with the City of Vienna in 1994 (later postponed to 1996, and then cancelled).

Still, this document could not act as a realistic list of projects to be completed in the medium term. A wider political agreement in the City Council was needed on the importance of the planned World Expo and the projects that the city would need to realise to make it happen. After negotiations, an agreement between all major parties that participated in the City Council was reached in the form of the *Program of Joining Forces* in 1992. This agreement gave impetus for the preparation of the first two-year *Capital Investment Program* approved in 1993. This investment program was the second step in filtering the projects that were on the table of city leadership.

There were two new elements in the preparation of the *Capital Investment Plan* that deserve mention. First, project proposals were judged on the basis of financial possibilities for their implementation, and projects were only included in the 1993 – 1994 plan if funding were available for those two years. This was the first step in what is called in Budapest *strategic real planning*, or the iteration between the proposed development projects and city's financial programming. The second important innovation was the way the decision-making process on development projects and the investment plan for their implementation was structured:

This was the first time that the political and the professional decision-making processes were rationally and transparently distinguished. Based on *The Program of Joining Forces*, professional work now had resort to an established set of values and priorities. It fell on the departments and experts to translate the established goals into professional proposals. Based on their professional convictions, the departments had the right to prioritise sectoral capital investment projects. Finally, the politicians could decide – within the

bounds of financing possibilities – on the ultimate ranking of projects within each sector and also on the proportion of different resources that the sectors would receive. This way the process enabled the simultaneous presence of rational professional deliberation and freedom of political choice (Pallai 2003a:60).

The whole process of strategic thinking from the *Priority Medium-Term Development Goals* document to the *Capital Investment Program* aimed at a gradual coordination of professional concepts suggested by experts, political concepts driven by political parties, and financing concepts and possibilities.<sup>39</sup> However, the professional conceptions and proposals were still divided and determined by sectors; sectoral integration was still not on the agenda.

Conceptualising city development, however, did not stop after *the Capital Investment Program* was approved. In the period after its approval and the second local elections in 1994, there were two separate groups of city officials and external experts advising the Mayor who developed two separate conceptions for the future development of Budapest.

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<sup>39</sup> It is important to notice in the early 1990s the emerging attempts at coordination through negotiations between professional actors and politicians and their different conceptions and interest in urban development, as opposed to independent acting that failed to take each other's concerns into consideration. It is instructive to quote on this Katalin Pallai, who was herself one of the chief advisors to the Budapest Mayor throughout the 1990s, and actively involved in the strategic planning processes of the city authorities: "This [Capital Investment Program 1993-1994] was the first document that resulted from a long and detailed internal coordination process. In terms of content, the *Priority Development Goals* and the two-year *Capital Investment Program* may seem similar, yet their origins were quite different. The former document was drawn up by the deputy mayor in charge of urban development based on the wishes of the office departments, while the latter was drafted on the basis of prolonged professional and political negotiations conducted by the mayor's cabinet. The different character of the elaboration process strongly influenced the strength of the documents in influencing future decisions (Pallai 2003a: 60, fn. 31).

Both attempts in their own way tried to introduce sectoral integration in the strategic activities of the city.

The first group consisted of experts and officials associated with the Mayor's Cabinet. They continued to iterate between the goals and resources started in the capital investment program, but within a wider-scope: "On the one hand, its resource assessment went beyond the plan's short-term approach by considering the municipality's financing and institutional possibilities over a longer period. On the other hand, instead of assessing only the investment goals, the approach was based on the operation and capital investment activity of the municipality as a whole" (Pallai 2003a: 62). This new urban policy program was used as the campaign program *The Future of Budapest: Urban Policy up to 2000* of the mayor Demszky and his party for the 1994 local elections (Alliance of Free Democrats 1994).

In the same time, the second group led by the deputy mayor for urban development (who became the Chief Architect after 1994 local elections and remains in that position today) undertook the effort to integrate sectoral development plans along the spatial structural lines. They asserted a vision for a future state of the city, a set of values to lead capital investment projects in respect to their spatial positioning, and aimed at creating the criteria for the supply and use of land to be available for the implementation of investment projects directed towards the realisation of the vision. As a strategic planning attempt, this 1994 *Urban Development Conception* was less grounded in financial projections, was more supply-side driven, and based on the urban design logic of zoning

regulations as the main tool in driving city development in the preferred direction. It led to the master-plan-type of regulations prepared in the next election period.

#### 4.2.2 Second election period 1994 - 1998

Demszky was re-elected in late 1994. The mayor's liberal party formed a coalition with the *Hungarian Socialist Party*. Demszky's urban policy program became the basis of the local coalition agreement. However, due to two factors it became obvious that the city was facing a liquidity crisis in 1995, and this forced the city leadership to halt all investment projects until the crisis could be overcome.

First, the city government undertook some investment projects in order to implement infrastructure improvements as a matter of preparation for the World Exposition, which was first postponed for 1996, and then cancelled. The second factor was coming in the sequence to the first, and concerned the unexpected reduction of the central subsidies to the municipal budget in 1994 in the middle of the city infrastructure activities for the planned Expo.

The city first rejected the decision of the Hungarian Parliament in 1991 to host the World Exhibition in Budapest in 1994, pointing at the lack of resources to realise such a ambitious goal. Since it could not stop the central government preparations for the event, the city reluctantly accepted the idea in late 1991. Based on this goal of hosting the Expo, the city leadership argued for and introduced the medium term planning in the form of the already mentioned *Capital Investment Program* for 1993-1994. This plan contained

financial projections for a number of projects related to the preparation of the big event. The capital city, due to the lack of resources to cover the city's share of the preparatory activities, tried to secure the necessary funds from state subsidies and grants.

[W]hen the government started its preparations for the World Exhibition, the municipality [City of Budapest] focused its efforts on investments (as preparations for the event) that, whatever future development, would be important for the operation of the city in the long run. However, by 1994 – owing to the reduction of resources in the local government sector – Budapest had not been able to finance these investments either (Pallai 2003b: 119; for details on the liquidity crisis see the same source).

After the political change at the central government level after the 1994 general elections<sup>40</sup>, the decision was made to cancel the Expo event altogether. The city leaders wanted the central government to compensate for the local losses due to the previous infrastructure commitments, and entered negotiations with the new socialist-liberal central government.<sup>41</sup> An agreement was reached in 1994 in the form of government subsidies to be paid to the city (through the central guarantee for the municipal loan), but the realisation of this measure was delayed for almost a year. As a direct consequence, Budapest City found itself in a liquidity crisis in 1995. It proved to be a turning-point for the city's financial management because it forced the politicians to introduce in 1996 a

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<sup>40</sup> In Hungary, national elections take place before local elections. While national elections are held in the spring, local elections take place in the late fall. In 1994, at the central level the political power changed from the right-wing coalition to the central-left coalition. The same central-left coalition was formed at the city level after local elections in December 1994.

<sup>41</sup> In the same time, the mayor froze the contracts and stopped most of the investment projects started by the city.

sound financial management reform in the form of the seven-year financial modelling system (see Pallai 2003b).<sup>42</sup>

Looking at the spatial planning of the city government, the first new public regulations of the physical development within the city after the transition were officially introduced in the second term. The first post-socialist *Structure Plan for Budapest* was approved in January 1997, after several years of preparation. It contained general zoning regulations, and was the basis for a more detailed master plan as the fully binding set of regulations for issuing building permits. In July 1997 the Parliament approved the *Act on the Formation and Protection of the Built Environment*, also known as the *Building Act*. Until the new *Building Act* was put into force in January 1998, the socialist *Act on Buildings* from 1964 was still valid, amended in 1991 and 1992 by abolishing the ban on building and land subdivision introduced by the socialist state (see Locsmandi, Peteri and Varga-Otvos 2000).

The master plan for Budapest, although being in preparation for several years and ready for approval after the *Structural Plan* was approved by the City Council, had to be revised in the light of the new national planning regulations contained in the 1997

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<sup>42</sup> Without going into the details of the local financial reform here, it is important to stress the effects of the seven-year financial planning process on the urban policy conceptualisation and strategic development planning. “On the one hand, the seven-year capital investment program enables the municipality to prepare and implement its projects according to the schedule, and on the other hand, it very clearly identifies the resources for the individual sectors, and thus defines cornerstones for sectoral planning” (Pallai 2003a: 65).

*Building Act*.<sup>43</sup> The master plan, since the 1997 law called the *Framework Regulation Plan*, was finally approved in August 1998, and put into force in the beginning of 1999.<sup>44</sup>

Finally, after the successful introduction of the financial management reform, the approval of the *Structure Plan* and near completion of the new master plan, the idea was put forward that the city authorities needed a general long-term development strategy to lead future decisions of the city and district authorities in terms of various sectoral and spatial developments and their integration. Although some strategic thinking had been introduced into the urban development planning of the City of Budapest at the very beginning of the transition in 1991, a formally initiated and publicly announced process of strategic planning for the overall city development started only in 1997. The outcome of that long-term process was the *Budapest Urban Development Concept* for a fifteen year period, finally approved by the City Council in 2003. There were several stages of

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<sup>43</sup> According to the special provisions for Budapest in the new 1997 *Building Act*, the planning powers of the city government slightly decreased vis-à-vis the planning power of district governments. “In short, ‘zoning power’ is divided in Budapest between the city and its districts. This is the major divergence from the previous situation, when the city possessed all zoning authority and districts could establish detailed plans only if their regulations were in conformity with citywide zoning or if the municipal [city] government accepted changes in zoning districts proposed by district plans. The 1997 act introduced a special binding plan under the authority of the municipal government of Budapest – the ‘framework regulatory plan’ – and an ordinance for the entire city, while the districts are authorised to establish their own ‘district regulatory plans’ and ordinances” (Locsmandi, Peteri and Varga-Otvos 2000: 26)

<sup>44</sup> Until the new Budapest master plan, the socialist master plan from 1988 was valid. It contained very general zoning regulations and did not specify some functions, like retail and especially shopping centres, which were not relevant in a centralised socialist state where all developments were undertaken by the public sector. The only exception was the family housing function where some private initiative was allowed. So, the story of real estate developments in the early 1990s, before the new master plan in August 1998, is a story of weak public control over developments. All big office and shopping developments until 1998 were possible only after case by case approval of zoning change into the 1988 master plan. Budapest districts had the right to submit zoning change applications to the City Council. The Budapest Chief Architect had an advisory role to the City Council, recommending or not the approval of the zoning change, but in most of the cases the approval was granted.



elaboration and several version of this strategic plan for the City, and this important policy process will be explored in detail in the following sections.

#### **4.2.2.1 Initiating the development of the *Budapest City Development Concept***

This new process of strategic planning for city development was initiated by the Chief Architect in 1997. The city had the lack of adequate planning capacity to undertake such a complex planning process, and decided to contract external experts to do the job under the supervision of the Chief Architect and his office. As a result of an open competition, eight private companies and their expert staff were selected to undertake the task, managed by the Metropolitan Research Institute (MRI). The work started in October 1997. In the words of one of the main external planners who led the planning efforts until the end,

[a]s a start of the work a half-day seminar was organised in October 1997, where four invited consultants (all famous in their professions as architect, political analyst, geographer and historian) gave their opinion on the long-term problems of the capital, followed by an open debate of the experts and leading city politicians about the main hypotheses. In the first phase of the work a series of debates were organised with invited experts of given sectors of city development. The final output of this phase of the work was a booklet (first draft) completed in August 1998, which was widely distributed, to most organisations having an interest in city development and was also put on the homepage of the Municipal Government. Valuable written opinions were submitted, and also useful debates were arranged by different NGOs. In September 1998 the second half-day seminar was organised with the same four invited consultants, evaluating the work done and discussing the future tasks (Tosics 2003: 13).

This **first** draft or the 1998 version of the *Budapest Urban Development Concept* was based, in the words of another expert and chief manager of the expert work on the strategy, on the *all-embracing* approach that analysed, defined and listed all important problems of the city, and proposed solutions based on the main vision for the city future in the next fifteen years. “It also included a financing projection [optimistic and pessimistic scenarios] based on accessible municipal resources. It was obvious that the plan, which brought together all the dreams and visions one could think of, was anything but realisable” (Pallai 2003a: 67).

After the first draft was finished and discussed publicly with experts in other public institutions, including Budapest district authorities, public research institutes and some NGOs, the third local elections took place in the fall 1998. Mayor Demszky and his liberal party won for the third time with an election program called *We are Building a Metropolis*, based on the elaborated draft of the *Strategic Development Concept*. A coalition between liberals and socialists was formed to run the city government for the second time. Prior to the elections, there was no doubt that the Mayor would be re-elected, and the strategic planning process continued right into the third mayor’s term in office undisturbed by the local party-politics.

#### 4.2.3 Third election period 1998 -2002

The third term in office for the Budapest mayor and the local liberal-socialist coalition was characterised primarily by strong conflicts with the new right-wing populist coalition held by FIDESZ, which formed the national government after parliamentary

elections in the spring 1998. Apart from the ideological cleavages between the local central-left coalition and the rightist central government, the main reason for the conflict was the refusal of the new central government to fulfil financial obligations accepted by the previous government towards Budapest city government in relation to a series of infrastructure projects, most importantly a fourth metro line. This made the relationship between the national and city government a constant battlefield in the third term. The central government tried to block the city with whatever means it could. The city authorities were constantly asserting their autonomy in making municipal decisions, and the battle over the metro 4 construction reached the Constitutional Court. In the end, city authorities won the case. However, in addition to the financial and social costs of delaying these infrastructure projects, throughout this period the city leadership was forced to invest a lot of time and energy to fighting the central government.<sup>45</sup> Nevertheless, the strategic planning process continued throughout the third term.

#### **4.2.3.1 Continued elaboration of the Budapest urban development strategy**

The elaboration of the long-term strategy contained in the *Budapest Urban Development Concept* entered its second phase in early 1999.

In the second phase of preparing the concept (...) work focused on the most important key issues of city development (called the ‘pillars’ of the concept: economic policy, knowledge base, industrial restructuring, retail, real-estate development, logistics, transport, spatial structure, urban renewal, housing policy, public spaces, environment, social policy, culture and tourism, and tools and institutions) as well as revealing their intertwining relations. The

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<sup>45</sup> In the parliamentary elections in spring 2002 there was a change of power at the central level, and the Socialist party-Free Democrats coalition won the elections. It meant going back to the old agreement, and normal relations between two levels of government resumed.

summary of the results of the second phase of the work has been prepared in November 1999, in the form of the **second** draft booklet, consisting of one comprehensive and fifteen thematic chapters (Tosics 2003: 13; emphasis in original).

Considering the content of the second version of the strategic document and its strategic character,

the 1999 version of the conception featured a markedly 'prioritising' strategic approach, really advancing towards a strategy. While the earlier urban development conceptions all started from the sectoral arrangements of the interventions proposed for the realisation of the underlying visions, the 1999 strategic proposal evaluated the projects according to their urban development effects and ranked them according to these effects. Also the style was remarkably more concise (Pallai 2003: 68)

in comparison with the 1998 version of the strategic *Development Concept*. This version went deep into different pillars of city development, but priorities were set based on the expected development effects and financial constraints. In this manner, the reorganisation of the brownfield zone (called the transition zone between the Hungaria ring-road and the residential areas of the outer districts on the Pest side, and the continuation of this ring into the north Buda side) was given the highest priority for public intervention. The assumption was that an organised public intervention to upgrade the infrastructure of the zone would facilitate positive self-inducing spill-out effects in this zone and beyond led by private entities. The major infrastructure element in this upgrading strategy was the construction of the Railway Ring Road (Korvasuti ring road, or a road along the rail tracks).

Another interesting difference between the 1998 and 1999 working versions of the *Development Concept* was that the planners' proposal for establishing an institutional body responsible for managing further implementation programming and implementation monitoring in the 1998 version was downplayed in the 1999 version (and it slowly disappeared until the final version). The proposal remained in the 1999 version of the text, but its importance was reduced; it no longer presented a necessary institutional tool implementing strategic objectives. Some planners became already concerned with the prospect of acquiring political support from the city's political leadership for such a proposed commitment to form a new institutional body.

What followed was a long consultation and negotiation process that involved 23 district governments (their politicians and planning professionals), other experts on various aspect of city development, and the departments of City Hall. The first in line of such consultations was the *Budapest City Development Conference*. Organised in November 1999 for two and a half days, its purpose was to stimulate public discussion among the professionals the new draft and its proposals, "attracting all together 400 people in the five half-day thematic sessions" (Tosics 2003: 13). In March 2000, six half-day discussions took place with the Budapest districts grouped according to the territorial logic. On the districts' side, district mayors or deputy mayors, chief architects, and members of the district council committees took part in discussions. The expert team working on the *Concept* was represented by a few chief experts, and the Chief Architect and some of his staff, and a city deputy-mayor represented the city authorities. The consultations between the expert team and the city departments also took place in the

spring 2000. Based on the outcomes of these discussions, the **third** version of the *Urban Development Concept* was finalised by August 2000. Compared to the 1999 version, the range of objectives and proposed public interventions was expanded and became more comprehensive and all-embracing in character.

The planners expected that the elaboration of the strategy would enter its very final phase before the final approval by the City council. However, the process took unexpectedly long: it took another two and a half years until it reached the stage of approval by the Budapest City Council.

At this point [early fall 2000] negotiations started between the experts and the representatives of the Cabinet of the Mayor [the Mayor and four deputy-mayors]. The discussions touched the key points of the [Urban Development] Concept, regarding which the opinion of the financial leaders of the city [mainly the deputy mayor for financial management] was fundamentally different from that of the planners. It took almost a year until compromises were reached, acceptable for both sides. The Cabinet accepted the new guidelines of the Concept in June 2001, and gave ‘green light’ for the continuation of the work. In December 2001 the **fourth** draft version of the Concept was discussed by the Cabinet, accepting it and agreeing with the idea of further public debates (Tosics 2003: 13; emphasis in original).

When the *Development Concept* was officially put on the table of the local political leaders - the City Mayor and deputy mayors – for their official approval so that the draft could be prepared for the final consultation process before going to the City Council, the city political leaders actually blocked the process. They reacted with criticism as if they were presented with the document for the first time, though they had had the opportunity

to voice their concerns before, at least from the conference in November 1999. The planners were concerned about the political acceptability of the strategic document before, but the fact that the political leaders only decided to examine the draft *Concept* seriously and question some fundamental aspects of it *after* the third draft came as an unpleasant surprise.

The lack of involvement and real interest of political leaders in the *Development Concept* since the first draft became obvious at this stage to all parties concerned. It became apparent that the Chef Architect had been supporting the preparation of the document, without the real political backing and commitment of the politicians of the Mayor's Cabinet. From the fall 2000 until July 2001 the negotiations between the Cabinet politicians and the experts took place behind closed doors. Several concerns were raised by the deputy-mayor for financial management, a liberal and the second most influential politician after the Mayor. He was responsible for the seven-year financial planning of the city government, and his concern was that the city authorities could not commit themselves financially to the comprehensive and wide-ranging strategic objectives and projects that were proposed in the 2000 version of the *Development Concept*. He felt that the city authorities should not commit themselves to objectives that exceeded obligatory responsibilities, and that the city especially did not have the powers and financial means to undertake initiatives in the sphere of the economic development; those should be left to the private sector and to the central government. In addition to the wide range and type of objectives and proposed tasks, he was also worried that the language of the document

suggested too wide-ranging commitment of the city authorities, and he disapproved of it from his liberal standpoint.

Finally, in June 2001 political leaders agreed how to proceed towards a politically acceptable final draft, because the approval of the *Concept* became politically urgent for the leadership facing elections in the following year. Some proposed tasks were excluded, the importance of some objectives was diminished, and the language of the final draft suggested less commitment to particular interventions on the part of the city government. However, the final draft of December 2001, acceptable to the political leaders, still remained wide-ranging and comprehensive in its objectives for city development.

The final round of the consultation process followed in the spring 2002, with the ultimate task of receiving the official written opinions of the Budapest districts, public professional bodies including the regional development council, and national ministries.<sup>46</sup> The *City Forum of Budapest* was organised as a series of four half-day meetings in the City Hall with more than 100 persons participating in each occasion. All of this took place just before the general elections in April 2002 when political tensions were very high, especially in Budapest, due to the conflict between the city authorities and the central government coalition.

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<sup>46</sup> The 1997 *Building Act* recommended the preparation of the *Urban Development Concept* as the general strategic document to Hungarian municipalities, but did not require it. The organisation of the preparation process for the *Development Concept* was not specified, and the requirements for consultation process were the same as in the case of the spatial plans, such as the *Structure Plan* and the *Framework Regulation Plan*. The consultation requirements were minimal, focused exclusively on informing different local and central public bodies, professional agencies, and the general public of the final draft, and asking for their official opinion. The participation of non-governmental agents in the planning process was neither suggested nor required.



A new central-left national government was formed after the general elections in April. The central government was formed by the same coalition that run the city of Budapest, namely central-left coalition between socialists and liberals. In July 2002 the **fifth** and final draft of the *Development Concept* was finalised, and sent to the new central government for opinion. In August 2002 central government gave a general approval of the strategic *Development Concept* and recommended that the City Council approve it.

#### **4.2.3.2 Structure and characteristics of the Budapest Urban Development Concept**

The final version of the *Urban Development Concept* sets up three main values for the local public sector to pursue in the future development of the city: *efficiency* in the economic development, *liveability* in terms of the quality of the built and natural environment, and *social cohesion* by helping disadvantaged social groups and neighbourhoods to catch up with the rest. It defined eight strategic goals broken down into 39 comprehensive objectives. These eight strategic goals are:

1. increasing the efficiency of the Budapest economy by exploiting the geopolitical position of Budapest;<sup>47</sup>
2. developing the transport system;<sup>48</sup>
3. improving the quality of the built environment;<sup>49</sup>

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<sup>47</sup> Its comprehensive objectives were: (1.1) elaborating Budapest's role as an EU gateway; (1.2) strengthening Budapest's role in the region through increasing its accessibility; (1.3) creating an efficient economic structure; (1.4) strengthening the environment-friendly character of the economy; (1.5) promoting tourism and commerce as high priority sectors of the economy of Budapest; (1.6) supporting employment and the high quality provision of the local population; and (1.7) harmonising labour market demand and vocational training in Budapest.

<sup>48</sup> Its comprehensive objectives were: (2.1) promoting environment-friendly transport; (2.2) joint use of different forms of transport; (2.3) developing public transport; (2.4) parking management and regulation; and (2.5) developing the public road network and reducing the traffic load.

4. protecting the natural environment;<sup>50</sup>
5. promoting the city of culture and entertainment;<sup>51</sup>
6. improving social sustainability;<sup>52</sup>
7. developing the regional integration of the city and its agglomeration areas;<sup>53</sup> and
8. developing a well-balanced spatial structure of the city<sup>54</sup> (Municipality of Budapest 2003a).

The *Concept* did not set priorities between comprehensive objectives or projects for their implementation. The programming of objectives (concretising the implementation plans with the fixed timing and financial scheme) was avoided; therefore left for the later period. (Tosics 2003; Pallai 2003a). In the words of one of the chief experts involved in the long preparation of the strategic concept, by the time the final draft was finalised in 2002,

the formulation of the strategy became again less focused and concise than it had been in 1999. Rather than pursuing a definite line, the document had again evolved into an all-embracing and consensus-seeking mix. As a result,

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<sup>49</sup> Its comprehensive objectives were: (3.1) urban renewal: complex renewal of historical neighbourhoods; (3.2) renewal of public areas; (3.3) the transformation of the industrial brownfield zone using its territorial resources; and (3.4) residential areas for housing projects.

<sup>50</sup> Its comprehensive objectives were: (4.1) development of public services; (4.2) environmental protection in urban areas; and (4.3) development of green areas and surface elements.

<sup>51</sup> Its comprehensive objectives were: (5.1) the cultural function of the inner city rehabilitation; (5.2) a cultural melting-pot; (5.3) Budapest as one of Europe's musical centres; (5.4) leisure time and entertainment; (5.5) the information society; and (5.6) supporting creative education and training methods.

<sup>52</sup> Its comprehensive objectives were: (6.1) developing the social welfare model; (6.2) increasing the chances high risk social groups; (6.3) reducing inequalities in the education system; (6.4) development of health care; (6.5) social urban rehabilitation; and (6.6) improvement of public safety.

<sup>53</sup> Its comprehensive objectives were: (7.1) development of a standardised regional transport system; (7.2) joint public utility system and environmental protection program in the city and its vicinity; and (7.3) development of negotiation forums for regional integration.

<sup>54</sup> Its comprehensive objectives were: (8.1) complex rehabilitation of inner city sections; (8.2) using the transitional zone's territorial resources; (8.3) the Danube as the city's axis: high priority development of the riverside; (8.4) outer districts as local subcentres; and (8.5) well-balanced development of the system of city centres.

the 2002 conception failed to outline a strategy. Yet, it appears that even this type of urban development conception can have its relevance. In this form, contrary to its drafters' intentions, it cannot exert marked influence on the decisions made on actual projects. Practically the only reason for its existence – in its present form [2002] – is political legitimisation. It ranks among those 'soft' elements that most likely exert some effect, but where it is difficult to state what that effect is. (Pallai 2003a: 68)

The objective of the 1997 – 2003 strategic planning process and its final document – the *Budapest Urban Development Concept* – was to integrate the goals and objectives of the consecutive strategic steps made in the general urban policy formulation since 1991, those coming out of numerous sectoral development strategies, and those which originated in the financial management reform of 1996 and the successive seven-year financial plan. It did fulfil its objective at sectoral and general urban policy integration, but fell short of the possibility to be used as a tool for the selection of projects for the seven-year investment programming because it withdrew from prioritising operational objectives and projects. It remained too broad in its scope of objectives for public intervention.

#### 4.2.4 Fourth election period 2002-2006

In November 2002 local elections took place in Budapest. Again, Demszky won the position of the Mayor for the fourth consecutive time with the campaign program called *Program for developing Budapest into a European capital*. The city government continued to be led by the liberal-socialist coalition, of the same political colour as the national government in the fourth term. That promised a return of more normal relations

between the Budapest and national authorities. Finally, in March 2003 the new City Council approved the *Budapest Urban Development Concept* as the main strategic document for the City of Budapest. By approving the strategic plan, the Council required the preparation of the medium-term programme for the implementation of the strategic plan.

#### **4.2.4.1 Preparation of *The Podmaniczky Programme: The Medium-Term Programme of Budapest 2005-2013***

The Budapest Mayor, who is responsible for the execution of the City Council's decisions put the Chief Architect's Office in charge of the elaboration of the medium-term programme. In summer 2004, more than a year after the approval of the *Development Concept*, a team in the Metropolitan Research Institute (MRI) under the leadership of Ivan Tosics was contracted to undertake the medium term programming. This was the same external expert agency that had been responsible for the coordination of expert work on the elaboration of the *Budapest Urban Development Concept*, this time without a consortium of external experts to manage.

The expert team set as its first task the integration of already existing sectoral programmes of city authorities. Simultaneously it was contracted to develop working proposals for two more policy areas underdeveloped at the city level, namely plans for urban economic development and possible cooperation with the Budapest agglomeration. The chief planner engaged a few more external experts for these new proposals. At the same time, his team was working on integrating of the sectoral plans and programmes

and compiling a list of all projects coming out of the sectoral programmes. By December 2004, the first draft of the *Programme* was prepared by the expert team.<sup>55</sup> It contained a long list of projects coming out of the sectoral plans and programmes, grouped by themes and territorial concentration in different city zones. During consultations with city departments, it was suggested that the expert team estimate the implementation priorities of the city authorities, and prepare financial forecasts for projects within the framework set up by the city's seven-year investment plan, and in light of other available funding.

By the end of February 2005, the team prepared the second draft, introducing for the first time the idea of a Core Programme for medium-term city development. The purpose of the Core Programme was to include all prioritised and financially feasible projects to be implemented by the city authorities in the nine year duration of the *Medium-term Programme 2005-2013*. The second draft of the *Programme* contained the first version of the Core Programme but still did not include the financial forecast for the included projects. The main discussion between the city administration and the external expert team concerned the choice of included projects, and expanding the list of projects included in the Core Programme. In the words of one of the participants, “everybody wanted a bigger Core Programme without giving any consideration to the available resources coming from the seven-year budget projections.”

In the meantime, there was a political scandal accompanying the dismissal of the most influential city's deputy-mayor in December 2004. After a period of disagreement, the

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<sup>55</sup> The external expert team received very little guidance from the City Hall and the Chief Architect's Office on how to design the process of preparation of the Medium-Term Programme.

Budapest mayor dismissed the city's deputy-mayor responsible for financial planning, budget preparations and urban planning of the city though formally he did not give his resignation and officially remained a deputy-mayor without responsibilities. His responsibilities were soon given to another deputy-mayor from the Mayor's Liberal party, who after being inaugurated to that position took some interest in the preparation of the *Medium-Term Programme* in the spring 2005.<sup>56</sup>

#### **4.2.4.2 The consultation process**

Since December 2003, the city authorities have organised thematic meetings for the public every two months. These *Conversations in the City Hall* (*Varoshazi Beszelgetesek*) were initiated and organised by a city politician from the Liberal party who had first been the office head of one of the Budapest deputy-mayors, but who became the new deputy-mayor after the dismissal of the previous holder of this position in early 2005. In March 2005, in one of the regular meetings of this forum, the *Medium-Term Programme* was presented and discussed. This was the first general presentation of the *Programme* to external professionals and the public. As with the previous meetings of this kind, three opponents were invited to comment on the presented version of the *Programme* before the general discussion was opened.

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<sup>56</sup> In the beginning of 2005, Mayor Demszky came up with an attractive name for the medium-term programme. He suggested naming it after Count Frigyes Podmaniczky, the head of the City Public Works Council from the turn of the 20<sup>th</sup> century. Count Podmaniczky initiated and put into force a series of ambitious development projects that transformed the new united city of Budapest into a great metropolis of the dual Austro-Hungarian Empire. Naming the *Budapest Medium-Term Programme* after Podmaniczky symbolically connected the present moment to a 'golden age' in city development – the most prosperous and intensive period in the city history - and associated the present city leadership and its developmental plans with the ambitions and achievements of the successful predecessor. This symbolic name shows the promotional character of the medium-term programme for the political coalition running the city government.

According to the agency contracted by the city authorities to organise the consultation process, this occasion was planned as the first forum in a series of consultation events in the following two months between different groups of relevant actors outside of the city government. The consultation process was supposed to have two main dimensions: a territorial dimension leading to discussions with four groups of Budapest districts, and a thematic dimension where sectoral and developmental topics would be discussed with four groups of relevant professionals. Because of the short timing and coordination difficulties among the Chief Architect, the agency Studio Metropolitana responsible for the organisation of the consultation process and the expert team in MRI did not follow the initial schedule.

Instead of having a couple of open forums per week for different audiences spread over a period of two months, the final consultation process was organised very intensely during an Open Week scheduled for the first week of May. The third version of the *Programme* was ready in the second part of April. It included the financial forecast of different sources of financing: the City's budget, other public sources such as budgets of the Budapest districts and central government, the EU Structural and Cohesion funds, and the private sector. The third draft was sent for written official opinion to the Budapest districts, central government ministries, and other key actors relevant for city development only one week before Open Week.

Open Week had initially been proposed by the MRI expert team, and it was divided into ten half-day consultation sessions: four meetings with the representatives of four groups of Budapest districts,<sup>57</sup> four thematic meetings,<sup>58</sup> and a meeting with citizens. At the end, the mayor personally hosted a meeting on a ship with business representatives, also organised as a press conference and a professional sight seeing tour of developmental areas along the river Danube.

About 3000 invitations were sent out, but very few people showed up. About 20-40 people came for thematic and districts-related discussions, many of them from the City Hall itself. Some districts did not send their representative, later explaining that they did not receive invitations in time. Those who came could not present the official views of the district authorities because there was not enough time to prepare the official written opinions. They rather gave some informal feedback on what was presented. Only four citizens came to the open discussion with the wider public, due to the fact that the announcement for the event was only published in one newspaper and put on the city's website on the day of the meeting.

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<sup>57</sup> According to the initial plan for the consultation process, the meetings with four groups of Budapest districts should have taken place at an earlier stage. A number of district authorities were asked to host the meetings of the planners and the city representatives with representatives of the group of districts, but only one district accepted to be the host and organised the meeting in its district hall. All other refused to host the meetings, offering to participate if the meetings were organised by city authorities in the City Hall conference room.

<sup>58</sup> Topics for the four thematic discussions in the City Hall were grouped in the following way: (1) transport and technical infrastructure, (2) development of the knowledge economy, vocational education and cultural development, (3) social and health issues, and (4) housing, free-time activities, and regional development.



The MRI team revised the *Programme* draft after the consultation process. Districts were required to send formal opinions in thirty days. Their opinions were coming well into June, although the City Council meeting to discuss and approve the *Programme* was already scheduled for the late June. The Core Programme was reorganised: suggested projects were regrouped from the three basic values of the Budapest city development to seven priorities related to the seven strategic goals stated in the 2003 *Budapest City Development Concept*.<sup>59</sup> Finally in June, the final draft of the *Programme* was sent to the committees of the Budapest City Council for review. On June 29, 2005 the City Council held a session in which the *Medium-Term Programme* was discussed and officially approved.

By approving the *Programme*, the City Council requested a revision in a year time after the approval, and another revision after the local election in the fall 2006. After incorporating the modifications requested by the Council, the first revision process started in September 2005 and adding new projects, checking the financial estimations and expectations of external financial support for the projects already included, negotiating with the districts and taking their local investment plans into account what the expert team did not do before June 2005, and negotiating with the regional development council and the central government on the projects to be included into the *Operational*

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<sup>59</sup> During the consultation forums and in the professional circles, external experts uninvolved in the elaboration of the *Programme* were very critical about the outcome. Their criticism focused on the incoherence of the system of priorities with the selected projects. The planning experts pointed out that the Core Programme projects seemed to be selected in an *ad hoc* manner, and not from the strategic goals according to the logic of strategic planning and implementation programming.

*Programme for the Central Hungarian Region* as the basis for the application for the EU Structural and Cohesion Funds 2007-2013.<sup>60</sup>

#### **4.2.4.3 The structure and characteristics of the *Medium-Term Programme***

The *Budapest Medium-Term Programme* (The Municipality of Budapest 2005), covering nine years of city development, offers an extended version of all thematic programmes and projects that would be beneficial for the city in the given period and the Core Programme, a limited version containing those high-priority projects that are estimated as financially feasible for the city authorities in the given period. The extended version of the *Programme* contains nineteen thematic programmes and seven site-specific priority areas for focused public intervention. The nineteen thematic programmes are associated with the three basic values of the city development stated in the Budapest Development Concept 2003, namely Budapest as a liveable city,<sup>61</sup> a socially cohesive city,<sup>62</sup> and an effective city.<sup>63</sup>

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<sup>60</sup> The City Council also requested an implementation capacity to be built by establishing an institutional body responsible for the coordination and monitoring of the implementation efforts. In almost a year after the approval of the Programme, city political leadership was reluctant to undertake the task of establishing the criteria for membership and define the powers and responsibilities for such a body.

<sup>61</sup> The eleven comprehensive thematic programmes associated with this value of urban development are: (1) giving priority to public and environmentally friendly transport; (2) accelerating the rehabilitation of residential areas and public spaces; (3) strengthening the city's ability to maintain its level of population by developing urban residential areas; (4) Developing an integrated waste management system; (5) modernising the system for district heating; (6) renewing, decentralising and democratising cultural life in Budapest; (7) expanding the provision of green spaces and reinforcing a regional green belt; (8) developing tourism; (9) stimulating retail trade; (10) developing major road projects and new elements in the road network; and (11) regeneration of brownfield sites. Liveability bears the most weight in the final document prepared after the approval and containing modifications required by the City Council. Effectiveness associated with the city's economic development finally contained a small number of projects.

<sup>62</sup> The four comprehensive thematic programmes associated with this value of urban development are: (1) improving social conditions in housing; (2) introducing a reform in the regional provision

Table 4: Comparison of the structures of priorities of the *Budapest Development Concept* and the *Medium-Term Programme*

<b>Budapest Development Concept 2003</b>	<b>Podmaniczky Programme: Medium-term Urban Development Programme of Budapest 2005 – 2013</b>
<b>8 strategic goals</b>	<b>7 Core Programme priorities</b>
1. Promoting economic strength	1. Dynamic economy
2. Intelligent transport system	2. Integrated public-oriented transport
3. High-quality built environment	3. Attractive urban environment
4. High-quality natural environment	4. Environmentally conscious Budapest
5. Strong cultural character	5. Reinforcement of cultural values
6. Social sustainability	6. Attentive Budapest
7. Regional cooperation	7. Partnership with the region
8. Well-balanced spatial structure	Selection of <b>7 priority areas</b> : <ol style="list-style-type: none"> <li>1. Northern Budapest</li> <li>2. Metro line no. 4</li> <li>3. City Centre</li> <li>4. Inner transitional zone (Eastern gate)</li> <li>5. Southern Budapest</li> <li>6. Buda Centre</li> <li>7. Connection with the Budapest agglomeration zone</li> </ol>
<b>Comprehensive objectives: 39</b>	<b>Thematic programmes: 19</b>
<b>Specific objectives: 150</b>	<b>“130 developments”</b>
15 years	9 years

The seven priority areas for focused site-specific interventions were selected on the basis of the high concentration of already existing planning efforts and developments within these wider areas (see the list of selected areas in Table 4). “The common characteristic

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of hospitals and specialist healthcare services; (3) making public institutions, public spaces and transport vehicles physically accessible for all citizens; and (4) reducing inequalities in education.

<sup>63</sup> The four comprehensive thematic programmes associated with this value of urban development are: (1) strengthening innovation by establishing a *technopolis* area; (2) helping the development of small and medium size enterprises, and guiding economic development; (3) transforming the structure of vocational education, adjusting to the demands of the knowledge-based economy and reaching out to the Budapest agglomeration; and (4) developing the IT environment in public administration, education and the library network.

of the seven priority areas is that they include sites in which developments reinforce each other synergically” (Municipality of Budapest 2005a: 10).<sup>64</sup>

The Core Programme differs from the extended programme inasmuch as it contains a selection of action projects that are considered of the highest priority for city development which can be financed by the seven-year city budget and expected EU funds from the programming period 2007-2013. “The Core Programme contains those galvanising elements which serve the interests of the whole city and which do not exceed the limits defining the capital’s foreseeable development budget figures – including EU, state and private sector funds – up to 2013” (Municipality of Budapest 2005a: 11). It contains “tasks that inevitably must be carried out in the medium-term” (p. 27). The Core Programme has seven priorities, sixty-eight action programmes and about 130 projects. In the final version that went to the City Council for approval in June 2005, the seven priorities followed the seven strategic goals set up by the *Budapest Development Concept 2003* (see Table 4). The Programme includes estimates of the total costs of the Core Programme, and the preliminary estimates of how much money can come from the seven-year city budget, calculated on the basis of the cost estimation and available funding sources for each project of the Core Programme.<sup>65</sup> The selection of projects for

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<sup>64</sup> In June 2005, the new *Structure Plan for Budapest* was approved, fully in accordance with the 1997 *Building Act*. It was coordinated with the plans for the seven priority areas coming out of the *Medium-Term Programme* by having incorporated the provisions for the planned functional developments in its general zoning structure. Since the approval of the revised *Structure Plan*, the *Framework Regulation Plan* of 1998 has been under revision.

<sup>65</sup> The total cost of the realisation of the given selection of projects in the Core Programme in June 2005 was 7.8 billion EUR. Out of this total, 1.96 billion EUR would be the contribution from the Budapest capital development budget, or about 70 % of the total estimated capital budget up to 2013 (that is estimated at 2.84 billion EUR). “In addition to investments of the Core Programme (to be realised in any event), the expected annual investment budget keeps 30% for the realisation of the Municipality of Budapest’s own projects which are in line with the

the Core Programme was left open, periodical revisions will check the ranking of the projects in connection to the available resources and modify the list.

#### **4.3 Characteristics of the political process of strategic planning in Budapest**

In the period from 1990 until early 2006, Budapest city authorities undertook several strategic planning activities that can be considered as one continuous process of establishing the foundations for integrated strategic public management. This process and inclination towards strategic thinking among city's political leaders started soon after the first democratic local elections. The preparation of a strategic plan for the general city development came only as the last stage of the comprehensive management reforms undertaken in the 1990s. The most significant was the financial management reform of 1995-96 that introduced a seven-year budget planning period. This reform disciplined the way city leadership and administration made decisions about existing revenues, and new funding. It also introduced a sound system of multi-year capital investment planning. The continuity of the process is directly related to the continuity in the city leadership for the last sixteen years. On the one hand the mayor and the Liberal party have been the main force in developing city policies since 1990. On the other hand, the local government coalition of Liberals and Socialists that formed in 1994 has dominated the City Council ever since.

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Programme, but independently conceived, or for the state, district or private developments to be outlined at a later date" (Municipality of Budapest 2005a:4).

However, during the first revision, city officials discovered that some financial estimations were not correct, and that public officials could get the right figures more easily than external expert team. In the meantime, the estimated seven-year city budget shrank, partly due to the reduction in the central grants to the capital city. In effect, the Core Programme projects approved in June 2005 require more funds than the City authorities can count on from the estimated seven-year budget.

In effect, and contrary to the publicly expressed intentions of the city leadership and the expectations of the experts involved, articulating a general developmental strategy for the city slowed down the strategic decision-making process and weakened the zeal of politicians towards innovations and constantly improving the system of decision-making concerning capital investments. Initiated by the Chief Architect, but also accepted by city politicians as the next step in the strategic thinking about the urban development and the effect of possible public intervention, the *Budapest Development Concept* lost the interest and involvement of city politicians. The empirical evidence suggests that political leaders only had a very vague idea of what strategic planning is and consequently had limited expectations about the nature and future use of the product. They saw its promotional side, since it demonstrated to the voters and political opponents their seriousness about improving the city life, and presented the city government's efforts abroad as being fully in accordance with the wider European and international public management trends. Apart from being present at the public events presenting different stages of the planning activities, political leaders let planners and some parts of the local administration work without interference in the different proposals put forward in successive *Concept* drafts. But when the planners presented what they saw as the final draft for political approval after three years of preparation and consultations, political leaders found it unacceptable. They objected that the *Concept* excessively committed them to strategic goals and comprehensive and specific objectives. Real communication and negotiations between politicians and planners only began at that point.

Final approval by the City Council in 2003, after more than five years, did not change much in the way project proposals coming from different sectoral plans were prioritised and included into the seven year capital investment budgeting. The only real strategic tool for selecting of projects for implementation remained the seven-year budget planning: the sectoral projects were estimated mostly on the basis of the availability of funds in the medium-term and within the prioritisation coming out from sectoral policies, not in relation to strategic goals and objectives put forward in the *Development Concept*. Not even the effort towards implementation programming that was initiated following the approval of the *Development Concept*, namely preparation of the *Medium-Term Programme* in 2004/2005 changed this situation.

Considering supremacy of the seven-year capital budgeting tool, it does not come as a surprise that the Budapest case, while showing the strategic zeal of political leaders from the early 1990s, illustrates the problem of shifting from a general strategy development towards implementation programming. The process of preparing the *Medium-Term Programme* shows no continuity with the logic of strategic thinking behind the *Development Concept*. The *Programme* elaboration started from making an integrated list of projects put forward by sectoral programmes, and only in the very late stage was the list of projects included in the seven-year capital planning (the Core Programme) restructured to follow the logic of eight strategic goals of the *Development Concept*.

The *Medium-Term Programme* was developed as a framework in order to give some conceptual structure to a set of projects already planned or at least formulated by

departments of city administration. The role of external planners was to devise a conceptual framework for including as many projects as the city departments came up with. The framework was only a cosmetic introduction to the list of projects - the projects themselves are what city political leaders, City Council members and the city administration seem to be primarily interested in, and further project selection began as soon as the *Programme* was approved in June 2005. The approval of the *Programme* rather confirms that since the introduction of the financial management reform in 1995, the only real planning filter of city authorities is the selection of projects for the capital investment budget planned in a seven-year framework and the yearly budget preparations,<sup>66</sup> in addition to a set of liberal values introduced by city leadership since the first years in office.<sup>67</sup>

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<sup>66</sup> It is illustrative to quote here one of the chief planners of the *Concept* and her words in 2003, before the preparation of the Medium-Term Programme was even initiated. Intended by its makers to be a tool for selecting proposals for public interventions in city development according to a clear structured, widely-accepted, and transparent system of goals and objectives for future city development, Budapest strategic document [the Concept] “fails the claim formulated in the introduction of the 2002 conception to ‘cover the way from long-term strategic thinking that produces strategic programs to the operative programs.’ After all, there is no need from the programming part if the conception is to be used as a ‘soft’ tool. As we have seen, the Budapest strategic process requires programming to come from the seven-year investment plan and not from conceptual planning” (Pallai 2003a: 68).

<sup>67</sup> The liberal, non-interventionist approach throughout the 1990s asserted that the city development should be largely left to the private investors and the public role should be in offering flexible regulations for the private investment activities. This approach preferred limited public interventions in city development, focusing public activities on the planning and provision of city’s infrastructure and fulfilling obligatory tasks of city authorities. However, in the late 1990s city authorities became increasingly concerned about the lack of market interest in the brownfield sites and deteriorating inner-city neighbourhoods, and the growing investment activity just beyond the city borders in the agglomeration settlements. The latter was treated by Budapest authorities as a threat to the development of the city - driving investments away while using the city’s infrastructure and public institutions without contributing to the costs of their maintenance and development. So, the non-interventionist approach to development within the city borders was less liberal when it came to developments in the agglomeration zone.



In terms of the general dynamics of the elaboration of the *Budapest Development Concept* as the main strategic document for city authorities, the process can be divided in two main phases. The *first*, between the fall 1997 and mid-2000, developed around professional consultations and work of experts, mostly external to the City Hall. During the *second*, from the fall 2000 until spring 2002, political leaders became involved and started negotiations with professional experts to make the document politically acceptable.

The first *professional* phase focused on external experts developing a professional understanding and knowledge through practice of how strategic planning can be done and organised in Budapest, as a particular place in a particular time. It consisted of a few consecutive sub-phases of planners doing their work, internally consulting, preparing a draft, going out with the draft to the wider professional community, city and district politicians, with some media coverage, and then going back to the planning work, and the cycle continues for almost three years.

The second *political* phase involved city politicians as well as professional experts. It is interesting to note that district politicians were actually more involved than city politicians themselves in the consultations on the previous 1999 draft through the special meetings between the experts with district leaders and planners. City politician leaders preferred to be informed at the end, and their learning process in terms of what a strategic thinking about general city developmental involves and how it can be used as a tool of public management only began in the second phase. Thus, looking at the strategic urban

planning as a learning process for experts, politicians, public officials, and to a very limited extent for wider public in post-socialist Budapest, it can be concluded that the learning curve of city politicians differed from the learning experience of professional experts, since politicians lacked the will to get involved in the process until the final stage.

The same dynamics of involvement of these two types of actors – city political leaders and contracted planning experts - was repeated in the process of the preparation of the *Medium-Term Programme*, only in a much shorter period (one year) and with fewer experts involved in the professional work. The implementation programming for the strategic goals and objectives set up in the *Development Concept* was also contracted out (as all planning works of the city authorities, including all spatial planning documents). Little guidance was given to the planners, no clear expectations of the local leadership were communicated to the planners. They even had to compile their own financial forecast for all proposed projects and the Core Programme. Since the *Programme* is mostly about the list of projects for consideration or implementation in the 2007-2013, overlapping with the programming period of the EU, then there was little space for the sudden concern of politicians that could have halted the planning process.

Considering the participation of other actors, there is no difference between the two phases of the planning process for the *Development Concept* as the strategic document, and the preparation of the *Programme*. The city administration was involved only in communicating information to external planners considering different sectoral issues and

proposals, excepting only the Chief Architect's Office. Budapest district governments' politicians and planners were consulted in all consultation rounds, their official opinions were asked according to the legal requirements, but they were hardly involved in the planning process. Professional experts external to the planning activity, Budapest agglomeration settlements, and civil organisations were invited to periodical conferences when different versions of the *Concept* were presented. These conferences, and later forums, for the final version of the *Concept* and for the *Programme*, were the dominant forms of an event in the consultation process. Ordinary citizens were invited through announcements in the media to the same events, but very few actually decided to come. As it was legally prescribed, the central state authorities were asked for written opinions before the documents could go for approval to the City Council; otherwise they were not being involved.

Strategic developmental planning in Budapest hardly shows any trace of participation of business and civil actors in the planning process despite the language of cooperation and partnership referring to 'widespread political and professional approval,' and promising cooperation with a wide-range of social and business actors (Municipality of Budapest 2005a; similar in Municipality of Budapest 2003). The only players involved in the process were contracted external experts, limited number of professional staff of the city administration, the heads of some departments and city political leaders (in the last stage). Other types of actors, as far as they were involved at all, were only consulted when a large portion of the planning work and major professional decisions had already been made, namely they were invited to comment on what the planners offered. There

was hardly any attempt to devise a special strategy to involve civic groups and ordinary citizens, which remain at the margins of political decision-making and act only as the recipients of final decisions. City authorities were satisfied with a minimal consultation process, designed to satisfy unspecific regulations set up for the consultation on spatial plans.

Looking at how the implementation of proposed interventions was considered during the planning stages suggests that the prospect of implementation was only given a very limited consideration. Two conclusions can be reached. When considering city budget for proposed public interventions, city politicians did not want to commit to more than the seven-year capital budget can cover. On the other hand, the readiness of developers and investors to take part in some proposed developments was rather assumed (through experience with developers related to zoning regulations enquiries) than negotiated. The real impact of some proposals on the processes in wider city zones was also assumed, not empirically verified. This can be partly explained by the fact that, due to the prolonged planning process and the lack of involvement of political leaders, experts became aware that there cannot be any real thinking about implementation – except in terms of matching the available capital investment funds of the city – without political commitment to the proposed developments. For planners, strategic planning was a good exercise in analysing the situation and assessing the developmental potentials, but the lack of political interest meant that there was no clear concept of what the strategic plan should result in and what can be implemented.

While the planning process moved on towards the preparation of *the Medium-Term Programme*, the prospects of receiving EU funds for infrastructure projects began to feature strongly in the political considerations. The *Programme* deliberately overlaps with the next EU programming period 2007-2013. The projects for which the EU money is expected are very clearly indicated and elaborated in the Core Programme. Although not initiated for that purpose, the *Programme* is often perceived as a tool to support and justify the selection of projects by Budapest city authorities in negotiations with the regional and national government on what will be included in the regional application for the EU Cohesion Funds and also for a few years of phasing-in Structural funds.

In conclusion, the Budapest case is clearly an example of a local public sector-centred strategic exercise with the strong input from external professional experts - including both its elaboration and accompanying consultations, and the understanding of implementation. It has been characterised by a striking stability of political leadership, and continuity in policy-making processes. In spite of this stability, emphasis on the liberal values in understanding city development, and well-developed rhetoric of cooperation, political leaders and public officials did not find it worthwhile to take the planning out of the tight circle of political, administrative and planning actors, and seek support, ideas, and resources beyond the local public sector.

## 5 The case of Warsaw

### 5.1 Contextual variables

Warsaw is the capital city of Poland. With 1.7 million inhabitants it is one of the three largest cities in Central Eastern Europe. It is also the capital of the biggest country (38 million people) in the region, a country that has a polycentric structure of cities (with 42 cities above 100,000 inhabitants, 6 of which have above 500,000 inhabitants). In this polycentric national context, 4.4% of the Polish population lives within the city of Warsaw. The city is situated both geographically and symbolically on the route between Berlin and Moscow. In the Second World War, 85% of the city was destroyed, including the historical Old Town. After 1945, a two-decade-long reconstruction process took place.

#### 5.1.1 Socio-economic indicators and internationalisation of the city's economy<sup>68</sup>

Warsaw is the centre of an agglomeration of more than 2.5 million people, the residence of 65% of agglomeration inhabitants.<sup>69</sup> It has been slightly losing population since the 1990s, net migrations compensating for the natural loss of permanent residents. However, the estimate is that about 600,000 people have been commuting from the surrounding areas to work in Warsaw. The unemployment rate was 6.5% in 2005, three times below the national average. The city's working age population is 75%, and the activity rate of

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<sup>68</sup> The data in this section are compiled from the *Statistical Yearbook of Warsaw for 2004*, official website of the city of Warsaw ([www.e-warsaw.pl](http://www.e-warsaw.pl)), and materials accompanying the *Development Strategy for Warsaw until 2020* (Warsaw City Hall 2006).

<sup>69</sup> Warsaw total area is 517 km<sup>2</sup>. Density of population is 3,269 inhabitants per km<sup>2</sup>. Number of passenger's cars in 2003 was 413 per 1000 city inhabitants (Statistical Office in Warsaw 2005).

the working age population is 65.6%. More than 20% of the city's population has the university degree. The average monthly salary in 2003 was about 860 EUR (3,369 PLN).

Warsaw's GDP per capita is about 15,000 EUR, about three times the national average, and two times the average of the Mazowiecki voivodeship. In 2000, more than 30% of all companies in Poland with foreign capital were located in Warsaw. Among them, 44% were active in retail, 23% in banking and finance including business services, and 12% in manufacturing. In 2005, about 17% of the workforce worked in industry, compared to over 30% in 1989. Embarking on a market economy has meant a severe shock for Warsaw's industry. The share of the Warsaw metropolitan area's imports (30.5%) in the total value of Poland's imports is three times higher than its share (11%) in the total value of national exports (Komornicki 2003).<sup>70</sup>

According to *the European Cities Monitor 2005* by Cushman & Wakefield/ Healey & Baker, an annual survey of senior managers and board directors of 500 Europe's top companies on the best localities for business, Warsaw came 20th out of 30 European cities in 2005 (up from 26th rank in 2002), one rank before Budapest.<sup>71</sup> That is the overall score calculated on the basis of 12 different business location factors.<sup>72</sup>

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<sup>70</sup> Korcelli-Olejniczek argues that "Warsaw's national position is stronger in the 'absorptive' than in the 'generative' sense. This corresponds with an assessment by S. Furman who has observed that exports generated by Warsaw contain a very small proportion of technologically advanced products and services. According to that author, this is evidence for a one-sided character of the process of globalisation of Warsaw's economy which for long years to come is likely to remain a recipient rather than a generator of growth impulses on a transnational scale (Furman 2000: 446)" (Korcelli-Olejniczek 2005:8).

<sup>71</sup> In 1990, when only 25 cities were included in the study, Warsaw ranked 25<sup>th</sup>. Twenty percent of the biggest 500 companies were already located in Warsaw in 2005 (compared to 40 percent in Paris at the top of the list). According to the expressed expansion plans of companies in the next

### 5.1.2 Intergovernmental relations

In March 1990, the newly elected Polish Parliament passed the *Local Government Act* that started the decentralisation reform by introducing the municipality (gmina in Polish) as the basic unit of local government. In May 1990 the *Law on the Administrative System of Warsaw* or so-called *Warsaw Act* was passed after several drafts. This new law about the capital city established Warsaw as the Union of seven municipalities of Warsaw, though the municipalities kept all rights and responsibilities like any other gmina in Poland. The Union had no direct power over its seven municipalities. The City Council of the Warsaw Union was to elect the President of the Union, equivalent to the mayor, and three vice-presidents; four of them constituted the Executive Board of the Union. In the beginning of 1993, one more municipality achieved independence from the rest of the original municipality (the 1990 Warsaw Act allowed the separation of gminas), and the Union consisted of eight municipalities until the end of the first election term.<sup>73</sup>

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five years, another forty-one company will locate to Warsaw, the highest number for all cities included in the study (Cushman & Wakefield/ Healey & Baker 2005).

<sup>72</sup> Warsaw city authorities showed a great pride in this ranking of the city when it was revealed. Some other studies, however, argue that Warsaw's chances of improving its transnational role in the European urban system of metropolises by developing metropolitan functions of an economic character are rather weak. For example, Korcelli-Olejniczak argues that Warsaw, together with Berlin, will not be able to take up one of the central economic positions in Europe, and will remain beyond the economic core at least for another 15 years. She claims that Warsaw's improvement in metropolitan functions will come from non-economic functions such as political and cultural gateway city functions or economic functions of indirect character, such as science and education. On the other hand, when compared with Budapest and Prague in terms of the three metropolisation criteria (the concentration of high order services, integration in a world cities network, and the image as a good place for investment), Warsaw stands out. Bourdeau-Lepage shows that although all three CEE cities lag far behind the major EU metropolises on most criteria, Warsaw has the most advantageous position compared to Prague and Budapest, and shows the highest attractiveness as an emerging metropolis of the enlarged Europe in terms of high-order services (Bourdeau-Lepage 2004).

<sup>73</sup> The basic characteristics of this first local government system of Warsaw can be summarised quoting the words of a planning expert and former participant in the city government. "These districts were very much different from each other (regardless of the obvious differences in



In March 1994, Parliament passed the new *Warsaw Act* or the *Law on the Organization of the Administrative System of Warsaw*. It created a large central municipality, Gmina Centrum with approximately 960,000 people or 58 % of the whole city population, corresponding approximately to the pre-Second World War boundaries of the city of Warsaw or the land which had been nationalised in 1945. The new *Warsaw Act* created ten municipalities around the Gmina Centrum. These eleven municipalities constituted the Union of the Municipalities of Warsaw. On the top of this, the Centrum municipality was divided in 7 districts with no legal personality, but with their own councils and budgets. The Executive Board of the City consisted of the President of Warsaw and his three deputies. The President of the Union was in the same time the mayor of the Centrum Gmina and as such was elected by the Council of the Centrum municipality and automatically became the President of the Union, i.e. the mayor of the city of Warsaw.

In practice this meant that the city of Warsaw had three internal administrative levels. The smallest municipality had less than 2% of the territory of the city, and the least populated municipality less than 1% of the population of the whole city. The total

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physical shape of their development): the most populated had nearly nine times more inhabitants than the smallest one; the richest one had more than six times the income per capita than the poorest one. All together 345 councilmen were elected for seven district councils (with extra 28 for the additional one, the eighth); 28 (later 32) constituted the indirectly elected Council of Warsaw. All districts had their executive boards with mayors on the top, in addition to the Executive Board of the capital City of Warsaw. The joint funds of their seven budgets were nearly as big as the budget of the City (in 1993). For all who were interested in the problems of Polish local democracy, the structure of the Polish capital was obviously not a good one. The disputes on how to improve it had already begun a few months after the first local elections [in May 1990]" (Buczek 2001: 6).

revenues of the City were equal to 60 % of the total revenues of all 11 municipalities in 1996.

The planning of physical development and the general development strategy created conflicts as the city authorities became weaker than during the first term, while municipalities became stronger (...) The main problem caused by such a structure of self-government was the lack of appreciation of common goals for the city as a whole. Conflicts and jurisdictional disputes were generated mainly because of the lack of a precise allocation of duties or financing principles. Conflicts arise mainly between the City of Warsaw and the various municipalities, and between the city and the Warsaw-Centrum Municipality. Conflicts also stem from the imprecisely defined scope of tasks to be performed by the City of Warsaw. Warsaw's municipalities have the same authority that all other Polish municipalities have. This is problematic, as the city's municipalities were established by partitioning a physically and functionally integrated entity. The division was based on a noble assumption that municipalities would act as parts of a whole (caring for their own interests and the city's interests), but experience has shown that municipalities tend toward self-interest (Buczek 2001: 9).

A new administrative reform in 1998 introduced a regional level of government (voivodeships), and introduce some changes in the county level (powiats), but this did not affect the internal structure of the city of Warsaw.

On 15 March 2002, a newly elected national Parliament, elected in the fall of 2001 after the fourth general elections since transition passed a new and radically different *Act on the Structure of the Capital City of Warsaw*. All of Warsaw became a single municipality with the powers of a county. The internal division of municipalities ceased to exist.

Instead, the city is divided into 18 districts with limited powers and resources.<sup>74</sup> The legislative authority in the new Warsaw municipality resides with the Warsaw City Council, reduced to 60 council members, and the mayor of Warsaw is the executive authority. This new law came into force in October 2002, and new local elections immediately followed. Another big change came from the 2002 amendment to *the Law on elections for municipal councillors*, which introduced the direct elections of mayors (presidents of municipalities) and regional governors. In 2002, therefore, the mayor of Warsaw was directly elected for the first time since the beginning of decentralisation in 1990.

In 2004, the total public revenues of the Warsaw city budget<sup>75</sup> were 1.467 billion EUR (5.983 billion PLN), out of which 81.3% were own revenues (including 39.3% of exclusively own revenues coming from local taxes and fees, and 42% of shared revenues from corporate and personal income tax), 12.3% general subsidies from the state budget, and 6.9% special state grants. Total local public revenues per capita were 869 EUR (3,545 PLN).

The total local public sector expenditures in 2004 amounted to 1.777 billion EUR (or 7.247 billion PLN). Capital investment expenditures were 15.8% of the total

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<sup>74</sup> Districts handle local matters such as local roads, schools, kindergartens, the issuing of driving licenses, the registration of residents, etc. Their budgets and financial policies have to be consistent with those of the city. The members of district councils are directly elected, and the district council elects the district mayor.

<sup>75</sup> That means the sum of revenues of the city government and 18 district. The same applies for expenditures.

expenditures, or 243 million EUR (989.6 million PLN).<sup>76</sup> Debt by the end of the year was 538 million EUR (2.195 billion PLN), and new borrowing 151 million EUR (618 million PLN). Total public expenditures per capita were 1,052 EUR (4,293 PLN) in 2004. Capital investment expenditures per capita were about 144 EUR or 586 PLN. The Warsaw local public expenditures were 8% of total sub-national government expenditures (at municipal, powiat and voivodeship levels) in 2004.

### 5.1.3 Workings of the local political system

Democratic local elections first took place in May 1990. The indirectly elected Warsaw City Council elected Stanislaw Wyganowski, an architect-planner, as the first President of Warsaw or city mayor. For the June 1994 local elections, a new administrative structure was put in place: the city was divided onto 11 municipalities with the Centrum Gmina formed as the biggest and most wealthy municipality. According to the new law, the Centrum gmina council elected Marcin Swiecicki from the centrist *Freedom Union* (UW) for the new mayor of the Centrum, and he automatically became the President of

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<sup>76</sup> Out of this total local public capital investment expenditures, about 73% or 155 million EUR (600 million PLN ) came out of the city budget. More than 85 % of total capital investments made by the city authorities in 2003 went to the public transportation and road infrastructure, of which about 270 million PLN or 45% of total city investments, went to the construction of the first metro line (Gasek 2005).

Another interesting point to be mentioned here is that the overall public sector investments in 2003-2004 were about 50% of that during the period between 2000-2001, i.e. before the radical reform in 2002 that unified Warsaw as one gmina with 18 districts. Public investments into the pre-2002 Warsaw gminas and post-2002 districts decreased less than the public investments concerning the whole city, contrary to the expectations of those who were against the unification of the city administration. Prior to the approval of the new law on the administrative structure of Warsaw in 2002, opponents of the *one city-one gmina* reformers argued that the new unified structure would lead to the under-investments in the outer city districts, and concentration of investments in the centre. The fear was that the peripheral neighbourhoods would start lagging behind even more than previously. The real figures show that this did not happen, and furthermore, that the public investments under the Mayor Kaczynski decreased everywhere (Gasek 2005).

Warsaw. He continued at that position for a short time after the third local elections in 1998, and in March 1999, after a political crisis, the new mayor of Centrum Gmina was elected by the gmina council, and Warsaw got a young and politically ambitious President, Pawel Piskorski from the UW. The SLD (post-socialist *Alliance of the Democratic Left*) had 36% of seats, UW had 24%, and AWS (*Electoral Action Solidarity*, a coalition of rightist post-Solidarity parties) 40% of seats in the City Council. From 1994 until 2001, the unstable local coalitions of UW and SLD ran the City Council.

In 2001, by the amendment of the *Warsaw Act*, the Polish Parliament separated the roles of the Mayor of the Centrum municipality and the President of the City of Warsaw. Piskorski chose to remain the President of Warsaw. After the new party *Civic Platform* (PO) developed out of the UW, the City Council was run by the coalition between SLD and PO. The Centrum Municipal council elected a new Mayor for the central municipality. Piskorski stood for the national parliament in the general elections in the fall 2001 on the list of newly formed PO. After he was elected to the Sejm, he stepped down as the President of Warsaw in January 2002. On the same day, one of the vice-mayors, Wojciech Kozak, was chosen by the City Council as the new President of Warsaw until the next local elections in the fall 2005.

After the new radical administrative reform for Warsaw in November 2002, a new mayor of Warsaw was directly elected in local elections for the first time. The situation in Warsaw was extremely radicalised after numerous scandals, especially in Centrum Gmina, and Warsaw citizens punished the national parties that were running the city and

its municipalities throughout the 1990s (namely UW, SLD and AWS), as confirmed by the election results: a new mayor was elected, Lech Kaczynski, a populist right-wing leader of the newly formed and controversial *Law and Justice Party* (PiS). The PiS and centrist PO coalition also took over the City Council. SLD has 33% of seats, PO 13%, PiS 40%, LPR (*League of Polish Families*) 10%, and *Selfdefence* party 2% seats in the City Council.<sup>77</sup> The political fragmentation of the City Council increased between 1998 and 2002 local elections (Swianiewicz and Klimska 2003). In the fall 2005, Kaczynski, the fifth city mayor in four terms, ran in the presidential elections, and won in the second round. In December 2005, when Kaczynski became the President of Poland, the central government appointed the Warsaw City Secretary Miroslaw Kochalski as a commissioner to act as President of Warsaw until the new local elections in 2006. In 1994, the turnout at local elections for the Warsaw City Council was 28.1%, in 1998 42.1% and in 2002 41.3% (Swianiewicz and Klimska 2003).

#### 5.1.4 The characteristics of the civil society

Although the number of NGOs is growing in the CEE countries, including Poland, the representation of collective interests of various segments of the civil society is still weakly developed, especially at the local level. The growing number of NGOs does not directly translate into better representation of citizen interests in dealing with local authorities. Furthermore, it does not directly lead to better communication between citizens and local authorities, or even a step further to community involvement into the local decision-making processes. As Swianiewicz pointed out in the recent cross-national study of the complementarity of urban leadership and community involvement, practical

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<sup>77</sup> The PiS/PO coalition had 31 out of 60 seats in the City Council.

experience in community involvement is extremely limited in CEE countries (2005: 123).<sup>78</sup> So, the issue here is not the strength of civil society as such, but rather the existence and quality of local interest representation in the urban setting. However, there is very little systematic research done on this aspect of the civil society and its capacity to engage in local politics in Poland in general, let alone the city of Warsaw.

In his research on the public perception of local government in Poland in general, Swianiewicz pointed out that “this picture might be summarised as sympathetic disengagement – most people like decentralisation, but do not care very much about local governments, do not think of it as very important for their everyday lives, and prefer to stay almost entirely uninvolved” (Swianiewicz 2001: 219). This is related to the extremely weak tradition of civil involvement in the public affairs in the socialist regime, and cannot be fast overcome.<sup>79</sup>

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<sup>78</sup> As an illustration of the general Polish experience with the role of NGOs in local service delivery, only “about 44 per cent of Polish local governments contracted NGOs to provide *some* local services. This is even more evident in Hungary, where 88 per cent of local governments declared contracts with NGOs, while 37 per cent of Hungarian municipalities also engaged in consultation with NGOs during local decision making” (Pawel 2005: 120; emphasis is mine).

<sup>79</sup> In a study based on the survey of chief administrative officials, CAOs in the Polish municipalities over 50,000 inhabitants (larger municipalities) reported public demonstrations concerning local matters in about 41% of those municipalities, citizen’s petitions on various local issues in 43%, requests for direct meetings between local officials and group of citizens in 69%, local government decisions were challenged in a court or at a higher administrative authority in 60% of municipalities, and civil society organisations submitted proposals on some questions of public interest in 63% municipalities. In the same study, in 32.4% of larger municipalities in Poland CAOs considered that citizens had a big influence in local decision-making, in 42.6% of larger municipalities citizens had moderate influence, and in 25% only small influence (Pop 2005).

## 5.2 Chronology of planning events

### 5.2.1 First election period 1990-1994

The regulations for spatial planning – in the form of the law on spatial planning – did not change in Poland in the first four years of transition from the socialist system. This meant that after the initial introduction of the market economy the basic logic and methods of planning kept in planning regulations remained the same as in the centrally planned economy. The 1984 *Spatial Planning Act* was still effective until the new act in mid-1994 was passed. In September 1992 the Warsaw Council approved *The General Development Plan for Warsaw: Warsaw XXI* (or the master plan) which development was initiated in autumn 1991.

The Warsaw leaders of the day were, however, aware to some extent of the weaknesses in this master plan, and the resolution adopting the plan pointed out at the necessity of strategic planning for Warsaw. Initiated by the city's deputy-mayor for urban development, new bodies independent from the city administration (e.g. an urban planning agency *Warsaw XXI*) were established to produce extensive studies on the development of the city. The outcomes of this very first strategic thinking process were

presented during a series of meetings involving the representatives of various political, social and cultural organisations, professional associations and non-governmental bodies, and the representatives of all municipalities (i.e. 8 municipalities), in addition to the Council of Warsaw. As a result, the *Draft Development Strategy of the Warsaw Metropolis* was elaborated by the end of May 1994. (...) In relation to any previous experience concerning socio-economic planning, the public discussions and elements of participation were considerable, though not formalised along any legally binding procedures. As



the document was drafted shortly before the first local democratic government's term ended, it was not formally accepted by any official resolution, either of the Warsaw Executive Board or the Warsaw City Council (Buczek 2001: 7-8).<sup>80</sup>

The 1992 *General Development Plan for Warsaw* became quickly inadequate, though being prepared in a more flexible fashion than the previous 1982 socialist master plan, “creating and defining the development opportunities for multiple investors [newly] present on the market’ (Buczek 2001: 7).

### 5.2.2 Second election period 1994-1998

In July 1994, the first post-socialist *Spatial Planning Act* and the *Building Act* were passed by the Parliament. Regardless of this, until 1996 the new City Council, elected in 1994, had no interest in any such an endeavour, and aborted all work on developing a strategic document for Warsaw. In the same time, Warsaw mayor Swiecicki independently published and promoted his own strategy for Warsaw, *Seven Priorities of Warsaw*. More importantly in the long-run, Warsaw city authorities decided to prepare a new planning document defining a spatial development policy of the city as required by the new 1994 *Planning Act* and called the *Study of Conditions and Directions of Urban Development of Warsaw*. In March 1996 a competition for the *Study for Warsaw* was announced. In the meantime, between the announcement of the competition for the *Study* and the beginning of the planning work, city authorities decided once again to start strategic planning for the city.

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<sup>80</sup> Contrary to the fate of the first general strategic document, the *Transportation Policy for the Capital City of Warsaw* was prepared in the first election period under the leadership of the same deputy-mayor and approved by the new City Council in 1995.

Preparing the city's development strategy has not been a legally required activity for municipalities in Poland. The only exception was a legal requirement for the City of Warsaw contained in the 1994 *Act on the administrative organisation of Warsaw*, which required the city to prepare a development strategy for the whole city. In mid-1996, at the time when city authorities started thinking again about the preparation of the strategy, the preparatory works on the city spatial development policy, i.e. the *Study for Warsaw*, had already been started. When the expert team responsible for the design of the *Study for Warsaw* started work, it was still not known who the designers of the Warsaw Development Strategy would be. In May 1997 the preparation of the *Warsaw Development Strategy until the year of 2010* began. In May 1998 the Warsaw City Council approved the *Warsaw Development Strategy*, and in June the *Study for Warsaw*.<sup>81</sup>

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<sup>81</sup> In terms of a logically expected sequencing of planning works, the story about the *Strategy* preparation should come first. Nevertheless, in terms of the sequencing having took place in reality, the preparation of legally-required document of the *Study for Warsaw* started before a clear decision on whether or not a *Warsaw Development Strategy* is needed. Eventually, however, the final preparatory works came about at the same time (during 1997 and early 1998), the two documents had been coordinated during the preparation, and the final version of the *Warsaw Development Strategy Until the Year 2010* has been approved and put into force by the Warsaw City Council about two weeks before the approval of the final version of the *Study of the Conditions and Directions of the Spatial Development of Warsaw Capital City*. Therefore, the process of the preparation of the *Strategy* will be presented first, though one should keep in mind that the commitment to the formulation of a city development strategy came after the preparatory process on the *Study for Warsaw* started.

### **5.2.2.1 Warsaw Development Strategy Until the Year 2010**

#### *5.2.2.1.1 Pre-Preparatory Stage: selecting the chief planners*

In contrast to the selection of the expert team to prepare the *Study for Warsaw*, no competition was organised for selecting the expert team for the *Warsaw Development Strategy*. Instead, the Land Development Department and the City Board selected members on the basis of personal knowledge and personal connections. In January 1997 it was decided that the Warsaw City Council should be officially presented with the final version of the *Strategy* by the end of the year, but it became clear that there was not enough time and that the final City Council discussion and approval could not be made before the end of the term, i.e. until mid 1998. Three different teams, one by one, were unsuccessfully asked to undertake the work. Each of them took some time to decide, made initial inquiries, and finally gave up. Finally, the fourth attempt was successful, and two future general designers of the *Strategy*, Prof. Alojzy Zalewski and Prof. Marek Ziolkowski from Warsaw, agreed to undertake the preparatory work in February 1997.

Aware of the previous failed attempts, the fast approaching next local elections, and the conflict-ridden situation in the Warsaw local political arena, the future designers set conditions before accepting the offer. They required that the *Warsaw Development Strategy* be an expert document written by experts, not politicians, without negotiations with Warsaw municipalities. The reason behind this condition was that given the extremely short time remaining for the preparation of the *Strategy*, negotiating with the authorities of each and every Warsaw municipality (several of which tended towards independence from Warsaw city government) during the preparatory phase would make

the process troublesome and the finalisation impossible. The City authorities finally agreed to these conditions. Two experts started the work in the beginning of April 1997. An in-house team from the Department of Land Development was set to assist the chief designers in their work.

#### *5.2.2.1.2 Preparation of the Strategy, consultations and the final approval*

From April 1997 until mid-May 1998 the elaboration of the Warsaw Strategy took place. This process can be divided in two phases: planning works undertaken by two chief designers, and consultations through the opinion-giving process concerning the final version of the document to be presented for the approval of Warsaw City Council.

The planning work itself, done primarily by two chief designers, was divided in two stages. The first stage consisted of “assessing the existing situation, which included analysing and assessing the structural transformations and tendencies in Warsaw’s socio-economic development between 1990 and 1996” (Warsaw City Hall 1999: 18). The outcome of this phase was published in the form of a report *A Report on the State of Warsaw (Raport o stanie Warszawy)* in November 1997. The second stage consisted of “analysing and assessing the environment for Warsaw’s development, preparing scenarios and forecasts of the city’s economic development, forecasting fiscal revenues available to local authorities, defining strategic and operational goals and implementation tasks, and defining the needs and investment priorities regarding technical infrastructure and potential financial sources” (Warsaw City Hall 1999: 18). This was also published as

a separate report *The Conditions, Strategic and Operational Goals of Warsaw Development and Implementation Tasks* (Warsaw City Hall 1999).

After each stage, reports were sent to various institutions asking for written opinions. Since the consultation process for the Warsaw Strategy was not defined in the 1994 Act on Warsaw, and not legally required for other Polish municipalities, the designers and city officials involved in the preparatory process decided to follow the logic of the formally required procedure of public consultations concerning similar documents, namely a *Study* spelling out spatial development policy. Consultations took the form of a legally defined procedure of formal opinion-giving when draft documents are sent to pre-listed institutions and their written opinions are demanded. In the case of the second document produced in the preparation of the strategic document, *The Conditions, Strategic and Operational Goals of Warsaw Development and Implementation Tasks*, the opinion-giving stage came about in April 1998. The document was sent to and written opinion expected from, at the central state level, the members of the Parliament and the Senate coming from Warsaw, the committees of the Parliament and the Senat dealing with local government and land development issues, the Chancellery of the Polish President, the members of the Council of Ministers. An opinion was also asked from the Warsaw Voivodeship administration, and at the municipal level, from Warsaw municipalities and districts of the Warsaw Centrum municipality. Different municipal agencies, public companies, higher education and scientific institutions also received the draft document; then professional associations, chambers of commerce (Warsaw City Hall 1999: Introduction).

In addition to written opinions, several meetings were organised to discuss the drafts of the two documents. Meetings took place with municipal council chairmen, mayors and officials of Warsaw municipalities and districts, one meeting with representatives of social and professional organisations and scientific institutions, and one meeting with the members of the Committee on Land Development of the Polish Academy of Science.

The final document of the *Warsaw Development Strategy Until the Year 2010* is a synthesis of the outcomes of the two planning stages, along with several corrections made after the opinion-giving stage. The document went to the Warsaw City Council for approval on 25 May 1998. The council chairman demanded a personal vote by council members in order to push for the document's approval. Eventually, the City Council approved the strategic document.

#### *5.2.2.1.3 Structure and characteristics of the urban development strategy*

The *Warsaw Development Strategy Until the Year 2010* is a comprehensive attempt at exploring economic, social, administrative, spatial, infrastructural and ecological potentials and weaknesses, while simultaneously giving directions for the future preferable overall development of the city. There is no motto nor catch-phrase to express the vision of the future city. The city is not expected to become this or that particular type of a city, except to become 'a true European metropolis.' The authors honestly point out that:

Warsaw's image abroad has improved in recent years, as illustrated by the city's progress in recent rankings of European cities. However, the

improvement perceptions stem more from foreign experts' positive assessments of Poland's economic transformations than on concrete socio-economic development in the city itself (despite clear progress in recent years). (...) Warsaw's position in various rankings mainly reflects the city's potential. Warsaw is classified among cities that may very well become first-class European centres (Prague and Budapest are other examples). (...) no one expects Warsaw to soon become a European or world financial, economic, scientific or cultural centre.

The Warsaw Development Strategy Until the year 2010 is not searching for a new role for the city. Its goal is to strengthen Warsaw's (and its surrounding areas') diversity and multifunctionality. (...) This means utilising all municipal qualities and resources and Warsaw's capital status to increase the city's competitiveness with respect to other European cities (Warsaw City Hall 1999: 121).<sup>82</sup>

The authors of the *Strategy*, in coordination with the expert team simultaneously working on the *Study for Warsaw*, formulated a two-level set of strategic goals for future

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<sup>82</sup> Following on this, the authors pointed out to their decision not to adopt a vision-driven approach to the elaboration of the Strategy's goals for Warsaw development and the reasons for it. **"The goals should not be treated as a 'vision' of Warsaw's eventual socio-economic development, but rather as permanent goals - part of development processes** that are geared toward fulfilling residents' and the economy's needs and making the city more competitive internationally. The vision is merely an image of the city at one selected stage of its forecast growth (hence the notion of a 'targeted state'). Such visions rarely translate crisply into reality because of rapid scientific and technological progress and fluctuations in external and internal political, social and economic affairs. Visions of a targeted state for Warsaw are a matter of wishful thinking, as they are not subject to actual implementation possibilities, internal or external pre-conditions for further growth, or, above all, the current or forecast state of municipal coffers.

On the top of this, the city is a dynamic entity undergoing constant development and social, economic, physical and ecological transformations - it is an open system that is never static. For this reason, a permanent vision of the city is not really useful, as it is a fixed model that answers a question of how development should look like at a specific point in time. A more adequate model would be a dynamic one (...) The aforementioned vision is a 'photograph' of the city at a specific time in the future, while the general directional goal is a 'film' tracing an outline of development" (Warsaw City Hall 1999: 121; the emphasis in original).

development of the city of Warsaw. The general directional goal, ‘expressing statements of local governments’ intent regarding the city’s development’ (Warsaw City Hall 1999: 123), describes ‘Warsaw as a European metropolis with a rapidly growing economy and a steadily increasing standard of living.’ The general directional goal is then followed by five main strategic goals, ‘which develop more detailed assumptions of the main directional goal’ (Warsaw City Hall 1999: 123) and are ‘the basic guidelines for future planning efforts and, consequently, further implementation efforts’ (Warsaw City Hall 1999: 126). Strategic goals are also formulated as ‘functional goals.’ Without giving priority to any of them, the *Strategy* sets up the following unranked strategic goals:

1. Improving residential environment and the city’s attractiveness.
2. Developing and improving the city’s transportation system and ensuring efficient communication links to elsewhere in Poland and points abroad.
3. Creating conditions that would stimulate economic growth.
4. Creating a proper environment for international economic, scientific and cultural organisations and institutions.
5. Achieving harmonious development within the city as a whole, which will strengthen the integration of the metropolitan area. (Warsaw City Hall 1999: 125-6)



These main strategic goals were further operationalised into sixteen operational goals,<sup>83</sup> and the latter then operationalised further into seventy five implementation tasks. It was stated that all operational goals are equally important and no prioritisation was offered. It is probably because these goals were already defined as ‘priority’ goals and ‘the most urgent of all urgent goals.’ As for implementation tasks, they were formulated as the last conceptual step made in the planning work on the Warsaw Development Strategy, and the first step towards implementation efforts as the next stage to follow up the preparation and approval of the *Strategy* document. The authors expected that the next step would be the preparation of specific programmes for implementing various tasks.

The designers of the *Strategy* recognised that ‘investments in technical infrastructure should be the top investment priority’ (Warsaw City Hall 1999: 139), especially the improvements in the city’s transportation system. In order to ‘make up for past investment delays’ and to ‘eliminate development disparities’ in Warsaw, the development of the transportation system was given the highest importance.

#### *5.2.2.1.4 Giving directions for improving coordination of implementation efforts*

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<sup>83</sup>Listed operational goals are the following: (1) modernising and developing Warsaw’s external communication links; (2) making the municipal transportation system more efficient; (3) improving the technical infrastructure’s functioning and development; (4) creating an active economic policy for utilising the city’s resources; (5) developing science and education and their cooperating with the business community; (6) improving public safety; (7) providing social welfare for those in need; (8) developing residential housing; (9) rationalising municipal property management; (10) supporting institutions that popularise arts and culture; (11) assisting the development of recreation and leisure facilities for residents; (12) protecting cultural and natural assets and reconstructing historical points and city blocks and areas; (13) protecting environment resources and assets; (14) developing a rational land development policy; (15) coordinating development processes within the Warsaw Metropolitan Area; and (16) active creating Warsaw’s image as a European metropolis (Warsaw City Hall 1999: 127-137).

The authors of the *Strategy until 2010* argued that the market alone cannot achieve strategic goals of city's development: "Local and central government bodies will have to coordinate efforts to create the right institutional, organisational, economic and social conditions for encouraging selectively defined municipal [city] development" (Warsaw City Hall 1999: 154).<sup>84</sup>

The implementation directions called for in the strategic document include conditions for cooperation and coordination of development activities. The document called for improved municipal administration and city-wide development management, cooperation not only within the city boundaries, but also within the Warsaw agglomeration (i.e. Warsaw Metropolitan Area), a new role for the central state in city development. All these factors were listed as missing conditions that hinder effective development of the city and, as such, they were defined as most needed interventions aimed at improving the institutional capacity for implementation.

Warsaw's administrative structure as introduced by the 1994 Warsaw Act was recognised as 'a major hindrance to Warsaw's development. It prevents the city from fulfilling basic administrative functions, especially planning, coordination and supervision' (Warsaw City Hall 1999: 92). The lack of clear definition and division of responsibilities between

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<sup>84</sup> Creating the right conditions for implementing the Warsaw development strategy, the authors emphasised, should improve the efficiency of the city-wide administration, develop concrete programmes for implementing specific tasks, adopt an effective information policy outlining the development strategy's goals and methods and target this to all interested parties; initiate and coordinate cooperation among the City of Warsaw, Warsaw municipalities and neighbouring municipalities belonging to the Warsaw Metropolitan Area, state bodies, NGOs and local residents; create a (longer-term) financial policy that promotes development and also use external sources of project finance (including loans, bonds, public-private partnerships); and select

the City of Warsaw authorities and Warsaw municipalities, the self-interested behaviour of Warsaw municipalities that led to fragmentation in territorial management and the lack of coordination in planning and implementation efforts, all hinder the development of the city towards a European metropolis.<sup>85</sup> Therefore, the new administrative structure must be based on greater cooperation between its various parts, and on coordinating municipal and sectoral development plans to enable effective city-wide development.

#### *5.2.2.1.5 An expert strategic document*

The Warsaw Strategy is an expert-driven document engaging other expert agents and politicians only as much as needed under the given circumstances. As one of the main close observers of the planning policy processes and a planning expert in Warsaw noted

regardless of the efforts of the authors of the strategy and of the city authorities, there was not much of the expected feedback observed, or any serious public discussion on the *Strategy* visible, most probably because of the fact that the whole methodology applied was focused on the experts' generated evaluations, expertise and goals rather than a wide public participation in an early stage of the planning action. The other reason was that the Strategy was drafted on the basis of the expectation that the administrative structure of Warsaw will be improved rather sooner than later (Buczek 2001: 17).

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strategic solutions to certain development issues after conducting specific studies to assess proposed solutions' effectiveness.

<sup>85</sup> "Resolving the most urgent issues, eliminating disparities in economic development and creating foundations for continuing growth and expansion - none of this can happen without an efficient municipal [city] administration that treats Warsaw as a functional and physical whole. Without such an approach, Warsaw could become progressively less-attractive place for business and tourism, a capital city at the metaphorical outskirts of a united Europe. Above all, Warsaw must create its role in Europe by itself." (Warsaw City Hall 1999: 92)

#### **5.2.2.2 The Study of Conditions and Directions of the Spatial Development of Warsaw Capital City**

According to the post-socialist Physical Planning Law which came into force on 1 January 1995, each and every local municipality is required to produce and enact a document defining the spatial development policy of the municipality. That document was to be legally binding and to represent the basis on which detailed local physical plans were to be prepared. The document in question is called the *Study of the Conditions and Directions of Spatial Development* for the given municipality.

The Warsaw City Council thus decided in June 1995 that the elaboration of such a legal document should begin, and required from the City Executive Board to complete the task by the end of the first half of 1998, i.e. by the end of the term of the local government holding the office at that time. The Office of the Board of the Capital City of Warsaw started preparatory activities.

The 1994 *Physical Planning Act* did not say anything about a team that was to prepare the *Study*.<sup>86</sup> Therefore, it was left to municipalities themselves to decide on who would do the required work and how. What was clear is that the preparatory work would have to be commissioned to an external group of experts, because no in-house planners could do the work themselves. By the end of 1995, after initial consultations, the Warsaw City Board decided on a procedure for selecting the team that would design the required *Study for Warsaw*. They first organised a competition for the best *Concept for the Study*, and

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<sup>86</sup> In the following text, the *Study* or *Study for Warsaw* will be used as short terms indicating the *Study of Conditions and Directions of the Spatial Development of Warsaw*.

entrusted the winning team with further elaboration of the *Study* itself. The Board decided that the competition would be organised and run by planning experts, i.e. by a professional association of Polish urban planners called the Society of Polish Town Planners (TUP). The TUP drew up the rules for the planning competition and, together with the City Board, chose a panel of judges to select the winning *Concept for the Study* and the winning team. The final decision was announced in December 1996, and the Krakow team led by Prof. Zygmund Ziobrowski was the winner.<sup>87</sup>

#### 5.2.2.2.1 *The Preparation of the Study*

The process of elaborating the *Study* and consultations concerning the final version of policy proposals and implementation tools lasted from the beginning of 1997 until May 1998. In the beginning of the elaboration of the *Study* the City Board expressed its intention to organise the work following a model of wide participation. In the words of the mayor Marcin Swecicki:

[t]he work on the study will see the widest possible participation of the gmina authorities and those of Warsaw as a whole, as well as of social and commercial organisations. The study concept, and later the successive stages of the study, will be presented widely in various circles to ensure that the professionals are joined in full participation by the city's inhabitants, who

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<sup>87</sup> The competition was announced in March 1996. It was decided that the first step would be to select five teams from the entries received from the local branches of TUP from all over Poland. The final winner was to be selected from these five competing teams. Finally, among five teams there were 3 teams from the Warsaw branch, one team from Krakow and one team from Lodz. The second step of the competition for the Concept for the Study was to evaluate five proposals and choose the winner, according to the conditions set up by the TUP panel of judges. The teams were required to offer a concept for the development and spatial management for the whole city of Warsaw, including a methodology for further work on the preparing the Study. 'The teams of authors, and hence the Panel, were seeking to obtain answers to three fundamental questions: What kind of Warsaw? What kind of Study? What kind work organisation?' (The Office of the Warsaw Capital City Board 1997: 111).

will make needs, hopes and areas of conflict known through the organisations active in their midst (The Office of the Warsaw Capital City Board 1997: 109).

In the very beginning of the work on the *Study* document, the rules for the organisation of the work were set up. It was agreed that the work would be divided into three general phases with regard to the cooperation with various governmental units and non-governmental agencies. The task of the first phase was to make the *Concept for the Study* done by the team who won the competition discussed in detail with other governmental units and agencies (at the city government level, Warsaw municipalities level, and voivodeship level), enabling further information exchange and preliminary formulation of planning proposals.

The task of the second phase was the negotiation of problems during the consultation with various agencies. During these negotiations consultative meetings with non-governmental agencies occurred between five main groups: environmental associations, agencies dealing with the conservation of historic monuments, associations of urban planners and architects, municipalities belonging to the Warsaw Voivodeship, and economic organisations and business associations. The third phase was, however, based on a legally prescribed procedure of asking different institutions for written opinion on the draft of the *Study*. Only after this formally required stage could the last draft be finalised and sent for the approval of the Warsaw City Board and the Warsaw City Council (Mijeska Pracownia Planowania Przestrzennego i Strategii Rozwoju 1997).

A division of responsibilities for the main agents involved in the preparatory work was drawn up. The main designer of the *Study*, the leader of the team that won the competition, was in charge of expert work. Technical coordination was the responsibility of a special body under the Department of Land Development, the so-called City Workshop for Spatial Planning and Development Strategy, a body of in-house planners facilitating information exchange between the external expert team led by the main designer of the *Study* and different departments belonging to the Office of the City Board. However, the political and overall coordination of the preparatory work was put into the hands of a special steering committee established only for this purpose.<sup>88</sup>

#### 5.2.2.2.2 *Consultations*

Throughout 1997 and the first half of 1998, numerous meetings were held concerning the preparation of the *Study*. The designers consulted central government ministries and offices. The existing country-wide sectoral plans were discussed inasmuch as they affected the metropolitan area of Warsaw and helped ease or solve the problems of the capital city.

At the city-wide level, numerous agencies (often in the form of public communal companies) dealing with technical infrastructure and communal services were consulted depending on the infrastructure problem. The designers and city authorities discussed

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<sup>88</sup> The steering committee consisted of a member of the Warsaw City Board (i.e. one of the vice-presidents of Warsaw) acting as the chairman of the committee, the director of the Department of Land Management, the chairman of the Warsaw City Council commission dealing with urban development, representatives of Warsaw municipalities and districts of the Centrum municipality, and the main designer of the *Study* (Mijeska Pracownia Planowania Przestrzennego i Strategii Rozwoju 1997).

alternative solutions to the capital's structural weaknesses, and negotiated the final proposals that were to be recommended by the *Study* (concerning the road system, railway system, public transportation, water, gas, and electricity supply, the sewage system, etc).

Taking into account the administrative structure of Warsaw, a particularly important type of stakeholders in Warsaw development was represented by eleven Warsaw municipalities (gminas). Warsaw municipalities were involved in the negotiation process from the very beginning of consultations. Numerous meetings between the designers and the representatives of municipalities were held, sometimes on a one by one basis, sometimes in smaller groups of two or three municipalities. Additional consultations were made with planners working on the local physical plans commissioned by Warsaw municipalities already in preparation. Furthermore, the municipalities of the Warsaw Voivodeship (the regional level of public administration existing before the 1998 regional reform) were also invited for discussion, especially municipalities adjacent to the City of Warsaw. In addition, the consultations were held with the representatives of the Warsaw Voivodeship.

As far as the consultations with the civil sector, scientific institutions and the business sector are concerned, few meetings with their representatives were held only in the final stage of the Study preparation. NGOs and institutions dealing with environmental protection were consulted at one meeting, and then a group discussion was organised with the representatives of the scientific and research institutions, business associations



and foundations for regional development. The later discussion focused on the second working version of the *Study* and the participants were asked for their opinion (Warsaw City Hall 1998: Appendix 1).

Throughout the whole process of simultaneous expert work on the elaboration of the proposals for the spatial development policy and consultations with various stakeholders external to the City authorities, the decision-making process at the city level included numerous meetings with the City Board, departments of the Office of the City Board (especially the Department of Land Development) and few commissions of the Warsaw City Council (especially the Commission for Strategy and Development). Discussions focused both on particular issues and proposals, and on the draft version of the document as the preparatory process was approaching the end. A few meeting between the team working on the *Study* and the team working on *the Strategy for Warsaw until 2010* took place. Though the two documents were prepared in two separate processes, there was some coordination between the two documents in the selection of strategic objectives for future city development, and in the selection of the main developmental interventions proposed by experts. Finally, in June 1998, the Warsaw City Council approved the *Study*.

#### *5.2.2.2.3 Policy Instruments*

The authors of the *Study* identified two main types of spatial policy instruments at the disposal of the Warsaw authorities. The first consists of those instruments belonging to the domain of responsibilities of the Warsaw City authorities. The *Study* recognises four: (1) further planning and making of concrete programmes for city development, based on statutory regulations and led by the need for development management; (2) land

management, especially of the city-owned land; (3) urban marketing; and (4) cooperation with the authorities at other levels, primarily central government authorities, authorities of the Warsaw municipalities and municipalities outside the city borders.

These instruments include the preparation of the *Spatial Development Plan for the Capital City of Warsaw* (which preparation was expected to follow immediately after the *Study* had been approved), and further operational programmes determining investment priorities in various sectors of activity, financial schemes and action plans for implementation of public investments. Thus, all further specification and operationalisation of proposals made in the *Study* were expected to be made *after* its formal approval by the Warsaw City Council. This meant that thinking and planning the implementation of proposed interventions was understood as a separate phase from the plan elaboration, a phase to follow the approval of the plan.

The second type of policy instruments consists of binding provisions for Warsaw municipalities. City of Warsaw authorities influenced the spatial policy of Warsaw municipalities with those provisions which consisted of guidelines for municipal authorities to follow in the process of preparation of local physical plans as the obligatory responsibility of municipal authorities. According to the then valid law, binding provisions were to form a (dominant) part of the city master plan, i.e. the *Spatial Development Plan for the Capital City of Warsaw*.<sup>89</sup>

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<sup>89</sup> This second type of policy instruments came out of the 1994 *Act on the Administrative Structure of Warsaw*, and as such existed only in the Warsaw spatial planning system. Only Warsaw was the Union of municipalities (gminas), all other large towns in Poland have only one level of government. Binding provisions have been introduced in the 1994 *Act on Warsaw* as a

#### 5.2.2.2.4 *Priority proposals for future city development*

As it indicated above, the *Study for the city of Warsaw* was meant to be “a set of guidelines encompassing the spatial policy of the city authorities with respect to the area of the Capital City of Warsaw and is considered an act of internal management” (Krajobraz Warszawski 1999: 20). As such, the *Study* is a comprehensive set of proposals concerning the improvements in the spatial structure of the city.

The general goal and five main strategic goals in the *Study* are the same as stated in the *Warsaw Development Strategy Until the Year 2010*. There is no vision-driven image of the future city expressed in a short sentence. Instead, the *Study* focuses on five main issues: (1) improvements in the city spatial structure; (2) the city’s transportation system; (3) technical infrastructure of the city; (4) protection of the Warsaw Natural Environment System; and (5) the protection of cultural and landscape values. These focal issues and proposed interventions define the developmental agenda set up by the *Study for Warsaw*. I will select the first issue for the further analysis and present it in more detail.

##### **5.2.2.2.4.1 Thinking the spatial structure of Warsaw: concentrating development efforts**

One novelty introduced by the *Study* concerns the definition of the elements of city’s spatial structure. The aim was to improve “basic proportions of the spatial structure of the

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tool of coordinating development throughout the city and a tool for the city-wide control of the planning activities by Warsaw municipalities

city as a whole” (Krajobraz Warszawski 1999: 22).<sup>90</sup> The Study designers introduced new spatial categories that explicitly recognise and select spatial elements with pro-development potential. The authors name three types of such spatial elements or areas: strategic areas, multifunctional belts and city gateways.

*Strategic areas* were planned to be primarily the areas of concentration of services, though some of them might also have a mix of functions including light production buildings, housing and cultural functions (Warsaw City Hall 1998: 35, 41-46). *Multifunctional beltways* would have “supra-municipality importance linking the centre of the capital with the centres (existing or planned) of the Warsaw municipalities and districts of the Warsaw-Centrum municipality” (Krajobraz Warszawski 1999: 20).<sup>91</sup> *City gateways* lie on the edges of Warsaw City and represent areas of road access to the city from other Polish large cities and regions.<sup>92</sup> These three new types of areas were given key importance for the future development and development management in the city of Warsaw. The importance attached is based on the principle of concentration of pro-

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<sup>90</sup> The *Study* offered a new way of thinking or rather seeing the spaces of Warsaw covers. According to it, the whole territory of Warsaw is divided in three main spatial policy zones: *Golden Warsaw* (or the Big City Zone), *Silver Warsaw* (or the Urban Zone) and *Green Warsaw* (or the Suburban Zone). Apart from appealing names, each zone was presented with a strictly defined boundaries, a defined scope of urban functions and architectural values (together with excluded functions and values) attached to it. There is no hierarchy in defining these three zones, but rather each one is identified as a particular mix of urban functions and values.

A further step in thinking about the Warsaw spatial structure and how to improve it and make it more recognisable, clear and attractive, was a classification of existing public spaces based on a hierarchical principle: areas of metropolitan importance, capital city importance, and local in character (Warsaw City Hall 1998).

<sup>91</sup> “Multifunctional belts are primarily city streets with high concentration of activity leading from the Downtown district to municipal centres. In areas of public mass transit stops, these belts should be shaped as concentrations of buildings with land developed as public green areas” (Krajobraz Warszawski 1999: 22)

development activities in a limited number of areas throughout the city. These areas would become key areas for private investment activities. Their development would require area-based management capacity, a developmental agency, monitoring procedures and assistance for investors.<sup>93</sup>

Selecting strategic areas with development potential was one of the key issues recognised by the authors of the *Study*: “[t]he selection of land that should concentrate pro-development activities has key importance for the management of city development” (Warsaw City Hall 1998: 41; my translation). A number of criteria were applied in the selection. Regarding the number of areas, the designers were aware that too many areas could not be adequately cared for by the city or Warsaw municipalities because of the lack of adequate managerial and financial resources. Consequently, one criteria was that apart from the centre (and also in the Warsaw Centrum municipality) which was already treated as having strategic importance, each Warsaw municipality should have at least one strategic area on its territory. The designers believed that this gesture was necessary in order to prevent further political conflicts between the city and municipal authorities, given centripetal attitudes generated by the administrative structure of the city. Since different Warsaw municipalities were characterised by a different mix of development

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<sup>92</sup> “*Gateways* to the city are, for their part, ordered concentrations of retail and services as well as manufacturing facilities accenting *entries into the capital* that improve the relations between work places and residential areas” (Krajobraz Warszawski 1999: 22).

<sup>93</sup> The idea of recognising and selecting strategic areas came from the main designer of the *Study*. It was first introduced in the *Study for the city of Krakow*, done previously under the same expert leadership as the *Study for Warsaw*. The idea was new in the Polish context of urban planning. The reasoning was that a limited number of areas throughout the city, if attractively developed, would provoke faster development of the city zones they belong to, and consequently of the whole city. The Warsaw City leadership accepted the idea, or rather when they were presented with the idea, no serious objections were put forward.

potentials and problems, the areas finally selected had different sources of attractiveness and were seen as being able to develop a different mix of socio-economic functions and architectural values.<sup>94</sup>

#### **5.2.2.2.4.2 From an idea to political commitment?**

What has been done during the process of planning for the *Study* to secure the realisation of the idea of strategic areas? Was implementation considered at all and how? As it was already stated, the *Study* authors urged and consequently expected the fast preparation of the city-wide master plan which would include binding provisions that Warsaw municipalities were to follow while preparing local physical plans. Since local physical plans, after being ratified, represent a law on local spatial development, then they ultimately determined what could and could not be built on a site. Therefore, the expectation was that the preparation and ratification of the Spatial Development Plan would secure the fast translation of the planned features for chosen strategic areas into a form of the local regulations of investment activities. This was believed to be the best guarantee that the further development of areas chosen for strategic areas would comply with the original idea of such areas, and not be taken over by *ad hoc* development attempts.

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<sup>94</sup> The following choice of strategic areas was made: Warsaw's New Salon, Warsaw City, Praga Centre, Gdansk Railway Station, Zeran Harbour, Poznan Gateway, Lopuszanska, Wilanow Centre, the Siekierska Arch, Skoczna, Poludniowy (South) Railway Station, and Targowek Przemyslowy. All together twelve strategic areas were pre-selected. Some (those centrally located) were selected as more attractive in terms of aesthetics than others. Some were to be economic growth-oriented, while others were selected in order to prevent further social, economic and architectural decline (former industrial areas) in an organised promotional action. Some were ascribed dense development with attractive architecture, other more of greenery protection and recreational nature. Some were ascribed a metropolitan importance, other capital city importance, and still the others would remain local in character.

Based on this expectation, the *Study* document offered proposals for binding provisions to guide Warsaw municipalities in establishing local land-use or zoning regulations concerning each and every strategic area (see Warsaw City Hall 1998: 84-90). It was also stressed that “Strategic areas and multifunctional belts should be the sites of mutual action on the part of [central] government authorities, the authorities of the Capital City of Warsaw and the Warsaw municipalities” (Krajobraz Warszawski 1999: 26; Warsaw City Hall 1998: 84). In order to complement this instrument of securing the realisation of the planned strategic areas, i.e. binding provisions, the *Study* also urged the preparation of action plans for strategic areas. This policy instrument was to cover management-related aspects of the development of these areas, starting with the specification of investment priorities.

However, how much does all this demonstrate a political commitment to developing strategic areas as conceived by the Study authors? Binding provisions for given areas still does not necessarily mean that those responsible for its realisation are committed to the idea, whether city and municipal authorities or private investors. Warsaw municipal authorities were informed about the proposal, and consulted on the selection of strategic areas. Apart from some research done on the development potentials of these areas, investors or real estate agents were not consulted during the preparation of the *Study* document. For the areas with central locations, this may have not appear necessary: these areas had been given a strategic importance since the beginning of the 1990s; local physical plans for these areas were already been in preparation, and the interest of private

developers was visible. However, there was no wider consultation, primarily with potential stakeholders other than municipal authorities, regarding those areas beyond prime locations.

### 5.2.3 Third election period 1998-2002

After the 1998 local elections, new city authorities hardly paid any attention to the *Strategy for Warsaw* and its goals. The 1992 Warsaw master plan, though amended in numerous occasions, was still used as the key policy document for issuing planning and building permits. By neglecting the policy work done by the previous government, the new Warsaw mayor and the mayor of the Centrum municipality Pawel Piskorski announced the *New Spatial Policy* (NPP). Nobody at first knew what this policy was about, especially because it was a draft, no legal procedure existed for its discussion and approval. When it was announced in October 2000, it was based on two other planning documents.

The first one was the draft of the so-called Warsaw Master Plan, which was some kind of a follow-up on the selectively enriched ideas of the *General Development Plan for Warsaw* [master plan] of 1992 transformed into so-called 'binding guidelines for the local physical development plans of Warsaw municipalities.' The other one was [at that time still] the draft of the *Study of Conditions and Directions of Urban Development of the Centrum Municipality* (Buczek 2001: 17).<sup>95</sup>

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<sup>95</sup> The Centrum municipality was created by the 1994 Warsaw Act with the intention to avoid the effects of administrative fragmentation of this historically important area. The new municipality's border covered the area that belonged to Warsaw of 1939, the same area nationalised by decree in 1945 after the destruction of Warsaw in the Second World War in order to enable its reconstruction. This area, in the period of 1994-2002 belonging to the Centrum municipality, covered 25% of the territory of modern Warsaw of the 1990s; 57% of Warsaw inhabitants lived in this municipality while 72% of all jobs in Warsaw were located there (Krajobraz Warszawski 2001).



The 1998 *Study for Warsaw* lost its legal power as the city-wide spatial development policy document because the administrative structure of Warsaw required and favoured gmina's studies, and treated them as law. This change was introduced by the Polish Parliament's amendment on the 1994 *Spatial Planning Law* that was prepared almost simultaneously with the approval of the 1998 *Study*. According to this amendment done by the national parliament, the City of Warsaw lost the power to make legally binding spatial policy in the form of the *Study*. For the city-wide development coordination in the hands of city authorities, only the *Strategy* was required. In an act of almost perverse change, the *Study* lost the power to influence gminas in their spatial development decisions as it was approved by the City Council.<sup>96</sup>

Only city-developed binding provisions for gminas, a possibility prescribed by from the *Warsaw Act*, had the legal power to influence the spatial decisions of gminas. Because of this situation, city authorities under the leadership of Mayor Piskorski decided to prepare a document stating the binding provisions for the gminas in deciding on their spatial policy. This *Warsaw Development Plan Including Obligatory Guidelines for the Warsaw Municipalities in Preparing Local Spatial Development Plans* was approved in the City

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<sup>96</sup> Although the city of Warsaw now had a strategic development document and the document presenting its spatial development policy, municipalities of the Warsaw Union were also entrusted to develop their own spatial development policies in the form of a *Study of Conditions and Directions of Urban Development*, and they started doing it on their own. "It is important to notice that municipalities of Warsaw were conducting their own works on their studies (...) quite frequently without paying much attention to the content of the *Study* of the City. The specific example of such approach is the work on the *Study for Gmina Centrum*, which was much more favoured later by the authorities of Warsaw during the third term than the *Study for Warsaw*, despite the serious discrepancies between two documents" (Buczek 2001: 12). So, between the end of 1997 and 2000 the Centrum gmina undertook the preparation of the *Study of Conditions*

Council July 2001.<sup>97</sup> The binding provisions of this document officially became the new *Study* for the city of Warsaw as soon as the new *Act on Warsaw* (October 2002) abolished the old gminas and made Warsaw one municipality for the first time since 1990. Before the binding provisions for gminas were originally approved in 2001, no public consultation process took place. Before the beginning of 2006, when the new *Study* had not been officially approved, the old *Study* was used in making planning and building decisions, though the document was never publicly discussed, even in terms of the officially preferred consultation process.

Finally, by the end of the third term, mayor Piskorski's *New Spatial Policy* (NPP) remained only a political vision for city-wide development with little real power over the investment and planning decisions of Warsaw municipalities. Although used by Piskorski for his political ambitions on the national stage, it still shows the constant interest of the city leadership in the third election term to promote overall city development transcending the fragmented actions of municipalities only interested in what happened within their borders without regard to other Warsaw neighbourhoods. Due to legal obstacles that blocked almost any initiative coming from the City to the municipalities, most development ideas from the city authorities remained mere acts of good will.

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*and Directions of Urban Development until 2020 of the Centrum municipality*. It was approved in mid-2000.

<sup>97</sup> Among the most important problems of the spatial development policy for Warsaw that were pointed out in the *Warsaw Development Plan* containing binding provisions, minimal interest of the national authorities in the development of the capital city was also stressed. For instance, it was pointed out that the lack of participation of government funds in the building of the necessary bypass routes and the metro system is affecting the likelihood of these development being implemented in the needed pace. The document also called for the modification of the legislation related to the system of local government in Warsaw.

Piskorski went to the national parliament after 2001 national elections. His deputy-mayor Mr. Kozak was appointed as the new Warsaw Mayor. Piskorski pushed an initiative in the National Parliament to change the *Warsaw Act*, after his experience as the Mayor of Warsaw. After a long period of anti-Warsaw sentiment in Parliament responsible for the lack of support for a radical reform of the city's administrative system, the structure of forces in the new Parliament finally enabled the new *Act on Warsaw* to be initiated, drafted and finally approved in March 2002 – all in a few months after the new National Parliament started its work.

#### 5.2.4 Fourth election period 2002-2006

According to the 2002 *Act on Warsaw*, the 18 newly established districts have no urban planning power. By losing the status of Warsaw gminas, they lost planning powers as well. The Warsaw City authorities are responsible for preparation of all planning documents, including local area plans, and for their implementation. Unlike the 1994 law, the new law does not require a general strategic document. In July 2003, the new *Law on spatial planning and management* came into force. According to this new spatial planning law, the 2001 binding provisions document that became the *Study for Warsaw* after the introduction of the new administrative structure for Warsaw in 2002 failed to meet the new planning requirements. The new Warsaw authorities were obliged to prepare a new spatial policy document. A particular problem in the spatial management of Warsaw and in dealing with the real-estate investors has been the fact that until the new planning law in 2003, only 15% of the territory of Warsaw has been covered by approved local area plans (The City Voice, July 2005; Warsaw City Hall 2005, Warsaw

City Hall 2006). That situation prolongs and complicates the process of issuing building permits, but also leaves a lot of discretion to city authorities to make *ad hoc* decisions on particular investment proposals.<sup>98</sup>

Only in the beginning of 2004, did the new City Council of the unified city government decide to initiate the development of the new strategic document. The *Strategy until 2010* from 1998 was not taken into any consideration when deciding on this new endeavour. New circumstances – new unified city management, new mayor, and joining the EU in just a few months – required a brand new strategic document for a city that was soon to become a new EU metropolis. This, at least, was the argument put forward by the leadership around the new mayor Kaczynski. In the words of a few interviewed experts,

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<sup>98</sup> Since the beginning of the 1990s, the preparation of local area plans has been slow and prone to many problems, including the unresolved issues of property of land and buildings in the historical centre. Many plans that were started in the 1998-2002 election period were never finished and approved, so much of the planning effort has been lost. As an illustration, it should be mentioned that in December 1999, the Polish Parliament amended the 1994 *Spatial Planning Act* allowing the extension of validity of local area plans approved *before* the 1994 planning act came into force in January 1995 for two more years, meaning until the end of 2002. By this extension, local plans approved very early in the transformation process remained valid for almost ten years in order not to aggravate further the problem of the lack of local plans.

The new 2003 *Law on spatial planning and management*, put into force in July, was an improvement to the 1994 *Planning Law*. The municipal *Study* document became a binding regulation for the preparation of local area plans, contrary to the previous law that did not specify this requirement. If a municipality has a *Strategy* document, then it should be considered when preparing the *Study* document. *Strategy* cannot be simply neglected in the preparation of the *Study*, as it happened before in many municipalities. Within three months after the approval of the municipal *Study*, the preparation of local area plans for specific public areas (to be indicated in the *Study*) must be started. The new *Planning Law* requires that no planning and building permit can be issued for those special public areas without approved local plans. So, once the municipal council approves the *Study*, public authorities have further obligations of fast developing local area plans. This requirement applies to the Warsaw city authorities' planning activities in a particularly demanding way considering the sheer size of the territory without any local area plan in addition to the metropolitan and national importance of the public areas in the centre of the city.

Kaczynski's attitude when elected was "everything that took place before me was inappropriate, corrupt, simply wrong".

#### **5.2.4.1 Strategy for the Development of the Capital City of Warsaw until 2020**

##### *5.2.4.1.1 Preparation of the Strategy until 2020*

At first, it looked as if the city did not really know how to proceed with the preparation process. Under the management of the Office for Development Strategy and European Integration, 8 groups were initiated to do different work on the drafting of the strategic document. They included an expert team from outside of city administration, a group working on the *Report on the State of the City of Warsaw*, and six interdepartmental groups dealing with different issues such as technical infrastructure, transport, education, cultural life, sport activities, housing and other social issues, environmental protection, and spatial structure of the city. All together these groups included about 20 city departments and 80 external experts contributing to different aspects of the preparation of new strategy.

The formation and coordination of the expert team was entrusted to urban planner Roman Dziekonski.<sup>99</sup> He gathered a team of five experts from different fields, and over a period of 6 months the team came up with an strategic document based on expert knowledge.

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<sup>99</sup> Dziekonski, was the deputy mayor in the first city government in 1990-1994 period. He started the first strategic planning process in Warsaw that ended with no strategic document approved before the second local elections, established a Warszawa XXI team of planners independent from the City, and was also responsible for the initiation and coordination of the preparatory work on the first transport strategy for the city approved in 1995 after the second local elections.

They suggested 5 strategic goals, 26 operational goals, associated programs and suggested a list of investment projects and monitoring indicators.

The task of another group was to do the groundwork on the diagnosis of the current situation in Warsaw called the *Report on the state of city of Warsaw*. The management control was in the hands of the Office for Development Strategy, but much of the work was also contracted to external experts in order to analyse different aspects of the social, economic, and political life of the city, including the state of technical infrastructure and the financial resources available to the city authorities.

Parallel to the work of these eight groups, the responsible office organised three seminars between June and October 2004 in order to collect opinions and learn further about the needs of social groups outside to the city hall. One seminar was organised with the representatives of business organisations, mostly various chambers of commerce and some sectoral organisations. Another seminar was organised with the non-governmental organisations from the spheres of culture, environment protection and tourism (consultation with other sectors was initially planned, but not realised). Yet another seminar was organised with students from different universities in Warsaw, seeking their ideas about the city development.<sup>100</sup> The reports were made after these three meetings

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<sup>100</sup> Those early meetings, especially the first two with the business representatives and selected NGOs, started with the presentation of some visions and projects coming from city departments, followed by the request for opinions from the invited audience. Presentations prepared by departments were based on the on-going work of six inter-departmental groups working towards the strategic document, and some input from the project proposals being prepared for the application for the EU structural funds.

with the representatives of various social groups, which formed input into the final drafting of the strategy.

Representatives from 8 groups met every couple of months with the city vice-president responsible for the strategy. At the end of 2004, the forecasted population growth for Warsaw imposed itself as a problem because of disagreements with the forecast offered by the Polish Statistical Office. Such forecasts are relevant to strategic planning, so the city decided to confront different opinions by organising a conference on population growth forecasts in January 2005.<sup>101</sup>

By spring 2005, all eight groups finished their work, and submitted it to the Office for Development Strategy. All those materials were combined,<sup>102</sup> and discussions started within this office on the SWOT analysis, selecting the vision, strategy, and goals for Warsaw until 2020.<sup>103</sup> After this initial selection, two meetings were organised for

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<sup>101</sup> The Polish Statistical Office forecasted that in 2030 Warsaw would lose almost 300 000 inhabitants. This prediction contradicted the forecast of the Chief Architect's Office and the team working on the spatial development policy for Warsaw in the form of *the Study of conditions and directions of spatial development of Warsaw*, which forecasted that there would be an increase in the population from 1.6 in 2004 to 3 million people living in the city in 2030. This huge increase was calculated by estimating the number of people potentially living on all land available for development of housing and services within city borders. The approach of the Statistical Office was criticised for using the same methodology for forecasting population change in the city of the Warsaw size and complexity and for smaller municipalities. The current daily influx of commuters is estimated at 600,000, and those living in Warsaw unregistered at 200,000 people. After the conference, the Main School of Economics in Warsaw was commissioned to do the population forecast for the City Hall, but since the preparation of the *Strategy* needed to continue, the city departments decided to use the *Study* forecast of 3 million.

<sup>102</sup> This was a rather long, incoherent document of 3000 pages. In the words of a participant in this process, it looked as "all sectoral strategies that different departments submitted were put together."

<sup>103</sup> Until 2020 in order to cover two programming periods for distribution of EU fund: 2007-2013 and 2013-2020. This idea was opposed by the expert team as too long a period with too many

directors of all departments and some staff with the Warsaw vice-presidents. The purpose of those inter-departmental meetings with city political leader was to discuss what was more and what less important for the city and for various city departments, in order to make a final selection of goals, operational goals, programmes and finally implementation tasks.<sup>104</sup> Another set of meetings followed with city councillors (in several groupings of the various committees of the City Council). Draft of the *Strategy until 2020* was checked against the draft of the new *Study* document in preparation. Directors of two departments and representatives of two teams responsible for the preparation of these two documents met a few times in order to synchronise the content of two drafts.

#### 5.2.4.1.2 Approval stage: Formal process of opinion-giving and the final vote

By May 2005 the draft of the new strategic document was ready and a shorter version with many illustrations of proposed interventions was prepared for the public exhibition in the early summer. This exhibition *Warsaw of the Future* was intended to show the strategy for city development to the wider public, and to serve as a consultation process with citizens. 18,000 copies of the summary version were distributed to the city districts, city councillors, other interested organisations and interested public. A survey on the opinion on the new strategic document for Warsaw was conducted during the one month and a half of the exhibition. The interested public was asked for written opinions. Written

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unknown parameters. The expert team suggested the strategic document to be done by 2015 (two years on the top of 2013 as the end of the first programme period of the EU Structural funds).

<sup>104</sup> During these meetings “directors of different city departments shared their work with us telling us the projects that they do [plan], and then these projects were incorporated [in the list of tasks for the implementation of programmes]”, said a city official in an interview.



opinions for the general public came to the City Hall throughout the summer and fall of 2005 until the final approval of the document.

As part of the further consultation process, two meetings were organised: one with the representatives of the business sector, and one with non-governmental organisations participating in the special meeting of the regular “Forum for Social Dialogue”, including the healthcare NGOs. The meetings were scheduled so that representatives from the city authorities first gave presentations on a selection of issue, and then asked for comments from the invited audience. No materials were given in advance so participants could not really prepare their reaction.<sup>105</sup>

No consultation meeting was organised with the representatives from the district councils. As one city official put it, “some people from districts were involved in 6 interdepartmental groups [working on a selection of sectoral issues], but we didn’t plan another meeting with them because they wanted to put many details [into the city’s strategic document].”

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<sup>105</sup> For example, during the meeting with the business sector, representatives from the Association of urban planners were invited together with the business representatives such as the Polish Association of Employers, Association of Employers of the City of Warsaw and Mazowiecki region, Business Centre Club, etc. Since there were no materials given in advance to the meeting, “participants chose one small topic close to their interests and organised their comment around that ad hoc chosen topic. We could not prepare. The consultation process needs to be organised in a much more professional way, not mixing people with totally different issues on their mind [e.g. experts in spatial planning and business people]. There must be a distinction on who can consult on what. So, we prefer more specialised groups for separate consultation, more topic-driven consultations”, another business representative told me in an interview. ‘This [consultation meeting] was rather like a mishmash.’

In the meanwhile, Warsaw mayor Lech Kaczynski ran in the Presidential election in the fall 2005, and was elected in the second round. In the same time, his party PiS won most of the seats in the national parliament, and formed a minority central government.<sup>106</sup>

Finally, on 24 November 2005, the third time that the approval of the *Strategy until 2020* was on the City Council agenda, the final version of the strategic document was approved by the Warsaw City Council. The final version included some changes into the spring version of the strategy, and these changes came as the result of the consultation process.

#### 5.2.4.1.3 *Structure and characteristics of the urban development strategy*

This second strategic document – *Strategy for Warsaw until 2020* – contains all the standard elements of a strategic document. This document, contrary to the 1998 *Strategy until 2010*, starts with a mission of city authorities and their vision for the next fifteen years of city development. It states that the *mission* of the City of Warsaw, “the capital of the Republic of Poland, a city of rich tradition, is to achieve the highest possible level of satisfaction of residents’ needs and to place Warsaw among the most important European metropolises.” The *vision* for the city is that the “Warsaw of 2020 is an attractive, modern, dynamically developing metropolis with a knowledge-based economy, the financial centre of Central Europe, a city of significant standing among the most important European capitals. The Warsaw of our vision is an open and accessible

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<sup>106</sup> In October, another summary version of the Warsaw *Strategy until 2020* was reprinted in 120,000 copies and distributed as a special supplement of the daily newspapers *Gazeta Wyborcza*. This move was seen by many people as a self-promotional gesture in the Kaczynski’s campaign for the Polish President – using the Warsaw strategic document for his personal publicity.

community, a city with a high quality of life, an important centre of European culture with well-organised public spaces - a city with the soul.” The vision is followed by five strategic goals. Each strategic goal is further operationalised into operational goals and programmes: all together twenty-one operational goals and seventy programmes for implementation (Warsaw City Hall 2006). The five strategic goals are:

1. to improve the quality of life and safety of the residents of Warsaw;<sup>107</sup>
2. to consolidate the residents’ sense of identity by preserving tradition, developing culture and stimulating social activity;<sup>108</sup>
3. to develop metropolitan functions strengthening Warsaw’s position on the regional, national and European level;<sup>109</sup>
4. to develop modern economy based on scientific knowledge and research;<sup>110</sup>
5. to achieve lasting spatial order in Warsaw.<sup>111</sup>

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<sup>107</sup> This strategic goal is broken down into six operational goals: 1.1 to improve the standard and availability of public services, including education, culture, recreation and sport, health care and social assistance; 1.2 to enhance public safety and order; 1.3 to support housing development and modernisation of existing buildings; 1.4 to use the assets of the natural environment and to ensure its constant improvement; 1.5 to ensure high quality technical infrastructure; and 1.6 to ensure the efficient and safe transportation of people and goods within the city.

<sup>108</sup> The second strategic goal is broken down into four operational goals: 2.1 to strengthen Warsaw’s tradition based on its culture and natural heritage; 2.2 to create new attractions and cultural events which would become the trademark of the city; 2.3 to make Warsaw more attractive to its residents and tourists; and 2.4 to activate local communities and non-governmental organisations.

<sup>109</sup> The third strategic goal is broken down into three operational goals: 3.1 to ensure efficient internal and external communication for the metropolitan area of Warsaw; 3.2 to reinforce Warsaw’s position as an important European economic, financial and scientific centre, and a policy-making centre; and 3.3 to establish institutions necessary for the efficient functioning of the metropolitan area of Warsaw.

<sup>110</sup> The fourth strategic goal is broken down on three operational goals: 4.1 to employ Warsaw’s scientific potential for economic development based on advanced technologies; 4.2 to extend and modernise university premises; 4.3 to create favourable conditions to steer economic and investment activities.

<sup>111</sup> The fifth strategic goal, giving directions for the spatial development of the city, is broken down into five operational goals: 5.1 to introduce order in the city’s spatial structure by banning development close to green areas belonging to the nature system; 5.2 to organise representative public spaces in the central area of the city; 5.3 to organise local public spaces favourable to social integration; 5.4 to spatially integrate Warsaw’s left and right riverbanks; and 5.5 to revitalise run-down areas in the city.

#### 5.2.4.1.4 *Coordination of implementation efforts*

The city administration claims that financial forecasts were made for all tasks, expected financial sources listed, and the best time for implementation estimated. However, this was not published as a part of the strategic document, but rather kept by departments as an internal document. The city administration claimed that some prioritisation was done at the level of tasks, not at the level of operational goals and programmes. The city's multiyear financial plan was ready before the strategic document was finalised “so the parameters were known for the strategy”, in words of a city official. However, outside observers of the preparatory process were rather convinced that in fact “the *Strategy* is not related to financial planning of the city” and that “no prioritisation of programmes and tasks was made” in the final stage.

The list of tasks for the implementation of the strategic objectives includes many projects intended for EU funding that had already been in the process of preparation by different city departments during the drafting of the *Strategy* (e.g. infrastructure projects like metro construction and tram lines reconstruction and further expansion, revitalisation of the Krakowskie Przedmiescie street). It also included projects like urban regeneration in the Praga district on the right side of Vistla river that is waiting for the EU funding some time in the future if that type of regeneration projects become eligible for the EU Structural funds. “No EU funds for that [type of intervention] exist now, but maybe in the future. So we'll be able to show that it's already in our Strategy, only needs to be updated and the full proposal developed.”

On the other hand, some listed tasks cannot be implemented by city authorities, but only by the central government (e.g. railway tracks and land in Warsaw that belongs to the national railway company), or by the resources of the business sector. The rationale for including all these tasks into the city authorities' strategic document was that "this is not the city government's strategy but the strategy for the whole city", in the words of an official involved with the document through the preparation process.

The implementation of the *Strategy* rests with the individual city departments. The Office for Development Strategy is responsible for monitoring the implementation efforts under the supervision of the Warsaw City President. Their intention is to revise the *Strategy* every year. A list of indicators for monitoring the change was not prepared together with the strategic document, but will be prepared later.

#### *5.2.4.1.5 A city administration's document?*

About sixty percent of the final document was based on the expert's strategy document. Expert team's document contained a list of investments for every task they suggested, assessed the expected impact of the implementation of the projects, and suggested indicators for monitoring implementation. They made a prioritisation of operational goals and tasks, but they expected that final financial feasibility and political feasibility would be done afterwards in the City Hall. Contrary to the expert document for the new strategic document for Warsaw, the final document did not include any prioritisation of either operational goals, programmes or tasks. It looks rather like a comprehensive list of major projects, both those in preparation by city administration and those in vague planning

stages. As an external planner told me, “with a longer perspective of the strategic document, and more items in the basket, more people can be satisfied – in the short-run.”

#### **5.2.4.2 Preparation of the new *Study of conditions and directions of spatial development of the City of Warsaw***

In September 2003, the City Council made the decision to start preparing a new *Study* as required by the new spatial planning law. Since then, the work on the elaboration of the new *Study* has been done by the Department for Spatial Development of the Chief Architect’s Office, and associated City Planning Workshop. Some sectoral elements of the *Study* were done by the sectoral experts, but in general there was no contracting out of work outside of the City’s public sector. Simultaneously with the preparation of the first draft, information about the preparation of the new *Study* was sent out to all local and regional public bodies, asking for opinions about what the *Study* should contain from their particular perspective. Public enterprises and general public were asked to comment existing developments in their neighbourhood or sphere of interest. All opinions and complains were put together, and their significance for the preparation of the new *Study* was assessed.

In April 2005, the first full draft of the *Study* was sent to all units of the city administration, and to all districts in order to check the facts and correct mistakes. The response was good, because all consulted parties were well-informed of the purpose of the document and its obligatory nature for the local area plans in preparation. The second draft of September 2005 incorporated the comments on the first draft.

Public consultations, according to the new Planning law, have three main phases. First, five public bodies, including the regional governor and the marshal at the regional level, are legally required to give written opinion on the *Study*, and only if all required opinions are positive can the document pass to the next phase when the written opinion of different organisations is required. Then, as a third phase, consultations with the general public are held, including written opinions and the public debates organised by the Chief Architect's Office (all in 21 working day). The planning office needs to make a report on rejected opinions explaining why they were rejected; that report goes as a supplement to the *Study* when it is passed to the City Council for approval. The expected approval was postponed several times. The latest announcement put the expected approval in May 2006.

### **5.3 Characteristics of the political process of strategic planning in Warsaw**

In the period from 1990 to the end of 2005, Warsaw city authorities undertook three general strategic planning processes (1992-94, 1997-98, and 2004-05) with two of these attempts leading all the way towards the official approval of a strategic document. The three strategic processes were unrelated to each other, each of them started as completely new endeavour, without considering the product of the previous process. The *Strategy until 2020* adopted in 2005, started being developed anew, completely neglecting to reflect on the previous 1998 document *Strategy until 2010*.

In the same period, there have been three strategic planning processes focusing on the spatial development policy for the entire city (1997-98, 2000-01, and 2004-06). The first

two ended with an adopted official document, and the third was waiting to be approved in 2006. The first strategic document for spatial development had been mostly forgotten, while the second had an unexpected fate due to the radical change in the administrative structure of Warsaw and resulting political change in 2002.

There were no legal guidelines on how to organise the process of preparation of general strategic documents, and consultations with actors outside of the strictly speaking city authorities. Because of this, there has been a tendency to imitate the procedures for spatial development strategic documents, especially in the consultation phase at the end of the preparation process.

Understanding the participation of other public bodies, citizens and organised interests through the framework of the official consultation process limited the involvement of the actors outside of the City Hall and the circles of contracted external experts in the preparation of strategic documents. Public participation in the strategic decision-making processes was confused with consultations with public bodies external to the City Hall administration and interested citizens after the strategic directions had been almost fully decided upon.

Besides the evident lack of appreciation of public participation in the earlier phase of strategy elaboration, limiting wider participation to the consultation process and limiting the consultation process to what was legally necessary had different reasons for the first strategic document approved in 1998 and the second one approved in the end of 2005. The first development strategy was done in a very fragmented and conflict-ridden system



of local politics, and city authorities had no formal powers to ensure the implementation of city-wide policies. The reaction of the experts drafting the strategy and city administration working with them was to avoid discussions with those who showed strong opposition to integrated city-wide planning. Involving business associations, NGOs and citizen groups, even if there was a strong inclination to it, probably would not have lead to increased political ownership of the strategic directions in the extreme context of fragmentation of the local public sector, and therefore seemed as ineffective and time-consuming exercise to city planning authorities and involved experts alike.

The 2005 strategic document was, however, developed without those problems. The empirical evidence presented shows that there was an attempt to include actors outside of the city administration during 2004, especially the three meetings with non-governmental actors in the summer and fall 2004. Nevertheless, the 2004 meeting and the final 2005 consultation phase meetings with non-governmental actors were organised in such a way that no real participation in the decision-making process could develop. The structure of those meetings – a presentation from somebody from the Department for Development Strategy, no materials and questions sent in advance to the invited participants, putting different profiles of participants together, with different levels of understanding of public planning processes and different interests in the urban setting – did not leave any possibility for well-informed, up-to-the-point, extensive comments, let alone any real exchange of opinions and information. Participation in the planning process, even in a segment of it, can develop only through purposeful, repeated and well-structured

communication, not in *ad hoc* meetings where participants are asked to comment on the spot.

The empirical evidence shows that the strategic processes in Warsaw have been limited to city authorities. The main actors in the general strategic planning processes and in spatial development planning were the two departments of the City Hall (Department for Development Strategy and European Integration and the Land Management Department, later the Chief-Architect's Office), deputy-mayors responsible for strategic development, and a small number of contracted external experts, mostly urban planners. The Warsaw case demonstrates weak internal public sector integration, and a limited involvement of external experts. There was no direct participation of the business representatives and NGOs. Their involvement was limited to the sporadic meetings in the consultation phase. The involvement of the municipal authorities (Warsaw *gminas*) existing before 2002 and Warsaw districts after 2002 was very limited. Regional authorities were consulted only in the very last stage when almost final document was sent for their opinion.<sup>112</sup> The national authorities were not directly involved in any way.

The findings on the participation of different actors correspond directly with evidence suggesting very limited consideration of the implementation prospect for the strategic goals and interventions during the planning process. Elaboration of strategies during the

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<sup>112</sup> The regional government of the Mazowiecki region where Warsaw belongs started the preparation of the first *Spatial Plan for the Warsaw Metropolitan region* in 2004. One of the purposes of this spatial plan is to limit the urban sprawl coming from too much land being used and assigned for development in metro-area municipalities, including Warsaw. The Warsaw City authorities have not showed much interest in cooperating with others in the preparation of this plan. The expert team contracted for the preparation of the Strategy until 2020 tried to connect the

preparation of strategic documents has been separated from the implementation phase: considering implementation was left for the phase *after* the official approval of the strategic documents by the City Council. It is especially poignant with respect to estimating real investment interests of private businesses that have control over much of the resources that can be invested in city development. Assessments of the investors' interests were hardly ever made; in the best case they were only assumed. Potential private investors were hardly ever consulted in relation to particular implementation aims and suggested programmes during the deliberations on strategic interventions in particular areas.

The Warsaw case also shows that strategic thinking of the city authorities included very limited prioritisation of operational goals and implementation tasks. If we consider the implementation programs and tasks selected in the final strategic document approved in November 2005 already as a prioritisation from the programmes and projects that the city administration departments were preparing, then we can say that the strategic planning process helped the administration learn better what its various departments are doing, and integrate existing work by differentiating major projects from those of less importance for the city's long-term development. However, the evidence suggest that there has not been more prioritisation further than that, i.e. no real prioritisation among twenty-one operational goals and seventy implementation programmes. This lack of prioritisation suggests that strategic planning was not developed to the level of making real strategic choices among existing options and all public interventions suggested by different

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city development with the Warsaw metro-area spatial planning. One of the experts in this team was the chief planner for the metro-area coming from the Office of the Regional Government.

departments. Making choices means giving much more importance to a limited number of operational goals and consequently preferring some tasks at the expense of others. In that way being strategic at the city level requires decisions of the political leadership that can overcome the bureaucratic logic of planning the city administration, even when the administration tries to integrate its activities.

## **6 Conclusion: Limited effects of strategic planning processes on developing urban governance relations in Budapest and Warsaw**

*A city that aspires to be liveable forms new partnerships, or enters into social contracts, with its civil society. It promotes the participation of local capital. It invests in people, not only in hardware. It promotes a form of social mobilisation that gathers public support because the results benefit the many, not merely a few. (Friedmann 2004:177)*

### **6.1 The nature of strategic planning processes in post-socialist Budapest and Warsaw**

Within the European and wider international context, the post-Second World War experiences of Budapest and Warsaw shows strong similarities. Both cities have been the capitals in their countries that experimented with a socialist regime for about four decades. Socialist decision-making concerning city development was highly centralised and fragmented along sectoral lines. Departments of local administration were subordinated to the ministries of the central state, and the later were subordinated to the decisions of the Communist party. The state had the providing role, being responsible for almost all investment into city development.

By the time of systemic change and opening to the international markets in 1990, both cities were about the same size and, together with Prague, constitute a category of cities above one million inhabitants in the post-socialist region of Central Eastern Europe. In both Hungary and Poland, decentralisation and democratically elected local governments were central pillars of the systemic reforms. Capital cities were the object of special institutional arrangements, different than in smaller cities. A two-tier institutional system was introduced in both cities, although with different division of responsibilities and their

coordination between the city-wide government level and lower municipal/district government level.

Table 5 – General comparative indicators for Budapest and Warsaw

	<i><b>Budapest</b></i>	<i><b>Warsaw</b></i>
<b>Population size</b>	1.7 million	1.7 million
<b>% of national population</b>	17 %	4.4 %
<b>Population of the metropolitan area</b>	2.4 million (one fourth of the national population)	2.5 million
<b>Unemployment rate</b>	4.4% (2004)	6.5% (2005)
<b>GDP per capita</b>	14,400 EUR (2003); about 210 % of national average	15,000 EUR (2005); about 300 % of the national average
<b>Average monthly gross earnings</b>	760 EUR (2003)	860 EUR (2003)
<b>Total local public revenues</b>	2.14 billion EUR (2003)	1.47 billion EUR (2004)
<b>Total local public revenues per inhabitant</b>	1,258 EUR (2003)	869 EUR (2004)
<b>Total local public expenditures</b>	2.17 billion EUR (2003)	1.78 billion EUR (2004)
<b>Total local public expenditures per inhabitant</b>	1,270 EUR (2003)	1052 EUR (2004)

In May 2004, both Hungary and Poland were among the first wave of post-socialist countries to become members of the European Union. The pre-accession preparations to bring the institutional systems of the two countries in tune with the EU standards and practices led to the adjustment of political practice in Budapest and Warsaw, since the capital cities were about to become new European metropolises. So, new opportunities for financial support from the EU funds and the need to improve their respective weight and competitiveness within the EU urban network started featuring in the political consideration of the city leaders in the same time in both cities.

In comparative terms, GDP per capita suggests that after more than a decade of fast development in a market economy, both cities are still significantly below their West

European counterparts. Despite being indisputable national leaders in terms of economic development and attraction of FDI, their GDP reached the level of between 14,000 and 15,000 EUR per capita in mid 2000s. That is far below about sixty large European cities with GDP per capita between 20,000 and 75,000 EUR in 2001 (see Table 6).

Table 6 – GDP per capita of selected cities in the EU (2001)

Rank	City	GDP per capita in EUR	Rank	City	GDP per capita in EUR
1	Frankfurt	74,465	33	Essen (Germany)	29,760
2	Karlsruhe (Germany)	70,097	34	Bristol	29,437
3	Paris	67,200	35	Lyon (France)	28,960
4	Munich	61,360	36	Bologna (Italy)	28,282
5	Dusseldorf	54,053	37	Bochum (Germany)	27,900
6	Stuttgart	53,570	38	Parma (Italy)	27,491
7	Brussels	51,106	39	Dortmund (Germany)	26,548
8	Copenhagen	50,775	40	Rotterdam	26,227
9	Hanover	47,223	41	Strasbourg (France)	26,015
10	Hamburg	43,098	42	Florence (Italy)	25,693
11	Mannheim	41,674	43	Leeds	25,619
12	Nuremberg	41,456	44	Duisburg (Germany)	25,259
13	Augsburg (Germany)	39,360	45	Eindhoven (Netherlands)	25,226
14	Cologne	39,108	46	Turin	25,042
15	Amsterdam	38,203	47	Toulouse	24,852
16	Munster (Germany)	38,149	48	Rome	24,766
17	Wiesbaden (Germany)	37,454	49	Bordeaux	24,252
18	Dublin	36,591	50	Malmo (Sweden)	24,233
19	Vienna	36,572	51	Gothenberg (Sweden)	24,065
20	Stockholm	35,733	52	Grenoble (france)	24,026
21	Gelsenkirchen (Germany)	35,688	53	Verona	23,954
22	Helsinki	35,322	54	Berlin	23,428
23	London	35,072	55	Marseilles	22,809
24	Bremen (Germany)	35,022	56	Birmingham	22,099
25	Edinburgh	35,018	57	Manchester	22,069
26	Bonn	34,112	58	Newscatle-upon-Tyne	20,499
27	Antwerp (Belgium)	33,090	59	Lille	20,191
28	Milan	32,122	60	Barcelona	18,449
29	Glasgow	31,893	61	Liverpool	16,466
30	Utrecht	31,712			
31	Saarbrücken (Germany)	30,368		<i>Warsaw (2005)*</i>	<i>15,000</i>
32	The Hague	30,110		<i>Budapest (2003)*</i>	<i>14,400</i>

Source: Barclays Bank 2002, taken from Parkinson 2005

\*Budapest and Warsaw added by the author.

In the period between 1990 and the end of 2005, authorities at the city level in both cities undertook for the first time strategic planning for the general city development, aiming for a twelve to fifteen year period. However, comparing the nature of the strategic planning processes, the two cases differ in the general establishment and dynamics of strategic thinking and in the level of policy-integration in the strategic decision-making. In Budapest, the general strategic plan *Budapest Development Concept*, elaborated in the period 1997-2003, was only one stage in a continuous process of strategic thinking and reforms in the public management at the city level that effectively developed since the first democratic local elections in 1990. It was built on the results of the previous strategic activities and basic values for development set up by the political leadership. In the case of Warsaw, after a first attempt in 1993-94 that ended with no approved strategic document, two general strategic plans were elaborated and approved since 1990: *The Warsaw Development Strategy until 2010* elaborated in 1997-98, and *The Warsaw Development Strategy until 2020* elaborated in 2004-05. The three strategic processes were unrelated to each other, both started as completely new endeavours, neither took the product of the previous process into account.

Spatial strategic planning has been an integral component of the general strategic planning activities in both cities, but it has been also exercised as a separate, legally required planning activity, with the more strategic nature in the case of Warsaw's *Study of Conditions and Directions of Spatial Development* than in the case of the Budapest's *Structure Plan* and *Framework Regulation Plan*.



The main reason for the different dynamics and integration level of strategic policy-making activities in two cities can be found in the fact that Budapest has enjoyed stable political leadership and a continuous policy-making effort, while Warsaw went through a volatile period of experimentation with administrative reforms that favoured a high degree of fragmentation in city-level policy-making. In spite of a relatively fragmented two-tier system in Budapest, the city electorate has elected the same mayor and liberal-socialist coalition for four election terms. This leadership built on basic liberal values while undertaking a series of reforms in the public management, most importantly a financial management reform that introduced a seven-year cycle of financial planning. By contrast, the administrative and policy-making fragmentation in Warsaw led to changes with every new administrative reform or modification until radical reform created one dominant city-level government in 2002. This fragmentation directly prevented the stable political leadership from developing and consequently made impossible any continuity in sectoral decision-making, let alone strategic planning as an integrated approach to city development.

Despite these differences in the dynamics and integration of the strategic efforts since the beginning of the 1990s, the final strategic documents – *Budapest Development Concept* from 2003 and *Warsaw Development Strategy* from 2005 - show some striking general similarities. Both documents in their nature are all-inclusive in terms of the wide range of objectives and tasks for implementation rather than strategic in terms of choosing a limited number of priority interventions. Neither document contains a prioritisation method, nor choose priority projects for implementation; that task was left for a later stage after the approval of the strategic document. Only in the case of Budapest was there

enough time after the approval of the strategic document for the implementation programming to be undertaken by city authorities. The *Medium-Term Programme* however turned out to be less a programming and prioritisation activity building up on the *Development Concept*, but more a selection of sectoral projects to be included into the seven-year capital investment plan and considered for EU co-funding in the 2007-2013 period.

The all-inclusive nature of the strategic documents in both cities goes hand in hand with the weaker commitment of city leadership towards the implementation of strategic goals and objectives. Limited public funds in both cities prevented large mega-projects from being planned with public money, but the tendency in both cities is to include more projects for a wide range of objectives rather than fewer projects focused on achieving high effects by inducing further development in more limited city zones. Listing more satisfied more interests in the short-term, but limited implementation possibilities and city-wide effects of public interventions in the medium-term.

The availability of EU Structural and Cohesion Funds for certain types of public projects in Budapest and Warsaw in the next programming period 2007-2013 contributed to this type of all-inclusive logic of strategic documents. Both cities sought to secure as many funding opportunities from the EU funds as possible. As a result, there was a tendency to put more projects into the strategic plans in order to justify more entries for capitals in the

national application for the EU co-funding at a later stage. So, the projects eligible for the EU funding – mainly infrastructure projects –feature heavily in the strategic plans.<sup>113</sup>

#### 6.1.1 Actors in the strategic planning processes

Since strategic documents are not legally required in Hungary and Poland, no legal guidelines specify how to organise the planning process, who to involve in the planning, the purpose of the consultation process or the organisational process of strategic plans. In theory, this situation leaves a lot of space for local authorities to experiment and introduce innovative techniques of public inclusion in planning. However, the evidence shows that in practice city authorities tend to stick to the minimal requirements for organising the consultation process for spatial plans (usually set up by the planning or building laws). This self-imposed restriction on the participation of other-than-city-government actors in the actual planning process and the lack of will to organise at least a consultation process with participative features other than asking for official opinions on

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<sup>113</sup> It is by now generally recognised among students of local government that a great impetus for preparing strategic documents in countries preparing to enter the EU comes from the new opportunity to apply for EU funds. “Development strategy documents are frequently intended to justify financial support from the European Union or other external sources that strongly emphasise programming. The European Commission has invited local authorities in pre-accession countries to work together on a regional basis to prepare development strategies which would provide the context for the allocation of pre-accession and structural funds. These strategies usually give a direction and focus for local economic development activities. Anyway, the main role of such strategies is often to produce a document that ensures the municipality is able to bid for funds. Thus the existence of the plan may be more important than its context” (Capkova 2005: 200).

Tailoring strategic planning documents to actual or expected EU eligibility criteria can produce disruptions in the strategic planning logic. Instead of focusing on the establishment of strategic directions on the basis of the SWOT analysis, searching for innovative ways of solving local problems and accordingly expanding the range of partners with different financial resources to match limited local public funds, there is a danger of the opportunistic focus on a limited range of projects that are eligible for the EU funds but might not be of the highest priority in city development. This opportunistic attitude can easily dry out local funds and leave no possibility for other initiatives unconnected with EU funding schemes.

the final draft reflects the general attitude of local public authorities towards inclusion of citizens and other more organised ‘outsiders’ into local decision-making processes.

The only actors that *participated* in the planning activities in both cities were departments of city administration, especially the department responsible for the preparation of the strategic plan, city politicians, and professional experts, predominantly external and contracted out by the department in question. External planners led the planning efforts in Budapest and the first strategic document in Warsaw in 1998. The city administration led planning activities in the case of the second strategic document in Warsaw approved in 2005. In this case, once submitting the expert’s version of the strategic plan to the public officials, contracted external experts were not involved in the decision-making on the final list of goals, objectives and tasks. City political leaders initially remained distant from the planning process in Budapest, but once involved exercised some influence on the characteristics of the final document in order to grant their political approval. In the case of Warsaw, consultation with city leaders was less dramatic than in Budapest at the final stage.

Other actors featured only in the official consultation process or in sporadic gatherings when the results of previous planning were presented for input. The community of professional experts not involved in the planning process, representatives of the business associations, selected non-governmental organisation, representatives of lower and higher government levels, were all treated almost the same way. They were given an opportunity during conferences or forums to react to the draft documents; some of them were asked to

send written opinions as it is required in the case of spatial plans. Citizens were informed through the media about the content of the documents, and given one scheduled opportunity to give an opinion on the final draft.

The comparative analysis shows that all three types of actors involved treated the contribution of actors beyond the circle of public officials, city political leaders and contracted external experts as insignificant from the very beginning, though at a personalised level some might have another view. The consultation process was organized according to the minimal requirements of what is necessary, and its purpose was to inform the public of the results of planning activity and to ask for limited feedback that would justify the job already done. It is true that after the consultation process, some comments were incorporated or mistakes corrected, but nothing changed in the system and logic of goals, objectives and tasks finalized before the consultation process. Since the consultations were public relations activity rather than a participation process, the stress in media reports was much more on listing the proposed projects or showing images of future objects of construction, than on explaining the logic of strategic planning to the wider public. It is not possible to offer empirical evidence, but there is reason to believe that the general public cannot really distinguish one type of a plan from another. The lack of will to make the whole strategic planning process closer to the public by involving citizens in the planning process certainly does not help to develop the capacity of citizens to understand the possibilities and constraints of public actions in the urban environment of big cities.

### 6.1.2 Considering implementation during plan-making?

The cases of Budapest and Warsaw show that implementation was weakly considered during the elaboration of the strategic plans. Local politicians and public officials were concerned with the feasibility of local public sector interventions proposed by the objectives and tasks featuring in the plan, but there was no attempt to start negotiating with non-governmental stakeholders about their willingness to contribute in realising proposed tasks. In both cases, the willingness of developers and investors to match the development proposals of city authorities was assumed rather than verified. They were not asked to participate in the strategy-making deliberations on issues that overlap with their business activities. Both cases show that strategic documents used the deductive logic of starting from values and strategic goals and then developing them into operational objectives and tasks. Tasks are already taking the form of concrete projects for implementation. However, the deductive logic of plan-elaboration was not translated into a set of indicators or any institutional arrangement for further programming and monitoring of the implementation of strategic goals and values. The limited concern with implementation before the adoption of plans shifted away from the level of principles and strategic goals towards the more concrete level of implementation of projects. Although it is logical that local administrations concentrate their efforts on implementing concrete projects in a given time period, both cases show that effectiveness of the planning process is understood by local authorities as the implementation of what was determined in the planning document, i.e. as implementation of concrete projects, than as a framework for deciding on future actions primarily aimed at implementation of the main values and goals of local development defined in the strategic document.

This fast shift in the implementation concerns was particularly visible in the case of Budapest because of the attempt at medium-term programming during the time covered by research. During the elaboration of the strategic document, planners were increasingly concerned with the political acceptability of the plan. So, they became aware that there cannot be any real thinking about securing implementation of goals and objectives until politicians commit to the proposed set of values, goals and objectives. Therefore, the implementation was left for a later stage after the approval of the document. Once it was approved, however, implementation programming was to a large extent disconnected from the conceptual logic of strategic planning in the elaboration phase, and focused more on compiling a list of projects for implementation from sectoral plans and making further selection for inclusion in the city's seven-year capital investment planning. The system of values and goals from the strategic document was preserved to a very limited extent and mostly for cosmetic purposes – to give some appearance of logic to the classification of projects.

Looking at the evidence of limited and rather procedural public participation and weak connection of implementation planning with the strategy elaboration, it can be concluded that the strategic process in both Budapest and Warsaw developed within the boundaries of the city government with the participation of selected external professional experts. The stress was on what the public sector should and can do in advancing city development in a desirable direction, counting on the local and state public funding and potential EU funds that could be acquired starting from 2007.

## **6.2 Effects of the strategic planning processes on building institutional relations of local governance**

Looking back at the framework for studying the institutional relations of urban planning in Europe, developed by Healey et al. (1997) and presented in Chapter 2, strategic and spatial planning in Budapest and Warsaw of the 1990s and early 2000s show a mixture of old and new practices characteristic for cities in western market-led democracies. As shown in Table 7, the strategic planning processes in these two cities resemble the consolidated version of the earlier rational planning practices of the public sector in western cities in terms of some characteristics, and show a fast shift to new practices in terms of others (the characteristics of the experience of the post-socialist transition in Budapest and Warsaw are presented in bold). A few of dimensions cannot be characterised as either of the two offered alternatives and are thus impossible to classify.

In order to sum up those characteristics, I will look at several aspect in assessing the effects of the post-socialist experience on the institutional relations of developmental planning: the internal integration of the local public sector, the vertical integration of the public sector, the role of technical experts, and the role of business and civil organisations.



Table 7 – The experience of Budapest and Warsaw of the 1990s within the comparative framework for studying the changing institutional relations of urban planning in Europe in Healey et al. (1997)\*

	<i>Up to the end of the 1970s</i>	<i>Since the 1980s</i>
<b>A. REFERENTS/PRINCIPLES</b> of planning		
1. Nature of decision-making procedures and processes 2. Modes of planning and the relation of the plan to implementation 3. Policy priorities (the priorities of spatial planning) 4. Legitimate planning agents	<b>1. To rationalise the decision-making procedures of the public sphere</b> <b>2. To separate the plan-conception from implementation (rigidity of implementation)</b> 3. Priority given to the built environment (allocative planning) <b>4. Public sphere is the only legitimate one</b>	1. To rationalise the decision-making processes of the social system 2. To integrate the elaboration of the plan and its implementation (flexibility) <b>3. Priority given to the economic and social challenges (developmental planning)</b> 4. Legitimacy shared between the public and private spheres (citizens, businesses)
<b>B. AGENTS</b> of planning		
1. Dominant agents 2. Functional division in public administration 3. Number of territorial levels involved in planning 4. Number of private agents involved in planning	1. One dominant public agent (generally technicians) 2. Powerful and autonomous public sectors 3. One dominant territorial level within the public sphere <b>4. Few private agents</b>	<b>1. No dominant public agent</b> 2. <i>Open public sectors</i> <b>3. Dependent territorial administrative levels (within the city)</b> 4. Many private agents
<b>C. RELATIONSHIPS</b> among agents		
1. Nature of dominant relations 2. Integration mode of sectors 3. Integration modes of territorial levels of government 4. Influence of private agents in planning processes	1. <b>Technical relations</b> are dominant 2. Closed sectors (culture of conflict between technical sectors) <b>3. Administrative and financial domination of the territorial levels in the public sphere</b> <b>4. Citizens and businesses have limited relations with the public agents</b>	1. <b>Horizontal political</b> and social relations are dominant 2. Horizontal integration of the sectors through the development of a culture of superior objectives: vision, employment, social needs 3. Vertical integration of the territorial levels through negotiation within the public sphere 4. Citizens and businesses influence the elaboration of plans

\* The characteristics of the Budapest and Warsaw cases highlighted in bold.

Since the systemic change in 1990, the experience of Budapest and Warsaw in undertaking integrated planning of urban development was aimed primarily at the integrating of the local public sector's policies and actions – integrating of the content of policies and of organisational efforts to coordinate realisation of different sectoral and general development tasks (A1 and A2 compared to B2 and B3 in Table 7). Internal local public sector integration primarily refers to the integration of activities and decision-making of city-level authorities, with limited integration of the two tiers of government activities in the case when both tiers have policy-making competences. In Warsaw of the 1990s, fragmentation within the city was very strong and strategic thinking was exercised at the city level without much agreement and willingness to coopeare from the lower administrative level of Warsaw gminas. It is too early to say if and how the new unified governing structure will lead to the sectoral policy integration. Budapest shows more coordination of activities between the city and districts in spite of conflicts and disagreements, though district authorities were rather consulted after than invited to participate in the planning process.

Looking at the vertical integration within the public sector, the role of the central state and regional authorities has been minimal, in some cases insignificant, in the strategic planning and decisions on future development (B3 and C3 in Table 7). It is not, however, to say that the role of the central government has been insignificant in city development. Since the state owns land and property in the capital cities of Budapest and Warsaw, it is a significant player (or a non-player sometimes) in urban development, but this issue is beyond the scope of the presented research. Besides the area based development where

the central state have power to decide on the development of the land in its property, the evidence shows that the central authorities have not been involved in the strategic planning. The only exception is infrastructure planning, but it is included into general city development planning through sectoral planning. The role of the central state can increase, however, in negotiations on what projects will be included in the application for the EU regional development funds.<sup>114</sup>

In both Hungary and Poland there has been strong anti-capital city feelings among the political elite country-wide that sometimes got the upper hand when important decisions about the city policies were made (e.g. the lack of will to solve the administrative fragmentation and political stale-mate in Warsaw until 2002, the obstructions of the central government in the financing and realisation of the new metro line project in Budapest in 1998-2002, and Pest county refusal to accept Budapest as an integral part of the Central Hungarian Region). Public authorities of the NUTS 2 regions where capital cities belong are less strong when it comes to influencing the internal policies of the capital city authorities than in case of other regions around smaller cities in Hungary and Poland. Regional cooperation, both at the level of metropolitan areas and at the level of NUTS 2 regional authorities (very weak in the Hungarian case), is something still to be

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<sup>114</sup> The minimal role of the central state in local initiatives in the post-socialist period is also stressed in relation to smaller cities in Poland. In their research of the complementarity of strong local leadership with local community involvement in successful development initiatives, Swianiewicz, Mielczarek and Klimska found out that “the vertical power relations between local government and central administration are almost totally ignored, as is the impact of the EU institutions. Indeed, central administration is not interested in such schemes. It neither tries to influence their shape, nor does it attempt to initiate similar projects” (Swianiewicz, Mielczarek and Klimska 2005: section 5.9). On the lack of central state interventions in urban development and absence of a national urban policy in new EU states see also Parkinson (2005).

tried and developed. The coordination and decision-making concerning the application for EU regional funds will certainly play a role here.

The role of technical experts in strategic planning is strong, but politicians have had the upper hand in deciding on what will be finally approved as the official document, and how the conceptual ideas and a wide-ranging pool of proposals will be understood, played with, used or misused in the public discourse and in politicians' promotional activities. The needs and resources of the business sector and citizens are assessed based on experts' experience and in that way included into the content of planned interventions. So the technical knowledge and expert opinion have dominated the strategy-making processes when compared to the knowledge and self-expressed needs of the social actors, be they resourceful businesses or ordinary citizens. Planners are not moderators of social and economic interests, but rather moderate within the local public sphere, with politicians, public officials, and technical staff at two local government levels within capital cities (A4, B4, and C4 compared with A3, B1 and C1 in Table 7).

This analysis of institutional relations of strategic planning processes in Budapest and Warsaw since the beginning of transition, suggests that strategic planning processes have had only a limited effect on the development of the relations of governance in these two fast developing post socialist cities. In Chapter 3, I suggested that strategic planning processes can influence the local governing arrangement in three different ways. The analysis of the empirical evidence in Budapest and Warsaw only supports the first suggested scenario, namely there was no significant development of the institutional

setting and institutional capacity to undertake subsequent action. That means that no change in the initial governing arrangement towards a form of governance relations was detected. The two case studies demonstrate consolidation of the previously existing governing arrangements by consolidating the political elite consisted of local politicians, public officials and external planning experts contracted out by city authorities. The case studies do not support other two scenarios: there is no evidence that shows a shift towards greater involvement of collective interest groups, be they business sector-related or civil in the character of their activities. In the same time, general public remained uninformed - only informed - and the institutional aspect of strategic planning did not contribute to improving the state of local democracy by bringing decision-making closer to ordinary citizens.<sup>115</sup>

My research confirms the assumption that the governing arrangement in Budapest and Warsaw after fifteen years of transitional processes is a local government arrangement

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<sup>115</sup> Using the distinction pointed at by Klausen and Sweeting (2005) between traditional political participation in government vs. participation in governance, my research shows that the first type of participation is still relatively low in Budapest and Warsaw, excluding voting in local elections, and the second type is almost non-existent in the sphere of integrative policy-making such as strategic planning.

Klausen and Sweeting define participation in government as “taking part in the processes of formulation, passage and implementation of public policies. It is concerned with action by citizens which is aimed at influencing decisions which are, in most cases, ultimately taken by public representatives and officials” (Parry et al. 1992: 16, as quoted in Klausen and Sweeting 2005: 220). It includes implementation, but it primarily concerns influencing the nature of the policy, i.e. the formulation of the policy.

In contrast to this type of participation, participation in governance “tends to refer to the involvement and interaction of the organisations and institutions which have responsibility for or are concerned with collective action in the public sphere. Horizontal relationships between actors or stakeholders in networks are characteristic of governance, and it is implied that those participating in governance are affected by the policy” (Klausen and Sweeting 2005: 220). Interactive decision making is the characteristic of this type of participation and this type of governing. “In contrast to traditional participation in government, participation in governance

rather than a form of local governance. The case studies of Budapest and Warsaw demonstrate the existence of a deeply ingrained belief in the possibility of strong local government and local government-driven leadership in urban development. Contrary to the urban governance thesis that the proliferation of economic and social actors with their resources and power to influence urban development would lead local authorities to build close relations with some non-governmental players in order to be able to govern cities and influence urban development with limited local public resources, there is no evidence in Budapest and Warsaw that a similar process of building networks beyond the public sector has yet occurred. In small area initiatives, building close relations with involved business interests or local residents is noticeable (some brownfield developments or poor neighbourhoods' regeneration), but these networks developing in small areas do not translate into partnerships for larger action programmes or general strategic decision-making by city authorities. Business sector investors are praised but the city-level public authorities seem to keep their activities, decision-making processes and reasoning insulated from the logic of the business sector. The public sector tries to be at least a limited provider of development – since cities are restricted by scarce resources – despite the often heard liberal arguments that the business sector should provide most of the city development in market based economies. This strong belief that local public authorities should strive to lead local development while simultaneously keeping their autonomy from the private sector has survived in spite of being continuously challenged by the facts of the local economic development; the market has had the upper hand in many aspects of that development in Budapest and Warsaw since the beginning of transition. The

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tends to refer to the interaction of a number of collective actors” (Klausen and Sweeting 2005: 221).

experience of managing implementation of strategic objectives and tasks (even if done only selectively) will certainly further challenge this attitude, but it is too early to estimate if there will be further opening of the local public sector towards building close ties with business interests and other organised groups.

Interestingly, however, the rhetoric of cooperation and partnership is already common in the political language of both announcements of what projects the city authorities will do in a near future and in complaining that others do not want to cooperate with the city or are not honestly interested in cooperation. Cooperation rhetoric developed faster than the genuine feeling that non-governmental actors needed to be included in local public policy-making, or the desire to approach those actors in order to increase the influence of the public sector in city development through network or coalition building. Consequently, the capacity of city administration and politicians to accommodate a participatory or network building approach with their bureaucratic or politics-driven routines remains weak, with no visible will to develop it.

Instead of developing broader governance relations, public institutions focused on integrating city-level government activities and coordinating with the lower tier of district government. Understood as the main challenge, internal integration of the local public sector decision-making has been achieved with various success: more successfully in Budapest than was possible in Warsaw before the 2002 administrative reform. Although strategic planning was undertaken in both cities, the research shows that there was neither political nor bureaucratic will to establish new institutional structures for

managing and monitoring integrated implementation of strategic objectives at least *within* the local public sector. The reluctance to establish new institutional structures is obvious in Budapest in downplaying the importance of establishing an internal institutional body for implementation ever since it was suggested by planning experts in the first stage of strategic planning in 1998. The same situation re-appeared when a similar body was requested by the City Council after the approval of the *Medium-Term Programme*. In Warsaw, public developmental agencies for strategic areas have never really entered into political consideration, despite being proposed by planners of the *Study for Warsaw* in 1997/98. As an expert in Warsaw told me, “there is a practical difficulty of having a task force in the City Hall responsible for integrated implementation of the strategy because it contradicts the departmental logic of public administration operations.”

### **6.3 Obstacles to developing governance relations in post-socialist**

#### **Budapest and Warsaw: A tentative view**

Finally, one can ask why strategic planning in Budapest and Warsaw did not produce any governance relations in the fifteen years following the systemic change, contrary to the main hypothesis of this thesis. Why has the opportunity not been used, contrary to the expectations of the strategic planning paradigm and international support for strategic planning as a tool for building institutional relations characteristic for urban governance rather than government? Why is it that internal public management was the main institution-building challenge taken on by city authorities in both cities? Why could a greater involvement of collective interest groups not help secure the implementation of



strategic directions and citizen participation not be achieved? What obstacles led instead to the consolidation of political and selected professional elite?

The contextual variables showed that decentralisation reforms placed a great value on municipal autonomy, thus Budapest and Warsaw were faced with two-tier administrative systems that supported fragmentation in the city-wide policy-making. Coupled with a lack of experience of new political leaders and administrators with the autonomous working of democratic municipal authorities, integrated public management within the fragmented administrative structures presented a great challenge for city leadership in both cities. Furthermore, financial support from the central government for municipal level authorities in fulfilment of their mandatory tasks was limited. Anti-capital city sentiments country-wide - averse to understanding specific problems of large cities such as Budapest and Warsaw - were often dominant in the national parliaments when considering legislative decisions affecting capital cities. This all shows that intergovernmental relations – both vertical and horizontal – were a serious obstacle for city authorities in their attempt to coordinate policies.

In such a fragmented local government system, establishing political leadership at the city level was a challenge. In Warsaw, effective political leadership was impossible throughout 1990s despite the ambitions of the successive mayors. The instability of political leadership, shown by the fact that Warsaw had five different mayors in four election terms, cannot be explained solely by the extremely fragmented and volatile administrative structure of the capital city, but it was greatly facilitated by it. A new

administrative reform was always looming on the national political agenda, expected with high hopes or deep fears. In other words, the local context was frequently changing, which led to low political expectations about long-term decisions. In such a situation, the political orientation of the mayor and city council plays a minor role in explaining the attitudes towards inclusion of interest groups and participation of citizens in strategic policy making processes.

In this respect, Budapest is a different case. It shows great political stability at the city-level in spite of the relatively fragmented but also more stable two-tier local government system. In the situation when the city mayor and the political coalition running the City Council remain unchanged for fifteen years, the political orientation of the city leadership can be a significant factor in explaining the attitude of the city government towards greater participation of non-governmental actors in policy-making. However, we see no difference in the attitude of local authorities towards inclusion of business and civil interest groups and citizens at large in strategic policy-making. A lack of interest in applying partnership and participatory methods is visible in both cases – both in Warsaw with its unstable political leadership and in Budapest with its stable leadership and predominantly liberal values for city development.

Nevertheless, building governance relations requires not only the willingness on the government side, but also willingness and capacity on the part of non-governmental actors to be potential partners to the local public sector. Though many foreign investors are interested in Budapest and Warsaw, neither local entrepreneurs nor foreign companies

express much interest in policy-making. Business sector associations exist, but are not strong and willing to get involved in local development processes beyond the immediate interest of their members. The associational aspect is even weaker when it comes to civic interests. Existing NGOs are either weak representatives of the civil interest they claim to represent, or have very limited resources and organisational capacity to get involved in public policy making.<sup>116</sup> This demonstrates that despite fifteen years of democratisation and favourable economic development, the potential partners for city authorities are either weak or disinterested in policy-making, while city authorities do not encourage civil organisations to develop the capacity to work closely with city authorities in developing, implementing or monitoring policies.<sup>117</sup> This also shows something about the

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<sup>116</sup> This is compatible with more general insights about the post-socialist experience in building local governance in the CEE region. “The social and economic reality of the region means that the conditions for practical implementation of ‘local governance’ policies are different to those in Western Europe. There are for example, limited resources in the hands of local businessmen, the relative weakness of NGOs, and a limited market of suppliers of contracted out services” (Swianiewicz 2005: 123). In the case of Polish cities, “[d]efinitely, new trends have been noticed in Poland. Numerous contacts with foreign experts and trips abroad made by Polish mayors and councillors contributed to the dissemination of international experience (...) One may also indicate examples of wide cooperation with non-governmental organisations, and cross-national contacts, as well as some managerial reforms, which may be seen as a result of interest in the New Public Management. On the other hand, some other features usually identified with governance – such as broad cooperation with private sector in the implementation of joint projects and putting together private and public funds – are much more difficult to find. (...) Most importantly, the ‘governance’ and the ‘NPM’ examples quoted above are usually limited to a narrow group of innovators. This group, although very visible, is still relatively small. Most Polish towns, cities and counties can be probably located in the traditional paradigm of local government.” (Swianiewicz 2003: 304)

<sup>117</sup> When it comes to building close ties with the business sector, it is likely that other factors play a role in explaining why these relationships are only project-based and contacts take place when developers approach city authorities enquiring about the regulations concerning sites they are interested in or at promotional events such as MIPIM in Cannes. Other studies have shown the public opinion in the post-socialist countries is very sensitive to the issue of corruption, and accusations of corruption can be easily attached to any dealings of local authorities with bigger businesses. An interesting example from another city in Poland is reported by Swianiewicz, Mielczarek and Klimska (2005). As soon as the only big investor showed interest in developing a site in the main street in Poznan that was in the process of revitalisation, the city authorities in Poznan were accused that the whole revitalisation idea had only come about in order to satisfy the

present political culture in post-socialist cities, both on the side of non-governmental actors – be them individual or collective – and on the side of public authorities.

The policy-making processes at the local, city level up to now should be understood as a long learning processes for all actors involved or affected. Local leaders were testing their possibilities in the new transitional context without knowing always why they were doing something or what they actually expected from the strategic planning process. Planners were learning new tools through practice in a very challenging environment, and also learning what planning can and cannot do in the market-driven local development and with limited public resources and influence on private developers and investors. Strategic planning is still an opportunity for transitional cities to develop governance relations in the future, but the first experiences did not lead to it because of the many reasons mentioned above. As Bryson put it wisely “it is not enough just to decide what to

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interests of that big investors. The researchers testified that there was no evidence of that, but accusations of clientelism were voiced by citizens irrespective of the lack of evidence.

“The Polwiejska Street revitalisation project in Poznan was quite close to the ideal model of *local governance*, but the businessmen’ organisations and small scale businessmen collaborating with the city do not have sufficient resources. Therefore their position in relation to that of the local government is unequal. In many situations, they are more of the city’s client than its partners. The Fortis Company could have played such a decisive role since it was definitely the most powerful actor investing in schemes related to the project. In this case, however, setting up an alliance with and allowing a private partner to participate in decision-making would have amounted to political suicide for the city’s authorities due to the lack of public acceptance for such a cooperation. Thus, in the only case where it could have just been possible to create a strong urban regime, it was politically totally unacceptable and did not happen” (Swianiewicz, Mielczarek and Klimska 2005: section 6).

The authors explain this negative opinion of the public associated with close, even *ad hoc*, ties between the local public sector and resourceful businesses with particular political culture in post-socialist countries and the legacy of the socialist regime. “[A]s we know from the conducted surveys of cities’ economic and political elites, pushing individual interests is unacceptable from the point of view of political culture in Poland, even if they are not exactly in conflict with the interests of the community as a whole” (Swianiewicz, Mielczarek and Klimska 2005: section 6).

do and how to do it – the doing matters, too. Indeed, sometimes the acting and doing must come first, before people will know what they should think and choose” (Bryson 1996: x).<sup>118</sup>

#### **6.4 Concluding remarks: Reflecting back on the typology of governing arrangements**

Having said that my research confirms the assumption that the governing arrangement in Budapest and Warsaw is rather a local government arrangement than a form of local governance, this does not imply the traditional local government type as in my typology of governing arrangements. The experience in Budapest and Warsaw is much closer to my characterisation of local government-centred governance. The context in which public authorities in those cities operate suggests that, contrary to the traditional local government system, there is a need for building governance relations like networks if local authorities want to respond to the challenges brought about by globalisation (such as local economic development and preventing exclusion of disadvantaged groups and neighbourhoods from active engagement in the labour market) and to have larger influence on city-wide development directions than they have now. Much has been achieved in the internal integration of the local public sector in spite of the administrative fragmentation, especially in Budapest. There is evidence that local authorities are also

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<sup>118</sup> Also there might be something about the sheer complexity of large-size cities in the same time being capital cities and affected by many expectations and interests, that added yet another dimension to the list of factors that impeded the development of public participation and network relations of governance. Many times in interviews it came out through the first-hand experience of experts that some smaller cities, primarily in Hungary and but also in Poland, achieved greater participation and more interactive process in strategic planning than capital cities. How much it led to developing governance relations that survived the planning process is, however, the matter for another research.

concerned with the effects of the typical market-led developments, especially visible in the lack of interest of the market actors for inner-city brownfield sites and poorest neighbourhoods (such as the 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> districts in Budapest and Praga district in Warsaw), and these concerns go beyond the legally prescribed list of responsibilities for local authorities that would be enough of the engagement in urban development for the traditional local government type.

As it was shown in Chapter 1, the literature on urban politics gives a lot of conceptual *thickness* and empirical evidence for *urban coalitions* and *networks* that including local authorities or are horizontal in the type of actors they include. The literature on the *traditional model of local government* is also rich in theoretical considerations and empirical contributions. The empirical evidence and comparative analysis given in this thesis highlight the post-socialist version of the *local government-centred* governing arrangement as an emerging, but still indistinct governance form. The types of actors involved in this governing arrangement only consist of the public sector institutions, but no intergovernmental networks have developed so far. cooperation with non-governmental actors might develop in site-specific or individual policy initiatives, but it does not affect the general pattern of public policy-making and the attitude of local public authorities towards inclusion of both collective actors and citizens. Governmental and non-governmental actors are more acquaintances in this case than partners. Networks require the coordination of actions, the pooling of resources, mutual trust and shared responsibility, but these characteristics do not exist in CEE.

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