

## **ARTICLE**

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# Captured by Political Power: More-Than-Neoliberal Urban Development and Planning in Post-Socialist Hungary

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#### **Abstract**

By critically reflecting on the concept of "post-socialist neoliberalism" proposed by this thematic issue, we argue against the widely assumed hegemony of neoliberalism, not just in the post-socialist context, but anywhere. We suggest taking features that do not fit in the narratives of neoliberalism seriously and highlighting more-than-neoliberal rationales, too. We present cases from the literature focusing on post-socialist and illiberal contexts, especially in Hungary. As the critical reading of the literature and the secondary and primary data about Hungary shows, narratives of capitalist class domination and accumulation can be less than adequate. The maintenance of clientelist or neopatrimonial relations dominated by political power with politically created rents is a separate issue. Therefore, instead of assuming "in the last instance" determination by neoliberalism, which is only camouflaged with theoretically irrelevant contextual issues, we argue for the examination of neopatrimonial relations besides neoliberalism to better understand the mechanisms behind urban development. In doing so, we can explain how power is maintained without actual development, how corruption as a mode of rule is politically accepted, and why political struggles need to consider other aspects besides fighting capitalist class domination.

#### **Keywords**

elite capture; illiberalism; market capture; neoliberalism; neopatrimonial; post-socialist; state capture; urban development; urban planning

## 1. Introduction

In this article, we reply to the invitation to write about how the post-socialist transformation affects regions, cities, and buildings. We reflect—in the words of the editors in the call for papers of this thematic issue—on



"the unique circumstances of post-socialism" challenging "the conventional understanding of neoliberalism," such as, for example, the reactionary movement of pre-WW2 financial elites (see also Harvey, 2005), because in these contexts the financial elites were defeated after the war and the Stalinist takeover, and the political class and the armed forces stepped into their place. While critically reflecting on the concept of "post-socialist neoliberalism," we argue against the conventional understanding of post-socialism as a transition from state socialism to market rule (Sýkora & Bouzarovski, 2012) and use the narrative of the post-socialist transformation instead (Stenning & Hörschelmann, 2008). Continuities and anti-continuities of the transformation (Tuvikene, 2016) create their own consequences and influence power relations and institutional contexts in various directions. Therefore, to contextually varying degrees, other rationales need to be considered (Bernt & Volkmann, 2024, p. 6), beyond the assumed hegemony of neoliberalism.

We present our theoretical argument, supported by secondary and primary data, about other rationales in the post-socialist transformation and urban developments beyond neoliberalism, especially after the advance of illiberalism and illiberal tendencies. We criticise the concepts of "hybrid neoliberalism" and "neoliberalisation" (Brenner et al., 2010) as they maintain determination by neoliberalism and render empirical variation theoretically irrelevant (Barnett, 2005; Robinson, 2016; Welsh, 2020). Instead of the ever-growing number of adjectives and prefixes added to these concepts, which, "in the last instance," still keep neoliberalism determinant, we suggest considering it as one factor among many (Collier, 2012). Therefore, we rather consider certain empirical deviations from the blueprint of neoliberalism as "more-than-neoliberal" (Gibson et al., 2023; see also Bayırbağ et al., 2023) and also take into account issues not contained by the concept. In post-socialist, illiberal, and authoritarian contexts, even authors criticising neoliberalism's advance note the non-economic rationales of state-led urban and regional investments (Koch & Valiyev, 2015; Trubina, 2015). The interests of political power and clientelist/patrimonial relations are highlighted, and we also refer to these in the Hungarian case. By pointing out the more-than-neoliberal elements, we argue that illiberal politics and neopatrimonial political and economic relations should be taken more seriously (Szelényi & Csillag, 2015) rather than assuming domination by the capitalist class in a neoliberal or by the domestic capitalists in a state-capitalist framework (Scheiring, 2020; Szabó & Jelinek, 2023).

We consider the above theoretical positioning important because many path-determining development projects are irrational and harmful, not just socially and environmentally but also economically. Similarly to other post-socialist and illiberal/authoritarian examples (Bayırbağ et al., 2023; Trubina, 2015), many Hungarian cases of transport infrastructure, local tourism, entertainment, and sports developments are rather serving the reinforcement of neopatrimonial relations than the accumulation and profits for capitalists. Public and EU funds are appropriated to maintain political power even if accumulation weakens and most capitalists suffer losses. After these examples of "corruption as a mode of rule" (Fogel, 2019) set the context, we present the relevant results of our research about urban planning in Hungary. We highlight examples when urban planners and other stakeholders admitted their own irrelevance and uncovered the real rationales behind development processes. Rather than planning ideals and capitalist interests, the interests of the national level of political power or its local vassals are satisfied. Finally, in our conclusions, we summarise our argument. We are well aware that very similar stories and mechanisms are often, but not always, labelled as different types of neoliberalism in the literature. However, in many cases, the assumptions about the control by the capitalist class and the goal of capital accumulation are not relevant, and therefore we argue to look beyond neoliberalism (Parnell & Robinson, 2012) as their explanation, and also to take political power more seriously in state-capitalist models.



## 2. All-Encompassing Neoliberalism?

The ubiquitous use of neoliberalism has long been criticised because of the all-encompassing claims behind it (Barnett, 2005). In the absence of real theoretical revision (Robinson, 2016), more recent criticism repeats the earlier issues about exaggerated claims and relevance (Watts, 2022; Welsh, 2020). One fundamental problem is that the expansion of the meaning of neoliberalism covers very different fields and aspects that are not necessarily compatible with each other. First, neoliberalism was originally understood as a macroeconomic doctrine favouring free markets, competition, and capital accumulation (Watts, 2022, p. 461; Welsh, 2020, p. 63). Second, the reason behind the macroeconomic doctrine was identified, namely the political project or the global conspiracy of the capitalist classes, where state power is mobilised to support their domination and their hegemonic ideology (Watts, 2022, pp. 460-461; Welsh, 2020, pp. 64-65). This conspiracy also resulted in a geopolitical order through financialisation (Welsh, 2020, p. 63). Third, the success of this class project also means that the neoliberal logic is used in governance, working according to economic goal rationality and the ideology of markets and competition, favouring capitalist interests and creating neoliberal governmentality (Watts, 2022, pp. 462-463; Welsh, 2020, p. 64). Finally, there is the claim that neoliberalism also disciplines people to think and act accordingly, legitimising austerity policies (Welsh, 2020, p. 65) and propagating personal autonomy, self-reliance, and responsibility (Watts, 2022, pp. 465-466).

However, neoliberal ideas and the actual policies differ; the class project and neoliberal governmentality are also in tension, or ideas of self-reliance and responsibility are not necessarily neoliberal (Watts, 2022, pp. 461–462, 463, 465, 471). The tension between the criticism of the "quasi-feudal character of social relations" and neoliberal ideas of competition and markets also remains untreated (Welsh, 2020, p. 75), apart from evoking the concept of hybridity. The ideas of hybridity and variegated neoliberalism (Brenner et al., 2010) are supposed to tackle these problems, explaining differences by the pre-existing institutional contexts (also determined by global neoliberalism) that are universally affected by neoliberalisation. However, this still presupposes an overarching neoliberal ideology (Watts, 2022, p. 462): The "nature of the whole" is assumed in advance, independent of the "parts" (see Robinson, 2011a, p. 8). In this tradition, hybridity still means determination by neoliberalism, not the co-existence and mixture of distinct things (neoliberal and other-than-neoliberal).

Rather than sweeping different elements under an all-encompassing paradigm of neoliberalism with parallel and contradictory meanings, the concept needs to be "weakened sufficiently" so we can see what is beyond it (Welsh, 2020, p. 75). Besides a better understanding of social mechanisms, this is also crucial in the struggle against forms of oppression and injustice that are not neoliberal (Robinson, 2011b, p. 1104) and in imagining political struggles beyond the expectation of systemic collapse (Welsh, 2020, p. 76; see also Bernt, 2022, p. 220). Therefore, instead of an all-encompassing neoliberalism, neoliberal features of social relations can be imagined in a deterritorialised manner, parallel and in conflict with other mechanisms and interests (Welsh, 2020, pp. 62, 75). Instead of calling a hybrid the same neoliberalism camouflaged by painting it in a different colour (Barnett, 2005), we can actually analyse the effects of other rationales and forces (Collier, 2012) beyond the assumed hegemony and "in the last instance" determination of capitalist interests.



#### 3. More-Than-Neoliberal Political-Economic Relations

The melding of political power and capitalist interests can mean the exclusion of both competition and planning rationales by creating monopolies and crony relations by law (Gibson et al., 2023, pp. 186–187), often against neoliberal ideas of economic efficiency and strategic planning (Gibson et al., 2023, p. 189). Rather than including the opposite of neoliberal ideas into the extension of the concept, the creation of incomes by legal and political tools and consequent closed social relations (i.e., rents) can be considered as "more-than-neoliberal" (Gibson et al., 2023, pp. 192–193). This allows us to follow how distinct political decisions instead of market relations create monopolies in a state-capitalist manner and how politically determined groups dominate instead of the capitalist class in general (Gibson et al., 2023, p. 194). Thus, beyond the supposed class project (or conspiracy), an "elite capture" can often be observed (Lauermann & Mallak, 2023). Elites can be defined beyond economic status and class and also by political position (Lauermann & Mallak, 2023, pp. 2–4), giving them the ability to circumvent and influence rules (Lauermann & Mallak, 2023, p. 8). An elite position does not simply depend on financial status and seizing power is not simply about financial gains.

Besides capitalist interests reinforced by state power, other political goals, electoral considerations, and the self-interests of political actors also determine the trajectory of policies (e.g., urban development). For example, land rents can be created by political goals (Bayırbağ et al., 2023), and beyond the market process, by the direct use of violence (Burte & Kamath, 2023). These more-than-neoliberal relations are observed in the example of Ankara, Turkey (Bayırbağ et al., 2023, pp. 474–475), where land ownership rights and rents were distributed through clientelist relations between political power and their electorate (Bayırbağ et al., 2023, pp. 467–469). However, such a political project can still use the rhetoric of market and business (Bayırbağ et al., 2023, pp. 470, 475), and becoming rich overnight through land regulations depends on international and national financial capital flows, but this political project is also very far from privileging economic calculation and increasing efficiency of accumulation. This is well illustrated by politically initiated land use plans (determining speculative land prices and rents) that assume the population of Ankara to be 18 million in 2038 while demographic projections predict 9 million at best (Bayırbağ et al., 2023, p. 476). This "Ponzi scheme" creates a "narrative of hope," dispossessing the late-comers (Bayırbağ et al., 2023, p. 476).

However, the burst of the bubble and consequent economic harm, such as very high inflation, does not mean the end of these regimes at all, as, for example, the Turkish and the Hungarian elections showed in 2023 and 2022, respectively. Among the clearly understood and normalised clientelist relations, it is accepted that, in large part, economic success depends on feudal political connections (Arslantaş & Arslantaş, 2023, p. 243). In the all-encompassing neoliberalism perspective, aspirations towards the partisan, clientelist, politically determined elite (stretching over and fragmenting class relations) and the consequent lack of solidarity and privileging individual responsibility (in choosing the right political side and becoming a client, such as a subcontractor) is equated with the acceptance of neoliberal ideology (Arslantaş & Arslantaş, 2023, p. 244). However, we think this equating overlooks the tension between the above-mentioned partisan, feudal, and traditionalist ideas and neoliberal features, such as class rule, economic goal rationality, effectiveness, and flexibility. Considering the feudal and traditionalist elements separately besides the neoliberal ones can explain the acceptance and normalisation of the above-mentioned development plans against rational calculation, similar to "crazy" infrastructural investments that only benefit politically



connected construction companies (Bayırbağ et al., 2023, pp. 475–476), and more generally the separation of economic problems and the popular support of the ruling party.

Because of the above, instead of using different adjectives and prefixes before the concept of neoliberalism (e.g., authoritarian, illiberal, or post-neoliberalism), meaning that hegemonic neoliberalism is only camouflaged but remains determinant, we suggest analysing neoliberal (as an adjective; see Welsh, 2020, p. 62) and other rationales too. This way, we can differentiate between neoliberal rhetoric and actual processes, connect and theorise the empirical differences between contexts, and explore the elements that make cases "more-than-neoliberal" beyond economic rationality and capitalist class rule.

#### 4. More-Than-Neoliberal Post-Socialism

#### 4.1. The Post-Socialist Transformation

Far from a simple transition from state socialist to a liberal market economy (see, for example, Sýkora & Bouzarovski, 2012), post-socialist history shows that the change of institutions, rather than a simple legal act (Sýkora & Bouzarovski, 2012, p. 44), is a transformation that means ongoing change (Stenning & Hörschelmann, 2008, p. 329) and can drift in different directions (Stenning & Hörschelmann, 2008, p. 326). While private property and market relations became important slogans, both continuities and anti-continuities of the transformation can be observed (Tuvikene, 2016, pp. 141–142). Other approaches consider the concept of post-socialism obsolete as the regime change happened too long ago (Müller, 2019) or argue that post-socialist contexts are simply dependent or semi-peripheral areas of the World System (Nagy & Timár, 2012; Petrovici, 2015; Scheiring, 2020).

However, these latter approaches overlook both the institutional and the historical features related to the transformation. Creating private property and market relations is not a self-explanatory process, and the different methods of privatisation, among other fields, for example, in the housing market, have ongoing consequences (Sýkora, 2005, p. 102). Up until today, the fragmentation of property ownership, high "procedural risks" (Bernt, 2016, pp. 572–576), missing legislation, uncertain and non-transparent judicial decisions about restitution (Kusiak, 2019), and the chances of corruption being built in the regulation (Chelcea et al., 2015, p. 118) work against the commodification of housing markets in many post-socialist contexts (Bernt, 2022, pp. 186–192). In Hungary, political interests and lack of control capacities weakened the neoliberal features of housing markets, and despite mass privatisation, commodification levels could remain lower. Later, though, the institutional and political context fuelled real estate speculation despite the lack of economic fundaments. Still, the renewal rate of the housing stock remained low and institutional landlords remained absent (Olt et al., 2024).

The history of capitalist elites is also specific in post-socialist contexts. For example, in other semi-peripheral contexts with post-colonial history (without state socialism), the contemporary political system still privileges private rural estates and their landowner elites in centuries of continuity (Fogel, 2019, pp. 155–156). However, in post-socialist contexts, these economic elites did not exist at the time of the regime change of 1989/1991 and were created with the active involvement and control of political power and armed forces (Mihályi & Szelényi, 2017; Szelényi, 2016). This political creation of the capitalists has ongoing consequences today and normalises the current wave of politically created capitalists or the questioning of property rights in Hungary.



Meanwhile, in an authoritarian continuity, high-ranking members of the secret services, the police, the Minister of Interior Affairs, and many currently right-wing politicians were important cadres under state socialism. Such examples of "heterochrony" also make post-socialism relevant today (Chelcea, 2023).

#### 4.2. Neopatrimonial Relations

The above institutional and historical aspects of post-socialist transformation are underlined by the illiberal turn and democratic backsliding (Scheiring, 2020) in Hungary (especially from 2010) and Russia and by similar tendencies in other countries (Poland, Romania, and even Czechia; see Szanyi, 2022). In illiberal politics, nothing limits the ruling party that controls the government and the legislative and judicial branches of power. Therefore, it can routinely violate the rule of law or change rules retrospectively (Szelényi & Csillag, 2015). According to class-focused political-economic analysis, the illiberal turn still serves the domination of the capitalist class; it just means the primacy of the national bourgeoisie over the international in the dependent accumulative state capitalist context (Scheiring, 2020, pp. 18–19, 21, 26, 55–56, 66, 71, 74).

However, this claim overlooks the fact that even among domestic capitalists, companies directly connected to the state party are dominant: They are larger and generate more income and higher profit, or rather rents, than more independent domestic companies, who operate in "upwind"; furthermore, their rents are not reinvested but cashed out (Delikát, 2024; Delikát, personal communication, March 6, 2024; Tóth & Hajdu, 2021, p. 32). Rather than an independent national bourgeoisie, a rent-seeking politically created elite dominates (Szanyi, 2022) due to the post-socialist transformation (Szelényi & Csillag, 2015). On the other hand, political power is highly selective with international capital as well (Bohle & Greskovits, 2019, p. 1087): certain companies and sectors are privileged as strategic partners (Bohle & Greskovits, 2019, p. 1077), while others are targeted by renationalisation and hostile regulation (Bohle & Greskovits, 2019, pp. 1075-1076). The domestic capitalist domination narrative also downplays the importance of politically allocated EU transfers, without which the Hungarian economy would have shrunk for years (Bohle & Greskovits, 2019, p. 1078). Hence, political power is selective according to its interests, both among domestic and international capitalists. Besides this selectivity, the narrative of domination by domestic capital also overlooks the coercive elements of illiberal political power; for example, the selective criminalisation and character assassination by propaganda also threaten the members of this class fragment (Szelényi & Csillag, 2015). It is not these domestic capitalists who dictate, but politics is in command (Mihályi & Szelényi, 2017, p. 25).

In governance, too, loyalty to political power matters the most: Authorities are filled with party-related delegates (Csanádi, 2022, pp. 48–56) and sub-branches of governance and professional organisations from healthcare through education to culture are also controlled by loyal cadres (Csanádi, 2022, p. 66). Meanwhile, NGOs are under political attack, and party-related pseudo-NGOs receive large financial support (Csanádi, 2022, pp. 46, 85). Additionally, many of the public responsibilities, such as the operation and maintenance of healthcare and higher education institutions or motorways, are overseen by "foundations with public tasks." They are officially outside the public realm and the state budget. However, they are controlled by loyal cadres, fixed in their positions with supermajority legislation, to maintain control even in the case of an electoral loss (Kozák, 2021, pp. 29–32, 59–60). Instead of a general rationality that governs at a distance, as in liberal governmentality (see Rose & Miller, 1992), political control is much more direct, even if that decreases state capacities.



To highlight this more direct political chain of command, the political capture of both the markets (Mihályi & Szelényi, 2017; Szanyi, 2022) and the state, and privileging political interests over capitalist economic rationality, we suggest that neopatrimonial political and economic relations be taken into account (Szelényi, 2016; Szelényi & Csillag, 2015) besides neoliberal ones, instead of just claiming the overall dominance of the latter, and considering the former as merely a colouring of it. As a type of elite capture (Lauermann & Mallak, 2023), in neopatrimonialism, similar to cronyism and clientelism, the interests of political power fragment class relations and reach over them as well. Through public spending, regulation, and coercion, politically created rents are provided, which are channelled back to the maintenance of political power in different forms of "kickbacks" (Jávor & Jancsics, 2016), which ensure the political commitment of selectively supported social groups. Electorates of poor constituencies, depending on politically created local economic actors and local party cadres, are forced to keep the state party in power. This feudal chain of dependency (also apparent within the "political class"; Scheiring, 2020, pp. 58–59) can explain the firm relative majority behind the ruling party, consisting of very different "classes," that remain stable despite the apparent failure of state services and economic policy.

#### 4.3. More-Than-Neoliberal Post-Socialist Urban Development

The lack of economic calculation and feudal relations between political power and investors in development projects also appear in many post-socialist contexts (Koch & Valiyev, 2015; Trubina, 2015). However, with the above-explained political domination, the more-than-neoliberal elements of these developments are perhaps even more spectacular. Examples of (second tier) international events in the post-soviet context show how the speculative and often irrational economic narratives behind them, considered as neoliberal (Koch & Valiyev, 2015, p. 577; Trubina, 2015, p. 128), are also pretexts to maintain and strengthen authoritarian politics and clientelist relations between political power and vassals (Koch & Valiyev, 2015, pp. 575–576; Trubina, 2015, pp. 133, 139). The tools for this are the appropriation of public spending realised by overpricing and low quality and delayed realisation (Koch & Valiyev, 2015, pp. 583–585; Trubina, 2015, pp. 136, 138) and securing state spending for realising oversized infrastructural investments (Trubina, 2015, pp. 135, 139).

Profits are not created, and "'growth' becomes an ideological category" (Trubina, 2015, p. 138) as the construction of empty hotels, event halls, stadiums, or extremely costly administrative buildings shows (Koch & Valiyev, 2015, pp. 589, 591; Trubina, 2015, pp. 128, 135–136). Investments are controlled and funded by the centre of political power, and even contractors are extorted by politicians (Trubina, 2015, pp. 137, 138). The rhetoric of wealth and development, considered as neoliberal, is used to justify this burning and appropriation of public resources by political power (Koch & Valiyev, 2015, p. 579). Authors "in the last instance" connect these projects with neoliberalism, but they also highlight the political closure and "selective engagement with market capitalism" (Koch & Valiyev, 2015, pp. 575, 579) and the context-specific political system of dependency on central power (Trubina, 2015, pp. 130, 133) behind them.

By taking seriously authoritarian and neopatrimonial/clientelist elements besides the neoliberal ones (Koch & Valiyev, 2015, p. 578), we can point out what is a manipulative use of the neoliberal rhetoric of economic growth that justifies politically created rent-seeking (Trubina, 2015, pp. 131, 136, 139), rather than actual profit and accumulation, and how neoliberal rationales are negated while political rationality is privileged (Koch & Valiyev, 2015, p. 578). Certain international events worldwide are considered profitable, but in these post-soviet examples, it was never an issue (see Trubina, 2015, pp. 131, 138). These contexts are



dominated by political power rather than international corporations, and political power can also be maintained despite spectacular economic failures (Trubina, 2015, p. 139); even without the possibility of accumulation and development, spectacle (Koch & Valiyev, 2015, p. 580), dependency, threats, and violence are used to prop up political power.

# 5. Methodology

To illustrate the political capture in the fields of broadly understood territorial and urban development in Hungary, first, we present cases documented by investigative journalism (see the Supplementary Material, articles A1 to A11) and corruption research that rather fit in the above described more-than-neoliberal logic than the neoliberal one. We do not claim that "normal" neoliberal processes are not present; we only claim that they are not hegemonic and other rationales are at play, too (see again Bernt & Volkmann, 2024, p. 6). Similarly to the above cases, we highlight "crazy" infrastructural projects and touristic and entertainment investments controlled by the state party elite that lack market fundaments and bypass local authorities. In these examples, the waste and appropriation of EU and public funds (aimed at boosting economic development) work against accumulation and growth.

After these different cases of territorial and urban development and their common neopatrimonial logic set the context, we present the findings of our research based on semi-structured interviews conducted between 2019 and 2023 with urban planners and other stakeholders, as a part of our national-level research project about the sociology of urban planning. Altogether, we collected 55 expert interviews and 95 interviews from local stakeholders and residents from six areas of the country. This included two dynamically changing districts of Budapest with different histories and social composition; two cities from the poorer regions of Eastern Hungary with different development dynamics; two cities from the more industrialised Western Hungary, one close to the border and a more central one; and a more in-depth interview-based research of a rich agglomeration village of Budapest (Csizmady et al., 2022). This was supplemented with 15 interviews with mayors in other agglomeration towns. Additionally, we analysed 19 interviews from our smaller research project about participatory budgeting from eight districts of Budapest, from the metropolitan level of the city of Budapest, and from six other towns and cities.

To illustrate the less than hegemonic role of neoliberalism, beyond the apparent and mentioned neoliberal features, we present anonymised examples when interviewees spoke about the political logic of urban developments, despite the professional and personal risks this may have meant to them. We particularly present the cases when they took the difficult self-reflexive step of admitting how their professional knowledge, visions of economic development, and rational economic calculations were sidelined by political power and party hierarchy. With this, we present how the neoliberal urban development logic of EU funds is often overruled by the neopatrimonial logic of national-level politics: The neoliberal rhetoric differs from actual implementation (Varró, 2010). However, neoliberal narratives were also often mentioned in our interviews, yet, due to word count constraints, in this article, we only include the other-than-neoliberal examples (see Bernt & Volkmann, 2024, p. 6) to illustrate their existence.



# 6. More-Than-Neoliberal Territorial and Urban Developments in Hungary

#### 6.1. Infrastructural Investments for Political Capture

Building motorways through centrally located Hungary lacking this infrastructure seemed a good idea right after the 2004 EU accession, and funds were poured into the country to realise such projects. However, besides the rational economic calculations behind increasing connectivity, we see that Hungarian motorways were notoriously overpriced with unnecessary elements already before 2010. After 2010, with a step further, explicitly unnecessary motorways were built (A1). An overpriced but "needed" motorway can contribute to more accumulation, only with longer turnover. However, the unnecessary one hinders development and pays only the clients, as in the post-soviet cases above.

Besides the age-old political business of motorway construction paid by EU funds and public money, the Belgrade-Budapest railway development is a new model using Chinese credit and Hungarian state funds. Besides Chinese companies, the subcontractors of the constructions are closely related to the ruling party (Szabó & Jelinek, 2023, p. 1294). It is very hard to find the economic rationale behind the project, as the increase in railway traffic will simply not be substantial enough, and the railway line in Hungary is far from larger cities and industrial plants, while the construction is spectacularly overpriced compared to the Serbian section (A2).

Framing the project with a simple financial rationality as a way to gain further credit from China and decrease financial dependence imposed by Western capital (Szabó & Jelinek, 2023, p. 1295) overlooks the fact that the EU transfers and loans would have been much cheaper for the Hungarian budget. However, the EU has political and civil rights conditions in exchange for the money, while China does not. The Chinese economic rationality can be the use of overcapacity and the conquest of EU markets (Szabó & Jelinek, 2023, p. 1288). Yet, the apparent inability to overcome the differences between Chinese and European technical standards in railway safety systems seems to be rather bad PR (A3). Framing the project as forced by Hungarian capitalists' aspirations in the railway business, who therefore acquired regional expertise in railway safety (Szabó & Jelinek, 2023, pp. 1296, 1298), overlooks the complete informal political control of these particular companies, and that the Chinese side simply does not approve the involvement of either Western or Hungarian expertise on this field (A4). As a result, trains may still be very slow on the newly built tracks, as higher speeds will not be allowed if safety systems are missing (A4). Far from the business-as-usual narrative of capitalist class domination and accumulation, only with different actors this time (Szabó & Jelinek, 2023, p. 1299), the economic rationality of the project seems to be completely lost because of the delays and presence of alternative routes (A5). Nonetheless, the Chinese credit and cooperation in law enforcement (Lee & Woo, 2024) are useful for maintaining political power.

### 6.2. Tourism and Sports Captured by Political Power

Investments in tourism, spectacles, and sports are also often far from neoliberal economic goal rationality. In 2020, at the time of Covid-19 lockdowns, the government of Hungary supported hotel developments for 83 billion HUF (233 million euros) while the Hungarian Tourism Agency was given only a 1 billion HUF pool for keeping tourism jobs (A6). This meant the end of many formerly profitable hospitality and tourism businesses, while the hotel constructions often proved unprofitable, even for the son-in-law of PM Orbán (A7). While 2/3



of the public funds in tourism development were given to 0.5% of the applicants (Kozák, 2021, p. 27), many tourism investments are involved in corruption and misuse of public and EU funds (Kozák, 2021, pp. 114–117, 117–119). Recently, the most emblematic example of this is an EU-funded canopy walkway, which has no surrounding trees in the village of Nyírmártonfalva (A8). These investments have little to do with making a profit and much more with appropriating public and EU funds, trickling down to the lowest level of the party hierarchy.

Despite the resistance of local activists (Buzogány et al., 2022) and the (opposition-led) municipal government of Budapest, the government began implementing the so-called Liget Project, a currently 625-million-euro investment project (double the original figure) constructing museums and other cultural venues in the oldest park (Városliget) in Budapest. By law, this territory in the middle of the capital no longer belongs to the city's jurisdiction so that the project can go undisturbed. According to the main lobbyist for the project, the increased tourism consumption will make the investment profitable in 10–20 years (A9). However, the failure of the Biodome project, a planned indoor tropical experience, whose costs increased fivefold during realisation, and remained unfinished with a further 150 million euros needed for completion (while maintenance of the half-finished structure costs 1,2 million euros/year; A10), warns us to be cautious with such long term predictions about pay-offs.

Finally, PM Orbán's favourite hobbies, football and related stadiums, have to be mentioned. These structures constructed in Hungarian towns and cities cost close to 1 billion euros after 2010 from public funds (A11); on average, they operate at 30% of their capacity (Balogh & Bácsné, 2023), with extremes such as an 8,000-capacity stadium with an average of 200 spectators (A11). Meanwhile, their maintenance costs millions for the municipalities, as football clubs are also far from profitable. As we have shown, many publicly financed urban and territorial development projects, from transport infrastructure to sport, have little to do with profitability and accumulation. Certain players gain one-time income in the construction process, as public and EU funds are appropriated by the clients of political power, who then finance the ruling party. However, equating these one-time rents with the process of capital accumulation through profitable investment and further reinvestment of profits is more than a stretch.

#### 6.3. Neopatrimonial Features of Urban Development

Before the illiberal turn, Varró (2010) found that the Hungarian urban governance and planning system did not fit well into the models of neoliberalism. This is due to the highly politicised nature of the post-socialist transformation, which is more than a technocratic change of rules and legislation (Varró, 2010, p. 1267). Rather, a "caricature version of the 'entrepreneurial municipality'" (Varró, 2010, p. 1260) was observed. Urban development and planning appear on the municipal level, while the mezzo level of territorial planning is missing in Hungary. However, these municipal-level development plans are not determinant, and bargains at the national level are more important. Below, we present interview excerpts that illustrate our argument about neopatrimonial relations with contextual information to aid comprehension. By their nature, these issues are not easy to document. Nevertheless, our interviewees talked about them as something obvious and natural ("You know how it goes..."). Hence, far from exceptions, these procedures form a substantial part of urban development in contemporary Hungary. Of course, in many cases, the investors dictate local politics in a neoliberal manner; yet, due to our word count constraints and because few would argue they do not exist, we do not present them. By highlighting the counterexamples only, we support our argument



about the co-existence of already supposed neoliberal and less explored other-than-neoliberal features (Bernt & Volkmann, 2024, p. 6).

Even in stories and explanations of our interviewees with neoliberal rationality, the personal connections between political power and investors also showed neopatrimonial features. Instead of general rules, methods, and rationales (favouring capitalists in general), we have seen the non-transparent selectivity of these relations and dependence on specific persons and political leaders. Related to that, the neoliberal principle of cost-efficient state administration is also often violated. In the example below, the mayor was very proud of his informal ties with the investors so that they could bargain without the rigidity of legal processes. He claimed that politically selective relations are more effective, and this is why investors came to the town in the first place. However, what exactly is on the other side of this "something for something" relationship for the town's leadership remains unknown:

There is no relationship formalised, or there are no contracts and agreements that fortify these; these are simply working and living human and professional relations. And if the folks from [the private company] phone in because that public lighting doesn't work near their site, then everybody drops everything and goes to fix the public lighting there. Something for something. (Mayor of a small town)

In an example related to a participative budgeting project, the administrative costs set by the ruling-party member mayor are considered fraudulent by the opposition council member. Participative budgeting is often accused of naturalising neoliberal agendas (Purcell, 2009), and in our Hungarian cases, too, we found examples of non-inclusive and very limited scope participation. However, ruling-party politicians, in this case, could also use the process of diverting public sources towards their clientele without much risk of being caught in the illiberal context:

Yes, we constantly criticise this aspect of the project [the participatory budget programme], that the project management costs are extremely high, 50–60 million HUF [of the whole 300 million participatory budget programme], in the first year maybe it was even 70 million....And they buy these services [of the project management] from FIDESZ companies [companies related to the ruling party] not on market prices [but for higher prices]....And then another company does the advising, but if you look at them, they have nothing to do with participatory budgeting [they are not real experts, and do not actually do the work]. (Non-ruling party council member, Budapest district)

Both quotes illustrate that even in "normal" neoliberal procedures, political power also moves beyond formal business relations and reinforces its informal power.

#### 6.4. Calculations of Experts vs. Political Power

Neoliberal governance is often characterised by the post-political rule of experts (Swyngedouw, 2005). This is related to technocratic and business-minded thinking, which maximises the economic benefits of interventions without democratic legitimation. In our experience, though, especially since the illiberal turn in 2010, neopatrimonial relations and political considerations are more important than any kind of expert rationality. This is well illustrated in the plaintive and disillusioned comments of experts and planners involved in creating integrated development plans for cities in Hungary. Writing these plans is often



degraded to a necessary bureaucratic task, and the actual developments are decided in a much more ad hoc manner, according to political connections, electoral considerations, or available funds that are easy to appropriate:

And we fall for it again, and believe that what we write down [in the planning document] will be realised. And then we get disappointed again, as always before. (Expert in urban development plans)

Instead of expert opinions and rational calculations, political connections can be more effective in securing funding:

As far as we can see, the mayor always knows what to do; he knows how to get the money with who knows what kind of tricks and political connections and lobbying...and everything else is just a technicality. (Expert in urban development plans)

One of our interviewees practised the above-mentioned irrational tourism developments. After the decree of a locally connected high-level cadre to support such a project, the local mayor embraced the construction of a spectacular and costly tourist attraction, a glass bridge, as a development goal and applied for funding:

His excellence, the Minister Without Portfolio, suggested a glass bridge in [name of the town]. Yes! Just like in China. And they put it in the application. Thank God he somehow lost the trust of the PM because it would have been realised! (Planner 3)

Earlier, we also presented (Olt & Lepeltier-Kutasi, 2018) how the independence of a municipal development company in Budapest was stripped after a ruling-party mayor took power in the district. In a case, this ruling party mayor simply rewrote the rehabilitation plans, which originally aimed to maximise quality improvement of buildings. He favoured more spectacular results, renewing more buildings but only their facades, angering the residents living in incompletely renovated houses. Nonetheless, their anger targeted the development company and not the mayor. These examples illustrate that the neoliberal post-political rule of experts is only one side of the story in the Hungarian context. Far from the hegemony of economy-centred internationally travelling neoliberal policies, many developments are realised because of political logic or to appropriate the funds related to the projects.

#### 6.5. Neoliberal EU Procedures vs. Neopatrimonial Reality

As EU funds are aimed at economic growth, with a lot of procedural rules to monitor the spending, they are often considered neoliberal. However, the actual distribution of the funds is decided on the national level, over which the EU has limited control. In Hungary, this creates a series of pseudo-activities that need to happen pro forma, but their actual relevance is limited. This is the case, e.g., with the development plans mentioned above, but also with the administrative infrastructure for using EU funds, as key decisions are made on the national level (mostly by the prime minister or ministers). This is mentioned in the following interview quote with a great deal of sarcasm:

The strange thing is that if you ask about it, you will find strategic planning cabinets and urban development groups. Pro forma, they are everywhere. (Planner 2)



Sometimes, though, EU rules are clearly broken, but the projects still go on, and the money extraction happens, while further consequences are irrelevant. In a complex case that aggregated numerous small projects into a big one for direct political control over a larger sum of project money, the administrative complications caused delays:

They know very well already that there is no time for these public procurements. So what will they do? They are going to do them without open tenders. And then what will the EU do? Quite probably, the country will have to pay back the money. The Hungarian taxpayers! (Planner 1)

The recent blockage of EU funds for Hungary represents these issues in a very clear way. Even if, in most cases, everything is legal pro forma, the neopatrimonial logic of spending EU funds seems to have reached a critical mass, and the flow of funds is currently stopped.

## 6.6. Urban Development Plans vs. National-Level Politics

In an illiberal context, the national-level political power is virtually uncontrolled. Power is exercised in neopatrimonial hierarchies from top to bottom in the ruling party. Therefore, mayors are often less relevant regarding local development than local members of the parliament/high-level cadres of the party. In the case of a rural town, given that the opposition mayor was in power, applications for state and EU funds were often unsuccessful. The former ruling-party cadre mayor, currently a minister, commented on this before cameras, openly admitting that it wasn't the need for or the quality of the application for funds that mattered—it was political considerations:

It was a big mistake to elect an opposition mayor...[with a grin]. (Important cadre of the ruling party before cameras)

In an illiberal context, a reason for not funding a local project in an opposition-led municipality is easy to find. So, beyond the legally implemented stripping of resources, tasks, and jurisdictions in the last decades during the constant decreasing of municipal sovereignty, there can be additional, selective cuts concerning funds controlled by the national-level political power, as the following quote illustrates:

Well, I just say it then. So, in the case of the distribution of money [EU sources], the [aspect of] political side is very strong. (Leader of the mayor's office, bigger city)

On the other hand, resources can be allocated towards the ruling party-led municipalities while officially respecting the relevant procedures:

So yes, we did not win the funding...because of these formal mistakes....But then, a year later, out of the blue, they told us that we should apply for funding [for the same project]. And the call was obviously made for [the names of three municipalities, including theirs]. And all three got the funding. (Planner, municipal development company)

The prospects of towns and cities also depend on infrastructural decisions at the national level of political power, often meaning the building of roads and motorways. However, such infrastructural decisions do not



always support the settlements most in need or with the most potential. They often depend on political factors rather than growth poles and local potentials. The current conflicts about implementing environmentally polluting battery factories—another state project involving Chinese capital—which are often opposed by ruling party mayors as well (who are concerned about losing the local elections) and also lacking economic rationality (Éltető, 2023), also show the lack of local sovereignty and the neglect of local planning.

## 7. Conclusions

Deviations from the original understanding of neoliberalism have often been mentioned in the literature. Balancing the pros and cons, many authors decided that despite the contradictory empirical findings, their story fit into the grand narrative. Even if the original ideas of free market competition and decreased state involvement in market processes were violated, it was maintained that in any "hybrid" case, the domination of the capitalist class and their relentless capital accumulation is determinant. This was also maintained by many using the concepts of the accumulative state or state capitalism. We have shown that, far from the power of the capitalist class and market processes serving their domination, different elite coalitions and their capture of state power create monopolies and rents. Instead of economic calculation and creation of surplus and profit, resources can be appropriated by those with political power and their allies, and rents can be created according to political programmes. This reallocates public and private resources for these elites and their allies without actual accumulation, as the example of the land-rent Ponzi scheme illustrates.

In authoritarian and post-socialist contexts, the ideology of growth without actual development can be spectacularly illustrated. In the presented urban development projects, we highlighted that the spending of public resources is determined by the possibility of appropriating and re-distributing them through clientelist networks to maintain political power and not by economic rationality advancing accumulation. It is also clear from these examples that far from a hegemonic capitalist class, political power determines and orchestrates these developments. Without the political capture of state power, these irrational investments used to appropriate their construction costs could not happen to this extent. In the illiberal post-socialist EU member state of Hungary, such examples include unused motorways and railways, stadiums, and hotels that do not aspire to make a profit—they merely appropriate public and EU funds for their construction. The immediately cashed-out one-time income of construction companies is something other than creating profit and reinvesting it to accumulate capital. These incomes are rather rents created by the closed social relations of the illiberal political system and used to maintain neopatrimonial relations dominated by political power. State-capitalist narratives about dominant domestic capitalists and state-led accumulation overlook how these capitalists were created by political decisions, how they are controlled informally, and how replaceable they are, while development is missing. Finally, we presented how these neopatrimonial social relations, the capture of the state and markets, appear in the process of urban development and planning. Instead of neoliberal planning rationales and the narrative of an entrepreneurial city, we can often observe domination by the national level of power according to the neopatrimonial logic, hijacking economic development and investment in the future.

To sum up, we suggest that instead of the concept of "post-socialist neoliberalism" that still evokes domination by neoliberalism, we should note both the neoliberal and the neopatrimonial elements of territorial and urban developments, because often neither capitalist class domination nor the logic of accumulation applies. For the same reason, state-capitalist narratives should also take the power of the political class more seriously. This is



also true in many other places, even in core contexts, but perhaps in a less spectacular way and with a less clear domination of political power. This also has significance in the struggles against the increasingly oppressive and harmful illiberal regimes. Not simply the owners and the workers, but fractions of several different classes are in conflict, according to their relations with the regime.

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#### **Conflict of Interests**

The authors declare no conflict of interests.

#### **Supplementary Material**

Supplementary material for this article is available online in the format provided by the authors (unedited).

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