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# Contemporary Concepts of Urban Development of Banja Luka in the Post-socialist Heritage

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## Abstract

The post-socialist development of Banja Luka, the second largest city in Bosnia and Herzegovina, is characterised by several important features that are noticeable through the transitional processes of establishing a capitalist, democratic society. The reurbanisation of the urban centre, the conversion of the social standard facility, the gentrification of certain parts and zones of the city, as well as the increase of social segregation and redistribution of the population, leave permanent consequences on the urban development of Banja Luka. Construction of a business urban centre will cause the most obvious changes in the urban space, while the use of available public facilities of the socialist period is institutionally transformed into facilities of new content and purpose, whose further use is unquestionable, but functionally changed. Such facilities show that they had, and still have, the same symbolism of meaning, but in two different social systems. This paper sets up a hypothesis that new development patterns based on market development and private ownership do not necessarily give the expected outcomes of urban development modelled after Western cities. Comparing the two periods of development of Banja Luka from the middle of the 20th century to the fall of socialism in 1989, and the period from 1990 to the present, the paper analyses the diversification of urban functions and urban contents, which, on one side lead to spatial redistribution of population, loss of public space and content, but also to the growth of consumption space as a typical feature of the consumer society. Through these processes, the quality of life of urban residents of Banja Luka changes, which leads to the formation of new urban habits and a specific way of life.

*Key words:* post-socialism, transformation, transition, privatisation, reconstruction

## **Contemporary Concepts of Urban Development of Banja Luka in the Post-socialist Heritage**

### **Contextual framework for understanding post-socialist cities**

In analysing post-socialist cities, we often tend to fall into the trap of whether there is a universal concept of transformation of cities modelled on capitalist ones. Some authors have paid special attention to the study of the urban development of post-socialist cities, following their transformation into capitalist cities as a model to be pursued because of the desirable pattern of development. This type of comparison led to conclusions about the backward modernisation of the former socialist part of Europe, while neglecting their advantages and understanding of the context of time and other relevant factors. An additional complication in terms of analysing the post-socialist development is the comparison of a particular city with a particular prototype (Beauregard, 2003 as stated in Wiest, 2012, p. 834). Furthermore, according to some known interpretations, former socialist cities are increasingly getting the form of capitalist cities (Häussermann, 1996), while this paper shows a kind of peculiarity of post-socialist transformation.

Most often, the problem of studying post-socialist cities stems from the fact that we tend to overstate the specifics of socialism, or fit them into a universal pattern of development, and explain them as qualitatively different from those in the West (Bodnár, 2001, p. 14). At the same time, it is forgotten or neglected that the socialist socio-economic formation, regardless of its peculiarities, necessarily contains elements of the development of cities of capitalist organisation simply as a result of development processes that necessarily take place, and not in order to achieve identification with the development of cities in the West. The point of understanding the development of cities can be analysed only in the context of knowledge about social conditions and ruling ideologies, i.e. the characteristics and peculiarities of social formations. The processes of urbanisation themselves were different from capitalist cities and took place under different motives and

conditions. Thus, the post-socialist cities of Central and Eastern Europe require different aspects of analysis, that are not limited only to new studies in relation to capitalist cities, even though we admit that they increasingly resemble them. New approaches of post-socialist development require multidimensional analysis not only through the economy, but also through cultural and political perspective with comparative presentation of active global economic, cultural and political processes that are localised (2001, p. 184).

However, in understanding of post-socialist cities, we should start from the fact that the socialist system was not the same in European countries. It is certainly necessary to take into account the socio-historical contexts, heritage, as well as transitional reforms that did not take place in the same circumstances in all post-socialist countries. In principle, a general conclusion can be drawn that most post-socialist cities have taken the direction of capitalist development, but that cities still have visible elements of urban development from the previous system, and that they cannot be spatially removed. Such cities necessarily move by their own independent development, in which they fit the development elements of capitalist cities into the existing elements of the urban structure. Specific creation of business centres (CBDs) in socialist cities is limited by the already built facilities that are mostly undergoing conversion in the new social system. Gentrification processes specifically show that there is a significant share of capital in the formation and structuring of urban space, especially in the most attractive central parts of cities in order to achieve better use of the centre itself. However, smaller cities that were left without significant industrial potential in the processes of transition and transformation, and were not regionally positioned as cities that could represent regional centres, still retain the features of the former socialist system without visible capitalist development and without gentrification processes. Apart from the real estate market managed by investment capital, almost nothing or very little has changed in their spatial and development structure. Such cities tend to have large outflow of population, in search for better living conditions in larger urban areas. Considering that Banja Luka, in addition to its industrial

potential, has been developing the sector of education, culture, health, etc., thus imposing itself as a regional centre, it experienced faster transformation processes accompanied by gentrification processes, as well as by the interest of foreign and domestic investors in investing in economic development. However, service activities, service maintenance, the financial sector are dominantly developing, and a new higher social class is growing. Gentrification processes can be an indicator in understanding transition processes mostly in larger cities, while in smaller urban areas they lack. The socio-spatial structure of the population also shows the peculiarity of the post-socialist development of cities in relation to capitalist cities. The former working middle class, whose members have acquired their occupancy right through the process of allocating social housing, still remains in the central city zones. Thus, the age structure of the population is very diverse in many socialist cities, where the establishment of the real estate market has led to increase in housing construction, whose housing prices in the central parts have mostly attracted higher social classes and intellectual capital. What can be stated as a common feature of all socialist countries is central planning (although the former Yugoslavia in that sense was also different, since it introduced significant decentralisation, leaving dominance in terms of economic and urban development to the capital cities of the Federal Republics of Yugoslavia). Centralist management was more retained in the domain of one-party political system. The processes of transformation and weakening of central planning development began in the 1990s and became visible in urban systems, and the first indicators can be seen in the privatisation of housing, and land privatisation, that led to the occurrence of private entrepreneurs and commercialisation of urban space. The state is decentralised, so urban development is reduced to the local level of decision-making (Tosics, 2003). The functions that cities had, as well as their role and position in the regional context will mostly determine the further perspective of development, so in that sense it can be said that the transition affected the weakening of some especially smaller cities, while strengthening other larger environments. In socialism, central planning policy took care of quite

homogenous urban development. Given the typology of development of post-socialist cities (Tosics, 2003) according to the capitalist model, the cities of the former Yugoslavia can be included into the category of slow transition and low investment, which is certainly conditioned by ethnic (war conflicts) and division of the state into several independent republics. During that period, many companies went out of business, and market relations with other parts of the former common country and abroad were severed, which will be discussed further.

### **Specificity of Yugoslav socialism**

The post-socialist development of cities took place after the establishment of market relations in the economy, as well as a new system of political pluralism characterised by the preference of democratic values through strengthening of civil society. Decentralisation of government is characterised by the transfer of decision-making from state to local level, so the development policy of cities depends on both, the local government and its economic potential. Diversification between urban development arises mainly due to the fact that larger cities, because of initially better position in terms of level of development, have imposed themselves as cities that become centres of economic, political, educational and cultural development, while smaller towns are rapidly declining and losing significant part of work potential, leaving into larger places for better living conditions and greater employment opportunities. Market principles of the economy will cause disproportionate foreign investment in cities throughout the former Yugoslavia, preferring urban areas that initially stand out as centres with visible development potential.

Socialist period in the former Yugoslavia was different from other countries that were under the patronage of the USSR. The schism between Tito and Stalin culminated in 1948, when the Communist Party of Yugoslavia left the Information Bureau and started its own independent path of developing a socialist system with many specifics. The eclectic model of socialism accepted certain premises of capitalism (Erić, 2009), which was significant difference from the state socialism

of other Eastern Bloc countries. It has been worked on the development of a market economy, while companies were in social and not state ownership, which developed a system of workers' self-government.<sup>1</sup> Economic development was stimulated by the interests of the working class and its independent decision-making on its own interests and the interests of companies. However, it is important to note that workers' management could not always foresee far-reaching consequences of certain decisions, nor did it always make decisions in the interest of the company versus the personal interests of workers. Liberalisation of the economy (from 1950 onwards), decentralisation of power, as well as the domination of the social over state ownership created favourable conditions for development of the old Yugoslavia, and for cooperation with other non-communist countries in Europe. Transfer of a significant number of competencies to the federal republics meant the decentralisation of power and the possibility of independent development of the republics (which will become independent states after disintegration of Yugoslavia). What also made socialism in the old Yugoslavia specific was the concept of balanced development, which meant a state policy that worked on the balanced development of all federal units on the basis of mandatory tax revenues and other forms of allocation from the republic level, which led to the construction of industrial plants in all cities. Industry was considered a generator of economic and social development. However, it can be concluded that the post-socialist cities of the former Yugoslavia unfortunately did not take advantage of other CEE cities, which under the ideology of Soviet socialism were far more centralised and with far less possibility of independent market development. Thus, the liberalisation of the market from year to year increased the unemployment rate, which rose from the original 6% in 1970 to 16.4% during 1990. This process was accompanied by inflation, whose annual

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<sup>1</sup> Since 1974, with the adoption of the new Constitution, the state economy has been restructured in such a way that workers' management has been strengthened, and this has included the right to a share of profit made in companies on the principle of proportionally invested labour.

average rose from about 10% in 20 years to 30% (Woodward 1995, as stated in Neduči, 2014, p. 19).

On the other hand, it is evident that the former socialist socio-economic system did not enable the transition of industrial to post-industrial cities (Backović, 2005, p. 29). This problem can also be seen in urbanisation, which is specific to capitalist cities. The neo-Marxists argue that the degree of dependent capitalist production conditions the disproportionate urbanisation that is typical of the Third World countries (Petrović, 2004, p. 21). Urbanisation processes depend on the manner and degree of production (Harvey, 1988). The neo-Weberian approach considers that urban forms, and thus urbanisation depend on the way in which the socio-economic system is organised (Backović, 2005, p. 28). In socialist cities, there was a noticeable disparity between industrial development and the influx of population on the one hand, and investment in housing and urban infrastructure on the other hand. This concept of suburbanisation was developed by Szelényi (1996), emphasising that it is a spatial expression of the socialist system. Such a situation led to a lower concentration of inhabitants in cities who retained housing in rural areas (Bodnár, 2001) but worked in industrial plants in cities, preventing an uncontrolled increase in population that urban areas could not absorb (Perić Romić, 2018, p. 15). There was a tendency to massive raise of industrial capacities, while there was no synchronised activity in terms of housing the population who were workers in the developed industry. Many of them illegally built housing facilities on the outskirts of the city, and one part continued to live in the countryside daily travelling to work. In addition, the initial investment in housing was below a satisfactory standard. The need to make the maximum rational use of available urban land was absent for the above reasons, so socialist cities abound in large un(arranged) green areas or public spaces, which will change in the post-socialist period through interpolation processes into already built physical structures. Accordingly, in socialist cities, there is an irrational use of available urban space, which is partly caused by the lack of pressure of sudden concentration of population in cities, and the lack of entrepreneurial initiatives since construction companies

were under the jurisdiction of the state and society. A feature of all former socialist cities is the lack of market value of land, which caused its irrational use, so the most attractive urban locations closer to the centre were not used for construction of CBD<sup>2</sup> zones (as is the case with capitalist cities) but for the construction of social standard facilities and cultural and historical monuments which, as a rule, glorified the political ideology of the communist system. In former socialist cities, urban development depended on state-level planning documents. Their implementation was carried out by the city administrations without the authority to substantially change them, except within the permitted limits. Every urban development was directly related to the level of economic development at the state level. The state had construction land at its disposal, taking on the role of both investor and contractor. (Stanilov, 2007a). Due to the decentralised system in the former Yugoslavia, this phenomenon of urban development and strict planning was transferred from the state level to the level of the republics, which certainly ensured much easier development process. The state, in cooperation with the governments of the socialist republics, retained the ability of controlling balanced urban development.

### **Position of smaller towns**

Smaller urban places have special attention in studying the post-socialist transformation of cities, because the abolition of state control over balanced development has left the most severe consequences on them. The transformation itself referred to the establishment of new relations in market processes and a new type of relations and communication between the local and state levels of government (Sykora, 1993). Cities that relied mainly on the industrial sector without the development of other institutional segments with the collapse of industry that failed to transform into a post-industrial phase in the privatisation and transition processes, are beginning to decline, with significant part of their population moving to larger urban centres with more facilities and better living conditions. Such urban

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<sup>2</sup> Central Business Zone

environments were less attractive to foreign investors who saw no human, infrastructural or spatial potential in them. The advantage is given to those cities that have managed to keep at least one part of their industrial potential functional, and they have also gained the advantage as regional centres of education, culture and health care systems. Such cities still have better position in terms of attracting foreign investments, which are in the initial process of post-socialist transformation recognised through sharp increase in trade and commercial activities, mainly in the form of opening shopping centres and entrepreneurial initiatives of small and medium-sized enterprises. In this process, a functional and annuity gap occurs (Sykora, 1993 as stated in Backović, 2005, p. 33). Inadequate use of urban land in socialism will lead to the need for its rational use, which will affect the replacement of unprofitable functions with those that bring higher incomes. As a result of these processes, we have the commercialisation of the urban centre and the growth of service activities. Urban centres are becoming places with new facilities, and dominance of service activities is caused by willingness of investors to pay and offer a higher price. Urban centres are becoming business premises, which includes the processes of gentrification or investment in certain abandoned and neglected buildings in order to create more luxurious housing on the one hand (at least in some areas where it is possible to achieve) and business premises on the other hand. However, these processes are far more intense in cities that had significant economic potential in the socialist period, which is the case with Banja Luka as a city that during socialism was the regional centre of FR Bosnia and Herzegovina, but not the capital. Even in the earlier historical development, Banja Luka was the seat of the Bosnian pashaluq during the Turks in the 16th and 17th centuries, and during the The Kingdom of Yugoslavia it was the centre of the Vrbas Banovina with intensive urban development. Due to its geographical position and significant natural wealth, Banja Luka experienced rapid industrial development after the Second World War, which led to a significant influx of population and which will enable its parallel development of other functional spheres of urban life, so in 1975 it founded the Pedagogical Academy, which will be a precursor to

the establishment of many faculties and the development of the University. Today, Banja Luka has the attributes of the capital of the Republic of Srpska, although according to the Constitution, the capital is East Sarajevo. Based on the development potential, as well as its previous position of a regional centre, in the period from 2003 to 2010 the Administrative Centre of the Government of Republic of Srpska was built, which gave the city one completely new dimension recognised in institutionalising the political life of this entity of Bosnia and Herzegovina. Based on the above, it can be concluded that the transition from the Fordist to the post-Fordist model of urban development is conditioned primarily by the strategic importance of individual cities in the urban network, as well as the starting potential they had in the post-socialist transformation, respecting historical development. The diversification of functions is certainly a feature of all post-socialist cities, although the increase in activity in the central zones is not necessarily the result of commercial activities, but also of the institutional strengthening of the city.

### **Characteristics of socialist development of Banja Luka**

After the devastating earthquake in 1969, and then the adoption of the Urban Plan in 1975, heavy industry was positioned in five industrial zones located mainly on the southern outskirts of cities, while in the urban central zones sporadic positioning of some light industry plants could be observed. One of the zones of light industry in the city itself belonged to the great industrial giant "Rudi Čajavec". Further development of industry meant its expansion to the eastern and northwestern zone of the city. The traffic infrastructure connected clearly defined zones of housing, work, and recreation, extending along the longitudinal traffic axis (Perić Romić, 2018, p. 25). The Urban Plan took into account the existing inherited cultural and historical facilities, increase in the number of inhabitants, as well as the economic growth, the roads that connected not only the inner zones of the city but also the city with other urban centres. The construction of residential settlements was mainly planned in the north longitudinal direction (Urban Plan 1975, pp. 107–109) due to the fact that the expansion of

the city was largely tied to the coastal belt of the Vrbas River to maximise this natural potential for housing. Positioning of commercial and other social activities was planned in the city's semi-functional centres, while the construction of schools and kindergartens, as well as sports fields, was planned in the residential areas themselves. The goal was to increase the availability of services and reduce traffic congestion. The accommodation of residential workers' settlements in whose construction workers participated through the system of funds for housing construction was achieved through the recommended square metres of the apartment per capita which was 15.7 square metres (Urban Plan 1975, p. 58) and the existence of public green areas as part of residential settlements whose quality of construction and infrastructural equipment significantly improved after the 1969 earthquake. As in other socialist cities, the central parts of the city remained underutilised with a lower coefficient of population density and construction than was the case with residential areas of the city which were actually settlements of industrial workers, i.e. the middle working class. The original residential facilities that were built before intensive socially owned housing (i.e. before the earthquake) by the structure of the city development occupied zones closer to the city centre, and over time became quite devastated compared to new housing, and their infrastructure was far worse. Rather old population remained in these apartments, while younger working-age population was concentrated in the newly built residential zones through the principle of allocating social housing. As in other socialist cities, the central zones of the city are dominated by social standard facilities with obvious lack of business premises and private entrepreneurial initiatives. In almost all socialist cities, in the very centre, there was a department store - a grocery and consumer goods store that was a symbol of the socialist system. The squares and parks that occupied (and still occupy most of the available space in the heart of the city) strengthened the sense of urban commodity and socialist ideology of comfortable and cozy living achieved through monumentality and spatial width. Since the development of the economy was state and socially owned, the absence of private entrepreneurial initiatives did

not encourage better utilisation of urban centre, and later privatisation processes will often lead to uncontrolled sale of city land and illegal privatisation of many socially owned buildings, which will disrupt the concept of rational and sustainable spatial expansion of the city. Generally speaking, almost all post-socialist cities were suddenly left without significant available land areas, transforming into a capitalist system, but with far less financial capacity to build social standard facilities, which will soon be recognised as a significant disadvantage. Private construction investors and construction companies mainly build residential buildings with the maximum availability of spatial coverage and to the detriment of green areas, parking spaces and other necessary facilities.

### **a) Housing policy in Banja Luka**

The establishment of self-governing socialism, which, in the old Yugoslavia, started in 1953 and officially lasted until 1989 in response to Stalinist socialism in which all economic and any other development originated from the centre, led to certain specifics that affected urban development and quality of life of urban residents of Yugoslav society. Decentralisation of housing policy in Yugoslavia began in the 1950s (Petrović, 2004). Workers' management of enterprises portrayed a kind of free socialism, and the establishment of Self-governing Interest Communities (since 1974) gave workers the opportunity to participate in building flats and resolving their tenancy issue by voluntarily allocating funds from their material income (salaries). However, this model of housing did not meet all the needs of the working population because only 25% of the total housing stock of Yugoslavia was socially owned (Vujović, 1997)<sup>3</sup>, but certainly increased the quality of housing and better use of available urban space (Perić Romić, 2018). Resolving the occupancy right and obtaining a social flat for use was accompanied by many irregularities in terms of determining the priority of allocating flats. This certainly influenced the emergence of mass often illegal construction

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<sup>3</sup> Hence, built through solidarity funds for needs of workers of less developed companies or through the allocation of self-governing interest communities.

of individual housing in the peripheral parts of cities, which permanently disrupted the spatial image of cities and the possibility of further consistent urban planning. The monotony of housing estates and the prefabricated type of construction influenced the aestheticisation of housing estates characteristic of socialist societies, although in this context the old Yugoslavia differed from other countries, as it had a high degree of decentralisation and a high degree of autonomy of federal republics, which independently developed their concepts of modern construction incorporated into the dominant ideology of socialist society. Banja Luka, as the second largest city in Bosnia and Herzegovina, had another advantage over other socialist cities in the former Yugoslavia. The devastating earthquake, which completely destroyed a large number of residential and social standard facilities, on the other hand enabled Banja Luka to receive, in accordance with socialist solidarity, large financial help from other federal republics, but also help from abroad. The period of urban renewal and construction of the destroyed city, and the parallel strengthening of industrial capacities influenced the rapid growth of the urban population, which doubled after the Second World War until 1960, and was about 57,000. After the adoption of the Urban Plan in 1975, the estimated increase in population in the following years was 220,000, but that number has not been exceeded even today. The reason for that can be found in the collapse of the industrial sector and the processes of poorly implemented privatisation, which did not restore pre-war production capacities and which, due to the dismissal of workers, ceased to be factor in attracting a large working-age population. Since Bosnia and Herzegovina entered the war in the early 1990s and changed the social and political system, the transition from the industrial to the post-industrial period was prevented. In 1992, the law on housing relations was adopted, which started the process of privatisation of flats. In this way, a new concept of both housing construction and the acquisition of the right to housing started, which is essentially conditioned by the socio-economic status of the population. The privatisation of housing has led to the emergence of social segregation. Former workers' settlements today represent a concentration of elderly population, which was impoverished by the

collapse of the industrial sector, but which gained ownership of the flat through privatisation. In the post-war period, especially after 2000, the expansion of investment urbanism will lead to a drastic increase in housing construction, which still maintains a high level of construction in the core urban area and sporadically in peripheral parts of the city where the price per square metre is much cheaper. The central residential zones that expand around the already traditional and business zone of the city cause the concentration of a richer population, which shows new forms of socio-spatial distribution of the population. The most famous such settlements are Nova Varoš, Ada, Petrićevac, etc. Thus, in smaller post-socialist cities, the construction of suburban settlements is far less intense because the process of city development is slower, which still allows interpolations into insufficient content and functionally built spaces.

## **b) Transformation of the economic sector and conversion of constructed areas**

Favouring industry, as well as stifling entrepreneurial initiatives, is a feature of a centralist system in which state (in the former Yugoslavia social as well) ownership dominates and in which planned development is the result of planned economy. Although the intensive development of Banja Luka is connected to the period from the beginning of the twentieth century when some of the representative facilities of this city were built, under the rule of Ban Svetislav Milosavljević Tisa (Banski dvor and Banska uprava, theatre, etc.), industrial development gained momentum after World War II and became a permanent feature of this city. Among the largest industrial giants of that period, it is important to mention the factories "Rudi Čajavec", "Incel", "Kosmos", "Jelšingrad", "Unis" and many others. According to the statistical office, in the period from 1960 to 1980, over 60% of the population worked in the industrial sector. Transition to market-oriented economy was preceded by privatisation processes that began in 1989. Due to the beginning of the war during 1990/91, many contracts and foreign trade agreements on import-export policy of semi-finished products and raw materials were terminated and lost,

which led to great losses and almost unstoppable collapse of this branch of economy. The loss of these arrangements will also affect companies that were not oriented to foreign markets. Due to the stopped production, they did not have the opportunity to place their raw materials in the internal national economic space. An example of latent corruption (Bjelajac, 2008 & Bjelajac, 2015) is reflected in the fact that many companies from that period were privatized by individuals from the new post-war quasi-elite and controversial businessmen who saw in them as their own personal interest for enrichment through sale of earlier social capital, rather than a desire to restart production capacity. Bankruptcy proceedings, as well as liquidation proceedings, are other outcomes of these processes, and what they have in common is that they produced a large number of layoffs, directly endangering their material existence and suppressing the social domination of the former middle working class.

When it comes to Banja Luka in particular, the total number of privatised companies by the end of July 2020 was 134, of which about 670 million euros were realised, while 22 companies are still non-privatised. By the decision of the Government of the Republic of Srpska, 18 companies were declared companies of strategic importance, which means that they will not be subject to privatisation, at least in the near future. Other companies are in bankruptcy and the liquidation procedure over one of them has been completed. In the period from 2000 to 2014<sup>4</sup>, about 71% of companies planned for privatisation were privatised. Among them, there were 15 strategic companies that generated over 90% of revenues in relation to the total revenues implemented in the privatisation process. The transition from planned, i.e. command, to a market-oriented economy in the conditions of unsuccessfully carried out privatisation process will encourage the opening of small and medium enterprises whose dispersion in space depends on the influence and power of local entrepreneurs and investors, as well as the flexibility of local government actors to make decisions in their interest. Complete shutdown and collapse of the light industrial sector in the urban area of

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<sup>4</sup> Information on the situation in the economy and employment of the City Administration of Banja Luka, Department of Economy.

the city conditioned the conversion of abandoned spaces into new purposes, mainly of a commercial nature. Specifically, one part of the premises of the Čajavec factory has been converted into the shopping centre, while one part of the available facility is used as office space of various bureaus, headquarters of political parties and similar. The space for technical preparation of the Kosmos factory, for example, has been renovated for the needs of the Medical School. In the former heavy industry zones outside the city centre along the eastern transit, several private companies started their business activities after the privatisation, but with significantly reduced production capacity and labour force compared to the period of full industrial momentum when "Incel" employed about 6,500 people. This giant included: "Elektroliza", "Viskoza", "Celuloza", etc. and today the only serious plant is "Celex" (production of paper products) of investors from Slovakia, with significantly smaller number of employees. Transformations of built spaces refer not only to industrial plants but also to buildings that had different purpose. Today, the former military barracks are adapted for the needs of the faculty and the functioning of the university city, as is the case with the former barracks "Vrbas". The space of the former railway station was turned into the Museum of Contemporary Art, etc., while the space of the Mortgage Bank is used as the Palace of the President of the Republic of Srpska, and today's National Assembly is the former House of the JNA Army. However, the conversions of built spaces reflect the rational use of existing facilities, but certainly lead to diversification of urban functions that were not projected in this way in earlier urban planning. However, a far bigger problem is the illegally implemented privatisation of city construction land, as is the case with the land of the Agricultural School in Banja Luka or the area of the former bus station, which left the city without significant spatial resources. An additional problem is the future regulatory planning that must take into account the existence of private ownership in the mentioned localities.

### **Planning and spatial transformation of Banja Luka**

In its spatial development, Banja Luka is guided by documents and urban plans of a lower order, because after the expiration of the

Urban Plan from 1975, a new plan was never adopted. Frequent changes in regulatory plans reflect the influence of capital on the creation of urban space, while housing and service functions increasingly occupy the former production areas (Mandić, 2013). The impossibility to adopt a new Urban Plan is a confirmation of the current situation in which investment urbanism becomes the backbone of the development of cities and the planning documents are adjusted to it. In the urban planning of post-socialist cities, partial planning is in force, while integrity and synthesis in urban planning are increasingly being avoided (Čaldarović, 2012). Complete urban planning disappeared when the state ceased to be the controller of the entire state development. As a result, today in the post-socialist cities of Yugoslavia we have dysfunctional zoning, lack of vision of the entire urban development, mutual intertwining of urban content and similar. Diversification of urban functions is present in all post-socialist cities.

Available urban land is becoming the subject of appetite of many large investors, while city administrations see the possibility for fast filling of local budgets by selling construction land, which actually ensures survival in conditions of poorly and inadequately implemented privatisation. This situation will cause an increasing lack of control regarding size, appearance and function of newly built buildings that are often interpolated into already built residential structures, which also affects the ambient incompatibility. Existing planning regulations are subject to frequent changes and manipulations, which was obvious evidence of weakening state control, which in most CEE countries depended on foreign investment, opening new markets, credit arrangements and other adjustments in the process of joining the European Union. Insufficient restriction of the will of investors was justified under the pretext of attracting investments at any cost, with a reasonable lack of protection of general, i.e. public interest. Urban space under these processes is increasingly losing consistency and there is spatial fragmentation. Urban planning under such challenges has often been forced to incorporate the existing situation into itself without being able to correct it. In all larger CEE cities, there is a significant increase in suburbanisation, while in smaller cities these processes are

significantly slower and to a lesser extent. The reason for that is that smaller cities are not attractive to investors due to the demographic and economic stagnation. In addition, in smaller cities it is not possible to talk about suburbanisation due to their size, so construction investments are visible on available land within the city itself. Smaller post-socialist cities that had the opportunity to retain some of their potential in transition processes with population growth are also recording the development of new urban settlements, but construction investments are still intensive in central city zones and residential areas where it is possible to achieve a higher degree of construction through interventions in the existing constructed housing structures. In these processes, unfortunately, mostly public green areas suffer, which leads to better use of available urban space, but often impairs the quality of life of residents. Spatial segregation is more distinctive in larger cities, while in smaller post-socialist areas rich population is still concentrated in urban centres in newly built housing, with a still high percentage of the elderly population living in socialist housing and mostly retired. As a comparison, Sofia is a city that had government and administrative buildings built in the very centre, but with the presence of residential buildings that contained commercial space on the ground floor. Also, in the centre of the city of Sofia, built historical residences of ambassadors, government officials and merchants can be recognised. In the socialist period, suburban housing estates developed, while there was no investment in the historical core (Hirt, Stanilov, 2007, pp. 222-223), which was the case with smaller cities such as Banja Luka. Several significant cultural and historical buildings built in the centre of Banja Luka were used, and are still used, for administrative activities. Built residential buildings in the centre remained trapped in the time when the residential construction continued to expand outside the urban cultural and historical centre of the city. In the post-socialist period, private investors, with the help of changes in regulatory plans, significantly intensified construction in the central city zones more than in the peripheral zones, which will make a noticeable difference between the rich population, which can afford housing in the centre, and the elderly population, which has remained in old housing that has been affected by the ravages of

time. In Sofia, after 1990, there was a significant adjustment of the city centre to commercial and office needs and the replacement of older buildings with larger facilities, but there was no significant increase in population density in these zones. Mainly due to these processes, the lower and middle class were displaced, while more affluent population successfully avoided displacement. Gentrification of flats in central areas was slower than the commercialisation process (2007, p. 223). In the second phase of Sofia's post-socialist development, old residential buildings were demolished and commercial spaces on the ground floor and luxury housing on the upper floors were built. In Banja Luka, this process did not occur, and older residential buildings are still represented closer to the city centre. In larger post-socialist cities, as is the case with Prague (Sýkora, 1999b), during time, it will be shown that in central urban areas, commercial activities dominate over residential activities, which will affect the vitality of cities.<sup>5</sup> Also, due to the privatisation of land, many cities have given up the right to build social standard facilities on undeveloped plots by selling to private entrepreneurs, which will prove to be a shortcoming in terms of the quality of urban life. Intensive housing construction in the immediate vicinity of the traditional core and / or business centre leads to traffic congestion, which proves to be an additional problem in everyday functioning.

### **Increase of commercial activities**

In the period of post-socialist transformation, there was a sharp increase in commercial activities, i.e. an increase in the construction of shopping malls and shopping centres as an announcer of new modern development of society. Commercial zones in Banja Luka occupy a significant part of the available land, which was often envisaged in previous regulatory plans for the construction of a social standard facility, or it served as a public space of mainly sports and recreational character. The demise of public spaces is manifested as

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<sup>5</sup> In Sofia, residential luxury housing zones spread south and east along major boulevards and public parks toward Mount Vitosha, while neighborhoods of the poor are visible in the northwest, where industry, railways, and many industrial warehouses are concentrated (Hirt, Stanilov, 2007, p. 227).

an expression of supermodernity (Auge, 2001) which consequently influences new forms of social relations appropriate to the consumerism of consumer society. Transformation of public spaces into privatised spaces of consumption is also an expression of the creation of urban lifestyles of the belonging class, which is conditioned by the purchasing power of the inhabitants.

Gentrification processes will also cause the occurrence of new luxury housing zones that are intersected with business activities of a mainly tertiary nature. Therefore, the construction of residential buildings implies business activity on the ground floor and the first floor, while housing is planned for higher floors, which is the case with other socialist cities as well. However, Banja Luka has kept the traditional historical core in an almost unchanged state with the revitalisation and reconstruction of the urban centre, contributing to the aestheticisation of urban space. Gentrification meant the demolition of old, and construction of new residential buildings in previously built spaces, while respecting the allowed number of floors, as well as their overall dimensions. As an indicator of good management of urban development, the construction of a shopping centre in the immediate vicinity of the traditional city centre was stopped, and the new regulation plan in that part plans to build a monument to fallen soldiers of the last war that fits into the overall ambient context of historical heritage. The development of the business centre, which is dominated by institutions of the banking sector, insurance companies etc., is connected to the main street (former "Carski Drum" and today King Peter I Karađorđević Street). Since Banja Luka has become the main urban centre of the Republic of Srpska, many social facilities have been transformed into facilities for the functioning of the institutions of the system, but have retained their earlier form, thus preserving the recognisable appearance of this city. However, in Banja Luka, gentrification processes are less visible than urban renewal and revitalization, as is the case with the traditional historic core that stretches along Gospodska Street, which is dominated by commercial facilities within the pedestrian zone. Considering that at the exit from the promenade (Gospodska Street)

there are representative facilities Banski dvor (Cultural Centre) and Banska uprava (City Administration) and the Orthodox Church of Christ the Savior, the revitalisation of this part of the city meant not only aestheticisation of urban space but also preservation of cultural identity of the city. In the very centre of the city, there was a certain demolition of barracks (old craft facilities) with the aim of building a park and public space that refers to the wider scope of the traditional historical core, which includes expanding the green area and building memorials to fallen fighters of the last patriotic war. The increase in commercial facilities through the conversions of residential buildings diversifies urban functions, but still not to a drastic extent, given that the construction of shopping malls is still missing from the city centre and is more represented in transit zones. For example, Mercator gravitates towards the eastern transit, while the Emporium and Centrum shopping centres are located along the western transit. In this way, even changes in consumer habits, as well as the construction of specific lifestyles, remain the commitments of residents that do not affect changes in available facilities within the city centre, which is mainly reduced to retail. Therefore, rational urban policy, even faced with the challenges of post-socialist transformation, does not necessarily have to change essential urban features by violating the recognisable urban context, but on the contrary, to dislocate new urban habits into spaces that in terms of urban and traffic structure can withstand stated transitional processes as an expression of market liberalisation and growth of capitalist values.

## **Conclusion**

Contemporary development of Banja Luka is conditioned by two important factors; the first which refers to the fact that Banja Luka positioned itself as a regional centre in terms of economic, political, educational and health sphere, and the second which refers to the fact that the transformation from the socialist to the post-socialist period did not take place under the same conditions as in the other socialist countries, primarily due to the war in Bosnia and Herzegovina, which caused the complete collapse of economic (industrial) potential.

Processes of privatisation, deregulation and decentralisation have affected: privatisation of housing, reduced role of the state in the field of protection of common interests, as well as the transfer of competencies from state to local level (Petrović, 2009, as stated in Mirkov, 2017, p. 36), which on the other side caused investment urbanism, the privatisation of many public companies that eventually ended their business activities, and local strategic planning and decision-making that could not amortise and compensate for the former economic potential. Post-socialist development of Banja Luka was characterised by sharp increase in trade and service activities, as well as the conversion of certain urban spaces into new-purpose spaces, but with unchanged cultural-historical core. The growth of business facilities in the city centre can be taken only as a conditional move towards the development of CBD centres as possible feature of capitalist cities, since Banja Luka still retains and upgrades a high percentage of housing function in the central zones of the city. Diversification of the city's functions is conditioned by the previous socialist legacy, while the mobility of the population to suburban settlements or central zones is conditioned by the material status of the inhabitants, with a significant presence of the former working population in the zones gravitating towards the centre. Construction of eastern and western transit strengthens the city's position as a regional centre. Banja Luka is the centre of the Government of the Republic of Srpska, which significantly affected the visibility of the city in European and international frameworks, and strengthened economic development through foreign investments. Nowadays, the city has more and more features of an organised Central European city, which is characterised by balanced economic, cultural and every other development. Despite its development potentials, it still faces insufficient development of social standard facilities that affects the accommodation and quality of urban life, which is often concealed by the intense growth of the real estate market and the creation of new consumer society lifestyles, which are connected to higher social class.

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## **Savremeni koncepti urbanog razvoja Banje Luke u postsocijalističkom naslijeđu**

### **Sažetak**

Postsocijalistički razvoj Banje Luke drugog po veličini grada Bosne i Hercegovine odlikuje nekoliko važnih karakteristika koje su uočljive kroz tranzicione procese uspostavljanja kapitalističkog, demokratskog društva. Reurbanizacija urbanog središta, prenamjena objekta društvenog standarda, džentrifikacija pojedinih dijelova i zona grada, kao i porast socijalne segregacije i redistribucije stanovništva ostavlja trajne posljedice na urbani razvoj Banje Luke. Izgradnja poslovnog urbanog središta usloviće najočitije izmjene urbanog prostora dok se upotreba rasplodivih javnih objekata socijalističkog perioda insitucionalno transformiše u objekte novih sadržaja i namjene čija je dalja upotreba neupitna ali funkcionalno izmijenjena. Takvi objekti pokazuju da su imali i imaju istu simboliku značenja, ali u dva različita društvena sistema. U radu se postavlja hipoteza da novi razvojni obrasci zasnovani na tržišnom razvoju i privatnom vlasništvu ne daju nužno očekivane ishode urbanog razvoja po uzoru na gradove Zapada. Pad socijalističkog režima, kao i ratna i postratna dešavanja, te tranzicija sprovedena u ovakvim uslovima, dovodi do nekozistentnog razvoja grada u kome procesi privatizacije društvenog vlasništva utiču na nekontrolisani rast apetita privatnih građevinskih preduzeća koji pod fleksibilnim zakonskim normama u velikoj mjeri definišu dalji razvoj grada, i u kome se preferira razvoj multifunkcionalnih zona, te narušava jasna granica između urbane i ruralne sredine. Komparirajući dva perioda razvoja Banje Luke od polovine 20. vijeka do pada socijalizma 1989. i period od 1990. pa do danas, u radu se analizira i diverzifikacija urbanih funkcija i urbanih sadržaja koji sa jedne strane dovode do prostorne redistribucije stanovništva, gubitka javnih prostora i sadržaja ali i porasta prostora potrošnje tipične odlike potrošačkog društva. Kroz ove procese mijenja se kvalitet života urbanih stanovnika Banje Luke što dovodi do formiranja novih urbanih navika i specifičnog načina života.

*Ključne riječi:* postsocijalizam, transformacija, tranzicija, privatizacija, rekonstrukcija