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ABSTRACT: This paper presents a case of culture-led urban regeneration involving the Hats Factory in Timișoara. Created at the end of the XIX century, the factory was nationalized by the Communists 1948 and managed to survive during those times, only to face the harsh post socialist transition of Romania to the market economy. Facing obscure economic interests, once a successful factory, with buildings belonging to the historical heritage of Timisoara, was turned into a ruin. It managed to come to life again following a project of culture-led urban regeneration, who mixed well different goals: saving industrial heritage, promoting social economy and community building. This example is inspiring for other projects to be produced in Timisoara, in preparation for the European Capital of Culture title, in 2021.

KEYWORDS: Hats Factory Timisoara, derelict industrial place, industrial heritage, culture-led urban regeneration, social enterprise

1. Introduction

Massive deindustrialization, under the impact of globalization, has created the circumstances for socio-economic structural changes. Industries which flourished in other times - textile industry, mining, steel and heavy industry became uncompetitive on the globally open market economy. Romania, as well as other Central and Eastern Europe countries, faced the additional challenge,
after the fall of communism in 1989, to make an even more abrupt transition from socialist policies to neoliberal market approach, without previous economic preparation. Massive privatizations of the transition period, many of them suspected of corruption, political involvement and obscure economic interests, led to the emergence of only a few success stories, but of many failures, drawing a line between the winners and the victims of the market economy. The victims proved to be people (workers who lost their jobs) as well as places. The disappearance of certain economic activities and industrial areas led to the emergence of brownfields, understood as vacant, underused or derelict previously developed land or buildings, whether contaminated by previous industrial activity (distinction important in US spatial planning tradition) or not (Alker et al 2010). There is a growing body of recent literature, coming from the field of human geography, regarding brownfields in Romania (Filip and Cocean 2012; Mirea, Vânău and Niculae 2012; Popescu and Pâtrâşcoiu 2012; Saghin, Ioja and Gavrilidis 2012, Chelaru et al 2013; Jigoria-Oprea and Ignea 2014; Ianoş, Sirodoev and Pascariu 2016) and some of them are actually referring to Timisoara, with case studies regarding contaminated industrial areas (Voiculescu and Jucu 2016; Jigoria-Oprea and Popa 2017).

Given the specific local context, represented by the fact that Timisoara will be the European Capital of Culture in 2021, after winning a national competition for this title, Timisoara’s brownfields are reaching an opportunity momentum, as places awaiting for a specific type of regeneration projects, led by culture. In the absence of a coherent strategy regarding derelict industrial places, coming from local policy makers, who seem to be blocked awaiting for the never coming big investors, the use of cultural activities as catalysts for urban transformation is a tool which is beginning to be used by private entities and NGOs. This focus displacement towards cultural investment, seen as a tool for ‘rearticulating the meaning of place and space in a so-called post-industrial world’ (Miles 2005, 913) could come at the rescue of Timisoara’s derelict places.

Paltim Timișoara Hat Factory represents an emblematic example of a derelict industrial place which suffered a partial culture-led reconversion. In 2015, using European funds, an NGO transformed a part of the premises of the former hat factory in AMBASADA [the Embassy], a social economy enterprise, aiming to be a hotspot for creative activities in Timisoara, free of access. The emblematic character is based on three reasons: first of all, because Ambasada is a social enterprise sustainable even after the end of EU financing period (the first 8
months), which is quite a success; secondly, because Ambasada it is the first independent cultural center in Romania, part of the international network Trans Europe Halles; third, because the Administrative building of the Hats factory is a historical monument, acknowledged by the Romanian Ministry of Culture, in 2004, incompatible with the derelict status.

Sharing this case study contributes to the empirical research on culture-led regeneration of brownfield areas and can also constitute a good practice example related to the context of European Capitals of Culture programme. In the first part of the paper I will discuss the lens through which we will look at the Ambasada project, focusing on strategies for culture-led urban regeneration and their sustainability; in the second part I will summarize the historical origins of Timisoara Hats Factory and its pre-socialist, socialist and post-socialist path, from a flourishing Austro-Hungarian Empire factory, to a post-communist abandoned place, a victim of the privatization process in Romania. In the last part, I will present Ambasada project, as a social enterprise and culture-led reconversion project.

This paper is based on qualitative methods of research: first of all, ethnografic observation performed by the author at Ambasada (in fact, the idea of writing this paper, in order to document, understand and share this inspiring regeneration project, emerged while attending several events there, since 2015); secondly, given the fact that the official archives of the Hats Factory are unaccessible, I used mass media content analysis, in order to recover the factory’s stories, as a lieu de mémoire. I included in the analysis all media articles available on online archives of (mostly) local papers, consisting in 19 items (newspaper articles and TV reportages), published between 2006 and 2017.

2. Culture-led urban regeneration in the context of European Capitals of Culture

The challenge that culture-led urban regeneration programmes are facing today is exactly ‘reconciling the social with the economic and physical outcomes of regeneration’ (Evans 2005, 960) or, in other words, the balance between ‘the tangible and intangible dimensions of urban change’ (Sacco and Blessi 2009, 1116), between ‘hardware’ (facilities) and ‘software’ (culturally mediated accumulation of knowledge, sociability and identity assets) (Sacco and Blessi 2009, 1117).
Among the different types of cultural development strategies, described in urban development literature as: 'entrepreneurial strategies’, ‘creative class strategies’ or ‘progressive strategies’, each of them having different purposes, promoting distinct cultural projects and targeting different geographical locations and audiences, the Ambasada project represents a mix between the second and third category, providing community added value.

‘Entrepreneurial strategies’ (Hall and Hubbard 1998) are market oriented, targeting purely economic objectives: to enhance city competitiveness (Porter 1995) by economic growth based on tourism and to promote the city’s image abroad, organising spectacular mega-events in the city centre. They advocate for art displayed in ‘prestigious facilities for <high> culture marketed to wealthy visitors, which emphasizes <exclusiveness>’ (Bianchini and Parkinson 1993, 19). ‘Creative class’ (Florida 2002) strategies are focusing on assuring that cities offer the conditions to move in for the so called creative persons (web designers, architects, artists, writers, lawyers), which are extremely mobile and attract new businesses, the whole process leading to local economic growth.

While the two anterior approaches share the same weakness – poor social sustainability, the third type of strategy, the progressive or capability strategy, distinguishes itself from the market approaches of cultural activities, ‘focusing instead on the distribution of benefits to the citizens’ (Tușie 2015a). In this case, the success of development is not measured in terms of economic growth, but in terms of ‘reduction of socio-economic disparities(…) and encouragement of citizen participation’ (Grodach and Loukaitou-Sideris 2007, 355). Also, if the first two strategies are focused on city competitiveness and internationalization, the non-market oriented strategy values ‘decentralized, community based provision of more popular cultural activities, targeted in particular at low income and marginalized social groups’ (Bianchini and Parkinson 1993, 19), aiming to ‘protect and develop indigenous local and regional identities’ (Bianchini and Parkinson 1993, 19). This strategy gives value to the access to culture and seeks to obtain a raised, bottom-up access and participation of citizens to culture, the support of local cultural production, and they also seek to enhance the community identity and to revitalize the disadvantaged areas.

Amabasada project addresses the issue of the sustainability of culture-led urban regeneration. Since the ‘80s, most of the studies dedicated to culture-led urban regeneration have focused on the economic impact of cultural activities, but this
underestimates the value of culture for the inhabitants of a city and ‘says next to nothing about the long-term sustainability of culture-led regeneration’ (Evans 2005, 967). From that period on, assessing social impact became a desiderate of the evaluations of culture-led urban regeneration programmes: ‘the tests of sustainability and distributive equity are now imperatives, suggesting that short term impacts have not been sustained in the past and that social benefits have not been achieved’ (Miles and Padison 2005, 837).

An emergent approach in the literature of urban regeneration considers an evaluative policy adequate if it takes into account the ‘cultural impact’ (Miles and Padison 2005, 837) or the ‘social and human capital’ (Sacco and Bellsi 2009, 1119) of culture-led urban regeneration. If cultural investment meets the rhetoric of social inclusion and the extent to which it offers sustainable solutions to the problems of the city, is an indicator of social sustainability of cultural led urban regeneration policies. Other recent studies demonstrate the dialectical relationship between local governance models and urban regeneration policy outcomes, showing that citizen participation is more intense, where there is a greater orientation toward community and social development’ (Parés, Martí-Costa and Blanco 2014, 3182).

To sum up, there is a distinction between old and new rationale for cultural policies and culture-led urban regeneration strategies, based on market or social orientations. Balancing between ‘different priorities, interests and pressures in cultural policy-making, is a difficult art indeed’ (Bianchini and Parkinson 1993, 19). Recent approaches are trying to overcome the traditional monocausal visions of development, showing that the added value culture is bringing to a city cannot be reduced to neither its economic value, nor to local identity and social implications, because they contribute both to culture-led development. In this way, culture is becoming ‘a new platform for the generation of social and economic value’ (Sacco, Ferilli and Blessi 2013, 9), providing ‘the conflation of the social (inclusion, liveability) with the economic (competitiveness, growth), through physical redevelopment and architecture’ (Evans 2005, 967).

In other words, regeneration is not only about bricks and mortar. It’s about the physical, social and economic well being of an area, it’s about the quality of life of citizens because culture can make communities.

Creativity and culture represent now the global mainstream regarding urban public policy-making. At the level of European Union, this trend is highlighted
by one of its most popular programmes – European Capital of Culture (ECoC) – a mega-event of culture-led urban regeneration. The cities holding the title over time applied different culture-led local development strategies, first of all, due to the fact that even the objectives of the programme changed: the nomination as a cultural capital is no longer seen just as an opportunity to enhance the city’s tourist appeal and fame, but becomes an opportunity to rethink its entire development concept and vision, taking into account severely deprived contexts. Given the fact that the competition for the title and its preparation phase takes place with 6-8 years prior to the cultural year itself, cities have time to mobilize their creative energies.

In the ECoC context, cities and citizens are receiving an impulse to identify their *lieux the mémoire* and to revitalize them, whether through municipality intervention or independent initiatives. According to Turşie(2015a,2015b), we can look at several examples: the Skoda factory in Pilsen ECoC 2015 was revitalized independently of the ECoC year; Svetovar brewery brownfield was transformed into a Cultural Center in Pilsen ECoC 2015; in Wroclaw ECoC 2016, a symbolic regeneration project was called Zachęta, Wrocław’s “Guggenheim”, which is a museum created in a disused cylindrical air-raid shelter; on the unused premises of the Szolany ceramic factory in Pecs, once the pride of the Austro-Hungarian Empire, a Civic Center was created by Pecs ECoC 2010.

The goal of Ambasada project was that, starting from a social economy project, to put into contact the creative community of Timisoara in a symbolic and creative place, who unfortunately has lost its glory - the Hats Factory.

3. The rise and fall of the Hats Factory in Timisoara

The Hats factory of Timișoara was founded at the end of the XIX century, by Filip Lenstein, a local hatter, who brought Austrian investors to finance his shop and to buy performant machines from Western Europe. Lenstein created in 1896 the First Joint Stock Hats Factory in Southern Hungary; Timișoara and the whole Banat region were part of the Austro-Hungarian Empire back then.

The factory was built on Bega river bank, benefitting from access to transportation. This was a common situation in Timisoara at that time; after the Bega channel became navigable and open for public transportation (in
1869) a lot of factories were built along the channel, right on the river bank: the tobacco factory, the textile factory, the alcohol factory, the veneer factory.

Figure 1. The Hats Factory, at 1900

At the beginning of the XX century, around 80 employees were working at the factory and they were producing 750 hats per day. (Armanca 2017). The business benefited from the fact that the hat was considered an elegant accessory. The factory grew and managed to become famous in Central and Western Europe for its high-quality fashionable hats, who were as appreciated as the ones produced in Budapest or Vienna. For marketing purposes, representation offices were opened in Bucharest, Budapest, Paris, London, Vienna, and the hats, of excellent quality, were extremely requested, for decades, by the wealthy people all over Europe, but also in the US or South America.

During the first World War, the factory managed to maintain itself on the market by the production of hats for the Austro-Hungarian army, and by the production of felt for military boots. In 1938, the factory had 240 employees and they were producing woolen and rabbit hair hats, sold in Europe and US (Păun 2014).
It was nationalized in 1948 by the Communists and the State Entreprise Hats Factory Timișoara restarted the production in 1952, this time exclusively for the internal Romanian market. Following an investment plan, the factory changed its name in 1972, to Paltim Timisoara Hats Entreprise. From 1972 it extended its offer by producing hats on thermoplastic support or hats made by different fabrics (Sabou 2011). Also, it was the unique producer of civil and military berets, in Romania.

A glimpse in the history of the factory, reflected in mass-media, refers to the moment of the anticommunist Revolution in December 1989, when the workers from Paltim got on the streets protesting against Ceausescu. The workers from the bigger factories in Timisoara went massively on the streets and asked their colleagues to join them: ‘at the Hats factory we shouted in front of the Unit, until the workers joined us’ (Neagu 2014).

After the Communist Revolution, when former owners started to reclaim their properties, the local authorities declared that in the case of Paltim the owners were not interested in the factory. So, the privatization started in 1991 and lasted until 1995. The process was conducted using the MEBO (Management Employee Buyouts) method, which allowed the workers union to take a part of the stocks. A member of the executive board, between 1990 and 1994 recalls that the factory was profitable even before privatization ‘exporting a lot in the Arabs countries, for the Army’ (Codrut, Mit, Ficiu 2017).

In 2006, the media reported (Ilaș 2006) that 66% of stocks were sold to a company from Bucharest and that the employees, as minority stockholders, contested the transaction in Court. Allegedly, the employees had given a negotiation mandate to the Administration Board of the Factory, in its discussion with Romarta Company from Bucharest, in order to sell the entire stock of actions. Instead of that, the Board only negotiated to sell its own majority stocks, with the sum of 4 million Euros, leaving the minor stockholders in the position to sell their stocks for practically nothing. A year later the factory ceased its activities and the last 140 workers left the factory. (Digi24 2015). Even though rumors existed in 2007, regarding a potential continuation of the activity of the factory outside the city, as Romanian laws requested the displacement of the textile industry from the city center, this never happened (Sabou 2011).

The troubled waters around that selling of the factory do not allow us to understand how come the activity ceased in only one year, leaving behind in
the storages boxes full of hats: ‘a tone of hats, that the Administrator had to incinerate, but he renounced, because the operation was costing’ (Armanca 2017). The mystery around its closing is fuelled also by the fact that it was known to be a profitable company even after the privatization in 1995: ‘Paltim died in full glory. Starting with 2004 the hats produced in Timisoara were presented in exhibitions organized in Europe, but also in New York and Los Angeles’ (Condrut, Mit and Ficiu 2017b).

According to the little information available on Romanian National Archives Portal, at the suspension of production (2007) Paltim ‘had monthly contracts of approximately 100,000 Euro. Among them, 99% were for export, mostly in Germany and Austria. In september 2006 Paltim was producing over 80 types of hats and caps, also for the army or sports galleries’ (National Archives online query TM-F-00183).

After that moment, the media was silent about the Hats factory. We meet the factory again in the media in 2011, when we find that in a hall of the main building exists a rock club, and that at one of the superior floors it exists an escalade for amateur alpinists (Sabou 2011) both of them requiring minimal investments.

The degraded physical condition of the buildings became a press subject in 2014, when the Vice mayor of Timisoara called for a Press Conference, where he publicly expressed outrage towards the owners of the factory, for neglecting it. From 2006 to 2014 the heritage building turned slowly into ruin, being partly deserted, joining the similar path of other brands of Timișoara, victims of the transition to capitalism: Guban (leather industry), ILSA (wool industry), Kandia (chocolate factory), Comtim slaughterhouse, Anheuer- safe factory. The major problem presented by the Vice Mayor was the fact that the owners had to be identified: ‘looks like these properties have quite a rapid flow between several owners’ (Strugariu 2014) declared the Vice Mayor of Timisoara in 2014, announcing measures to be taken by the City Hall to identify and notify the owners regarding the physical degraded condition of their properties and the necessity of maintenance, given the fact that they are heritage buildings.
Figure 2. PALTIM Hats Factory, 2015 (Source: Banatul Azi)

The press was skeptical at that time about the success of the endeavor, given the fact that previously, in the case of other former factories of Timișoara, the municipality announced taking measures, with no results; it is worth noting that the fines for those who do not maintain a good use of their properties were too low (Galescu 2014).

The press was right: they never heard anything else from the Municipality about identifying the owners of Paltim and sanctioning them, while the degradation of the buildings continued. In 2015, when Ambasada project occurred, the media reported that in 2007 the factory was being ‘taken over by an American hedge fund, who decided to change its type of activity to leasing and subleasing own buildings’ (Digi24 2015). By leasing a part of the factory, an NGO gave a new life to the Hats factory.

4. Ambasada - a culture-led reconversion project

Two young people, the founders of an NGO who is organising a renowned music festival in Timișoara, were not discouraged by the degraded physical
shape of the properties. They rented 300 square metres from the old PALTIM factory, which used to be the Design and Prototypes Station. They used as a starting point European money, as they won a European project for the social economy (financed through the Sectoral Operational Programme Development of Human Resources). With 40,000 Euro, in forth months of work, they transformed the former industrial building into a social enterprise, called Ambasada[the Embassy]. Described as the only Embassy in Romania which is not located in the capital city, it was considered by its owners as the embassy of creative people, of those who can change things.

As a social enterprise, 7 out of the 9 employees belonged to social disadvantaged categories. The media reflected on a case of a young woman, raised in foster care, who was hired to bake cookies for the clients of Ambasada (Digi24 2015). They European money they won, allowed Ambasada to pay the employees’ salaries for the first eight months of the project. After that, Ambasada became fully sustainable.

The value of the project consist in the fact that the interventions made to the old hall kept the spirit of the place: ‘we kept everything that reminded of the old factory: feet of sewing machines, old shelves, billboards with communist work slogans, even an ashtray. Seems absurd, but we felt the need to evocate the place’ (Armanca 2017). Saving the industrial aspect of the building, not even knowing the importance of that, adds to the place’s charm. It consists in one open space at ground floor, which functions as a small bistro, where there also is a bar and a seminar room equipped with a projector; in the attic there is a big conference room, accommodating 200 people, with a sound system.

The purpose of Ambasada was to host, free of charge, cultural events and to become an alternative meeting place and space of inspiration for artists. Since 2015, they were hosting on daily basis concerts, fashion shows, workshops, and conferences. Within these two years, Ambasada hosted over 1500 free events, 60 paid business events, offered over 400 hours of free consultancy for NGOs and attracted 100,000 visitors (Gala Societății Civile 2017). They were actively involved in Timisoara’s bidding process for the European Capital of Culture title. Since 2016, Ambasada is the only independent cultural center in Romania, affiliated to Trans Europe Halles network, which comprises 90 centers in 30 countries, ‘connecting Timisoara to a European network of culture-led producers of change’ (Both 2016).
The activity of Ambasada was rewarded in 2017 at the national Civil Society Gala, were Ambasada won the Ist prize at the category, Social and Economic Development’, thus recognizing their consistency in following multiple goals: saving industrial heritage, fueling social economy and uniting the community of creative industries in Timisoara.

Surprising recent evolutions show that after these two succesful years, the intersection between Ambasada and the Hats factory seems to be close to an end, due to financial reasons. Renegotiations regarding the lease were taking place in July 2017: ‘the lease contract in not sure, it is being renegotiated with higher costs’ (Armanca 2017). A Freedom House project called ‘The Forgotten City. Give Life to monuments’ included in its repertoire the story of Timişoara Hats Factory, reported by a local journalist. After a journalistic investigation, new data was revealed on the owners of the Hats factory, suggesting bigger financial interests. The investigation showed that Paltim is a stock action company registered in Bucharest, who’s main stock holder is an off shore company from Cyprus. It moved in 2015 in Cayman Islands, and is specialized in real estate business in Romania, Moldolva, Bulgaria, Ukraine and Latvia.
The article published on ‘Justiție curată’ [Clean Justice] portal concludes that even if the company registered in 2014 a net profit of $15 million, in other words, despite being prosperous, the off-shore company is not willing to invest in maintaining in a civilized condition the spaces they bought cheap in Timișoara’ (Armanca 2017).

For sure, the value of the property is increasing, due to its inner city position and the proximity of the 2021 European Capital of Culture year. From the Ambasada’s owners affirmations, if the contract will be terminated, their project will probably continue in some form, in another location. But still, what happens with the Hats factory? From this incursion into the Hats Factory two worlds revealed to us: on one side, an NGO who tries to regenerate the city in its need for constructive dialog, and on the other side, off shore real estate speculators, prowling around lands belonging to Timișoara’s heritage, hoping to score big’. (Armanca 2017)

5. Conclusions

Even though real estate intrigues around the industrial derelict places in Timisoara remain a concern, the legacy of the Ambasada project consists in the fact that it represents an emblematic example in Romania of a progressive culture-led urban regeneration project, reconciling the social, economic and physical outcomes of regeneration. This project is an expression of the fact that urban regeneration initiatives can come independently from those of Municipalities, especially when the local policy makers don’t react. It also demonstrates that regeneration initiatives are valuable even if they act by fragmenting an unused derelict property, in order to partially bring it back to life. Also, we must never underestimate the inspirational power of good ideas. Ambasada inspired the creation, in May 2017, of a new cultural project called ‘Basca’ [the cap]. It is placed in the same Hats factory building, in the same courtyard with Ambasada, but in another abandoned industrial hall. The initiators define Basca as ‘a space for solidarity and action; a meeting place between artists, vulnerable persons and community’ (Basca 2017).

Each and every similar project can develop the main function of the city center as a focus for public social life, genuinely accessible for all citizens (Bianchini&Parkinson 1993, 19). Enhancing bottom-up participation to culture ensures the long-term sustainability of regeneration projects, in terms
of community building. The revitalization of an inner-city industrial heritage building, such as the Hats Factory in Timisoara, allows it to tell its story again and again, to different audiences of the present and future.

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