

**We are the State, We are the People:**  
**Forex Loan Debtors' Struggles for Citizenship in Hungary**

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## Abstract

The global financial crisis of 2008 resulted in a foreign-currency (forex) loan crisis in Hungary, leaving several hundred thousand people in the risk of losing their home. Following the crisis a small group of borrowers started to mobilize, and soon founded diverse organizations to address their situation. Drawing on extensive ethnographic fieldwork this thesis is about these debtors' struggles for housing. It is about their claims and their critiques. However, these struggles are also about much more than housing: they are struggles for citizenship, for the right to be decommodified, and for being recognized as legitimate political subjects. This thesis mostly draws on two concepts, that of citizenship and that of civil society. I consider debtors' struggles as acts of citizenship – as struggles for the right to be decommodified and for the right to have political voice. Nevertheless, my intention is to think about these acts of citizenship as being embedded within a historically bound and relational space: civil society. Through this conceptualization, this thesis aims to go beyond the narratives which describe debtors' struggles as 'neonationalist', and to show how citizenship is also characterized by more than a mere relation to the state. My empirical data demonstrate that apart from contesting the elite-state projects and the emerging welfare regimes, debtors' struggles are also positioned by and devoted to challenging the hegemonies within civil society and the country's global capitalist integration.

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## Introduction

In October 2008 the global financial crisis reached Hungary, resulting among others in the sharp devaluation of the forint relative to the rising Swiss franc. Since mortgages issued in Swiss franc became widespread in Hungary in the second half of the 2000s, the changes in the exchange rate meant a huge increase in the debt burden of the borrowers and the danger of losing their home for many (Bohle 2014). After the crisis, households' debt service on forex loans grew between 30 and 60% (Gagyi and Jelinek 2017), and the number of nonperforming loans increased sharply.

The forex (foreign-exchange) credit boom in the 2000s, fueled by European financial integration and by the lack of non-loan alternatives to acquire homes, came to a quick end with the financial crisis. The exchange-rate risk and the interest-rate risk was solely pushed onto borrowers, who, also due to the extensive subprime lending before the crisis, faced a debt burden sometimes much higher than their monthly salary. For many, this meant a choice between paying the loan or spending that money on other essential needs, such as food or utility payments. Debtors also tried to negotiate with the banks, but mostly faced walls. Their requests for payment facilitation were not heard, or only accepted on the basis of extending the duration of the loan, which meant higher total amount to be paid.

Although the state intervened after the crisis and introduced several 'debtor-rescue packages', these did not offer significant help for the most vulnerable debtors. In 2015 for example, 140.000 households faced non-payment for more than 90 days, after which the process of repossession can be officially launched by the bank (Dancsik et al. 2015).

Who bears the risks of financialization is a political question. In Hungary these were almost solely the borrowers, whom, however, did not accept this situation without discontent. Starting from 2009 several grassroots organizations have emerged with different profiles, fighting

evictions, organizing street protests and giving legal support to debtors. The two biggest groups, the anti-eviction Koppány group and the Homeland is Not for Sale (A Haza Nem Eladó), built around the case of a borrower suing his bank, are not active anymore. Since then many smaller groups emerged, specializing in different aspects of the fight against forex loans. However, those who are mobilizing is only the ‘peak of the iceberg’, as out of the several hundred thousand affected borrowers, the biggest protests were attended only by a few thousand people. This thesis is about this ‘peak of the iceberg’, about these debtors’ struggle for housing. It is about their claims and their critiques. This is not to say that those who are not mobilizing are not important. Many people do not have the possibility to mobilize, because of working several shifts, having relatives to look after, living far away from main cities, or simply not getting the necessary information. However, by looking at those who became active after the crisis we can answer important questions about how housing tensions become politicized in Hungary, which can provide us a better understanding of the debtors’ situation.

As I will show, these struggles are about issues much wider than housing: they are struggles about citizenship, about the right to be decommodified, and about being recognized as legitimate political subjects. Through their struggles debtors therefore address many broader questions related to the state, the country’s and their own (semi)peripheral positionality, and capitalism. Therefore, the questions which will guide my research are the following: what are the different patterns and processes of the politicization of financialization in the Hungarian context? How do the movements aim to reshape the political landscape and reclaim/reconstruct the state from below through their claims? Also, how are they reimagining their own relations towards the state, that is their status as citizens?

This thesis mostly draws on two concepts, that of citizenship and that of civil society. Following Isin (2013) I consider debtors’ struggles as acts of citizenship – as struggles for the right to be decommodified and for the right to have political voice. Nevertheless, my aim is to

think about these acts of citizenship as being embedded within a historically bound and relational space: civil society. This approach draws on the assumption that political acts are not happening in a vacuum, but are the product of historical processes and of the relations of different social and political actors. This is important for me because it lets me understand how debtors' claims and ideologies are constituted, and therefore helps me go beyond the simple narrative that the debtors are just asking for the state's help. Moreover, it also enables me to transgress the narratives that are highly shared within the Hungarian public, which characterize these struggles as non-progressive and 'neonationalist'. My aim is not to denounce these claims totally, but to complicate the picture, and to show the progressive potentials of debtors' movements as well. The thesis therefore aims to contribute to the study of financialization and housing tensions in the post-socialist periphery of Europe by exploring the organizations' ideological patterns and claims as embedded into broader relations and histories.

The social and political relevance of my research lies in the fact that it deals with the politics of housing financialization, which has become a dominant way to privatize welfare and to extract wealth from households (Lapavistas 2009). Understanding how this is contested in different spaces is therefore essential for the contemporary left in order to be able to build an effective politics addressing the problem of financialization. Going beyond the widely-shared narratives of right-wing populism or neonationalism shows the many rightful grievances and correct understanding of the current socio-political situation by the more vulnerable social groups. This perspective can be especially helpful in the post-socialist region, where the left has been weak since the regime change, and where now it faces the task of establishing its social base.

My research is mostly based on interviews with the members of the different organizations, but I also went to one of the protests of Adóskamara (The Chamber of Debtors), to one press-conference of Adóskamara, and spent two days with the Nem Adom a Házamat (I will Not Give

Up My House). In these two days we went to protest to several banks and in front of a local mayors' house and I also participated on one of their 'movement meeting'.

In total, I conducted 12 semi-structured interviews and spoke to 20 people. Due to ethical reasons I changed the name of all of my informants in this thesis. Some of my interviews were individually recorded, but some of my informants preferred to speak to me together with their friends from the organization. After I conducted my first interview with two people, I decided to use the technique of group interviewing more often as it lead to less frontal conversations and more debates. However, I also had some problems with this methodology, as in two cases someone among my informants was dominating the conversation, which I had to cope with by introducing stricter moderation. This however did not prevent the problem totally.

I tried to speak to at least two members of each organization. From some groups I could not reach more members, while from others it was possible to reach more. I spoke to two members of the DÉSZ (Advocacy Group of Foreign-currency Debtors); six members of the Hiteles Mozgalom (Borrowers' Movement); two members of the Radikális Bankellenes Csoport (Radical Anti-Bank Group, RAB); six members of the Nem Adom a Házamat; two members of the Jogállamért (Association for the Rule of Law); and two members of the Koppány (one of them also a member of the Jogállamért). The Koppány group represents an exception, as they are the only organization I spoke to who are not active anymore. Nevertheless, I wanted to talk to its members, because the Koppány was a very important actor within the debtors' struggles until the illness of its leader. I also wanted to talk to members of the Haza Nem Eladó, but I did not manage to reach them as none of my informants had contact with them. This is probably due to the fact that the Haza Nem Eladó was very leader-centered, and with its leaders' decision to become a political party the organization became marginalized within the debtors' struggles.



Thirteen of my interviewees were male, while only seven of them were female. Although I tried to speak to as many women as to men during my fieldwork, this was not always possible<sup>1</sup>. As the circles of debtors are impenetrable for an outsider, I had to rely on the ‘snowball’ technique to be able to meet new people. Mostly, I relied on one person who would connect me to her extensive social network. However, this meant that it was her suggestions and social network which guided my choices. Moreover, most people whom I contacted were willing to talk to me, but the three rejections I had were all from women.

My interviews were in general pretty long (in average 2-3 hours), because sometimes I interviewed more people at the same time which lead to long conversations and discussions. One of the challenges I faced during my interviews was that in some cases I felt to be dominated by my informants, and felt that I had to struggle in order to be able to raise a new question. On the one hand this is positive because it meant that the discussions were so lively that it was hard to interrupt them (although I had to sometimes due to time limitations), but on the other hand it made moderation much harder for me. Nevertheless, I overcame this problem and my interviews did not suffer because of it.

Another challenge I faced was to overcome my ‘scholastic point of view’ (Bourdieu 1998), as I realized that in many cases the concepts that I am using to describe the political landscape such as ‘the nation’, ‘nationalism’, ‘democracy’, ‘right-wing’ or ‘left-wing’ had different meanings for my informants. My understandings were surely affected by my specific positionality, since they were forged within academia and other intellectual groups. This sometimes led to misunderstandings, but I hope that through asking follow-up questions and through making myself more aware of this I could – at least partially – overcome my own scholastic point of view.

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<sup>1</sup> I do not have data about gender-ratios in the organizations in general.

The structure of the thesis is as follows. In my first chapter I narrate the history and the development of housing financialization in Hungary from the point of view of welfare arrangements and domestic and transnational economic decisions and processes. In my second chapter I describe civil society as the space of politicization, present the emergence of the debtors' organizations, and analyze their ideologies as embedded within civil society. My third chapter turns towards the debtors' acts of citizenship and describe their claims and critiques against the privatization of the state, the transnationalization of the state and the failure of representation. In this chapter I also treat the citizenship regime within which their struggles take place and relate it to my previous discussion about civil society, as well as show how debtors are maneuvering within the hegemonic space defined by the state. In my conclusion I will recapitulate my findings and consider the possibilities of further research.

## **Chapter one: The production of the crisis – the paths leading to the financialization of welfare**

In this chapter I aim to describe both the economic processes leading to the financialization<sup>2</sup> of housing and the broad welfare arrangements characterizing Hungary since the 1990s. Following Bohle and Greskovits I argue that welfare arrangements between the state and the citizens are shaped by the conflicting interplay between pro-market forces and social protection. Therefore, who has been left out from these arrangements, or who was included in the wrong moment, is important to understand shifting relations between the state and the citizens; as well as the latter's capacities to protect themselves from financialization. Through describing the state both as facilitating financialization and as mediating its impact on households my aim is to contextualize debtors' experiences with the state and also to show how they became exposed to financialization. As I will show it later, the politicization of forex loan debt happened within the context of specific welfare arrangements and economic processes, which together paved the way towards the crisis.

I argue that both welfare arrangements and housing financialization are forged within the country's dependent capitalist integration (Gagyí and Jelinek 2017). This point of view acknowledges that spatiality is very important both for understanding the possibilities of domestic politics and the patterns of financial accumulation. Financialization is an inherently spatial process, which unfolds across uneven geographic spaces, and shapes and is shaped by existing dependencies within the global economy. On the semi-periphery this manifested itself through value transfer from peripheral households to core financial institutions. Moreover, financialization also does not unfold uniformly across space, but rather acts upon already

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<sup>2</sup> Following Aalbers I define financialization as 'the increasing dominance of financial actors, markets, practices, measurements and narratives, at various scales, resulting in a structural transformation of economies, firms (including financial institutions), states and households' (Aalbers, 2017).

existing institutional structures (f. e. housing systems and housing markets) and social/welfare arrangements (f. e. in what proportion are the risks associated with the financialization of housing born by households, financial institutions or the state) (Aalbers 2017, Pósfai 2018). However, these institutional structures and social arrangements are not static 'national characteristics' either, but are as well integrated into and shaped by the uneven geographies of capitalism. To illustrate the relationship of domestic politics and its broader environment I use Drahekoupil's notion of 'transnationally constituted domestic politics' (Drahekoupil 2009). Therefore, emphasizing the spatiality of financialization and welfare arrangements is not to deny all agency from domestic politics, but to consider domestic politics as constituted transnationally: both through local actors and their power relations; as well as these actors' transnational linkages and their integration into the dependent networks of the capitalist world-system (Drahekoupil 2009; Gagyí and Jelinek 2017).

### **1. How did we get here? Welfare regime and housing policy after the regime change**

As Polányi argues in his discussion about the self-regulating market, markets did not spread 'naturally', but required significant state interventionism (Polányi 2001). Also, under neoliberalism talking about a simple 'retreat' of the state in favour of markets conceals the political work of the state put into 'making up' markets (Clarke and Newman 2009). In Hungary and other Eastern European countries, establishing privately owned financial systems as well as housing- and later mortgage markets required state intervention and genuine institution building after the regime change (Raviv 2008).

Nevertheless, as market building is not a 'smooth', naturally evolving process but one involving political agency, it is also always subject to political contestation, to voices and movements questioning the appropriateness of the market scheme and of market values (Clarke and Newman 2009). Polanyi describes this as a constant double movement within capitalist market societies, showing how the spread of markets is accompanied by a series of protective

movements and measures against the subordination of society to market forces (Polanyi 1944). The protection of land, labor and money against destructive commodification and the push of pro-market forces towards liberalization is what gives dynamism and shape to capitalist societies. As Dorothee Bohle and Béla Greskovits formulate it:

*As virtually all of the capitalist order is absorbed or influenced by the institutions of self-regulating markets and social protection, these areas have key importance for understanding the system, while their conflicting interplay gives shape to a third capitalist building block, namely political institutions. (Bohle and Greskovits 2012, 14).*

What this quote sheds light on is how the capitalist state itself is also shaped by the double movement, by the power relations between pro-market and protectionist forces. The power relations between these two define the nature of *welfare arrangements* within a society, the amount and type of social protection against commodification that citizens enjoy. According to Bohle and Greskovits, reconciling market interests and social protection is a necessary task of the political sphere in order to gain legitimacy. This is why, ‘the state [...] [is] necessarily both a universal, representing the interests of society against the market, and a class state’ (Block and Somers as cited by Bohle and Greskovits 2012). The state is therefore both safeguarding the interests of pro-market forces and actively participating in the building-up of markets as well as giving concessions in terms of social protection to keep its legitimacy. However, we should not think of resulting welfare arrangements as uniformly shielding all social groups in need of protection, but, as it will be apparent from the Hungarian case as well, as prioritizing those with more political capital/power to protect their interests.

Dorothee Bohle and Béla Greskovits characterize the Hungarian welfare regime emerging after the transition as ‘embedded neoliberalism’ (Bohle and Greskovits 2012). The characteristic of this arrangement according to them is a search for compromise between market transformation and social cohesion. Market transformation in the case of Hungary meant the privatization of

the economy and the institution of largely foreign-led capitalism, by attracting FDI from early on through offering generous incentives for TNCs (Bohle and Greskovits 2012, 143). Nevertheless, in contrast to the Baltic countries, Hungary, together with the Visegrád countries, has kept in place a relatively generous system of social protection, which helped to protect or at least to slow down the effects of the transition for a part of the population (Bohle and Greskovits 2012, 138). Nevertheless, given the country's external indebtedness, the maintenance of a welfare state has been constantly clashing with the need for fiscal austerity. In this environment, relying on markets in order to provide welfare, such as affordable housing in the housing sector, seemed a good solution to follow in order to solve political problems (Bohle 2014). In the next sections I describe the important tendencies in the fields of housing policy and the banking sector which led to an increasingly financialized welfare arrangement to emerge by the early 2000s.

### *1.1 Housing policies after the transition – from the privatization of housing to the privatization of welfare*

The early policies of housing privatization contributed in important ways to the financialized housing welfare arrangements emerging in the early 2000s. It was through mass privatization and decentralization that the state's moving out from housing welfare became solidified, and that the norms and meanings of individual homeownership started to take ground. The early policies of privatization can be seen as a combination of aspirations for making-up markets, for liberating the state from the burden of maintaining social housing and for gaining political legitimacy through smoothing down the process of transition for a part of the population. The policies largely reflected the Hungarian economic and political elites' ideological belief in privatization as a precondition of functioning market economies (Sebők 2017), and as a demonstration that after state socialism a new era has come where 'the fortress of social ownership is cracking down' (Mandič and Stanovic as cited by Struyk 1996, 193). Moreover,

privatization was also seen as a precondition to create a strong middle-class based on private property, which was thought of as a cornerstone of a capitalist democracy (Fehérvári 2011). Nevertheless, the policies were also actively supported by the World Bank, which asserted that privatization is necessary in order to ‘restore housing market equilibrium’ (Buckley et al. 1995).

Due to late state socialist housing policies homeownership was the most dominant tenure type in Hungary already before the transition, with 71% of the housing stock being individually owned in 1990 (Struyk 1996). Nevertheless, through mass-privatization and decentralization the housing policies after the regime change only exacerbated this tendency, and made the state even more insignificant in the provision of housing welfare. Both privatization and decentralization reflect the trend of the government’s moving out from the housing sector. This happened within the context of the country’s severe indebtedness to Western capital (Gagyi and Jelinek 2017), in the context of which the state needed to get free from the burden of maintaining and managing public housing. Apart from decentralization and privatization this has also meant the retrenchment of the state subsidies offered for housing, which previously included subsidies on the maintenance of public rentals and on the price of utility services as well as subsidized OTP loans (Hegedüs and Teller 2007; Hegedüs and Somogyi 2016). The outcome of the early policies was the establishment of a ‘super homeownership’ society, with today around 90% of people owning their homes<sup>3</sup>

The expansion of ‘super homeownership’ meant that after the transition the meaning of both public rental and private ownership has changed. Amid transitional recession public rental has lost its secure and desired status because of the unpredictability of rent prices. This process had already started in the 1980s, when there was a constant pressure to increase rents in order to provide cost recovery (Hegedüs and Teller 2007). Moreover, after the transition with the

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<sup>3</sup> In 2008 the rate of homeownership was 89%, today it is 86% according to the Eurostat. Source: [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc\\_lvho02&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_lvho02&lang=en) [Accessed: 06.04.2018.]

decentralization of the public rental sector and the management and maintenance of public rentals, rents also became dependent on local governments, and therefore more uncertain and contingent. Moreover, the transferability of public rentals also ended with the transition: the fact that public rentals are no more inheritable also made them appear as less secure and temporary. At the meantime homeownership has maintained or even increased its 'secure' status. With the increase of risks after the transition homeownership started to mean increasing autonomy from local governments and became to be seen as a possibility to save money, by not having to pay rents every month.

Privatization also had the important function of creating a housing market (Struyk, 1996), as owners could now freely sell and rent their apartment on the open housing market. By the restoration of full property rights private ownership has acquired a new meaning: that of an investment good (Hegedüs and Teller, 2007; Struyk, 1996). Compared to private rental and public rental which are only seen as consumer goods, privately owned units have a current and a future value on the housing market, which also makes them an object of possible sale and re-sale. This means that by contributing to making markets, privatization also enforced households to 'adapt' and participate in these markets, creating new economic agents compatible with the later developments on mortgage markets as well.

Within the context of transitional recession privatization also had the very important function to act as a 'shock absorber' and to smooth down the transition process by acquiring 'safe' private tenure on discounted price (Struyk 1996). By this move the national and the local governments could appear as generous, by offering flats at discounted prices and by avoiding the pressures and potential discontent coming from rent increases. Nevertheless, 'privatization gifts' were very unequally distributed, and the state's moving out from the housing sector further increased previous inequalities in housing distribution. With the cut in housing allowances the possibility to acquire new homes for groups that have been left out from the



process of privatization (young generations and groups with lower social status) has been increasingly difficult. The decreased possibilities and the lack of state responsibility within the housing sector therefore created the demand for other solutions to acquire new homes, which came in the form of cheap mortgages in the early 2000s.

### *1.2 The development of a transnationalized financial system and the privatization of the banking sector*

Parallel to the privatization of the housing stock another important process started to develop in the 1990s: the privatization of the banking sector and the financial system's integration into Western European financial markets. Both processes had important implications for the way the financialization of housing has unrolled.

The politics of privatization and of attracting FDI were a result of transnationally constituted domestic politics. Both processes enjoyed wide ideological and practical support among national elites, whom also acted as intermediaries of international capital, translating the 'structural power' of international capital into 'tactical power' within the country<sup>4</sup> (Sebök 2017; Drahekoupil 2009). Nevertheless, both processes were forged at the same time within 'transnational agendas and pressures' stemming from the country's semi-peripheral position and coming from international actors such as the IMF or the EU.

The process of privatization in Hungary has been greatly shaped by the need to repay the country's outstanding external debt, which necessitated quick privatization to obtain much needed hard currency cash (Drahekoupil 2009; Bohle and Greskovits 2012). Nevertheless, because of the scarcity of capital and technology particularistic of the country's semi-peripheral

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<sup>4</sup> Jan Drahekoupil calls the domestic actors promoting the externally-oriented strategy the 'comprador service sector'. As he writes, in Hungary this was comprised mostly of financial bureaucrats, industrial managers, economists and policy experts (Drahekoupil 2009, 103), who were embedded into international networks and had privileged links with international capital. Miklós Sebök provides a similar neogramscian analysis of a group of 'organic economists' who were influential in the prevailing governments, media and civil society and were supporters of market fundamentalism (Sebök 2017).

integration, attracting foreign capital was the main solution for quick privatization (Bohle and Greskovits 2012; Pósfai 2018). Among the postsocialist countries Hungary was the first to open its economy to FDI-inflow, and also provided generous incentives for foreign investors (Drahokopil 2009). Apart from the industry, FDI was also concentrated in the banking sector, which was totally privatized by 2003 and had a foreign asset share of 82% (Hegedüs and Somogyi 2016, 228; Bohle 2014, 16).

The FDI-led economic strategy was actively encouraged by the EU and the IMF. When, after the initial years of opening up the economy the Hungarian government decided to impose restrictions on foreign ownership in strategic sectors (among them the banking sector) in order to help the development of national capital, the IMF suspended their aid and the EU condemned the measures as well (Drahokopil 2009). Moreover, EU accession criteria also included a commitment to privatize banks, and foreign ownership in this sector was seen as a precondition of a sound financial system by the EU (Bohle 2009).

The Hungarian financial system's European integration was also largely dominated by the path written by EU accession criteria. The EU agenda included special emphasis on financial deregulation as well as obligatory regulatory convergence within the EU member states (Raviv 2008; Drahokopil 2009). By the 2000s, this meant the total abolishment of all constraints on capital flow within the financial sector, and the Hungarian financial system's sound integration into Western European structures of financial accumulation (Raviv 2008).

### *1.3 The emergence of forex loan markets – the privatization of welfare?*

The moving out of the state from housing welfare, the privatization of the banking sector and the financial system's European integration were all necessary conditions for the spread of mortgage markets. However, in the early 2000s, it was still state intervention which was necessary for household lending to appear. The history of the emergence of the financialized

welfare regime shows how this was forged between the conflict of fiscal austerity and welfare spending (Bohle and Greskovits 2012). As The IMF and the EU exerted strong pressure on the government in order to maintain fiscal discipline (seen as a precondition of EU-accession and of keeping the EMU convergence criteria) moments of austerity were followed by moments of welfare spending. The financialization of housing meant an easy way out of this dilemma, as it provided welfare and political legitimacy without burdening the state budget.

During the 1990s, lending to households was considered to be too risky by the banks, and they preferred to finance government debt and the corporate sector (Hegedüs and Struyk 2006). Moreover, high inflation, decreasing real wages and high interest rates also made people reluctant to borrow, as with the end of subsidized OTP loans interest rates for housing loans rose from 3% to 18.8% at the beginning of the 1990s (Hegedüs and Somogyi 2016, 207). The state intervened in the form of mortgage subsidies after the popular dissatisfaction with the ‘Bokros package’ austerity program, initiated in 1995 under the socialist government as a response to the country’s current account and budget deficit (and as a condition of the IMF agreement) (Dahokoupil 2009). The program, initiated by the conservative FIDESZ-MDF government, has significantly increased the level of mortgage lending in Hungary. One part of the program included the introduction of a mortgage-support scheme, under which nominal interest rates were fixed for borrowers and the difference to market rates was paid by the state to the banks. Moreover, borrowers also received exemption from paying income tax (Bohle 2014). In accordance with the conservative-national government’s aim, the program had an effect of social regressivity since it was mostly available for and therefore strengthened the position of the middle class (Bohle 2014; Hegedüs and Somogyi 2016).

Nevertheless, since the program was financially not sustainable, subsidies were cut by the next socialist government. However, the increasing European integration of the Hungarian financial system and the fact that the banking sector was mostly foreign-owned, resulted in the

appearance of cheap foreign-currency loans beginning from 2004 (Bohle 2014). Foreign banks had privileged access to international money markets via their parent banks, and since Swiss interest rates were a lot lower than Hungarian ones at that period they could provide CHF loans for 6% interest rate, while the interest rate of HUF loans was around 10% (Hegedüs and Somogyi 2016, 2010). Starting from 2004, the scope of foreign-currency lending expanded dynamically, and by 2007 80% of new loans were in CHF (Bohle 2009), and in 2011 65% of all household loans were denominated in foreign currency, amounting to as much as 20% of the Hungarian GDP (Hudecz 2012).

Clearly, in the case of foreign-currency borrowers we cannot talk of a contract between equal partners, but of a contract between ordinary citizens and powerful financial institutions. Actual contracts also reflected this: most loans were with flexible interest rates, and exchange-rate risks were supposed to be born solely by the borrowers (Gagyí and Jelinek 2017). Moreover, as the years progressed amid growing competition for clients, banks also loosened the conditions for giving loans, by offering consumer loans for housing purposes instead of stricter mortgages (Pósfai 2018; Hudecz 2012). ‘Real’ subprime lending started around 2007, which was also made possible by the lack of regulation: although the Hungarian Central Bank issued general warnings about the overrun of forex loans every year, the Hungarian Financial Supervisory Authority (PSZÁF) (which had the microprudential supervisory authority) did not implement stronger regulations, nor did the legislative authority or the Ministry for National Economy (Banai et al. 2011; Hudecz 2012).

Consequently, debt in this case is not understandable without the welfare arrangement it is born out from. With the changing meaning of homeownership after the transition, acquiring a flat came to be seen as an important step in one’s life, a source of security and an indicator of middle class status (Pellandini-Simányi and Vargha 2018,; Sáamec 2016). As Pellandini-Simányi and Vargha put it, many people saw the appearance of cheap mortgages as a momentum to realize

their dreams, and to hit major life-stage and social-status milestones (Pellandini-Simányi and Vargha 2018, 11). Moreover, during the years as the scope of mortgage lending broadened and subprime lending progressed, banks also started to target people with lower social status and income, aspiring to be part of the middle class by owning their own home or by securing the future of their children. However, as the state did not guarantee a right to housing, they could realize these aspirations not as citizens, but only as consumers of loans. This can be considered a shift towards ‘privatized keynesianism’, when instead of the state borrowing money to fund welfare, private citizens are ‘allowed’ the luxury to become indebted on their own (Streeck 2011).

The privatization and financialization of welfare in the Hungarian case was lucrative for several parties involved: it provided extra-high returns for banks, a possibility for an expanding middle class to acquire homes despite the lack of state support, and it provided the opportunity for politicians to gain political support without burdening the state budget. This can also explain the passivity of the Financial Supervisory Authority (PSZÁF) and the legislative authority. Private consumption through credit growth boosted economic growth significantly, while satisfying welfare needs at the same time, both of which was very important for Hungarian politicians (Hegedüs and Somogyi 2016; Bohle 2014). As Júlia Király, former vice-president of the Hungarian National Bank writes it, although risks were obvious, the end result still appeared as ‘strong positive’ for the authorities (Király and Banai without date). Under these circumstances the risks concerning these loans, in the form of exchange-rate and interest-rate risks, were neglected by all parties (Bohle 2014; Hegedüs and Somogyi 2016).

## **2. Peripheral financialization**

Although through analyzing the role of the EU and the IMF it is apparent by now that the domestic politics of welfare arrangements were largely transnationally constituted, the way financialization unrolled was also largely determined by the country’s semi-peripheral position.

During cycles of financialization capital is channeled from the productive towards the non-productive sectors of the economy (Aalbers 2017; Pósfai 2018). The emerging ‘global wall of money’ – i.e. capital looking for investment in the non-productive sector – can find its ‘spatial fix’ against overaccumulation by investing into housing and by opening up new possible markets (Aalbers 2017). On the semi-periphery this meant that abundant financial capital produced in the core during the 2000s was increasingly channeled towards (semi)peripheral housing markets through a mostly foreign-owned financial sector.

Financialization in Hungary therefore happened predominantly through interest bearing capital (i.e. through credits and not through securities) by a dominantly foreign-owned banking sector (Becker et al. 2010; Gagyí and Jelinek 2017). Western European credit institutions’ expansion into the region was driven by the need to penetrate ‘emerging markets’ in order to secure profits and diversify their portfolios (Raviv 2008). Indeed, they have proven to be very successful in this, as Raviv shows it on the example of Austrian BA-CA and Erste Bank. For the former, although Eastern European subsidiaries accounted for only 11% of the total group’s assets, they nevertheless generated 54% of the group’s annual profit in 2005. In the case of Erste these numbers are 23.7% of total assets, while 61.4% of the net profits in 2005 (Raviv 2008). As Raviv concludes:

*Foreign financiers emerged as a powerful rentier class in CE, able to extract rent incomes far in excess of their profits in the west. The concentration of disciplinary power in the hands of foreign financiers further contributed to a reorientation of state policy, corporate strategy and households’ behavior, in line with the imperatives of financially based accumulation strategies, resulting in a transfer of property rights to foreign investors and increased indebtedness and risk to host societies. (Raviv 2009, 299).*

The big amounts of foreign currency liquidity which were available in the 2000s (through parent banks for foreign institutions or through international money markets for domestic institutions)

paved the way for high returns through foreign-currency lending. Compared to Western Europe where loans were given predominantly with fixed interest rate, in Eastern Europe loans were flexible rate, which gave the banks more possibility to shift risks towards consumers (Pósfai et al. 2017). Moreover, the loose regulatory environment and the banks' engagement in risk-based competition for the household segment made it possible for subprime lending to emerge (Banai et al. 2011). According to Pósfai (2018), among loans provided in 2007-2008 the amount of nonperforming loans is higher than among earlier loans. This falls into the tendency of including poorer households into mortgage markets later than richer ones, only after higher segments of the market have been saturated. Parallel with this trend it is possible to see a sharp increase in loan-to-value ratios throughout the 2000s, as well as in the payment-to-income ratios (Banai et al. 2011). This meant that households were increasingly offered mortgages and loans higher than the value of the collateral, and the rate of the monthly installments compared to borrowers' income also increased. This was the direct consequence of subprime lending in an environment characterized by low-incomes, low-saving levels and lack of state support for housing. The situation of borrowers was not carefully examined by banks, and this was further exacerbated as the number of loans granted via brokers increased (a practice which became common from 2007), because that made examination even more careless (Banai et al. 2011).

It was therefore Eastern Europeans' homes which fuelled financial accumulation in the core and let foreign financial institutions to channel growing profits to their parent banks. What the history of the foreign mortgage crisis shows is the emergence of a complex *financial chain* (Sokol 2017) comprised of the state, foreign and domestic financial institutions as well as households. Financial chains are predominantly credit-debt relations which link together diverse actors along different geographies and scales, shaping and shaped by each other's actions. Financial chains should be also understood as channels of value transfer, both between people and between places (Sokol 2017). In the Hungarian case value was transferred from

peripheral households to core financial institutions, actively facilitated by housing policies and regulatory frameworks. In the emerging social relations borrowers became recipients of housing welfare only through becoming ‘consumers’, while banks could use the emerging privatized welfare arrangement and the lax regulatory environment to generate high profits.

### **3. The crisis and after: state intervention**

In October 2008 the global financial crisis reached Hungary, resulting among others in the sharp devaluation of the forint relative to the rising Swiss franc. As the exchange rate-risk was solely born by the borrowers, the households’ installments on forex loans grew in general by 35% by 2010 and 79% by 2011 (Hudecz 2012). Moreover, banks had the rights to change interest rates on loans unilaterally, which they used to push their losses on the borrowers (Hudecz 2012). By 2014 the share of non-performing loans was 19.1% in the case of foreign-currency loans, and among mortgages (both HUF and forex) 140.000 households faced non-payment for more than 90 days in 2015, amounting for one fourth of the total mortgage portfolio (Dancsik et al. 2015). Apart from the exchange rate and interest rate risk, due to the financial crisis house prices also depreciated, which made it hard for people to sell their apartments in order to get out of the loan contract and also meant that in some cases the value of the house fell to half the value of the mortgage. What made the situation worse is the other social effects of the financial crisis: rising unemployment and declining real income (Király and Banai without date).

After the crisis the Hungarian state took interventionist measures in order to ease the hardships of borrowers. This included several rescue packages: a one-time repayment option was introduced in 2011, where those being able to pay their debt at once could do it on 20% below the market rate (Csizmady and Hegedüs 2016). Therefore this option was only available for more well-off households, or for those who were eligible to take a HUF loan in order to pay their forex loan at once. Later, in 2012 a rate cap scheme was introduced, which put an exchange rate cap on repayments and opened a separate account where the interest components above the



limit were paid partly by the banks and partly by the state (ibid). This was nevertheless not very popular among the borrowers as it did not provide significant help (ibid). At the same time the state set up the National Asset Manager, which aimed to buy the defaulted properties and offer an option through which former owners could stay tenants (ibid). Moreover, a moratorium on the repossession of real estate was also introduced in 2009, which was first prolonged, then turned into a yearly limited quota of repossession and finally reinstated in 2014 to last until 2016 (Hegedüs and Somogyi 2016; Pósfai 2018). Another important decision concerning the situation of debtors came from the Curia<sup>5</sup> in 2004 when they condemned the use of rate spreads (when banks are using different rates to buy and sell currencies) and the unilateral change of interest rates by banks. Nevertheless, the decision did not have a serious impact for most of the borrowers as the main risk, in the form of exchange rates, was still borne by them. Finally, as a last move the forced-conversion of all forex loans to forint was introduced in 2014, which however only conserved the already high debts in forints, as it used the market conversion rate. Who bears the risks of financialization is a political question, determined by the political power/capital of the different actors involved. In the Hungarian case these were largely lower-income borrowers, since the government's most important one-time repayment program was only available to more affluent households (Bohle 2014). This falls into the broader tendencies of welfare politics under the Fidesz government since 2010, aiming to strengthen the position of the middle/higher middle-class by reforming the tax system and restructuring welfare benefits (Szikra 2014). Still, the situation of lower income borrowers has still not been solved but only temporally delayed through moratoriums or the National Asset Manager. Today, 30.000-120.000<sup>6</sup> households are facing eviction. While the credit-expansion was built on the

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<sup>5</sup> The highest judicial authority in Hungary.

<sup>6</sup> Source: [https://index.hu/gazdasag/2018/05/06/lakashitelek\\_kilakoltatas\\_moratorium\\_vege\\_2018/](https://index.hu/gazdasag/2018/05/06/lakashitelek_kilakoltatas_moratorium_vege_2018/) [Accessed:06.04.2018]

promise (and for many people the experience) of widening the middle-class, crisis management operated with shrinking it. The first period created the illusion of being included as citizens with possibilities related to housing, but the second period made it clear that the state only protects some social groups. Inclusion of lower income households into the financialized welfare regime therefore was followed by their exclusion from most of the post-crisis state protection. If foreign-currency loans helped them to realize the middle-class dreams of homeownership, bearing the risks of the financialized arrangement easily made them fall out from the aspired middle-class status.

## Chapter two: Civil society as the space of struggles

A small part of the borrowers who were excluded from the welfare arrangements following the crisis started to mobilize and to contest their situation. In this chapter I aim to describe the mobilizations in detail, and also to provide a framework from which to understand the specific patterns according to which this politicization took place. Following Gramsci and Polányi I consider emerging struggles as embedded within the space of civil society, a historically specific and relational space between the state and the market. In the second part of the chapter I consider emerging hegemonies within civil society, and analyze debtors' ideologies in relation to them.

### 1. Civil society: between political society and economy

According to Michael Burawoy, society is a 'specific institutional space within capitalism between economy and the state' which 'spills into the state' and 'interpenetrates the market' (Burawoy 2003, 198). Society in his understanding is both Gramsci's *civil society* and Polányi's *active society*, as the first focuses on relations between state and society while the latter on relations between market and society. Although Burawoy situates society between economy and the state, I prefer using Gramsci's separation of *political society* and *civil society*, and situate civil society between political society and economy. As it is obvious from the previous chapter about financialization and the state, this separation does not mean that these spheres would be autonomous from each other: rather that they are analytically distinct but interrelated on many levels. My reason for using political society rather than state as the third axis of this nexus is that following Gramsci (2000) I aim to keep the concept of the state as a more integrated framework partly comprising political society and civil society.

According to Gramsci, the state should not be understood only as the apparatus of government but also as the apparatus of civil society (Gramsci 2000). This separation, which corresponds

to the separation of *political society* and *civil society*, is important for Gramsci because it makes it possible to think about both the coercive and the hegemonic functions of the state. Dominance through violence is exercised by the political society – understood as government, judiciary, police, and armed forces – but in order to make the rule of particular ideas ‘natural’, civil society – like associations, political parties which are not governing, church organizations, and schools – is the bearer of hegemony. Hegemony is the ‘spontaneous consent given by the great masses of the population to the general direction imposed on social life’ (Gramsci 2000, 306-307). In other words Gramsci also calls civil society the arena of ‘cultural’ or ‘moral’ leadership, and conceives the stabilization of state power (meant as the power of the ruling class) also as a capacity of the state to ‘exert[s] a collective pressure [...] in the form of an evolution of customs, ways of thinking and acting, morality, etc.’ (Gramsci 2000, 232).

Nevertheless, for Gramsci civil society is not only the space of hegemony, but also that of counter-hegemony. As Michael Burawoy writes, it is civil society’s partial ‘autonomy’ from the state (in this case understood as political society) which lets it become a space which can promote class struggle. To this we can add the importance of creating ‘new spaces in civil society beyond the reach of governmental, administrative and juridical apparatuses’ (Buttigieg 1995, 14), as a prerequisite of revolutionary activity. For Gramsci, counter-hegemony within civil society emerges through a dialogue between organic intellectuals and non-intellectuals: it is the active political agency of organic intellectuals to form an alliance with the suppressed and to help them articulate their experience of oppression, which forms the basis of a successful counter-hegemony (Crehan 2011).

Polányi complements Gramsci’s understanding of civil society by his emphasis on the importance of struggles for social protection. According to Polányi active society emerges in the form of movements protecting land, labour and money against destructive commodification (Polányi 2001). Compared to Gramsci, Polányi therefore situates civil society not only in

relation to the state, but also in relation to the capitalist market. While Gramsci emphasizes agency and the role of organic intellectuals in the creation of counter-hegemonic struggles, Polányi also shows how these struggles are historically organic processes within capitalist societies. These struggles are centered around and triggered by the common experience of commodification (Burawoy 2003). These struggles against commodification are constitutive of the welfare arrangements described in the previous chapter. Adding to that, an emphasis on civil society shows the constantly dynamic and contested nature of these welfare arrangements by grassroots social forces seeking social protection. Nevertheless, as the mediator between promarket forces and forces of social protection is the state – as political society – contesting commodification also necessarily includes contesting the state. Therefore, we can think of struggles for social protection as forming part of gramscian counter-hegemonic struggles, which aim to reclaim the state by contesting its relations with promarket forces and by initiating a new welfare arrangement.

From the discussion of Polányi and Gramsci a relational, historical and dynamic concept of the civil society emerges. Civil society is a historically specific institutional sphere within capitalism, the historical product of late nineteenth and twentieth century European capitalism according to Gramsci and Polányi (Burawoy 2003). Moreover, what is very important is that civil society is *not* an autonomous realm that we could contrast to ‘market’ or ‘political society’, it is not a realm ‘outside’ of these spheres, but it exists only in relation to them. It is a space from where the state can be reclaimed and the market can be contested, but it is also a space of hegemony which aims to protect the status quo. The concept of civil society is important in order to understand the spaces of struggle in which the debtors groups need to manoeuvre. Debtors struggles are also happening within the state-economy nexus: on the one hand their claims are directed towards the state which they see as mainly responsible for letting them down, on the other hand through these claims they also want social protection from the market

and a new welfare arrangement. Moreover, debtors' claims – as we will see later – are more generally related towards redrawing the boundaries and relations of these entities: on the one hand they aim to break what they see as the too close relationship of state and market and therefore, and on the other hand they also aim to redraw the boundaries of civil society. In the next section I turn more extensively to the case of civil society in Hungary.

## **2. Hegemony within civil society**

As I argued in the previous chapter, domestic politics is transnationally constituted. This means that when analyzing political processes – within political society and civil society – within one polity, one should understand their embeddedness into wider relations of the capitalist world-system. As Gagyí argues, '[i]n the process of capitalist integration, local positions become positions occupied within the capitalist world-system, and systemic relations are performed within local societies' (Gagyí 2017, 64). As we can consider East-Central Europe as part of a global semi-periphery, this positionality has implications for the positionality of social forces within semi-peripheral states such as Hungary. As it is also obvious from the case of the financialization of housing, a dominant pattern in ECE has been its economic dependence from the core, and political coalitions forming around the 'developmentalist illusions' for mobility to the core of the global economy (Gagyí 2017).

In the semi-peripheral Hungarian case it is possible to identify two competing elite-strategies of integration: the 'comprador' FDI-led mode of integration politically represented by the socialist-liberal coalition, and the 'conservative' bloc representing national capital's interests (Gagyí and Jelinek 2017; Drahekoupil 2009). The liberals accused the conservatives of not being good democrats enough and developed a discourse centered on democracy and human rights while at the same time disqualifying the social grievances brought by capitalism, while the conservative bloc – represented currently politically by Fidesz – accused the liberals of 'selling' the country to foreign investors against the national interest (Gagyí and Jelinek 2017).

As the ideologies of the two dominant elite blocs, this symbolic divide between ‘progressive’ liberal human rights and ‘national’ interest therefore also manifests itself within civil society. However, as my case also shows, world-systemic integration in itself cannot explain ideologies and political tactics within civil society, or let alone the positionality of social forces. Therefore, it would be too simplistic to consider emerging hegemonies within civil society as only a ‘mirror’ of political society’s ideologies of integration. Instead, we should both consider how the state projects of the two elite blocs shape this space and how it is shaped by other grassroots social forces emerging within civil society.

In order to understand how these liberal and nationalist ideologies acquired substance it is important to see that world-systemic integration does not only happen within an economic but also within a symbolic system. This symbolic system also meant the importation of Western-type identity politics into ECE (Gille 2010). Postcommunist societies were ‘developed through NGO-run and EU-funded projects as project societies’ (Gille 2010, 22), and although the liberal bloc shaped their politics according to these requirements, we can see that through the establishment of a western-type and western-funded civil society, the effects were even more direct. These effects concerned the acceptance of western identity politics of multiculturalism, cosmopolitanism, and postnationalism in order to be ‘democratic’, and the rejection of *thick identities*, such as nationalism and class (Gille 2010). This liberal cosmopolitanism embraced politically by the socialist-liberal coalition delegitimized redistributive claims based on class, as it adopted the language of universal human rights but not that of social rights. As Gille concludes:

*‘Converting class demands into politically correct, thin, cultural claims, however, requires a specific know-how and years of immersion in project society. Those who cannot speak this language find their identities shunned as renegade and anti-European, and thus will find*

*themselves excluded from the European [and Hungarian] public sphere that is allegedly based on the active participation of all citizens.’ (Gille 2010, 27)*

The emergence of a right-wing counterculture within civil society can be traced back to this feeling of exclusion from political life and therefore also from the welfare arrangements characterizing Hungary after the regime change. As I showed it earlier, privatization, market liberalization and austerity measures affected different parts of the population unequally, creating strong dissatisfaction with the policies of neoliberal restructuring (Saull et al. 2015). The double crisis of liberal democracy and neoliberalism manifested itself in the enigmatic 2006 right-wing street protests against the reigning socialist-liberal government (Saull et al. 2015; Gagyí and Jelinek 2017). This can be considered as one of the founding moments of the emerging right-wing counterculture (Molnár 2016), which was however preceded by years of nationalist popular culture, for example in the form of youth organizations (such as Hatvannégy vármegye), football fans (Ferencváros), anti-semitic organizations (Gój motorosok), national music festivals (Magyar Sziget) and national rock bands (Feischmidt and Pulay 2017; Molnár 2016). The 2006 protests gave an opportunity to these diverse radical right-wing subcultures to connect with each other and to gain visibility in the eyes of the public, and the police brutality against the rioters gave them important moral capital to criticize the reigning socialist-liberal bloc (Molnár 2016).

The emergence of a right-wing version of civil society is however not separable from the attempts of Fidesz and Jobbik to institutionalize it. In 2002, after a lost election, Fidesz launched the Civic Circles, which was an attempt to reclaim civil society from the liberals (Szombati 2017; Greskovits 2017). According to Viktor Orbán, leader of Fidesz, the Civic Circles aimed to provide political representation for those not represented by ‘the ex-communists’ (i. e. the socialist-liberal bloc) in power, and encouraged people to engage in discussions locally about the future of Hungary (Molnár 2016). Later, in 2009 the party launched its pseudo-civic



organization, the Civil Unity Forum (CÖF), which tried to incorporate debtors' mobilizations unsuccessfully (Csizmady and Hegedüs 2016).

Jobbik emerged separately from the Civic Circles movement in 2003 (although their leader Gábor Vona attended the circles for some time), but became popular only later, after the 2006 riots gave an extra ammunition to the right. The memory of 2006 and the community it created among national radicals was an important resource for Jobbik to capitalize on. After 2006 many new organizations emerged which were directly or indirectly related to Jobbik. This includes media outlets, paramilitary organizations, educational and cultural organizations (promoting Hungarian 'traditions') and book stores (Molnár 2016). Virág Molnár defines the ideologies of these organizations 'not as a codified political ideology, but as a more fluid subculture where expressive symbols, material objects, rituals, everyday consumption and lifestyle patterns are essential carriers of political convictions and group membership' (Molnár 2016, 170). She identifies a form of 'mythic nationalism' among the groups, referencing tales from Hungarian settler legends and later freedom fights against the Ottomans and the Habsburgs. There are also very strong references to the injustices suffered because of the Peace Treaty of Trianon, when after the First World War Hungary lost part of its territory. Their use of symbols reflects this: Great Hungary stickers, mythic nationalist symbols like the Holy Crown of St. Stephen and the red and white Árpád-flag or the turul bird (Molnár 2016). Mythic nationalism and revisionism is coupled with anti-Semitic and anti-Roma sentiments, and a form of ethnic nationalism identifying neighbouring countries as enemies of the Hungarian nation.

Chauvinist nationalism is nevertheless coupled with a strong critique of social inequalities, accumulation of wealth and power and a grief for the country's loss of independence due to foreign multinationals and the EU (Feischmidt and Pulay 2017; Molnár 2016). Therefore, what we see is a form of anti-capitalism which instead of using the language of class uses the

language and symbols of the ethnically defined nation attacked by (the many times also ethnically defined) foreign and internal (the cosmopolitan socialist-liberal bloc) enemies.

The memory of the 2006 protests and the emerging right-wing countercultures were successfully incorporated into the electoral strategies of Fidesz and Jobbik. The ethnically defined image of the nation under attack was also widely used and cultivated by both parties. The parties incorporated the language of ‘political anti-Gypsyism’ and define themselves against the cosmopolitan elites and their foreign allies (Szombati 2017). After the exhaustion of the FDI and credit-led mode of economic integration with the financial crisis (Gagyí and Jelinek 2017; Hudecz 2012) and the political legitimacy crisis of 2006, Fidesz came into power in 2010 with a two-thirds supermajority. Besides the measures aimed at helping borrowers outlined in the previous chapter, in line with the program of protecting the country from internal and external enemies it immediately launched an ‘economic freedom fight’ against foreign banks, taxed the banks and prohibited foreign-currency lending. It also set up a committee to investigate the socialist-liberal coalition’s responsibility in the foreign-currency loan crisis (Gagyí and Jelinek 2017). Moreover, in the aim to broaden the spaces of manoeuvre for national capital and to build a national capitalist class, it also partially renationalized the banking sector (ibid). This happened through state acquisitions, which were then sometimes ‘reprivatized’ to domestic capitalists or through the support of the expansion of domestic banks (Király 2016; Pósfai 2018). By 2015 55% of the banking sector was in domestic ownership, which is a big development compared to 2005-2006 when 85% was in foreign ownership (Pósfai 2018).

It is within this space, both in terms of the world-system and in terms of the local power relations and hegemonies that debtors’ struggles are embedded, and are fighting their struggles against state and market. It is a space shaped by the state projects of the two elite blocs, as well as by the hegemonic discourses, practices, institutions and social movements formed around these blocs. With the emergence of a right-wing version of civil society, the lack of class-based

narratives for thematizing grievances brought by neoliberalism and the parallel coming to power of Fidesz incorporating the ‘fight against foreign banks’, it would be logical to expect debtors’ mobilizations to fall within the same right-wing tradition. However, in the next section I will show that although in many senses they use the same ideological repertoire, calling the organizations simply right-wing neonationalist would be too simplistic. The way hegemonies manifest themselves through the practices of debtors’ organizations is not straightforward, but it involves many contradictions and conflicting views among the organizations.

### 3. Debtors’ movements

In recent years several forex debtors’ organizations emerged with very diverse profiles ranging from legal help to street fight. The first meetings among a small community of distressed borrowers took place in 2010, when it already became apparent that many people are not able to pay the monthly installments. According to my informants from the Radical Anti-Bank Group (Radikális Bankellenes Csoport), these first meetings were generally about sharing information with each other, everybody told their bank-stories, and those who knew the economic or the legal situation better tried to help. Official groups were however only founded in the coming years, mostly between 2011 and 2013. From the groups I interviewed the DÉSZ (Advocacy Group of Foreign-currency Debtors) and the Hiteles Mozgalom (Borrowers’<sup>7</sup> Movement) are the oldest, both dating back to 2011. The DÉSZ started as a legal self-help group for its members, and their main activity consists of forming joinders and thus reducing the costs of suing one’s bank. The Hiteles Mozgalom followed a different strategy: its founding members started to learn about the legal and economic questions surrounding the loans, and attended the parliament’s Consumer Protection Committee until it was diminished in 2010<sup>8</sup>. Since then they sent several professional materials to the Curia and the MNB (the Hungarian

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<sup>7</sup> ‘Hiteles’ has a double meaning in Hungarian: it means both ‘borrower’ and ‘trustworthy’.

<sup>8</sup> Later founders of Hiteles Mozgalom attended it, before officially founding the organization.

National Bank). However, bigger mobilizations only started around 2012, when the Koppány group and the Haza nem Eladó were founded, which managed to mobilize the most people in the history of foreign-currency mobilizations.

From the start until its inactivity the Koppány group functioned as the motor of the protests. It was founded in 2012 by Béla Balogh, who was an important figure of the 2006 riots<sup>9</sup>. Balogh attended an eviction in 2012 and was so shaken by what he saw that he wrote a call on Facebook inviting people to fight collectively against evictions (Ildikó, Koppány). As a spokesperson of the 2006 protests he could reach many people. Koppány's main activity was to protect homes, and to fight against evictions, not only of forex borrowers but also due to any other cause, such as utility debt. According to one of my informants, the Koppány managed to stop around 50% of evictions it attended (Péter, Koppány és Jogállamért). In 2013-2014 Koppány already had several hundred activists (Péter, Koppány és Jogállamért), and also many founders of other debtors' organizations attended Koppány's protests in the beginning, such as the founders of the Radical Anti-Bank Group (RAB Csoport), the Nem Adom a Házamat (I will not give up my House, NAH) and the Jogállamért Egyesület (Association for the Rule of Law).

The Radical Anti-Bank Group was founded in 2013, after its founders, Katalin and László Kerékgyártó, were not totally satisfied with what the already existing groups were doing and were searching for a new direction. 'Some groups are going towards the law, others chose street fights. We decided to organize protests and to concentrate on disseminating information so that people understand that the banks are plundering them' (Imre, RAB). One of their action was to put stickers on cash machines in which they advised people not to use the services of banks anymore. The NAH was also founded in 2013 by László Póka, who felt that more activism is needed to fight the banks. The NAH is by far the most active protest group right now: they

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<sup>9</sup> Source: [http://hvg.hu/itthon/20130823\\_Devizahiteles\\_szervezetek](http://hvg.hu/itthon/20130823_Devizahiteles_szervezetek) [Accessed: 06.04.2018]

protest in banks and in front of politicians' houses almost every day, and their philosophy is 'to act, not to speak' (Eszter, Géza, NAH), which is also a critique towards other groups who in their opinion are spending too much time 'talking on squares' instead of doing radical actions. The last organization to emerge from Koppány was the Jogállamért Egyesület. Their aim is to help borrowers in legal matters, but contrary to the DÉSZ they are not working with professional lawyers, as according to one of the founders lawyers are less and less prone to take forex cases (Péter, Koppány and Jogállamért). Instead it is the experienced members of the group who are holding 'professional trainings' to members, and sharing their own experience with trials (Péter, Koppány and Jogállamért). Compared to the other groups the Jogállamért has the most developed political vision, which they call the 'rule of the Holy Crown', referencing many elements of mythic nationalism.

Although all groups have their own profiles, cooperation was, and remains very strong between them. The way the protests are organized sheds light on one important characteristic of the organizations: that they are almost all centered around one charismatic leader. It is the network of these leaders that maintains the mobilizations as the biggest protests are almost all co-organized by them. This also means that the number of very active people is pretty low, there is a core-organizing group consisting mostly of the leaders of the organizations and few hundred other people who are members of these organizations but are not necessarily active on a daily basis. Around the core and the few hundred activists there is a broader network of supporters, who have been most successfully mobilized around 2014. These earlier protests were also attended and organized by the Haza Nem Eladó, an organization centered around the famous case of Árpád Kásler suing his bank<sup>10</sup>.

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<sup>10</sup> The biggest protest was held in April 2014 when around 10.000 people protested on the Heroes' Square. Apart from that most protests were attended by few hundreds. One of their most remarkable protests was when, all the organizations together, decided to camp in front of Orbán's house for one month.

With the inactivity of the Koppány due to its leader's illness and the passivity of the Haza Nem Eladó a new situation emerged where diffuse groups worked sometimes together, sometimes alone. The central importance of Béla Balogh in the organization of the movement before his illness is emphasized by Ildikó: 'If Béla would tell them (members of the RAB and the NAH) to come they would immediately. But now there is no Béla to keep them together' (Ildikó, Koppány). Finally, in 2018 the leaders of the RAB, the Hiteles mozgalom and the DÉSZ<sup>11</sup> decided to form a new umbrella organization, the Adóskamara (The Chamber of Debtors):

*Our members see that there are no perspectives, that whatever we do daily politics tries to make that impossible... That is why we decided that we need a new type of communication and strategy that we could not implement within the DÉSZ. [With the Adóskamra] we took a new direction which is a strong opening towards politics, as we made oppositional parties sign our 12 points<sup>12</sup>... We do not want to spend time on the narrow issues of what our contracts with the banks actually contain, we now communicate that this is a systemic problem, and that forex loans are only a symptom of this, just as the Questor, retirement benefits, or student loans (Zoltán, DÉSZ).*

### *3.1 Motivations for organization: information and support*

Given the small number of activists compared to all the debtors, those mobilizing is only the 'peak of the iceberg'. Most of my informants took forex mortgages or consumer loans for renovation or for buying a new house. Since most of them are now in their fifties or sixties, they either took the loan to move into a bigger house with their family, or to buy a flat/build a house for their children. I interviewed only one person who took a mortgage in order to build a

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<sup>11</sup> The NAH and the Jogállamért are not part of the organization. The NAH believes in different strategies, because of their philosophy 'to act, not to speak'. They claim that what debtors need is radical action, and not simply a few big protests with nice speeches. The Jogállamért is a supporter of the organization and participated in their protest on the 11th of Marc as well, but decided not to join it formally.

<sup>12</sup> Debtors formulated their claims in 12 points, which they handed to oppositional parties. See: <http://adoskamara.hu/index.php/hireink/25-adoskamara-marciusi-12-pont> [Accessed: 06.04.2018]

house and sell it later, everyone else was using it for their own housing purposes. In general, since they took the loan, the amount they owe rose with more than 50%, which made it very hard for them to pay. Several of them had to decide between paying the loan or the bills. ‘I was paying until 2012, but before that for half a year I was eating only potatoes. And now I think that I made a mistake that I put the loan in the first place, because then I couldn’t pay the bills and then they wanted to evict me because of that’ (Ágnes, NAH). Another informant did not heat his house during winter, and he and his wife tried to stay in their workplaces for as long as they could in order to spend less time in the cold house.

As borrowing was possible for a wide strata of society, those that I interviewed were also socioeconomically diverse. Several of them works in lower paid administrative jobs, and also a significant amount of them are small entrepreneurs doing manual works such as wall painting or wood work. A small number of my informants also holds diplomas. What is common among them is that they did not have enough inherited or family wealth to acquire or renovate a home on their own<sup>13</sup>, and that they also lacked the economic capital to use the one-time repayment option. Therefore they were left out from the post-crisis welfare arrangements and face the possibility to – in line with the social policies of Fidesz – fall out from the shrinking middle-class. Moreover, a common pattern among my informants is that most of them live in the eastern suburbs of Pest, which according to Pósfai (2018) was one of the areas most penetrated by forex loans and most affected by the loan crisis. She calls this an important ‘transitory zone’ between peripheral and core areas because of the push and pull effect of Budapest (Pósfai 2018, 76). Therefore, it is generally populated by households with smaller wealth, those who are pushed out from inner-Budapest or come from more peripheral areas but want to enjoy the proximity of the capital.

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<sup>13</sup> Also, several of my informants had histories with OTP loans during state socialism. This form of help was generally provided to the lower strata of society who did not receive state-owned housing.

Although it would be beyond the scope of this thesis to determine the exact reasons why some borrowers started to mobilize while others remained passive, it is important to note that already existing social networks had an important role to play in early mobilizations. However, there were also some who were looking individually for some kind of mobilization and were searching for forums and events on the internet.

The most important motivation for most of my informants to look for others was that they needed information and emotional support. Finding one's way within the legal and financial questions surrounding forex loans is not easy, and listening to each other's experience with banks and in court is an important source of 'collective wisdom, that would be impossible for one to get on their own, without becoming a lawyer' (Béla, DÉSZ). As Bálint remembers: 'I was just wondering around and I went to protests to get information. And then we were sitting there during protests on the ground for hours, just talking and talking...' (Bálint, Jogállamért). Many people actively started reading in the topics of finance and law, and the DÉSZ was also holding conferences every half year where borrowers and professionals could share their knowledge (Béla, DÉSZ). József Szabó, the leader of the Hiteles Mozgalom for example wrote four books<sup>14</sup> on the topic of forex loans. Another member of the Hiteles Mozgalom told me that after he could not pay his loan he also started a small investigation 'about how money is created. After that I spent several hours per day reading about this, I slowly became a financial professional, also with the help of Hiteles Mozgalom. Today I could go into a bank and ask questions to the administrator for one hour that he/she couldn't answer' (Bence, Hiteles Mozgalom).

For others it was the feeling that they are not alone with this problem that was the most important: 'then someone told me that there are these demonstrations, and then I saw there that

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<sup>14</sup> The books are about Szabó's experiences and investigative work related to financial and legal issues surrounding forex loans. See for example: [https://www.libri.hu/konyv/szabo\\_jozsef\\_devizahitel.html](https://www.libri.hu/konyv/szabo_jozsef_devizahitel.html) [Accessed: 06.04.2018]



I am not alone. Until that I felt guilt, but then I was surprised how many people are affected by the same problem and so I started to go regularly to these demonstrations' (Ágnes, NAH). Many of them entered the movements with serious emotional distress and a feeling of shame because of non-payment, but common fight helped them overcome that. 'I was in very bad mental state before I joined the organization, because I didn't see any way to solve my situation, and I didn't have anyone to talk to. So it was very important for me to belong somewhere' (Gergő, NAH). Support from other borrowers is also a very significant factor for all of them to stay active and keep going. They help each other in different ways, for example in the NAH they get together every week, eat and drink together and go to each other's trials to support that person when it is necessary. According to many of my informants common fight and having a community also helps them overcome difficult emotional situations. 'There is a community which is built, and we together find those points where we can protest, which makes us stronger' (Péter, Koppány and Jogállamért).

Again others decided to join not only because of information and emotional support, but also because of some genuine indignation that they felt. As it was the Koppány group that was dominating the scene at the beginning, the first experience of several of my informants was to attend an eviction. 'When once I was invited to an eviction I went there, and I was totally shocked to see 300 cops coming against 80 home-protectors [this is how they call themselves in Koppány] with gas sprays, and then they try to break the door for hours. That's when I realized that something is not right, that a family could lose their homes like this is just nonsense' (Péter, Koppány és Jogállamért). Moreover, as one of my informants put it, fighting was also the last solution for some: 'so a borrower either starts to fight as he/she can or gives up and gives the key to the bank and moves out, or kills him/herself or simply dies because of the stress. Or goes abroad where he/she might earn enough to feed the never-ending appetite of the bank. This is really the only hope we got' (Klára, RAB).

### *3.2 Ideologies*

Although several authors characterize debtors' mobilizations as generally right-wing or neonationalist because of their use of symbols and rhetoric (Molnár 2016; Gagyí and Jelinek 2017), I found their ideological positions to be more diverse, and hardly classifiable.

The most important feature of the mobilizations is that they do not have a unified ideology, neither in the sense of using symbols nor in their members' worldview. In general, if we wanted to find a common feature that would be anti-elitism: they are against local political elites, banks, and international financial elites. They are also very critical of capitalism and the regime change, which brought itself privatization, the 'overaccumulation of wealth' (Béla, DÉSZ), and no social protection. When finding responsables for the forex loan crisis some of my informants did not stop at blaming local and international elites in general, but also had a very definite understanding of who these elites are: the Bilderberg group, the Rockefellers, the Rotschilds and the freemasonry. Moreover, some of my informants also did not stop at interpreting the crisis in the anti-elitist framework, but saw it as an attack on the Hungarian nation. Although group membership and these interpretations do not overlap perfectly, in general we can say that my informants from the Koppány, the Jogállamért and the Radical Anti-Bank Group were more prone to interpret the crisis in a nationalist framework. The Koppány and the Jogállamért are also the two groups which can be considered as directly related to the groups and the tradition of the 2006 riots, as many of their members were active back then. However, among the groups the Koppány is the only one using nationalist symbols, such as the Árpád flag and the Koppány shield. The name of the Koppány also came from a 'mythic nationalist character', the peagan Koppány who was fighting against Hungary's first Christian king, St. Stephen. My informants from the Jogállamért were even more 'extreme' than those from the Koppány, as they considered the enemies of the Hungarian nation to be related to Israel. Besides, they also have an elaborated concept of the 'Constitutional Kingdom' where the Holy Crown would reign on

the country and would prohibit to sell any land for private aims. But the Constitutional Kingdom would not be a monarchy, instead it would be a kingdom without a king, where the power belongs to the people through a kind of direct democracy (Bálint, Jogállamért).

However, considering this as simply neonationalist would be an example of the scholastic point of view (Bourdieu 1998), as it would mean using our (academics') notions and clear-cut categories to understand their ideologies and symbols. Calling these organizations neonationalist would mean to attribute them some kind of ideological coherence that they actually do not possess. Gramsci's differentiation between common sense and good sense can be useful in order to understand my informants' worldviews as complex, contradictory, and a product of historically accumulated cultural meanings. In Gramsci's understanding common sense refers to the 'beliefs and opinions shared by the mass of the population' (Crehan 2011).

*Common sense is not a single unique conception, identical in time and space . . . it takes countless different forms. Its most fundamental characteristic is that it is a conception which, even in the brain of one individual, is fragmentary, incoherent and [inconsistent], in conformity with the social and cultural position of those masses whose philosophy it is. (Gramsci 1971, 419 as cited by Crehan 2011)*

Apart from being incoherent, inconsistent and fragmentary, common sense is also a historical product for Gramsci. Therefore common sense is not simply what 'most of the people' think about the world (i. e. it is not a quantitative question), but it denotes the historically accumulated meanings that form people's conception of the world (Gramsci 2000). As he writes: '[t]he personality is strangely composite, it contains Stone Age elements and principles of a more advanced science, prejudices from all past phases of history and intuitions of a future philosophy' (Gramsci 2000, 326). Because of its historically accumulated nature there is also not only one common sense, but common sense is a 'collective noun, like religion' (Gramsci 2000, 327).

Although common sense in many ways maintains and reproduces hegemony, within common sense traces of ‘good sense’ can be found. Good sense in turn is what ‘identifies the exact cause, simple and to hand, and does not let itself be distracted by fancy quibbles and pseudo-profound, pseudoscientific metaphysical mumbo-jumbo’ (Gramsci 1971, 348 as cited by Crehan 2011). Good sense is therefore the ability to identify oppression, and to think and confront it in a ‘rational’ way (Gramsci 2000, 329). This is why hegemony as it is lived is never total or perfect, but the seeds of counter-hegemony can be always found within it.

Therefore, given the emerging right-wing hegemony within civil society we could consider nationalism as a common sensical understanding of the history of this community. This is the product of long-time accumulated understandings of the nation and contains many incoherence but also the seeds of good sense. For example, although the Koppány is using nationalist symbols of Great Hungary or the Árpád flag, this does not necessarily imply an exclusionary or ‘ethnic’ nationalism. My informants from Koppány and Jogállamért for example interpreted the crisis at the same time as an ‘attack against the Hungarian nation’ but also as more generally an attack of the global 1% on the global 99%, and spoke highly of the leftist Occupy movement. When I asked members of the Jogállamért how is this compatible with the fact that they want the Constitutional Kingdom and the Holy Crown to protect the nation against foreign powers, they told me that Hungary is only where we should start, and then this model can spread all over the world, regardless of nationality. Nevertheless, they still used many ‘mythic nationalist’ elements related to the great history of the Magyars<sup>15</sup>. However, this is also a contradiction in itself, since the Jogállamért is registered in Sweden instead of Hungary, and in their symbols

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<sup>15</sup> They connected the fact that the Hungarian nation was attacked to the treaty of Trianon, and to the common topos of the nation suffering because of foreign powers. This is unjustified in their eyes due to the historical qualities of the Hungarian nation.

they are also using the Swedish colours of blue and yellow, and referring to themselves as an organization working ‘within the European Union’<sup>16</sup>.

Moreover, all of my informants specified that it is very important for people to work together regardless of ‘religion and ethnicity’<sup>17</sup>. Even members of the Jogállamért found this point to be very important, although they claimed that Israel is among the foreign powers attacking the country, but that ‘this does not apply to ordinary Jews’ (Bálint, Jogállamért). This is however a very marginalized opinion among my informants. Nevertheless, this could also be considered as a common sensical approach which equates anti-elitism with anti-Semitism, and therefore financial elites with Jews.

My informant from Koppány also had a very open understanding of the nation: ‘We shouldn’t talk about any kind of national superiority in Hungary... This is a nation comprised of 12 or maybe even 100 different nationalities... Then what does the ‘nation’ mean in this context?’ (Ildikó, Koppány). Besides, she also considered the symbols used by Koppány as genuine symbols of oppression, and did not see its right-wing connotations:

*If you think about it, why are we using the Árpád flag and the Koppány shield? Because Rákóczi was also using that. What did Rákóczi do? Freedomfight. So does that make us right-wing? This is a stupid thing, to label people like this, this is what parties also do. Now that I think of Koppány I actually think it is not right-wing at all, but radical left. (Ildikó, Koppány)*

The critique of an attack against the nation is therefore a popular way to talk about the country’s global positionality, and to criticize international power relations. Although they attribute more importance to national symbols, ethnicized enemies and an attack on the nation, the Koppány and the Jogállamért also share the general elite-criticism of other groups. Using the gramscian

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<sup>16</sup> This is a way to distance themselves from the current Hungarian state, but even though I tried to get more details about why are they registered in Sweden and why it is important for them to mention the European Union, they could not answer my questions.

<sup>17</sup> For example no one expressed anti-Roma sentiments, which is rather common in the Hungarian far-right.

differentiation of common sense and good sense reveals that we cannot talk about a coherent nationalist ideology, but this is a way for them to refer to their community, to ‘the people’, who experience oppression by elites and a lack social protection. This is also why they are considered to be ‘radical left’ by some of their members, and have a different understanding of ‘national’, compatible with leftist ideologies. ‘Being a nationalist means to provide welfare, help the people and not to exploit them’ (Ildikó, Koppány). Moreover, as she continued, Koppány according to her understanding is left-wing and not right-wing because: ‘it directly deals with the people, not squires and serfs, so there is no hierarchy such as leader, and you shut up, so the group is unified, we talk and think together’.

Therefore, it would be simplistic to consider the organizations as fragmented between ‘neonationalists’ and non-nationalists, as through the anti-elite narrative they share more than we could imply only through superficially analyzing their language or use of symbols. What shows the power of common sense is that even those who did not talk about the crisis in a nationalist framework could very easily identify with such a framework, and did not see its ideological connotations. The use of nationalist symbols and rhetoric is not something that my informants would reflect upon, because it seems to them – even to those who themselves do not use this rhetoric too much – to be a self-evident thing. Anna for example did not understand my question about ideological differences and the use of national symbols and simply said ‘Well they [the Koppány Group] are Hungarians, no? I think it’s courageous that they say it.’ (Anna, Hiteles Mozgalom). András considered this to be simple ‘local patriotism. It is not possible that one tenth of a country becomes dispossessed. Hungarians should have stood up and say that we want no more of this!’ (András Hiteles Mozgalom). Therefore they do not consider nationalism to be an ideology, just a self-understandable framework to talk about themselves and their community. They also claimed that there are no ideological differences among the organizations, only tactical ones. According to Miklós and Júlia for example the main

difference between the organizations is whether ‘they are willing to do something, or are just talking’. Most of them (comprising those from Koppány and Jogállamért) also do not consider themselves to be neither left nor right, but emphasize an ideological neutrality. Some therefore use nationalist symbols while others do not, but this is more a question of tactics and of the ‘temperament’ of the leaders than of ideological conviction, according to my informants<sup>18</sup>.

However, even though nationalism works as a self-evident framework for most, whether this is explicitly showed in terms of symbols and language is also dependent on personal histories and the structure of the movement. First, the mobilizations are centered around the common issue of forex loans, which affected many people with different histories and backgrounds. For example members of the Jogállamért and the Koppány were directly involved in the 2006 riots, while my other informants did not have any kind of history of political activism. My informants from Koppány and Jogállamért therefore brought with themselves a language and interpretations that they acquired through contact with the emerging right-wing subculture. The structure of the mobilizations is further reinforcing the importance of personal histories in determining the use of symbols and language. As they are very leader-centered, the identities of these leaders significantly shape the symbols which will be used by the different organizations, and also the focus they take. ‘The different groups are not formed according to ideologies, but the habitus of the given leader contributes to the groups... If Kásler [leader of the Haza Nem Eladó] has national feelings, then that group will be like that. Koppány, they are also doing it from the heart, I guess there it is Béla’s [leader of the Koppány] identity which matters’ (Anna, Hiteles Mozgalom).

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<sup>18</sup> The only people who disagreed with the nationalist interpretations were Béla and Zoltán from DÉSZ. They also considered that there are no ideological differences among the organizations: ‘We have professional debates about whether we should solve the question of forex loans in court or on the street’ (Zoltán, DÉSZ). However, in their case I believe this was more an acceptance of anything other groups do, due to the fact that they are fighting for a common issue.

Moreover, another structural feature, the fact that the mobilizations are very issue-centered, also makes those who disagree with the nationalist interpretation (such as Béla or Zoltán) accept the symbols and the language without problem. ‘I listened to the Constitutional Kingdom thing and well, I think it did not make sense. But then I told them, OK, so you are talking here now, but what will we *do*?’ said Zoltán, suggesting that only common action is important. Moreover, the single-issue nature of the mobilizations even diverts some – who would in general agree with the interpretations according to which the nation was attacked – from using nationalist symbols. Anna for example concluded that national symbols and showing off nationalism are not the most important questions right now. ‘I only have one life. We are in such a big trouble that I can shout that I am such a big Hungarian, but who gives a shit about that’ (Anna, Hiteles Mozgalom).

Nevertheless, the ideological and symbolical eclecticity of the organizations is also an obstacle for their further success. Because of their use of national symbols they have been continuously ridiculed by the liberal media<sup>19</sup>, or just not provided with enough space and coverage. Although they raise important social issues such as the lack of housing welfare, the financialization of housing or the lack of social protection against the market, the symbols and language on which they make their claims diverts attention from their content. A telling story is that when HaHa, a liberal student organization, chose to attend a protest against poverty which was co-organized by Koppány, the liberal media accused them of being Nazis (see footnote 19). The event also caused big debates within HaHa, and the ‘Roma HaHa’ even chose to leave the organization<sup>20</sup>.

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<sup>19</sup> Source: [http://hvg.hu/velemenynyuzsog/20130816\\_HaHa\\_rajtad\\_rohogunk\\_nem\\_veled](http://hvg.hu/velemenynyuzsog/20130816_HaHa_rajtad_rohogunk_nem_veled) [Accessed: 06.04.2018]

<http://magyarnarancs.hu/narancsblog/most-akkor-utaljuk-a-hahat-mert-lepaktalt-a-nacikkal-86160> [Accessed: 06.04.2018]

<sup>20</sup> Apart from their use of symbols and their supposedly racist ideology, one of the main arguments against Koppány was that they cooperate with Jobbik (more about this in the next section). However, several members of the organization disagreed with this interpretation, and someone even wrote a blog post on the blog of HaHa regarding the importance to cooperate with those social groups who cannot formulate their claims in a politically correct language. See:



Also, AVM, a progressive left-wing housing-rights organization, did not want to cooperate with Koppány because of their use of national symbols. ‘They asked us to leave the flag and the shield... But then I told them, that would be for us like going naked to a protest’ (Ildikó, Koppány). AVM differs from the debtors’ mobilizations because it works with highly educated left-wing activists, while the debtors’ movements are entirely self-organized. They therefore lack ‘organic intellectuals’ in a gramscian sense, who would help the movements to produce coherent and effective counter-narratives (Crehan 2011). Here is where we can see the limits of the Polányian double movement: although social protection against commodification evolves in a grassroots way, in order to be effective it needs the agency of organic intellectuals to maneuver existing hegemonies and to build a successful counter-hegemony based on coherent ideologies.

### *3.3 Debtors and parties*

As civil society is also populated by parties, debtors’ organizations need to relate to them in some way. The way they relate to parties is influenced by the general anti-elite narrative. Almost all of my informants claimed that they are neither left nor right, and that they would cooperate with any political party who would help the cause of debtors regardless of ideological affiliation. However, at the same time they also aim to maintain their independence, and emphasize the importance of being civilians. Civilians in this case means a differentiation from ‘corrupt’ political parties and the state in general, as they see their own function as representing society against the state. This is also one of the biggest grievances of the organizations against the Haza Nem Eladó, as ‘Kásler [its leader] lost its decency by forming a party’ (Ildikó, Koppány).

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[http://hallgatoihalozat.blog.hu/2013/08/17/kilepni\\_a\\_komfortzonabol\\_fajdalmas\\_de\\_muszaj](http://hallgatoihalozat.blog.hu/2013/08/17/kilepni_a_komfortzonabol_fajdalmas_de_muszaj) [Accessed: 06.04.2018] Information provided by my friend who was a member of HaHa.

From the side of political parties there have been attempts from Fidesz and from Jobbik to incorporate the organizations. The pseudo-civil organization CÖF (Civil Unity Forum), founded by Fidesz in 2009, for example reported the banks to the police and with this move aimed to emerge as a possible ally and the representative of debtors. However, Koppány for example denounced their move and wrote that ‘the CÖF-CÖKA attempts to expropriate the true civil representation even though they did not take part in our struggle which lasts now for years’<sup>21</sup>. Jobbik also wanted to incorporate the struggles from early on, and they also started a cooperation within the framework of the Otthonvédelmi tanács (Committee for the Protection of Homes). However, the cooperation turned out to be painful, as Jobbik wanted to take credit for the committee. As Ildikó, one of the founders of the Committee from Koppány, explained: ‘Béla told me that that’s it, the Committee was taken over by Jobbik... But then I told him that I will not let that happen, it’s my child’.

Debtors also went to the European Parliament with the help of Krisztina Morvai from Jobbik, where they presented their situation. However, when asking about why they cooperated with Jobbik one of the organizers of the ‘trip’, Júlia, simply told me: ‘In Hungary there is party leadership. If you want to do anything you are forced to communicate with them’ (Júlia, RAB). A common opinion among my informants was that just as other parties did not do anything to help the debtors, Jobbik did not do either. Moreover, Jobbik is also considered by some as part of the political elite: ‘Jobbik is an easy situation because it did not reign so far. If it did it would have to make a pact [with the banks], and could not look into our eyes either’ (Miklós, NAH). It is however important to note that with the founding of the umbrella-organization, Adóskamara, the organizations’ way of approaching political parties has changed. Although before that cooperation was sporadic and usually not initiated by the organizations, Adóskamara

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<sup>21</sup> Source: <http://www.koppanycsoport.com/?p=566> [Accessed: 06.04.2018]

put approaching oppositional parties (regardless of political affiliation) as their main aim. They did this because it became obvious that ‘the problem of forex loans cannot be solved in courts, it’s only politics can solve it and we need to directly address politics’ (Zoltán, DÉSZ). However, they still maintained their strong civil identity<sup>22</sup> and differentiated themselves from any concrete party.

The way debtors’ try to differentiate themselves from political parties shows their aims to find their own political voice independently from those in power. However, as we saw with the case of HaHa and AVM, debtors’ possibilities of being recognized as legitimate political subjects are also dependent on other actors and hegemonies within civil society. The question is whether this can change with the Adóskamara. Since the organization is very new it is not possible yet to assess its success. One thing seems certain: that by finding László Ravasz, ex-judge, as their spokesperson, the organization got more media attention than ever before. Whether this is a way to overcome the problem of the lack of ‘organic intellectuals’ is yet to be known, but since the 2018 parliamentary elections and the victory of Fidesz, the Adóskamara has been silent, and no further event was announced.

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<sup>22</sup> As for example László Ravasz emphasized it on Adóskamara’s press conference that I attended on the 9th of February 2018.

### Chapter three: Contesting citizenship regime, reclaiming the state

Finding their way within civil society is not the only task debtors face, as they also need to maneuver within the hegemonic space defined by the state and the market. In the movements' political imagination and in their political strategies the state has a privileged role: both as one of the responsible parties for the crisis as well as a terrain which needs to be reclaimed and reshaped through struggle. This is not surprising given that, as I argued earlier, the state – understood as political society – has a mediating role between pro-market forces and forces of social protection, and therefore contesting commodification also necessarily involves contesting the state.

As the main feature of the mobilizations is their strong anti-elitism, when debtors talk about the state they also do so from this perspective. The state has a double meaning in their discourses: it is both the collection of elites, and a source of hope. This shows the strong symbolic power of the state: it exists both in a normative sense as an entity that should help borrowers and that needs to be reclaimed to fulfill this function, and in a realistic sense as the toy of different elite projects.

In this chapter I analyze the broader claims and critiques that debtors' organizations formulate. Although as I argue the state has a central role within these demands, through talking about the state debtors also formulate critiques which move beyond the state. This includes a critique of the elite projects of world-economic integration, of neoliberal capitalism and of the global positionality of the country. I grouped these critiques as follows: first I present critiques related to the privatization of the state and then I present those related to transnationalization of the state and to the global positionality of the country. Finally, I present critiques related to the failure of political representation. I consider these critiques as the content of the debtors' *acts of citizenship*, and show how these critiques are both the result of historical experiences with

the state as well as their negative experiences with it both during the protests and during their personal contact with state institutions. Moreover, in the last part of the chapter I turn to how debtors are maneuvering within the hegemonic project of Fidesz, which has, at least apparently, incorporated some of their critiques.

### **1. Contesting citizenship regime: acts of citizenship**

I characterize debtors' struggles as acts of citizenship, because they are struggles for the 'right to have rights' (Isin 2013), as well as for being recognized as legitimate political subjects. Debtors struggle to have *social rights*, which I define as the outcome of the protective side of the double movement: it means the right for protection against commodification, which on the policy side can take many forms, but in all cases aims to provide the possibilities of a good life without being reliant on the market. Today, social rights have become more conditional and linked to the 'performance' of citizens (Clarke et al. 2017, 170). In the particular case of foreign currency lending this meant the substitution of social rights by the performance of the borrowers, whom, if not performing correctly (i. e. paying on time under any circumstances), face the possibility to lose all their entitlements to welfare. In this context, by being conditional on market performance, social rights cannot provide decommodification.

Because of the grassroots and fragmented nature of the struggles and the small but socioeconomically diverse base, characterizing them as a 'social movement' or an action of a class would be inaccurate. Talking of acts of citizenship however makes it possible to account for these mobilizations, as the concept is wide and abstract enough to be able to capture the socially diverse and politically fragmented nature of debtors' actions.

Another reason to consider these struggles as acts of citizenship is that my aim is to think about these struggles as constitutive of the critiques about the transnationalization and the privatization of the state and therefore of the emerging political subjectivities. As Isin argues,

‘acts [...] create new sites of contestation, belonging, identification and struggle’ (Isin 2013, 27). In the case of debtors we see how their critiques are evolving through struggles (struggles create the critique), and how in turn, these critiques change the organizations’ tactics and open up new fronts of struggle. ‘First when I joined the organization I did not understand what was happening, then through talking to others and experiencing responses from the state we started seeing clearly... Now we know about background powers’ (Zoltán, DÉSZ). Also, non-payment for those who did not stop paying because of necessity earlier was a decision made through contact with others and through struggles. Many of my informants told me that ‘we were socialized in such a way that if we have debts we have to pay that back’, and that it was only in the organizations that they understood that this ‘rule’ does not apply anymore. ‘I feel good since I stopped paying to my bank. Before that I was always nervous but now I know that I am doing the right thing’ (Bálint, Jogállamért). The evolving critiques against the state and the market led to the realization by the borrowers that what they face is not simply an anomaly in the system, but a systemic problem that goes beyond forex loans (Zoltán, DÉSZ). This realization in turn led to the formation of Adóskamara. Struggles are therefore constitutive of the critiques and emerging subjectivities of the debtors. Nevertheless, I think when Isin claims that acts produce subjects (Isin 2013), at least in this particular article, he does not put enough emphasis on the historical constitution of subjects. I therefore consider political subjects – and struggling debtors – to be formed not only through acts of contestation but also through personal and social histories. As I will show later in the chapter, the importance of personal and social histories is obvious from the many ways that the debtors relate to the state, as well as from the way common sense historically shapes their understanding and enactment of citizenship, which I dealt with in the previous chapter.

Moreover, the acts of citizenship framework also shows that citizenship is not necessarily a status one does or does not have, but it is a constant negotiation about rights and possibilities

of political voice (Isin 2013). Debtors are engaged in this kind of negotiation: a negotiation to have the right to be de commodified, but also more broadly to have the right to talk and to raise claims. Therefore what they want is not simply social protection from a ‘paternalist’ state, but they want to change their own relations with this state in order to have a more active say in what is happening.

However, the target of these negotiations is not exclusively the state, nor are the possibilities to enact citizenship exclusively defined by their relation to the state. As I pointed out earlier, by criticizing the privatization and the transnationalization of the state debtors also formulate a more general critique about the market and about their own semi-peripheral positionality within capitalism. What they are contesting is therefore not only their relations with the state, but more broadly how they are positioned by the state and – as I consider the state as a mediator – through the state by the market. As the market is necessarily transnational, this also includes a contestation of the specific ways capitalism plays out on the peripheries of Europe. ‘Having an active say in what is happening’ therefore not only concerns their relations with the state but also the way the market effects and positions them. Moreover, as this contestation takes place within civil society, being recognized as legitimate political subjects is also shaped by their embeddedness in that sphere. As I demonstrated in the previous chapter the media and other civil organizations all shape the possibilities of debtors’ movements. Everything combined, through their acts of citizenship debtors are not only contesting the state, but a *citizenship regime*<sup>23</sup> which takes away their social rights, denying them spaces to speak from. This citizenship regime is coproduced by the three analytically distinct but interrelated spheres: the

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<sup>23</sup> Jenson (2007) defines citizenship regime as ‘the institutional arrangements, rules and understandings that guide and shape concurrent policy decisions and expenditures of states, problem definitions by states and citizens, and claims-making by citizens’. I find her definition to be too state- and institution-centered. I therefore define citizenship regime to be the collection of norms and rules that define the possibilities to enact citizenship and position subjects according to different criteria. These norms and rules are coproduced by the state, the market and civil society.

state, the market and civil society. In the case of debtors this means that the citizenship regime analysed here is forged between 1) the state projects of the two elite blocs and the emerging welfare regimes, 2) the hegemonies and organizations populating civil society 3) and the country's global capitalist integration. I consider the emerging citizenship regime to be a hegemonic regime: it is a regime which defines the norms of who can speak and who can have rights. It can define these possibilities according to age, class, gender, ethnicity, race, spatial belonging etc. I consider citizenship as a positionality within this citizenship regime, which can be negotiated through struggles. Citizenship is therefore a dynamic, relational and historical institution.

In the previous chapter I showed how debtors are negotiating political voice within the space of civil society. In this chapter I turn to how, through their acts of citizenship, debtors negotiate social rights and political voice in relation to the state, and through the state in relation to the market. Although my definition of citizenship regime showed that how they are positioned and what they are contesting goes beyond the state, the mediator role of the state and the fact that there is no political unit corresponding to the world-system scale (Gagyí 2017) elevates the state into the central arena of political contest.

## **2. Critiques: the privatization of the state**

### *2.1 Banks*

Debtors' critiques about the privatization of the state evolved through long-time negative experiences with banks, unsuccessful negotiations and a feeling of being 'ripped off' by a financial institution that is much more powerful than they are.

After the crisis debtors found themselves in an unbearable situation. As the monthly instalments grew by more than 50%, many of them tried to negotiate with their banks. Some of them tried to negotiate to pay the instalments in CHF, however the bank would only let this in the case if



the borrower pays the whole amount at once. Again others offered a deal to the bank, according to which they would give them one house if they are free from debt obligations after that, however the bank would only accept two houses. In case if someone wanted to get a payment facilitation the bank asked them to involve another collateral, which for obvious reasons was not an option for them. The most common favour banks were willing to provide to distressed borrowers, was an increase in the duration of the loan, which however meant a higher final amount to be paid (Klára, RAB).

Because of the common experience of total inflexibility from the side of the banks one of my informants compared them to machines: ‘I had half a year of non-payment, I would have only needed a few time to get myself together... but the bank is like a machine, it doesn’t care about anything, there is no delay’ (Ildikó, Koppány). Moreover, once they got into a delay, an unstoppable spiral has started: default interests, penalty interests, and after 90 days of non-payment the bank has the right to terminate the contract, and to start the process of repossession. The non-responsiveness of the banks towards the continuously worsening situation of their clients is well illustrated by Géza and Eszter’s story: ‘they [the administrators in the bank] told us that if we don’t pay they will take our house, and then the state will take our kids. It’s at this point that Eszter [Géza’s wife] started to yell as well’ (Géza, NAH).

The non-responsiveness of the banks and the rising exchange rates got all of my informants by surprise. Bence felt safe because he knew that it is a state-controlled institution, ‘I did not go to the local usurer, but to the bank, which is a state-controlled institution’ (Bence, Hiteles Mozgalom), while many other informants emphasized how they believed in the professionalism of banks: ‘administrators told me that everything will be alright, and well, when you go to the doctor you believe him/her, when you go to the mechanic you believe him/her as well, so why wouldn’t you believe the bank? ...they are the professionals’ (Eszter, NAH). Moreover, banks also did what they could to sell the product: according to Ildikó ‘banks gave loans to anyone,

in the end they did not even ask for a proof of income' (Ildikó, Koppány). Gergő from NAH told me that when he wanted to take the loan he did not have enough monthly income, so the bank decided to take into account his yearly income as an entrepreneur, but without extracting his expenditures (for wages and equipment).

A common way for banks to reassure clients was to let them know about the currency band, which let the forint float only within a given limit, promising no more than maximum 15% of deterioration in the exchange rate of the forint. Another common argument used was that Hungary will join the Eurozone soon – which did not happen in the end – and therefore getting indebted in foreign currency is not risky. Still, two of my informants claimed that they did not know that they took a foreign currency loan: 'I received a payment plan, they told me that I will have to pay these amounts per month. We didn't talk about anything else, only forint, so I did not even know that my loan was denominated in foreign currency. They did not even give me the contract to read, I just had to sign it right away' (Ágnes, NAH).

The common opinion of my informants, formed through all these negative experiences, is that throughout the years banks 'ripped them off'. 'Banking elites' therefore became one of their primary target of criticism. 'They exactly knew, by looking at the trends of exchange rate changes what will happen. Therefore we can talk about a *planned despoilment* of households' (Zoltán, DÉSZ). According to Klára 'banks took advantage of the fact that the Hungarian population does not have any financial experiences' (Klára, RAB). A common opinion among debtors is that the whole contract is a lie, because they never saw the foreign currency behind the loans. 'People received forint, but the bank says that it is denominated in foreign currency. I personally don't care whether it is denominated in, in apples, or in hats, or in anything else. Because when I took it I did not receive a certificate about the exchange' (Imre, RAB). The

NAH even call the loans *seviza*<sup>24</sup>, thus showing that they do not believe in foreign-currency denomination. Another common claim of my informants was that since we live in a ‘credit money system’ banks are actually ‘making’ the money by giving out loans. The logical conclusion deriving from this is that since that money did not exist in the first place, repaying it also does not make sense.

## 2.2 *The state and the banks – the right to be decommodified*

‘We should understand that on its own the banking system would not have been able to do this [ripping off the people]. This necessitated active political will and the participation of the law’ (Imre, RAB). Imre’s opinion is widely shared among my informants. More concretely, their main grievances are related to the privatization of the state: as they see it, the state has become a bearer of ‘private interests instead of public ones’ (Márton, Adóskamara), serving political and banking elites who used the crisis for their own ends. This anti-elitism is also related to a more general critique of capitalism and the market, and a consequent withdrawal of the state from its protective role.

Their critiques evolved through years of contact and experiences with courts and government programs. The first is particularly important, because suing their bank was the only tool in the hands of the borrowers to get out from the unbearable loan contract. Most lawsuits were launched on the basis of unilateral change in the interest rate by banks, and on using different exchange rates for payment of the loan to the borrowers and for the borrower to pay the instalments<sup>25</sup>. The lawsuit’s aim was to prove the total invalidity of the contracts because of unfair banking practices, which would have resulted in paying back the loan on the exchange rate that was

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<sup>24</sup> This is a word-game in Hungarian: foreign currency is called ‘deviza’ and as ‘de’ means ‘indeed’ (although in the original meaning of deviza ‘de’ does not have this meaning), NAH changed the first part of the word to ‘se’, meaning ‘neither’.

<sup>25</sup> Source: [https://index.hu/gazdasag/2013/10/09/ezert\\_lehet\\_fontos\\_a\\_lehmann-itelet/](https://index.hu/gazdasag/2013/10/09/ezert_lehet_fontos_a_lehmann-itelet/) [Accessed: 06.04.2018]  
[https://index.hu/gazdasag/2013/10/11/megint\\_semmisek\\_a\\_devizahitel-szerzodesek/](https://index.hu/gazdasag/2013/10/11/megint_semmisek_a_devizahitel-szerzodesek/) [Accessed: 06.04.2018]  
[https://index.hu/gazdasag/2013/11/07/2500\\_devizahiteles\\_per\\_van/](https://index.hu/gazdasag/2013/11/07/2500_devizahiteles_per_van/) [Accessed: 06.04.2018]

valid in the time of taking the loan. Several lawsuits were successful until 2014, when the Curia has brought a decision, according to which the unilateral change of the interest rate and the use of different exchange rates is indeed unfair, but nevertheless it does not make the contracts invalid, since these two points can be corrected<sup>26</sup>.

With this move according to my informants, it became impossible to win the lawsuits and to prove the invalidity of the contracts (Béla, DÉSZ). Moreover, as they stated this is a proof of how the legal system is intertwined with political and banking elites: ‘the courts and the prosecution are under direct political rule... Welmann<sup>27</sup> for example is sending letters to the Banking Association [Bankszövetség] apologizing if for some reason it was not the OTP that won’ (Klára, RAB). They voiced a similar critique against government programs, which did not aim to help those most in need and just tried to ‘pacify the borrowers’ (Imre, RAB). For example, neither of my informants could afford the one-time repayment option, which was only available to the ‘circles of the politicians’ (Géza, NAH). Also, very few of them used the rate cap scheme, as even with the state and the bank paying some part of the interests for a limited time, the difference which is accumulating on a separate account would mean higher instalments after the end of the program (2018). The forced conversion of the loans to forint in 2014 affected all of my informants, but did not relieve them in any sense as the market conversion rate of 256 forints (instead of 160-165 during the 2000s when they took the loan) only ‘conserved the huge amounts of debt’ (Adrienn, Hiteles Mozgalom), and ‘legalized the farud’ (Bence, Hiteles Mozgalom). Therefore, my informants fell out from the welfare arrangements surrounding forex loans, which were aimed to – following the general logic of the welfare politics of Fidesz – exclusively help middle- and higher middle-class borrowers.

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<sup>26</sup> Source: [https://index.hu/gazdasag/2014/06/17/devizahitelek\\_mi\\_lesz\\_most/](https://index.hu/gazdasag/2014/06/17/devizahitelek_mi_lesz_most/) [Accessed: 06.04.2018]

<sup>27</sup> György Welmann, the president of the Curia’s civil department.

The lack of state-support is mostly understood in an anti-elitist framework. For example, when talking about who benefitted from the rescue packages the language of class (middle-/higher middle-class) is totally absent, and those profiting are generally equated with the political elites and their close circles. Therefore, a differentiation is made where the elites and the people are the groups exclusively facing each other. This resonates with my informants' previous claims about representing 'society' against the state, which works according the same logic of differentiation between the people aka society and the state aka elites.

The interconnectedness of political and banking elites was a commonplace for all of my informants. The NAH's actions for example consist of protesting in front of politicians' and bankers' houses, seeing them as the common responsables. To illustrate this interconnectedness, Géza from NAH for example gave an extensive critique of the 'revolving door' (Sebők 2017) between business and political positions: 'This woman, who was a Supervisory Board member at Erste Bank, is the new president of the Financial Arbitration Board [Pénzügyi Békéltető Testület], which should be a consumer protection body. Now me, as a client of Erste, how should I go there if she was in my bank when all this happened to me?' (Géza, NAH). Opinions among my informants differed about the nature of the involvement of the state: the most dominant opinion was that political elites directly profited from the crisis, for example through the forced conversion of the loans to forint which made the Hungarian National Bank richer with 136 billion forints<sup>28</sup>. The National Asset Manager's activity was also assessed according to this by many, who saw in the nationalization a way for the state to acquire homes cheaply (Klára, RAB; Júlia, NAH).

Others explained that even if politicians did not profit directly from forex loans, they had to do what they did because the country is dependent on the bankers. 'Politicians are just the puppets

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<sup>28</sup> See for example: [https://index.hu/gazdasag/2015/01/27/136\\_milliardot\\_kaszalt\\_az\\_mnb\\_a\\_forintositason/](https://index.hu/gazdasag/2015/01/27/136_milliardot_kaszalt_az_mnb_a_forintositason/) [Accessed:06.04.2018]

of bankers... The economy is dependent on the banks, so no political force is willing to be enemies with them, they are financing the country' (Géza, NAH). Moreover, in accordance with what Bohle (2014) also says, many of them concluded that the function of forex loans for political elites was also to get votes by boosting the economy. 'Forex lending was allowed, because they had to provide a welfare system so that they can stay in power' (Zoltán, DÉSZ).

An interesting point is how among my informants Zoltán and Géza understood the state in a normative and refused to equate it with its current elites. As they claimed the Hungarian state is the people, and therefore those who are responsible for the crisis is not the state, but the political elite (Zoltán, DÉSZ; Géza, NAH). This understanding of the state even refuses to call what we have now a state, as it does not fulfil its basic functions of representation.

Behind the analysis of intertwined economic and political interests there is also a deeper critique related to the emptying out of the state due to market mechanisms and of its consequent loss of capacity to provide decommodification for wider segments of the population. As András put it:

*There is a segment of society whose business is to empty the state and then they will be able to replace it for good money (for example private healthcare, private school). Bankers say that the state is a bad owner and so we need to marketize everything. But this is not true, capital eats up everything, it eats up the body and the soul. Capital is like a religion, blind faith. (András, Hiteles Mozgalom).*

The critique of the emptying out of the state due to capitalism goes back to the regime change, when 'wild capitalism' (Géza NAH) penetrated the country. 'Then the financial world has invaded the Eastern bloc, and here the logic is the maximization of profit. If the state apparatus is not prepared for this then capitalism will do what it wants to do' (András, Hiteles Mozgalom). It is therefore also a critique of the rapid privatizations and the state's moving out from strategic sectors. 'Everything that we built was sold to private investors during the nineties' (Péter,

Jogállamért). However, as the previous quote demonstrates, it is also a more general critique of the logic of capitalism, which is equated with how the banks and the politicians ‘ripped them off’. Ildikó for example condemns how in capitalism ‘in order to have wealth you need to take it from someone else’, while according to Péter the logic of capitalism directly led to how ‘debtors have increased the national wealth through building houses, and then it is not only the money that they take from you but also the wealth that you produced’ (Péter, Jogállamért).

Capitalism in debtors’ critique is contrasted with state socialism (and especially with the socialist state) in terms of the capacity of the state to provide a good life. This shows the importance of personal histories with the state in influencing contemporary critiques and claims, although not uniquely, as debtors’ claims also go beyond their experiences with the socialist state. In other words – as it will be obvious also from this chapter later – they do not want a resurrection of the socialist state, they just use it as a reference point. From the older generation that I interviewed many of them had positive experiences with OTP loans during state socialism, the interests of which were state subsidized and predictable and ‘which had a state guarantee, and therefore it was dominated by reliability’ (András, Hiteles Mozgalom). Moreover, the state in socialism was also considered by them to provide the social rights that they feel they lack today: ‘there was a secure life, there was work, healthcare, education’ (Miklós, NAH).

‘The right to be decommodified’ already appears in their recollection of the socialist state, providing guarantee – as for example in the case of loans – without the market and without the private interest of the elites being involved. Today, Géza for example sees the problem in debt-based consumption, which does not provide real wealth, just the feeling of it: ‘people feel that things are working because they can buy their cars from loans, educate their kids from loans and go on holidays from loans’ (Géza, NAH). As an alternative to this debtors – almost unanimously – suggest social housing, higher state ownership, consumer protection, working

healthcare and education. Beyond security, members of the Jogállamért also emphasize other aspects of social rights: freedom, and the possibility to contest one's situation from a secure position. They support the idea of a universal basic income, which 'gives back the freedom of people and their feeling of security so that they can talk back to their employers' (Péter, Jogállamért).

### **3. Critiques: the transnationalization of the state and its global positionality**

Debtors' grievances related to the privatization of the state are intertwined with a critique about its growing transnationalization. Through contesting multinationals and foreign ownership, debtors also spatialize their more general critique of capitalism, presented in the previous section. The critique addresses the state, and particularly the FDI-led elite project of integration into the capitalist world system, for 'selling the country' to foreign elites. As I already showed in the previous chapter through Gramsci's notions of common sense and good sense, this critique is contradictory. On the one hand many of my informants stay within the anti-elite framework and denounce elite coalitions between local elites and global financial elites. On the other hand, the framework according to which the nation was attacked by foreign powers is also dominant, and the two critiques are not necessarily divorced. Nevertheless, behind both critiques there is a general critique of the country's global positionality and the state's inability to challenge this, which debtors also experienced on their own skin through peripheral subprime lending.

'I think that Hungary is a colony, foreign banks were sent here to steal' (Géza, NAH). Géza's opinion is widely shared among my informants, who see the penetration of foreign banks as part of the same process as when in the nineties 'everything was sold to foreign owners' (Péter, Jogállamért). As Miklós put it:



*The multinational companies bring out all profits from the country and the state helps them to do that, and the company does not pay a cent here... This erosion has started in the nineties when they sold the Csepel Works [Csepel Művek] for one forint. We need Hungarian industry, Hungarian agriculture, Hungarian service sector (Miklós, NAH).*

As the quote also shows, the critique about the penetration of FDI into the country considers the state – as political elites in the nineties – as an ally of foreign capital. As Péter also mentioned, ‘the politicians in the nineties simply sold the country to Western capital’ (Péter, Jogállamért). Therefore, ‘Hungarian’ in this context actually means ‘belonging to the people’, as this critique considers Hungarian and foreign elites as being intertwined on many levels.

This anti-elite framework was shared by most of my informants, as well as the fact that what we face here is a global financial elite, who are the real ‘background powers’ (Zoltán, DÉSZ). Some of my informants stopped here and stated that they cannot know who this background power is but are certain about their existence, while others named the groups. ‘There are 300 people on this earth who rule most of the money in this world’ (Júlia, NAH). ‘The Rothschilds, the Rockefellers, the Bilderberg group... They have divided the world between themselves’ (Miklós, NAH).

As in the previous chapter I illustrated the ideological differences within the movement in terms of reinforcing the narrative of an attack on the Hungarian nation or seeing ethnicized enemies behind financial elites, I will not do that now. Nevertheless, I would like to draw the attention to Miklós’ quote above, related to the need for Hungarian industry etc. Or, as he continued ‘they sold the Hungarian people, we became slaves’. As the quote comes from someone who did not consider the crisis as an attack on the nation and who did not attribute any kind of ‘exceptional’ characteristics to the Hungarian nation either, it shows well how the nation as an element of common sense is used to designate the people, without even questioning this narrative.

However, the critique of multinational capital and of foreign banks is not only about denouncing the ‘corrupt’ elites, but is also a way to talk about the lack of social rights and its relations with the country’s global positionality. For example, many of my informants complained that loans given by banks in western countries are much better deals, therefore describing the conditions of peripheral financialization. Bálint even tried to convert his loan into an Austrian loan, but the parent bank did not approve that. ‘That stealing that happened here, the banks could not do that at home [in Western Europe]’ (Júlia, NAH). In a broader sense, the EU is seen as being ‘two-speed<sup>29</sup>’ by many people I talked to, who complained that still after 11 years of joining it we do not live on EU living standards. A related grievance of my informants was out-migration from the country, as several of them had children who moved abroad in the hope of a better life. ‘Either you die or you migrate... several hundred thousand Hungarians are washing the dishes in England, although they would need to be here, to pay taxes, for the elderly to have pensions’ (Géza, NAH). Interestingly, the critique of the EU and the ‘West’ is not particularly strong among my informants. Even in narratives about an ‘attack on the nation’ the attackers are considered to be the international (sometimes ethnicized) financial elites. Members of the Jogállamért (whose organization is registered in Sweden) for example claim that ‘the background powers are less able to influence the EU [than domestic elites]’ and that the EU’s consumer protection laws are generally good.

#### **4. Critiques: the failure of representation**

Through their acts of citizenship debtors are not only negotiating social rights, but also the possibility to be seen as legitimate political actors and therefore to have political voice. My informants’ experience about the state’s failure to represent their interests developed through

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<sup>29</sup> At the protest of Adóskamara on the 11th of March 2018 I talked to representatives of the Wage Union European Citizen’s Initiative, who are not officially part of Adóskamara but were there as supporters of the protest. The aim of the Wage Union is to eliminate economic and wage inequalities between the EU’s western and eastern parts.

their struggles and their personal encounter with the state. This critique is closely related to the critique of the privatization of the state, as by the state becoming the toy of political and banking elites, it is not able to fulfil its functions of representation.

During their political activism debtors tried to directly address politicians on many occasions, but mostly without success. ‘We held a protest on Clark Ádám square, and handed in a petition to the parliament. We told them that above the level of state secretaries, we are willing to accept anyone’s answer. Of course no one did’ (Imre, RAB). Ildikó mentions a similar story, because Koppány handed in many petitions to Béla Áder (the President of Hungary), but they never got an answer. Klára, from RAB, even tried to get in to the office hours of her locally elected MP, the finance Minister Mihály Varga. After failing to get an appointment for 8 month, she attended a protest in front of Varga’s house where she introduced herself in a loud speaker and told the Minister about her failed request for an appointment. Her phone rang few days later and she finally got an appointment, but the meeting was without any results. As she summarizes her opinion about MPs:

*We have very interesting MPs, they look at us as if we were smelly bugs... Once I made an interview with one of them and he/she left without saying goodbye when he/she didn’t like the question. Although it would be their duty to represent our interests, but these things have shifted, now it’s not they who are for us but we who are for them.* (Klára, RAB).

The problem with this system, as Imre pointed it out, is that they ‘leave the people out of it’ (Imre, RAB). So what would a system look like which contains the people? Most of my informants claimed that politicians should be accountable, and that we need some kind of direct democracy. As Ildikó put it, ‘the problem today in Hungary is that people don’t know what self-determination is. It means that I am the one who chooses and that I am not doing what they say and I am not kissing their hand as they were the pope...’ (Ildikó, Koppány). The idea of a direct democracy was also well elaborated in Jogállamért’s concept of the Constitutional

Kingdom. As the constitutional kingdom would not be a monarchy, MPs would be directly elected by the people and would need to consult the people before they make any decisions. They would also be limitedly accountable (full accountability can be misused). Interesting fact, that when I asked them whether this would be a radical version of democracy they denied that, because in their understanding democracy is not about the rule of the people. They therefore have a very realistic (and not normative) understanding of democracy. As Bálint put it, ‘democracies are not working because the problems which need to be decided on the bottom are dealt with on the top. In the Constitutional Kingdom we would decide about these questions on the bottom’ (Bálint, Jogállamért).

## 5. Contesting hegemony

To be able to build a successful counter-hegemony and to contest the prevailing citizenship regime debtors also need to maneuver within the hegemonic space defined by the state. To build a successful counter-hegemony includes contesting the ways the state positions its citizens within the networks of political, economic and social power, as I also demonstrated it with the previous critiques of the debtors<sup>30</sup>. However, it also includes contesting the ideologies – or as Gagyi (2017) put it ‘the ideological bridging techniques’ – of those in power. Since 2010, the reigning ‘conservative’ bloc, represented politically by Fidesz, incorporated many of the claims of the debtors into its repertoire. With the launch of the economic ‘freedom fight’ against foreign banks, the renationalization of the banking sector, and their claim that Hungary ‘will not be a colony<sup>31</sup>’ (of the EU and of the west), debtors found themselves in a situation in which

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<sup>30</sup> In this thesis I do not analyze the social policies of the Orbán government more extensively, neither their discourses about the state’s responsibility towards its citizens. These are also important elements of the hegemony to contest, but we did not go into details about these questions with my informants. For further readings about the responsabilization of citizens through the discourse about work based society see Szombati (2017), and for a more extensive analysis of the social policies of the Orbán government see Szikra (2014).

<sup>31</sup> Source: <http://www.Fidesz.hu/hirek/2012-03-16/orban-a-szabadsagharcok-nepe-vagyunk-video-es-kepek/> [Accessed: 06.04.2018]

the elites they contested started to – seemingly – agree with them. The question for them is how to struggle effectively for the possibility of political voice within such a situation?

The way debtors deal with this situation is a nice illustration of how their anti-elite ideology affects their concepts of the ‘national’. The only weapon debtors have is to denounce Fidesz’ attempts in their entirety, either as mere rhetoric or as an actual way to build their own circles of oligarchs. This requires a different understanding of the ‘national’ than what Fidesz has, an understanding which is – as I already showed – rooted in the people.

There is an interesting contradiction unfolding here: while the ‘national’ is used as a synonym for ‘the people’, the state in a realistic sense is used as the collection of elites. Of course, as I showed it previously, the state also has an important normative meaning for the debtors. Nevertheless, when they are talking about the *actually existing state* – as in the case of Fidesz now – the state appears as a mere collection of elites. Therefore, Fidesz’s attempts to ‘nationalize’ the banking sector can be interpreted as an attempt to shift it from one (foreign) private owner to another (national) private owner, who in this case is the state. In the course of the nationalization process many oligarchs close to Fidesz acquired banks as well. However, according to my informants, once it is not in the ownership of the people but in that of the elites, it does not matter anymore whether it is the state or the oligarch which is the owner.

The same logic is applied for the working of the National Asset Manager. According to Júlia, ‘they founded the Asset Manager on purpose, because the state wanted to make profit by acquiring real estate’ (Júlia, NAH). Therefore although state-owned social housing is among the demands of my informants, until this particular state owns it, it cannot be considered as publicly owned and therefore beneficial for the people.

It follows from the anti-elite narrative that my informants do not differentiate between the two dominant elite blocks, but consider them as being continuous<sup>32</sup>. ‘Whether someone is left-wing or right-wing is only made up for us, the people. They, in the back all agree with each other, vote for each other’s decisions, they have the same business interests’ (Klára, RAB). Or, as Béla wrapped it up beautifully:

*In the foreground red and orange are fighting with each other. In the background however, the business groups move together.* (Béla, DÉSZ).

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<sup>32</sup> One of the slogans of Adóskamara is to replace ‘the political and economic elite of the last 27 years’. See: <http://www.hitelesmozgalom.eoldal.hu/cikkek/velemenynk--allaspontunk/adoskamara-12-pont---szorolap.html> [Accessed: 06.04.2018]

## Conclusion

In this thesis, I described the different patterns and processes of the politicization of housing financialization in Hungary, and analyzed debtors' claims and ideologies as embedded into broader relations and histories. Following Gramsci and Polányi I situated debtors' struggles in the space of civil society, and showed how emerging hegemonies within this sphere historically shape the trajectories of the organizations. This perspective helped me formulate a critique of the widespread interpretations that label the organizations 'neonationalist', as I argued that nationalism is a common sensical understanding of the history of those oppressed by the elites. Their dominant anti-elite ideology also contains strong anti-capitalist and radical democratic elements, but nationalism as a common sense makes the use of nationalist rhetoric and symbols as a widely accepted (and unquestioned) bearer of these values.

Relying on Isin's conceptualization I argued that these struggles can be considered as acts of citizenship, as they are about more than just asking for the state's help regarding the debt trap. They are about reclaiming the state, and about renegotiating debtors' positionality within the emerging citizenship regime. The relational and historical space that I described with the nexus of state, market and civil society forms the base of the emerging citizenship regime. During the course of the research process I widened my original research question about the negotiation of citizenship in relation to the state. Although the state, as being the mediator between pro-market and protectionist forces, has a privileged role in debtors' claims and critiques, their claims for the right to be decommodified and to have political voice are forged within and influenced by forces beyond the state. Instead, I defined citizenship as being a relational and historical institution, and showed how debtors are both positioned by and contesting the elite-state projects and the emerging welfare regimes, the hegemonies and organizations populating civil society and the country's global capitalist integration.

In terms of its historical orientation the research had some limitations. I did not have the possibility to engage with the personal histories of my informants, although their long-time experiences with the state as well as their embeddedness into social networks and relations can be important for their present day activism. Applying a more historical perspective that is focused on the trajectories of the borrowers can tell us a lot about why some engaged in political mobilization while others remained passive, as well as about how their present-day views are also the results of complex and long-time personal and social historical processes. It can also tell us more about the socioeconomic history of those mobilizing, and particularly about how they were positioned in the state-socialist and post-socialist welfare arrangements. A more historically grounded analysis can be the topic of a further study, which could account for how the contemporary politics of housing financialization falls within long-time housing and welfare tensions in Hungary. Nevertheless, the thesis, I believe, is able to show some of the historical processes contributing to the way tensions around the financialization of housing manifest themselves in Hungary, and to make our understanding of the claims and ideologies of the organizations more complex. What remains a question is whether these struggles can be the ground for a successful counter-hegemony in the future, and whether they can ever form part of a more extensive leftist strategy against the financialization of welfare.



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