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12. THE URBAN SYSTEM

12.1 Historical Roots of the Urban System in the Danube Space

(1) Urbanisation took off centuries later than in Western Europe

The West European urban system is a very old interconnected network. Long-distance trade has been an important urban function from the early Middle Ages. The great cities of today were, for the most part, already great cities by the year 1300. The urban core of Western Europe (the "Golden Triangle"), was built and reinforced over a period of several centuries. At present, Western Europe has a well-developed urban hierarchy, from global cities to a very extensive network of medium-sized and small cities. West European cities are strongly integrated by market forces. Increased competition between cities for mobile investment and for locating international, cultural and scientific institutions started in the 1980's and reshaped international hierarchies and made a selection of cities suitable for specific functions.

Eastern and Central Europe has a loose urban network. The historical urbanisation process has influenced the region, but marginally. There are cities that are between 800-1200 years old, however, most of these cities remained small until recently. In the 15th century, the largest cities of Vienna, Prague, Buda, Pest and Krakow had only 20,000 inhabitants. Because of the Hansa cities, further north, these cities did not play a significant role in long-distance trade. Rather, they served more as centres of power for the church or for the kingdom. Their economic influence was mostly limited to their rural attraction zones. Despite the spectacular growth of a few large cities, most of the region remained overwhelmingly rural until the 1950's and there is no explicit core area within the urban network. The geographical distribution of the urban network is uneven. Strong medium-sized cities, with developed service functions, are missing to a great extent. The market integration is still rudimentary in CEECs. The earlier closed economies were replaced by open, but still separated, small national economies. Economic legislation varies from country to country and business networks are still poorly developed. The majority of cities are not yet prepared to enter into the international arena and very few cities could start to participate in this competition.

When transition started in the countries of Central and Eastern Europe, large differences in comparison to the urban systems of Western Europe continued to exist, at least when comparing the countries in the core area of Western Europe.
(2) A Socialist model of industrialisation

In the countries of Central and Eastern Europe, the industrial revolution got underway in the 1860s, but never completely came to fruition and slowed down after the First World War. By 1950, the majority of the population still lived in the countryside in most of the region. The percentage of the rural population was 60% in Hungary, 65% in the Slovak Republic and Poland, 70-75% in Bulgaria, Romania and Yugoslavia.

In Eastern and Central Europe, industrialisation and transition from a rural to an urban society have taken place only within the Socialist system and thus display typical Eastern Block characteristics. There are some exceptions to this: southern Poland and the Slovak Republic, with traditional mining and industrial activities, and the Czech Republic, where the density, structure and the functioning of its urban network has similarities to urbanised areas of the Western parts of central Europe.

(3) Rapid urban population growth starting around 1950

Because of the belated urbanisation, the increase in the urban population has been much stronger than in Western Europe since the 1950's onwards. The number of cities with more than 50,000 inhabitants tripled in eastern Central Europe between 1950 and 1980. Small cities had a rapid expansion from the 1970 onwards, but the small city network still remains poorly developed compared with Western Europe, with the exception of Austria and the Czech Republic.

A comparison of urban growth in Western and Eastern Europe between 1950 and 1990 (according to CATTAN, et al., 1993) shows the following results:

- Urban growth was, on average, two to three times higher in Eastern Europe than in Western Europe. While Western cities grew significantly until 1970, urban growth in Eastern Europe lasted until the early 1980s.

- The difference in both growth processes was not limited to the time lag. It also concerned the features of the process itself. In Eastern Europe, growth of large cities (with more than 500,000 inhabitants) was politically controlled and remained lower than that of medium-sized towns, which was promoted, while small cities participated less in the urbanisation process. In Western Europe, the growth of large cities (metropolisation) was stronger.

(4) Urbanisation under the Socialist system was a very specific process

The totalitarian system caused the disintegration of urban societies. While the principal scene of socialisation was the place of work and while grassroots organisations were banned, society became thoroughly individualised and proletarised, but strong informal links of solidarity existed among the population. Where the private economy gained ground as in Hungary,
Poland and Yugoslavia, a parallel society with an increasingly middle-class character began to emerge.

- Towns maintained their overwhelmingly industrial character, since the expansion of the urban network was, to a large extent, caused by the location of industry. Services were continuously neglected, being considered as non-productive in the centrally-planned economies.

- Investments and urban development did not depend on internal resources, nor did the volume of available funds depend on the performance of the urban economy. Towns had access to development funds through the redistribution of the central budget. Capital cities, which could lobby for their development interests particularly well, had an outstanding role within the urban hierarchy. In Hungary, for example, 45% of the total settlement development funds was directed to Budapest. Nevertheless, the excessive growth of the capital cities was hindered by migration control policies and by the fact that other regional cities and large industrial centres also had a considerable lobbying potential. The losers were clearly the villages that had a very limited access to funds for settlement development. The rural population, amounting to 35-40% of the total population was seriously disadvantaged. As investments in transport, energy and housing were made only as long as they were vital to the functioning of industry, this rural/urban dichotomy was maintained until the end of the Socialist system.

- The state-planned economic systems either were dominated by the hierarchies within the CMEA (Council for Mutual Economic Assistance) (especially Czech and Slovak Republics and Bulgaria) or operated as closed national economies (Romania and partly also Slovenia); cross-border relationships within the micro-economic sphere were rather seldom. Neither did the cities of the East-Central European region compete economically with Western European cities, which elsewhere led to the formation of different specialised urban groups at various levels.

- The state-planned economy also influenced the built-up space and urban land use. The most significant mark left by state socialism on the urban landscape are the large housing projects, built with pre-fabricated elements, which preserved the early 20th century forms of spatial organisation with the semi-rural and blue-collar character of the communes in urban agglomerations.
12.2 Typology of Urban Settlements

(5) European cities

The capital cities located in the Danube Space include: Vienna (1,533,000 inh), Prague (1,212,000 inh), Budapest (2,075,900 inh), Bucharest (2,036,000 inh), Bratislava (441,500 inh), Sofia (1,141,000 inh), Ljubljana (270,500 inh), Belgrade (1,168,500 inh), Chișinău (676,000 inh), Sarajevo (416,000 inh), Skopje (308,000 inh) as well as a few non-capital cities surrounding the Danube Space (Munich, Venice, Kraków, Thessaloniki).

(6) Cities of significance for the Danube Space (“Danubic cities”)

Below the level of European cities, a group of cities can be identified which perform important functions within the individual country and have strong ties with cities and regions outside. These are in particular:

- in Austria: Linz (203,000 inh), Graz (232,000 inh), Salzburg (144,000 inh), Innsbruck (115,000 inh)
- in the Czech Republic: Brno (388,000 inh), Ostrava (327,500 inh), Plzeň (173,000 inh), Liberec (102,000 inh), Olomouc (105,600 inh), Ústí Nad Labem (99,700 inh), České Budějovice (97,200 inh), Hradec Králové (100,000 inh)
- in the Slovak Republic: Košice (235,000 inh), Žilina (84,000 inh), Nitra (90,000 inh), Banská Bystrica-Zvolen (about 100,000 inh)
- in Hungary: Miskolc (211,600 inh), Győr (129,000 inh), Debrecen (212,000 inh), Pécs (177,000 inh), Szeged (182,000 inh), Kecskemét (103,000 inh), Székesfehérvár (111,500 inh)
- in Slovenia: Maribor (134,500 inh)
- in Romania: Constanța (316,000 inh), Timișoara (333,300 inh), Cluj-Napoca (318,000 inh), Craiova (300,000 inh), Brașov (352,000 inh), Galați (307,000 inh), Iași (330,200 inh)
- in Bulgaria: Plovdiv (379,000 inh), Varna (315,000 inh), Bourgas (205,000 inh), Rousse (192,000 inh), Stara Zagora (164,000 inh), Pleven (128,300 inh)
- in southern Poland: Wrocław (643,000 inh), Kraków (75,000 inh), Bielsko-Biała (181,300 inh), Katowice (367,000 inh), Rzeszów (153,000 inh)
- in Serbia: Novi Sad (180,000 inh)
- in Ukraine: Odesa (1,106,000 inh), L'viv (798,000 inh)
(7) Regional cities

A third group of cities perform essential functions for their regional hinterland and sometimes also serve as intermodal nodes such as ports or as gateway cities to regions outside the Union, but belonging to the Danube Space. Without attempting to be exhaustive, the following cities can be mentioned:

- in Austria: St. Pölten, Bregenz-Feldkirch-Dornbirn, Villach, Klagenfurt
- in the Czech Republic: Hodonín, Karlovy Vary
- in Hungary: Békéscsaba, Dunaújváros, Nagykanizsa, Nyíregyháza, Szombathely
- in Romania: Baia Mare, Satu Mare, Arad, Sibiu, Oradea, Târgu Mures, Suceava, Bacău
- in Bulgaria: Vidin
- in Slovak Republic: Komárno, Trenčín, Trnava, Prešov,

(8) Small towns and villages

Because of the rural character of the Danube Space, the number of small towns and villages is high. Hungary has 195 small towns and about 2,900 villages with less than 2,000 inhabitants. In Bulgaria, the very large villages (7,000 by number) have the characteristics of very small cities. The rest of the villages (about 5,000 in total) have a population below 5,000 inhabitants. One quarter of them has a population below 150 inhabitants with a severely deteriorated age structure of the population. In Slovenia, roughly half of the settlements have less than 100 inhabitants (in which one sixth of the Slovenian population lives) and only one tenth have more than 500 inhabitants (two thirds of the population live in such settlements). Slovak Republic counts 30 small towns with a population of between 20,000 and 50,000 inhabitants and numerous smaller towns and villages. Romania also has a large number of small towns and villages.

(9) General characteristics of the settlement patterns in the Danube Space

In most countries of the Danube Space, the urban pattern is rather well balanced in the sense that most regions have at least one town of significant importance for the regional hinterland. Natural conditions, such as mountains, play an important part in the settlement pattern of various countries of the Danube Space. In Austria, for example, the Alpine mountain area covers two thirds of the central area, the entire western part and the larger area of the southern part of Austria. This reduces the area of useable land for agriculture, buildings and transportation facilities, excluding Alpine meadows, rocks, wasteland, forests, and waters considerably. Only 39 percent of the whole land area within Austria could be used for agricultural purposes. In the state of Tyrol, only 13 percent of land could be cultivated. The regions of Salzburg, Tyrol
and Vorarlberg also have considerable problems as far as land resources are concerned. Population density is about 230 inhabitants per km² useable land in Austria.

The urban patterns of Romania, Bulgaria, Slovak Republic and Slovenia are also affected by the presence of mountains in several regions, as well as by the expansion of settlements in the valleys. The problem of scarcity of land in these regions is less severely felt than the rather poor conditions of accessibility. In the case of Slovenia, and probably because of the modest size of the country, the settlement structure appears imbalanced and dispersed. Three quarters of the population live within one-fifth of the territory; nine tenth of all jobs are concentrated there. This means a strong concentration of economic activity in a relatively small area and a considerable amount of daily migration of the mobile population.

12.3 Urban Changes during the Transition Period

The transition taking place during the 1990's had significant impacts on the urban system of Central and Eastern Europe:

- the market-oriented integration of the settlement network, has lead to an increase in social disparity,
- the transformation of the urban economy and the establishment of local governments,
- the evolution of the real estate market and the transformation of urban society,
- the transformation of the built-up landscape,
- the establishment of cross-border relations and the participation in the international competition of cities.

(10) Changing roles for different types of towns and cities

The common trends to the various countries of the Danube Space belonging to Central and Eastern Europe, which occurred during the transition period, can be illustrated with a number of examples and figures:

- In general, the population of large cities has been declining over the past decade. In the case of Prague and Budapest (the population of Budapest declined by 6.5% from 1990 to 1997) a positive migration balance has been outweighed by a negative natural balance. Meanwhile, Bratislava has experienced a stable natural balance and a positive migration balance. The population of Bucharest decreased from 2.1 million to 2 million from 1990 to 1997 while most of the largest cities in Romania, such as Constanța, Craiova, and Timișoara also showed the same short-term trend. In Bulgaria, the
The population of the capital city Sofia has grown slightly between 1992 to 1997. This could be attributed to the fact that migration has outweighed a natural decrease.

The economic trends seem to be exactly the reverse. Significant investments were made by the private and the public sector primarily in large towns, while small towns with single factories or branch plants were more severely hit by industrial decline and reconversion.

The explanation of this paradoxical phenomenon may be found in two important factors. First, the existence of subsistence agriculture, family solidarity and privatisation of agriculture all played a role in stabilising agriculture during the economic crisis of the first half of the 1990s. Second of all is the fact that investments in large towns have not yet really shown their impact in demographic terms, since new in-migration has not counterbalanced the natural demographic decline and out-migration of socially weaker population groups.

Medium-sized towns are in an intermediate position, but their situation is very heterogeneous, according to their economic base and their geographical location. In the Czech Republic, the population of towns between 50,000 and 100,000 inhabitants has significantly increased until the end of the 1980's due to significant housing construction. Since then, however, construction has been stagnating. In Hungary, the largest population decline could be observed in the category of towns between 50,000-100,000 inhabitants, while the population of towns in the range of 20,000-50,000 inhabitants have had minimal expansion. In Slovenia, the population of medium-sized settlements have decreased as in Bulgaria, where medium-sized and certain large towns all experienced population losses during the transition period. The cities of Varna, Rousse, Pleven, Pernik (mining town), Dobrich and Gabrovo all reported the highest absolute population losses. It is probable that a stronger differentiation among the medium-sized towns will take place in the coming years, with some of them performing well and others stagnating.

Also during the transition period, the population of selected large villages and small towns has increased, and in some cases rather dramatically. In Hungary, the population of the smallest towns between 2,000 and 5,000 inhabitants grew most dynamically (by 22.3%) during the period from 1990 to 1997, while the second size category of between 5,000 to 10,000 inhabitants showed the second highest growth rate at +5.4%.

The population also grew to a small extent in the category of towns between 15,000 to 20,000 inhabitants (+3.3%). In Slovenia, the population of the very small settlements increased during the transition period. In Romania and Bulgaria, the trend is less clear. While some small towns and villages had an increasing or stagnating population, a number of them, in particular those dependent upon a single industry, were severely hit by industrial collapse.
Rural development should therefore have a strategic role in the coming decade to offer subsistence and employment opportunities, in particular, to the population that emigrated to the villages and small towns in the past decade and to young population groups. The strengthening of small towns in rural regions should be recognised as a strategic element of overall development and stability policies.

Selected cities located along the border between East and West, on both sides of the border, showed a relatively strong dynamism (examples are Győr, Plzeň and České Budějovice).

In the case of Austria, the cities and their hinterlands showed significant dynamics in the period between 1971-1991 as far as the development of population and employment is concerned. This was particularly true in the case of the western states of Austria: Salzburg and the Rhine valley as well as Innsbruck reported the largest growth, while Klagenfurt-Villach, St. Pölten and Graz lagged behind. In the 1990s, Austria, has undergone a shift towards a more balanced development between eastern and western regions. These developments have been strengthened due to the fall of the Iron Curtain and the hopes set in the eastward enlargement of the EU on the one hand, and big losses in tourism in western Austria, on the other hand. The large cities are presently undergoing a period of functional inner-spatial restructuring and stabilisation as well as an upgrading of their infrastructure.

(11) Ongoing agglomeration processes; emergence of suburbanisation

In the core countries of the Danube Space, the liberalisation of the economy in the early 1990’s has led to the emergence of new trends in urban systems that are similar to those trends taking place in Western Europe. These concern the constitution of agglomerations with related suburbanisation as well as, in a number of cases, the development of urban networks.

The constitution of agglomerations in the countries of Central and Eastern Europe takes place around the large cities, in particular the capital cities, but also around various regional cities. Urban sprawl and suburbanisation, as well as the merging of urban settlements, are the basic factors behind these trends. Many cities practised a kind of "social exhausting" of suburban areas during the Socialist period (urban-rural relationships limited to commuters driving into the cities and use of the surrounding areas for recreation of the urban population) which had induced stagnation of development in such areas. After 1990, however, this phenomenon was replaced generally by activities within suburban municipalities that were more economically advantageous for outer regional growth. A better form of "functional integration" together with more advantageous activities within the central areas of the largest cities has taken place within the Danube Space. A process of increasing social segmentation generally accompanies it.
Agglomeration processes are also progressing along specific corridors such as in Bratislava-Tmava, Žilina-Martin and Banská Bystrica-Zvolen in the Slovak Republic; Vidin-Dunavtsi, Kozloduj-Miziya-Oryahovo, Svishtov-Belene in Bulgaria and in particularly attractive locations such as lake Balaton in Hungary, Adriatic coast in Slovenia, Black Sea coast in Romania and Bulgaria.

The rapid and largely incoherent progress of suburbanisation around large towns will bring a number of problems in the coming years, such as environmental problems and significant demand for new public facilities before the background of scarce public funds, etc. It seems urgent to promote new forms of territorial governance and spatial planning at the agglomeration level, particularly, in the case of large towns.

During the Socialist period, networks between towns were of a hierarchical nature and related to the manufacturing sector as well as to administrative and public functions such as education and health care. These forms of networking have progressively disappeared during the transition period as the cities tended towards greater functional self-sufficiency. Now a need is felt for more horizontal forms of networking, both within the countries themselves and at transnational and cross-border level. However, a significant lack of know-how and experience exists in this respect.

In comparison to the former Socialist countries, the urbanisation process in Austria is more advanced as far as the impact of the liberal economy is concerned. The suburbanisation process of the population started already at the end of the 1960s (in Vienna earlier than in other cities). The suburbanisation of enterprises in industry and the service sector started later on and is still an unsolved problem.

(12) Issues related to the housing estates

The privatisation of housing, which in some countries was rather advanced before the transition period, has been generalised. A number of problems presently result from this: the inability of owner-occupiers to cope with the maintenance and modernisation costs of their buildings and the inability to move to other areas. The quality of the urban fabric inherited from the Socialist period is rather poor. This is particularly true for the multi-storey buildings which need significant technical improvements (especially insulation, new energy-related solutions and other basic technical infrastructure) and renewal. Although these problems are quite general throughout the whole Danube Space (Austria excepted), they are particularly acute in Romania and Bulgaria.

The privatisation of housing in some countries e.g. in Romania progressed very rapidly in the early 1990s. Presently, in Romania over 95% of the units are owner occupied. High shares of owner-occupied dwellings are due to the fact that in part under the previous regime private
ownership of housing units was possible. In the first stages of the transition, housing privatisation had also a buffer role, helping families to cope more easily with income decline and rising utility costs. It also favoured the development of an active secondary market. Later on, with the decline of the secondary market in the existing stock and with the decrease in output over the last two years, households are stuck with their dwellings and cannot change their housing situation. Moreover, in the newly created condominiums, tenants cannot cope with the costs of up-grading their blocks of flats. In certain instances, there is an obvious trend towards deterioration of certain neighbourhoods in the new urban zones of the large cities. The reasons for that are the predominantly panel apartment blocks, erected in the past decades, which have problems with their design and insulation. These apartments are mostly too small and functionally inadequate dwellings with poor infrastructure and poor architectural quality. In addition, demand is now very high and creating pressure due mainly to the current low output (e.g. in Romania about 28,000 units in 1997) and to the poor quality of building stock in the multi-family structures. Mobility constraints also are a problem due to the very high share of owner occupancy, the limited labour market and the lack of private money.

In Hungary, the planning of the renewal of the housing estates and their modernisation under energy considerations has started, but is still in its infancy. In the Slovak Republic the course of privatisation is somewhat different since communities have become large-scale owners of housing estates and thus the course of privatisation to some extent is being delegated to an administration which was by no means prepared for such a challenge. Especially for smaller towns, the future maintenance of large parts of their housing stock is a yet unresolved issue. In other countries as for example in the Czech Republic, the situation of the housing projects in large cities is continuously being stabilised. Housing is undergoing a process of renewal while attractive localities are demanding the investment interests to realise new, mainly commercial-administrative activities.

In Austria, since the middle of the 1980s, the availability of sites for housing has been decreasing and the prices of sites are increasing rapidly in city regions. Availability of building sites in alpine areas is a major source of concern at the local level in the western regions.

(13) Social segmentation and ethnic segregation in urban areas

Spatial segmentation between the well-off groups and the disadvantaged social groups has been increasing since 1990 in the cities of the Danube Space. It is too early yet to determine the degree of social segregation, however, some patterns are starting to emerge, in particular, as far as a poorer social strata or ethnic minorities are concerned.

In the Czech Republic, the social changes in the population of large cities are not yet very visible, but social segmentation seems to be increasing. While the better-off groups are looking for flats or houses in more exclusive localities, there is an increasing rate of homelessness and
crime in urban areas. A stronger ethnic segregation does not occur with the exception of the localities with concentrations of ethnic minorities. Nevertheless, the first problems emerging within socially segregated city districts have become a major source of concern for local authorities while governmental as well as non-governmental activities are targeting these problems as well.

In Hungary, richer and the poorer residential areas in the large towns have emerged. A kind of property-connected and territorial differentiation is being reinforced because of the significant differences in the real estate prices. In some districts of Budapest, the concentration of poorer social strata has started, but has not yet reached the full extent of social and ethnic segregation.

The spreading of real estate prices and significant differences in urban environmental quality has induced social segmentation in the large towns of most countries of the Danube Space. In Vienna, also, spatial segregation has started to emerge.

(14) Level of infrastructure and public service endowment in urban areas

Small towns are generally under-equipped with facilities and infrastructure. While they are playing an increasingly important role for the stability and development of rural areas, there is a generally urgent need for supplies of the most strategic facilities and equipment.

In Hungary, infrastructure in smaller towns is generally worse than that in larger areas. This is of particular concern because the functional weight of the small towns in the whole settlement network has not decreased, but has generally increased considerably, in particular, through the large number of cases in which "township" status has been awarded.

In Slovenia, the urban network structure is characterised by an extensive dispersal of settlements and there are suitable urban centres which could enable an optimal economic development strategy and a high concentration of municipal infrastructure but these centres had not been equipped with adequate administrative competencies. The consequence of dispersed settlement is reflected in inefficiency, costs and lack of infrastructure.

Moreover, in large towns, the endowment with infrastructure and services is in a number of cases insufficient and obsolete. This can be observed in some parts of the old urban centres as well as in various housing areas built during the Socialist period.

The level of infrastructure and public service endowment is very closely linked to the issue of municipal income, which in general has not been satisfactory during the transition period.
12.4 Urban Environmental Issues

The Socialist era in the Danube Space countries has left particularly difficult urban environmental legacies for the new authorities and a restructuring of the economy to deal with.

(15) Urban environmental legacies

Poor infrastructure has been left behind for waste disposal and management, for water supply and management and for waste water treatment. Part of this problem relates to the fact that the price of the service do not account for the actual costs of providing the service, which has lead, in the absence of sufficient government funds, to the gradual deterioration of infrastructure capital stock. In many areas, services are only sporadically available (many areas exist where the water supply is limited to certain hours of the day), existing waste water treatment facilities are insufficient (in both number and quality) and waste management facilities of poor standards (many landfills are unprotected dumps) continue to operate. The poor urban infrastructure poses one of the greatest environmental challenges to the Danube Space countries. To reach a point where the infrastructures conform to EU standards, as required in the accession process, requires an investment beyond the short and even medium-term ability of these countries.

Air pollution hot spots are peppered throughout the Danube Space. Most of the air pollution hot spots and water pollution areas are the result of emissions from industry in medium-sized to large cities. Urban areas are subject to particular air pollution problems from industry with far from adequate pollution prevention and control mechanisms in place. This includes emissions of lead (e.g. in the Romanian cities of Baia Mare and Copşa Mică), particles from cement plants, heavy metals from aluminium and steel smelters. The cities have particularly poor locational quality aspects, both for the population and for the potential settlement of new industries. The impact on the population is exacerbated by the concentrated, large urban settlements. In many cases residential settlements were located directly adjacent to large industrial, heavily polluting complexes, with no consideration of the likely environmental and heath effects on the local population.

(16) Additional environmental threats of the transition

The Socialist era did have the benefit of a working and extensive recycling infrastructure in many of the Danube Space countries. However, with the transition, many of the recycling centres have closed, and indeed separation in the collection of waste has been considerably reduced.
The transition era, with the economic restructuring and the fall in economic output, has reduced government budgets at the local, regional and national levels while also reducing the budgets of independent firms as well as private individuals. This has limited the available public funds to maintain and extend existing urban infrastructures - water supply, sewage systems, waste water treatment, waste collection and treatment, and indeed also district heating networks.

(17) Financing of the infrastructure investments in urban environmental protection

The current level of expenditure in the Danube Space countries ranges from around 1% of GDP to around 2.5% of GDP, which is in the same order of magnitude (in % GDP terms) compared to expenditure for EU Member States. For example in the Slovak Republic in 1995, total environmental expenditures amount to around USD 230 mn., or 1% of GDP, while in Hungary the amount was USD 385 mn. (1.1% of GDP) and the Czech Republic USD 1,185 mn. (or 2.6% of GDP). Water supply, waste water treatment and air pollution control have been the main focus of this expenditure. Waste has seen less expenditure, though significant investment is required. The focus on air pollution control expenditure reflects the clear link between air pollution and human health hazards. When these values are seen in the context of funding required to bring pollution down to more "acceptable" levels, and to ensure the needed quality of water supply, it is clear that even higher levels of investment will be required over the next twenty to thirty years.

Investment in the infrastructure will lead to significant direct and indirect regional development impacts. Construction and rehabilitation activities have direct impacts on development. Improved locational quality, better use of economic activities as well as implementing environmental constraints (levels of payments for services, and stricter environmental control standards) will change production patterns, thus leading to indirect positive impacts on development. In those areas where there has been sufficient investment in environmental services infrastructure, the locational quality will improve significantly. It is also expected, assuming transport accessibility is also in place, that these areas will become of primary interest to foreign investors and thereby increasing inter-relations between the Danube Space and the current EU-15 economies.

As far as water supply, waste water treatment, sewerage networks, waste management, disposal and treatment infrastructure (including recycling) are concerned, investment possibilities will affect the infrastructure (in quantity and quality) as well as the locational quality in the different urban types differently. This will have implications on a regional level given the spatial positioning of the different city types. Because of the difference of city types across the Danube core countries, there will also be conflicts of interest among countries.
For large cities, given the connections of the public administrations, the ability to obtain guarantees, and the less limited financial resources (i.e. also of attracting other investments) a fair amount of money is drawn to these city types. However, given the scale of the environmental and infrastructure problems, this money will not be able to address all of the problems. Electricity connection rates and infrastructure improvements would therefore increase, but not rapidly.

For medium-sized cities, there is still a capacity for attracting funding and political support, as well as the institutional capacity to deal with environmental infrastructure, given that significant money amounts can be attracted. Given that the nature of the environmental challenges are more manageable, it is becoming apparent that these cities are making the greatest progress in terms of environmental infrastructure improvements, and consequently locational quality improvements which should continue to improve for these areas. Connection rates and infrastructure improvements can be expected to increase fastest in these types of cities.

For small towns and villages, it is often very difficult to attract funding due to weaker political leverage and a reduced capacity to address environmental issues within the local administrations. There also exists a lower awareness of funding opportunities and projects in order to attract international funding opportunities (hence, failing to take advantage of potential catalyst effects) to these areas. Therefore, while the environmental problems are less difficult, the resources made available today, and most likely in the future, will be far too small to achieve significant progress in improving the infrastructure. We therefore expect that low electrical connection rates and gradual infrastructure improvement will remain with exceptions in certain small cities and towns where there are particular institutional and capacity strengths.

12.5 Issues Related to Urban Governance

Presently, local authorities are facing a number of serious problems, such as urban decay in old neighbourhoods and a recent rise in housing projects, growing crime rates, provision of infrastructure and services, management of environmental problems, prevention of illegal constructions, management of the land market, management of suburbanisation, etc.

Some of these issues, such as illegal constructions and land management are particularly severe. In Slovenia, there are increasing pressures on the urban fringes, also in the form of illegal construction, which create complex social and land-use-related problems. These problems lead to the continued lack of clarification of relations in the field of land-use policy, including property and municipal incomes. The development of numerous urban settlements is more or less spontaneous, as municipalities do not have organised modern land use
documents. In some settlements, environmentally or socially-degraded land (resulting from activities such as mining, industries, or low-value residential areas) impose a serious burden on urban development. Combined with the uncontrolled development of settlements and irrational land use patterns for building and transport, a complex problem pattern is emerging. In Romania, the greatest pressure for new construction is on the urban fringes, on, mostly unused agricultural land. In the near future, this situation will confront local governments with legitimate pressure for expanding infrastructure, the cost of which they cannot possibly meet. In general, it is still difficult to enforce urban regulations concerning land-use plans, as well as the preservation of areas of cultural value and to prevent illegal building activity, which is estimated at 15-30% of all building activities and represents a permanent concern for local authorities. Public spaces, even green areas are also subject to the invasion of illegal buildings. Urban land-markets are difficult to manage: there is little vacant land in the inner areas (especially in large cities); municipalities have not yet sorted out their assets; there are numerous conflicting claims on urban land and real estate property most of which will be settled in the courts. Yet, there is a very large spread in real estate prices between large cities and smaller ones, as well as between central and peripheral areas within the cities.

Urban governance is in a process of transition in the countries of Central and Eastern Europe. The structures inherited from the Socialist period have disappeared, but have not yet been satisfactorily replaced by modern ones. The necessity to develop integrated urban management is obvious, but so far these have been weakly implemented.

12.6 Cross-Border Issues Related to Urban Systems

The transition in the countries of Central and Eastern Europe has put an end to the isolation of state socialism that separated the development of national settlement networks from one another. The opening up of borders made the direct penetration of global economic trends possible which is also altering the conditions for the domestic competition of cities. The western borders with Austria, Germany and Italy were the first to experiment new permeability with sometimes significant impacts on the settlement structure.

The changing functions of borders have also altered the national hierarchies of cities. Cities in border regions were condemned to stagnation for decades, but some of them have been developing dynamically since 1990, especially those cities in regions bordering on countries of the EU.

Transborder linkages have been disturbed or at least constrained by the establishment of new state borders and by a revival of the formation of nation-states. This process is contrary to the
tendencies existing in Western Europe and may create some difficulties for the enlargement of the EU.

State borders changed many times during the past century. The ethnic map of East Central Europe has been traditionally mosaic-like. The existence of minorities on both sides of several borders in the region is an important chance for cross-border co-operation. It may also imply the slight, but still existent risk of tensions and conflicts, which have to be prevented. Organised cross-border co-operation should be a significant instrument in this respect.

Another factor of great significance in favour of intensified cross-border co-operation is the fact that most border regions, as a result of isolation during the Socialist period, have very weak economic and social structures. Cross-border co-operation could create new economies of scale and be advantageous for the economic development that will complement activities on both sides of the border. Regional areas would benefit from social-economic exchanges between two respective countries.

Urban settlements in border regions will stay at the forefront as far as cross-border co-operation is concerned. Towns may enlarge their sphere of regional co-operation over the border and thus develop an interregional position in the trade of goods and services. Cross-border networks of towns could lead to regional co-operation that could lead to stronger specialisation within each town involved.

So far there has not been much systematic research carried out within the Danube Space on the potential of towns located in border regions to integrate economically with western countries through cross-border co-operation.

As an example, "settlement core areas" were identified in the border regions of the Slovak Republic which should be developed in close co-operation with their counterpart in neighbouring countries. Similar identifications may be useful for other countries of the Danube Space as well.