

Housing in Hungary: Debt and Degrowth



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Indebtedness and degrowth are useful concepts for understanding the current housing issues in the context of financialized capitalism. However, housing is a unique commodity (and in many cases does not function as a commodity at all) and degrowth claims must therefore be altered to fit its specificities. In terms of indebtedness, housing debt is also a unique form of debt which warrants a different approach of critical scholarship and social movements.

It is unquestionable that degrowth society must be different from our capitalist society (cf. Kallis, Demaria, D'Alisa 2015) also in relation to housing. An important claim is to decommodify housing and establish new civic control of housing as commons. Historical examples show that market relations have never provided affordable housing for all members of society and eradicating private housing property is therefore an important step in securing social reproduction.

During the period of state socialism Eastern European societies saw public property as the solution for the housing crisis. The Hungarian example, however, demonstrates that public property does not necessarily lead to more equal availability: distribution of flats favoured intelligentsia over the working class; private ownership and private construction were on the rise during the 1980s and in rural areas. After 1990, rapid privatisation of the housing stock took place: currently 90% live in owner-occupied housing and only 1% in municipal housing. Other, decommodified housing forms, such as cooperative co-housing initiatives, are rare (Jelinek, Gagyí, Szarvas, Pósfai 2017).

In a move towards decommodified housing we also have to bring back public imagination beyond homeownership via purchase. For example, during the economic crisis of the 1970s decreasing availability of public housing combined with the lack of sufficient household income led to practices of building houses in informal reciprocal relations: in-laws, neighbours, colleagues in workplaces helped each other build homes, mostly in rural and suburban areas. These practices lost momentum after 1989.

Expansion of homeownership in Hungary in the past 30 years goes hand in hand with the household debt. Currently, one-third of the population has debts and the poorest twenty per cent own one third of household debts. Housing-related debts have grown significantly since 2000 in the wake of financialization and EU accession. **Capital sought profitable investments at the European periphery and housing was at the forefront: mortgages denominated in foreign currencies have become the primary form of loans.** Changes in the exchange rates following the 2008 crisis and economic hardship of households led to a severe debt crisis (Bajomi, Pinkasz 2018).

How governments of Viktor Orbán dealt with the debt crisis also shows why a debt cancellation agenda of the Right is insufficient and disrespectful from a critical degrowth perspective. Firstly, debt cancellation measures were class-based. These interventions favoured better-off families who had more financial assets to deal with the situation (170,000 loans were paid back on pre-crisis exchange rates in 2011–2012), whereas those in need were left to their own devices. A decline in debts was partly made possible through further financialization, e.g. by banks selling non-performing loan portfolios to claims management companies (between 2009–2011 this sell-off totalled approximately EUR 600 million). With this move, banks could report better performance, macro-statistics showed a decline in indebtedness. However, the household debt situation has not changed at all, the only difference being that households now owe money to a different entity than before. This demonstrates all too well that debts no longer registered are not debts that have been cancelled. From this perspective, civic audits are important in that they offer a systematic critique of indebtedness, government interventions and practices of financial institutions (cf. Cutillas, Llistar, Tarafa 2015).

In the absence of proper government measures non-performing loans have led to enforcement processes as well as evictions. Currently, 750,000 enforcement processes are under way in Hungary, with a total value of 7% of GDP. In recent years, about 3,000 families were evicted every year as a 'final measure' of the judicial system (almost 1,000 of them from municipal housing). With many families leaving these flats before the process is com-

pleted the official statistics underestimates the number of people affected by the loss of housing.

Indebtedness of households is also related to housing affordability, generally in terms of utility costs. In this case, debt is not created to sustain unsustainable growth, as emphasised by some authors discussing financialization and degrowth (Cutillas, Llistar, Tarafa 2015), but to sustain livelihoods, to make social reproduction possible. When the economic crisis hit in 2008, every seventh Hungarian household had arrears with utility costs and the numbers shot to every fourth household in 2013, after which year the share decreased to its pre-crisis values. Nevertheless, utility bill arrears are still significant: for example, electricity bill arrears total approximately EUR 44 million, with every tenth electricity consumer more than three months in arrears (data from 2018). Government policies subsidise household utility costs without social targeting: moderate prices mean more subsidies for those who consume more, which is contrary to degrowth demands that emphasize limited resources.

Population decline has been a relevant concern for all Eastern European countries in recent decades. In Hungary, the country's population has been in constant decline since 1981. Although overcrowdedness has decreased significantly since then, population decline also means that there is less and less need for housing. The degrowth agenda must call for less construction and more reconstruction. Decommodification of housing would lead to eradication of construction for construction's sake and would in turn also eliminate current pressures stemming from the real estate bubble. Nevertheless, two points warrant our attention. **To begin with, the degrowth agenda is not about no housing construction, but rather about use value replacing the exchange value. Use value means building homes which are to enable social reproduction by decreasing housing deprivation.**

Secondly, there are significant concerns about the spatial distribution of the existing housing stock. In Hungary there are enough houses for everyone (in country total), but these houses are not in the places where people wish and need to live. 12.5% of the housing stock in Hungary (560,000 dwellings) is uninhabited (data from 2016), two thirds of which have not been used for more than a year. The share goes up to 16–18% in peripheral regions, with almost every fourth home in settlements with less than 1,000 inhabitants empty. Empty houses bring us back to the structural problem which is not only a result of housing policies, but also a consequence of how capitalism works: hundreds of thousands working abroad, many migrating within the country to areas with more workplaces, many flats bought as investments but kept uninhabited. Therefore, the degrowth agenda in the realm of housing is an important building block for the movement, but only as one element in the larger scaffolding of the movement's claims.

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