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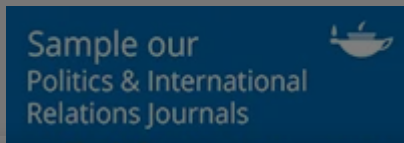
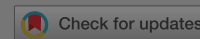
Original Articles

# Post-socialist housing meets transnational finance: Foreign banks, mortgage lending, and the privatization of welfare in Hungary and Estonia

Dorothee Bohle

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ABSTRACT

This paper examines the housing finance system in Hungary and Estonia. It discusses the challenges these countries face in the wake of the global financial crisis and the impact of the non-financial crisis on the housing market. It also discusses the role of the state in providing housing finance in both countries, albeit to different degrees, have supported the mortgage boom and have by-

the housing market. It discusses the risks for the housing market in both countries. It also discusses the role of the state in providing housing finance in both countries, albeit to different degrees, have supported the mortgage boom and have by-



2. The Visegrád countries are Hungary, Poland, and the Czech and Slovak Republics.
3. János Kádár was communist leader and General Secretary of the Hungarian Socialist Workers' Party from 1956 until 1988.
4. While housing could be purchased as early as 1969 in Hungary, many restrictions made it unattractive to do so (Hegedüs and Szemző, [2010](#)).
5. MDF (Hungarian Democratic Forum) was FIDESZ junior partner.
6. In Hungary, the role of commercial and other special banks are distinct. Mortgage banks underlie strict control, but they also have access to special privileges. There are three mortgage banks: OTP Jelzálogbank, then FHB which was set up by the government, and the Unicredit mortgage bank (Molnár, [2010](#): 14-17).
7. For Hungary, a study finds that: 'Between 2001 and 2007, households' exchange rate exposure changed by almost 10 per cent of GDP, as they assumed the majority of the foreign exchange exposure arising from the growth in external debt. In fact, they are the real foreign currency risk-takers' (Király et al., [2008](#): 230).
8. From 2001-2008, Hungary pegged its currency with a flexible band to the euro. After that, it turned to a floating exchange rate regime.
9. For in warning because in the pu currency a decisio
10. This inde
11. It is on trans cent red that he by chan by Tarki utility bills than with mortgages.



12. I borrow this title from Kattel and Raudla(2012).

13. This argument runs somewhat against the influential thesis of Timothy Frye that party polarization on the left-right space hinders economic reforms (Frye, 2011). Further research is needed to establish whether my argument indeed holds in the area of macroeconomic and welfare policies.

## Additional information

### Notes on contributors

Dorothee Bohle

Dorothee Bohle is an associate professor in the Department of Political Science at Central European University. She is the author of *Capitalist Diversity on Europe's Periphery* (Cornell University Press, 2012, with Bela Greskovits) and *Europas Neue Peripherie: Polens Transformation und Transnationale Integration* (Muenster, Westfaelisches Dampfboot, 2002). Her recent work has also appeared in *Capital and Class*, *Studies in Comparative International Development*, *West European Politics, Competition and Change*, *Journal of Democracy*, and *European Journal of Sociology*.



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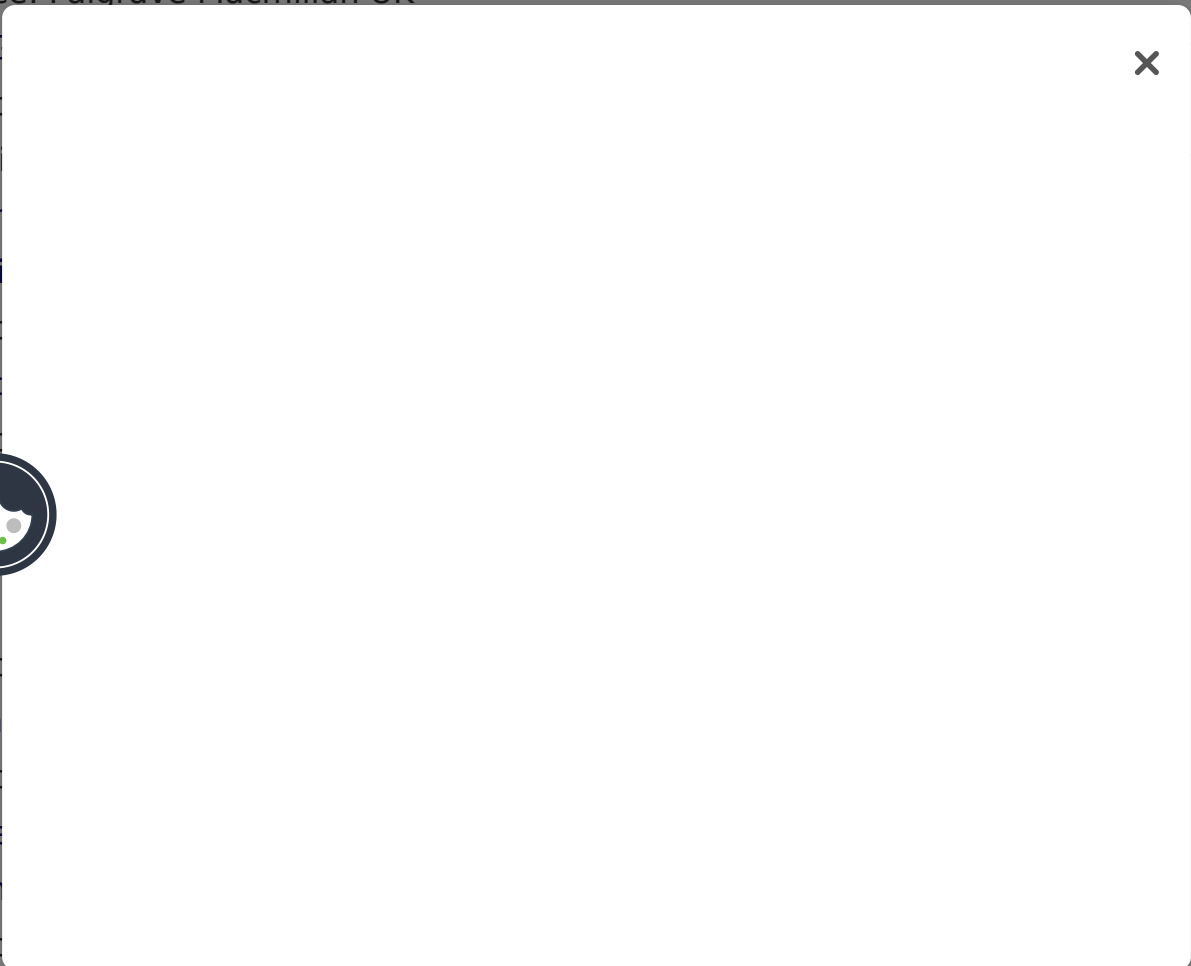
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