Abstract: This paper discusses contemporary processes of urban transformation of Banja Luka, which affect not only its morphology, but also the functional and social dimensions of development. The rich cultural heritage of Banja Luka has created strong foundation for future growth and development of this city. Certain specifics of socialist influence on the development of urban areas did not miss Banja Luka, and they significantly further determined the possible ways, and speed, of development. Some of the specifics relate to the national self-management and centralization and domination of social ownership over private initiatives, and the absence of market mechanisms at all levels. Today Banja Luka is characterized by the dominance of private initiatives in terms of housing development, but also different spatial planning regulations in the field of reorganization and better utilization of public spaces. The privatization of socially-owned enterprises resulted in the domination of the capitalist mode of economy in which money and consumer culture are permanent values and relations between competition and market games create unique urban styles and ways of life. Among the actors who have been most intense in urban change of Banja Luka, the most dominant are political and economic interests which are in front of the real needs and interests of citizens. This paper will analyse the influence of urban transformation onto the quality of life of residents in the city. It will also monitor the relationship between the forces of domination of capitalist society that significantly affecting the urban transformation of Banja Luka on one hand, and neglect of the civil sector initiative that seeks to create the city according to the needs of the citizen, on the other.

Keywords: transformation, socialism, market, reconstruction, privatization ...
Historical heritage of Banja Luka

Although the formation of Banja Luka dates back to the Roman period, not able development occurred during the rule of the Ottoman Turks. Specifically in 1528, the Turks occupied Jajce region (including Vrbaski city, as Banja Luka was once known), which had previously been dominated by the Hungarian army (Spremo 1966: 64). Intensive construction began in Gornji Seher where the Emperor’s Mosque, a public bath, a bridge over the Vrbas, and various other pieces of infrastructure were built. In 1553 Banja Luka became the capital of the Bosnian Sanjak bey (Spremo, 1966: 68). The most prominent feature from this period is Ferhadija mosque, built in the period from 1576 to 1587 by the order of Ferhad Pasha Sokolovic. It was with this mosque that the development and construction of Donji Seher (today’s Banja Luka) with over two hundred craft and commercial stores (Spremo 1966:69).

In mid-July of 1878, the Austro-Hungarian troops entered Banja Luka and during the period of their rule established the first hospital, printing shop, the city's water system, the first gymnasium, wood industry, railway, etc.

Today, the centre of the city is dominated by the cultural and historical sites, whose emergence dates back to the period of Austro-Hungarian rule. A representative example of this historical period, the city promenade, is visible in Gospodska Street along with other objects from that period, among which it is important to emphasize the building of the former train station, known today as the National Museum of the Republic of Srpska. In late 1929 Svetislav Milosavljevic, better known as Tisa, became the first ban of Banja Luka. He is credited with many accomplishments including preserving the cultural and historical heritage of the city as well as improving the overall image and quality of life of the citizens. Many important buildings and institutions where built and developed at this time including the Ban’s palace built in 1931, the Museum of the Vrbas Banat, a theatre and Banski dvori, etc. All of these buildings have been preserved to this day house several situations of the city and the Republican administration. Ban Milosavljevic was also responsible for building a park and memorial to Petar Kocic and during his Banat, opened was the Sanitary Bureau, Sokolski dom (Home of the eagles), and the hotel Palas, etc. Today in front of Banski dvori (Cultural Centre of Banja Luka) is the Cathedral of Christ the Saviour. Construction began in 1993 on the very spot of the former church of the Holy Trinity destroyed during World War II. Thus Banja Luka has managed to regenerate its self as well as retaining its historic core with its distinct cultural and functional dimensions. For several years, intensive work has been done on the reconstruction of the fortress Kastel, which is located on the left bank of the Vrba River by the Town Bridge and the firth of the river Crkvena. In the past, the Kastel was a military fortress for the defence of the settlement, and the beginnings of the formation of the fortress can be found in the 2nd century.¹ Today the castle is a summer theatre, restaurant,
children’s playground, but also the premises of the Institute for the Protection of Cultural, Historic and Natural Heritage of the Republic of Srpska.

The influence of the socialist period on the development of Banja Luka

Until the early 1990s, Banja Luka essentially had the characteristics of most socialist cities of the former Yugoslavia in which the development of the industrial sector was at the forefront in relation to other urban investments. After the earthquake in the seventies, urban recovery primarily meant raising industrial production capacities, as well as intensive residential construction and infrastructural investments which enabled Banja Luka to function again. At that time there was a sudden boom of urbanization and highly developed economic activity allowed the population growth and development of this city. Among the most important state enterprises of the socialist period were Rudi Cajevac, Vitaminka, Krajina, Kosmos, etc., and the dominance of the social sector was also present in the field of craft enterprises such as: November 29, December 22, May 1, Poljoremont, etc. At this time many residential areas were created which can be noted for their many blocks of skyscrapers. This is particularly noticeable in the Borik neighbourhood where the size and appearance of these uniform buildings was meant to create the appearance of progressive growth and the rapid recovery of the city. The monotony of design and appearance was a characteristic of the socialist administration of the time where state-owned companies, which were subject to centrally planned organization dominated over individual initiatives, which were at the mercy of market dynamics. After the earthquake of 1969 some settlements which had not previously been part of the administrative area of Banja Luka fell under its control including Cesma, Dervisi, Petricevac, Vrbanja etc.

During the socialist period we can see how the urban space in Banja Luka was in some ways organised differently while retaining elements of similarity with the past. One of the interesting features of this is that because socialist planners were subject to objectives other than profit and market force, such as the idea that housing should be provided by the state and not left to the market, some of the urban planning is different from how it would have been built today.

During the first half of the last century Yugoslavia was among the first countries to implement the decentralization of housing policy, and the responsibility was transferred from the state authorities to the private companies. All companies have been required to set aside 4% of their net income for residential investments i.e. the purchase of apartments for the purpose of renting them to their employees ... (Petrović 2004: 81). Different housing reforms carried out in the period of social-
ism in the former Yugoslavia generally show that most public housing was used by officers (52.3%), professionals (55.2%), and managers 62.8%, while the workers had the least established tenancy rights (29.1%) (Petrović 2004: 90).

Urban planning and spatial economy rests on redistributive power of the party elites, guided by the principles of social ownership and maximizing investments in the industry, which limited the necessary investments in the infrastructural development of space and city resources... (Petrović 2009: 57). This phenomenon has led to under-urbanization of the former socialist cities and primarily refers to the disparity between the level of industrialization and urbanization (Szelenyi 1996: 286). The problem of under-urbanization can be recognized in the development of peripheral suburban settlements of towns which settled the working class who came from the villages, and was not able to solve their housing problem in the city and not some rich residents, as it was case in the growing metropolis. Banja Luka was also not excluded from the mentioned process of the under-urbanization, and even today one can feel the polarization on higher social housing in residential areas closer to the centre in relation to the peripheral housing.² During socialism, the social apartments, due to the way they were awarded, represented the first indicators of social and residential segregation which were later deepened during the transition period. Initially, these differences were obscured by the social programs at various levels available to all citizens (health, education, social programs and social solidarity for the families and for the underdeveloped regions of the state, etc.).

One of the most important factors in urban development during the socialist period was the absence of private property as well as private equity interests. This meant that inadequate assessment and a disregard for the market price of land in urban areas led to a less than optimal development of business centres. Functionalism and social goals often had an advantage over profit logic or aesthetic principles which resulted in a higher level of social security and a lower level of residential segregation but also lower levels of urban diversification ... (Jadžić 2011: 77).

Generally speaking, public spaces during the socialist period were scattered across almost the entire urban fabric whereas in Western, capitalist, countries public spaces tended to be grouped in the central zones of the city with the exceptions of some public parks scattered on the periphery. This scattered pattern of distribution resulted in a lower intensity of its use when compared with public space in many capitalist cities (Stanilov 2007: 270). Following the collapse of the Socialist regime it was necessary to solve the problem of transition from public to private sector ownership of public spaces and surfaces. This mostly took place through the processes of restitution and bidding (Stanilov 2007: 272–274). The State authorities wanted to reduce the cost to the public of maintaining these spaces in a period when the economy was ailing and the State was barely able to pay for; social benefits, ongoing maintenance of public spaces and services, and employee wages in the public sector
and local government. This led to a situation where privatization of public land was not always justified nor did it happen legally. The owners of large amounts of capital were often able to acquire possession of land parcels at very reasonable prices, far from their real market value.

One of the features of urban development at this time was the frequent changes of urban plans for the purpose of land commercialization and income gain from fees and taxes and the issuance of various permits allowing for the filling of local budgets. It should be noted that this process often neglected the needs of citizens. New development prospects often did not improve the quality of life of residents of Banja Luka.

Another problem arose when trying to establish relations in terms of state-public partnerships. At the time there was in adequate legislation or budget support. This problem is most evident in the construction of new residential settlements or the expansion of existing ones (Laus, Petricevac...) which lacked facilities such as kindergartens, clinics, parks, cultural facilities and such like. Construction companies came to dominate in the area of residential building, because that directly generates profit, at the expense of other urban facilities including local or central government facilities as the state lacked the resources to invest in new infrastructure. Further to this, urban planners faced the problem of constructing buildings which fitted in with the existing urban environment. Planners faced a problem attempting to construct buildings which fitted in with the existing architectural landscape of the city and yet had a more modern appearance.³

After socialism

All forms of the social solidarity developed during socialism (Harvi 2012: 40) experienced its decline with the appearance of neoliberalism in the seventies of the last century, declares Harvy. The development of the capitalism had an influence in a political and economical transformation of every European socialistic country. The transition between the systems hit the hardest every country which hadn’t reached any significant development not even during socialism. This kind of faith befell the former Yugoslavia and visible marks can be seen in faltered economy and the bad concept of the urban development.

Urban transformations became particularly intensive during the transition period. The state of increasingly decentralised, market deregulation occurred and the transition from state and public ownership to private ownership really took off. With the decline of the Public sector social differences started to emerge with inadequate implementation of policies in the housing sector deepening during this transition period. The privatization of housing from the previous system allowed differences
to emerge between those who were in a better starting position compared to those who exercised the right of tenancy through housing loans for the purchase of much smaller square footage than the real need of families and individuals were.\(^4\) This phenomenon is limited by the employees’ income level but also by their job stability as conditions for obtaining housing loans with extremely unfavourable interest rates. Average salaries in 2015 are the highest precisely in Banja Luka and in the cities where there is developed energy sector like Gacko and Ugljevik which makes it more easier to resolve a housing issue.\(^5\)

Due to the large layoffs and closings of enterprises through bankruptcy procedures during this transition period, the material position and status of the population declined sharply, although a large percentage of people were able to stay in homes to which they had earned the right to live in. The real estate market blossomed in the period of transition and post-war period and housing now is mostly in the hands of private construction companies. High housing prices were not only justified by capital investments in residential buildings, but also by the fact that Banja Luka is developing into a business, administrative, university and cultural centre. This can be further demonstrated by the fact that for the last few years net migration to Banja Luka was close to a thousand in habitants annually.\(^6\) Except for Bijeljina, East Sarajevo and Eastern New Sarajevo, all other cities and municipalities generally recorded a negative migration balance. As Banja Luka is the largest University centre in this entity of Bosnia and Herzegovina, most students enter their studies in this city.\(^7\) It should be noted that Banja Luka has a lower population according to census of 2013 (185,042) than was the case in 1991 (195,692). This situation stems from the fact that during the last war, which led to massive demographic changes in terms of the national structure of the population, most of the non-Serb population moved from Banja Luka. At the same time a large number of ethnic Serbians moved to Banja Luka from other cities (mostly from the Federation of Bosnia and Herzegovina), which were dominated the Bosniaks or Croats. However the pre-war population has still not been reached due to casualties during the war and due to the departure of many young adults to the countries of European Union.\(^8\)

Regardless of the demographic changes the problem is in the fact that a large number of residents, in the transition period lost their jobs, and a large percentage of the younger generation have never had the chance to work. Arguably this is due to unsuccessfully implemented privatization, with the justified and unjustified closings of certain enterprises. This had led to a fall of the economic potential of the country. The largest number of people actively looking for a job belongs to the age group of 30–59.\(^9\) Despite this fall in economic potential house prices in Banja Luka, which range from 700 to 1,500 euros per square meter remain unchanged. This has created a situation where these people struggling to find a job are unable to climb onto the housing ladder.
This phenomenon apart from demand can be justified by the fact that Banja Luka, as the main centre of the entity of the Republic of Srpska, is inhabited by residents from all other urban areas (working age population and students), and those of better financial status often buy real estate in Banja Luka as an expression of a higher social status. Bearing in mind that the highest salaries are realized in the public sector and that most of the national institutions (the Republic of Srpska government, tax administration, Public Broadcasting Service of the Republic of Srpska, telecommunications, banking, etc.), is located in Banja Luka, this part of the population is more easily achieving occupancy rights, not only due to their salaries level but also to the relatively greater security of the wages financed from the public budget revenues.10

During the war in Bosnia and Herzegovina (1992–1995) Banja Luka was not directly affected. However, the consequences were felt in terms of the degradation of companies some of which were unsuccessfully privatized, others were devastated during the war, while still others were liquidated in bankruptcy proceedings. Decentralization led to an overall decline in the productive capacity of firms which had previously been under social ownership. With the transition into the private sector firms were faced with new business conditions dictated by free and competitive market relations and new labour relations. Given that this was also a period of war, economic activity was at a relatively low level. Many individuals saw an opportunity for personal enrichment, with the privatization of enterprises and deliberate impoverishment of them, leading to a rapid increase in corruption and crime. On the other hand, the process of transition led to the dominance of large capital investors, both foreign and domestic, who after the war caused a large decline in small and medium sized enterprises as they were not able to withstand this new competitive relationship or to survive under the new higher price regime for the space lease and other utilities, which have increased with the influence of big businesses and additional infrastructural investments in some zones of the city. This process can be shown with the emergence of large shopping centres in areas of the city that gravitate towards the centre. Since Bosnia and Herzegovina and thus the Republic of Srpska has been rated as a highly-risky investment due to uncertainty of markets, poor and inadequate legislation and cumbersome bureaucracy, shopping centres dominated by sales of consumer goods appeared as the first herald of contemporary urban changes in Banja Luka. The emergence of shopping centres is seen as a necessary condition for the transformation of Banja Luka from an industrial to an entrepreneurial city, selectively aimed at strengthening consumer culture. This process has led to many cities losing many small and service oriented activities and specialized trades because they cannot withstand competition … (Seferagić 2007: 367). In many major European cities shopping centres are increasingly retreating from the centre towards more peripheral zones with the aim of enabling effective use and cost-effective investment in zones closer to the centre. In Banja Luka this trend has not yet fully come to life.
One of the problems faced by Banja Luka is flow of traffic. The authorities have tried to ease this burden through the implementation of one-way streets, roundabouts and other traffic calming measures but the pedestrian areas of the city centre, coupled with a lack of parking spaces, has merely aggravated this problem. Besides underground garages in individual dwellings and within the shopping centres, there are simply not enough parking spaces in Banja Luka.

Another important indicator of urban transformation is the creation of a core of commercial buildings in the heart of the city, a central business district. Two of the most modern, and arguably dominant, buildings in this area are the Government building and the building which houses the Radio-Television of the Republic of Srpska. In the last few years the Central Bank and the Development Bank of the Republic of Srpska have built premises in the area and a range of commercial and residential units has been constructed by the company “Grand Trade.” Almost off of the newly built buildings are dominated by glass construction which is thought to express modernity. The central business district has been constructed in close geographical proximity to the historic heart of the city and indicates the modern urban transformation of Banja Luka, which nourishes its historical heritage as a sort of legacy, from the period of construction of the city while attempting to transform the city into a modern, business friendly, urban environment.

The creation of a business and administrative centre, clearly can be revealed the key actors in the structuring of urban space but also analysed the possible forces of domination that create imbalance in decision-making processes.

The third indicator of urban renewal is the rehabilitation of old abandoned and neglected buildings such as industrial plants and warehouses. This is a necessary step in the process of urban transformation and yet remains largely absent in Banja Luka. Many abandoned industrial plants and factory buildings are still intact from the period of the 1990s. Their renewal and transformation depends on potential investors interested in these objects or land on which they are located and unfortunately investment has not been for the coming. In American society, gentrification represents an investment and the restoration of settlements from the period of industrial development in order to; raise the quality of life in them, to attract more residents of a higher social status and to renew the intellectual capital. Industrial facilities in these neighbourhoods are torn down or updated and their uses and purposes are changed.\textsuperscript{11} The most famous case of this process we have in Banja Luka is that of the former factory “Cajevac,” within which there is currently a large shopping centre “Emporium”. But this conversion and rehabilitation of space and facilities is not caused by gentrification based on the model of American cities (Markuze 1989), since there is no reconstruction and investment in residential areas from the period of socialism. Sporadic investments are related to the repair and rehabilitation of existing infrastructure, most commonly the façade of the buildings. Basically there is no
essential change in the quality of existing units. There is also the change of purpose or conversion of space like in the case of the former military barracks which are now used to accommodate faculties.12

Commercial messages and bill-boards are increasingly common in Banja Luka and display a shift in cultural attitudes towards a more consumerist, capitalist, urban society.

The influence of different actors of the urban transformation of Banja Luka

Bassand’s (Bassand 2001) theory of four key factors in creating an urban environment can be seen in the example of Banja Luka. It is possible to monitor the forces of domination that determine the appearance of the city. The relationship of dominant forces can be viewed through the prism of economic, political and professional actors but it is also possible to observe its influence on civil society. In the case of Banja Luka, it is possible to identify a very strong link between political actors and capitalists who primarily seek to achieve personal interests and create profit. Changes to zoning plans, for example, are often triggered by initiatives from above that do not necessarily take into account the needs of citizens and their quality of life. These measures are, rather, often designed to meet the demands of those whose hands are turning big capital and who often stand directly on the side of certain political currents. This phenomenon is not unique only to Banja Luka and the Republic of Srpska, but also for neighbouring countries. An interesting example of this is the case of the Flower Market in Zagreb, within which was implemented the project Horvatincic proposed by the capitalist Tomislav Horvatincic. This project involved the construction of a shopping centre in the cultural and historical centre of the city which has undermined not only the traditional and national heritage of Zagreb, but it caused the usurpation of public space for the purpose of personal interest. Specifically, in the case of the construction of a commercial and residential complex on Zagreb’s Flower Market, is a violation of public interest and public good. (Zlatar 2013: 98). When it comes to Banja Luka’s link between political and economic actors this same relationship can be observed in the case of Grand Trade company’s controversial businessman Mile Radisic who built the office building near the building of the Government of the Republic of Srpska in the place of the former city park. Usurpation of public spaces and surfaces and their transformation into private property are the most painful changes that occur in urban transformation as they directly impact, and cause the deterioration of, the quality of urban life and the creation of repressive awareness among the local population. In this sense, the revival of Lefevr’s idea about the need for urban movements that support the collec-
tive right to create the city as the residents want is once again gaining relevance and importance.

Experts as creators of the look of urban milieu represent the third factor when it comes to the urban transformation of Banja Luka. The scope of their work largely depends on the existing legal basis and budgetary resources of the state and private investors. Citizens as a civil society represent the final factor in the urban transformation of Banja Luka. In particular citizens are becoming active in trying to represent and protect the interests and needs of residents of Banja Luka. In Banja Luka, the civil sector has demonstrated its strength through informal associations, such as “Park is ours,” trying to resist certain building projects through protests. Especially the office building by the Grand Trade company. In the case of Banja Luka as well as in some other post-socialist cities it is sadly possible to observe is the dominance of economic factors (regardless of whether they operate through the framework of state institutions and the Government or of the interests of individuals who have certain capital).

Conclusion

The current redevelopment of Banja Luka testifies to the long tradition of the development of this city which has created a good basis for urban transformation in the time we live in. Urban transformation is recognized through decentralization, deregulation and privatization of social property, and the establishment of market mechanisms, and the values of the consumer society.

In particular, we recognize the urban transformation of Banja Luka in the more rational utilization of public spaces and surfaces through changes of urban plans; the intensive residential development in the private sector, change in the transport infrastructure, increase in the number of shopping centres, construction of business and administrative cores of the city. We can observe the general rise in office buildings, rehabilitation, urban renewal and conversion of abandoned industrial facilities. Finally, we also note the restoration and preservation of the cultural and historical heritage for the purpose of branding the city and the increasing number of advertising messages as symbolic of an open, consumer, society. The processes, through which the urban transformation of Banja Luka is happening suggests that the impact of the civil society sector as indicator of democracy and the realization of the interests and will of the citizens is still underdeveloped. Economic and political actors are usually the most influential actors of the transformation of society, which supports the thesis of David Harvy, that capitalism produces excess products that condition the urbanization, and thus the development, of cities through investments which attract a larger population which absorbs excess capital (Harvi 2013: 27) but also allows its
further reproduction. Experts appear as implementers of the decisions of the powers of domination.

In fact, one of the biggest problems faced by many transitional countries is to strike a balance between the development needs of cities, the domination of capitalist values in which the leading one is the need to maintain the consumer society, and the challenges of construction offered by powerful individuals seemingly modernizing city, but often substantially impairing its conceptual framework. Usurpation of public spaces best testify to the aforementioned, but also the fact cannot be refuted that to the urban development of Banja Luka besides urbanization, has witnessed numerous newly built facilities that, with their modern appearance, reflect the time in which we live and not necessarily local circumstances or conditions.

Notes

1 According to these findings Kastra belonged to the former province of Dalmatia. In the 16th century, Banja Luka became the centre of the Bosnian "Sanjak" and Kastel administrative and military centre. The shape of the fortress Kastel which we know today was created in 1774 during Numan-Pasha Cuprilic. About historical origin and development of Banja Luka, it was written by many authors, notably, M. Dzaja, Z. Pejasinovic and others.

2 In general terms, in the smaller urban areas more expensive and desirable housing is evident in the central zones of the city while housing prices and rents are lower at the periphery.

3 In support of the stated, says the building of the Euroherc Insurance company, high-rise and of glass, which is surrounded by neglected and abandoned garages of the company Autoprevoz (garages intended for buses)

4 This phenomenon is limited by the employees’ income, but also by the job stability as conditions for obtaining housing loans with extremely unfavorable interest rates.

5 The statistical bulletin Wages, employment and unemployment, number 8, from 2016 states that the average gross salary in 2015 in Banja Luka was 1569 BAM (around 802 euros) and the net salary 964 BAM (around 493 euros).

6 Statistical Bulletin Demographic Statistics, No. 18, from 2015 contains data migration balance, which represents the difference between the number of immigrants in the population of the city of Banja Luka and those who have moved away from Banja Luka. The migration balance in 2010 was 1 161, in 2011 921, in 2012 844, in 2013 768, in 2014 the 925.

7 In the Statistical Yearbook, the Institute of Statistics of the Republic of Srpska from 2015, stated are data that the largest number of students enrolled in universities in Banja Luka and that in the school year 2011/2012 this number was 17,818, while in 2013/2014 was 17,207.

8 The results of the census, of dwellings and apartments in Bosnia and Herzegovina from 2013 were published in June 2016, due to problems with the harmonization of uniformed methodology of processing the data obtained from the Department of Statistics of the Republic of Srpska and the Agency for Statistics of Bosnia and Herzegovina. The published results can be seen in the online publication: http://www.popis2013.ba/popis2013/doc/Popis2013prvoizdanje.pdf
The statistical bulletin *Wages, employment and unemployment*, number 8, from 2016 statistical data shows that still the most common inhabitants who are actively seeking work are in the range of 30–50 years of age. It should be noted that among them the largest number of unemployed is in the range of 30–35 years of age and amounts to 17,948 inhabitants. Over 30,000 people looking for work are from ages 45 to 60, which indicates the fact that this is just the residents who during and after the last war lost their jobs due to the closure of many businesses and the general decline of economic potential of the country.

The workers employed in the sector of information and communications, finance, public administration, defence and compulsory social insurance and in health care and social work, earn the highest wages according to the Statistical Bulletin, *Salaries, employment and unemployment*, number 8 from 2015, page 9.

Workers settlements and industrial zones are commonly gentrified, and there is also the conversion of ownership status from social and rental, into private. Factory plants and other industrial facilities also experienced functional conversion in new desirable amenities.

At the beginning for the Faculty of Philosophy from which later emerged two new organizational units of the University: Faculty of Political Sciences and the Faculty of Philology while the Faculty of Philosophy is to this day located in the premises of the former military barracks (Petar Bojovic Blvd.).

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