From a Small Village to an Exclusive Gated Community: Unplanned Suburbanisation and Local Sovereignty in Post-Socialist Hungary

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Abstract
In Hungary, after the regime change in 1989, one of the most important institutional changes concerning suburbanisation was the high sovereignty of local authorities, albeit without appropriate funding for sovereign operation. This type of local sovereignty made mezzo-level planning and cooperation of independent municipalities ineffective. The inherent systemic political corruption of the rapid post-socialist privatisation hindered spontaneous cooperation as well. As a result, suburban infrastructure, even in municipalities with high-status residents, remained underdeveloped (from traffic connections through waste management to water provision). Our research field, Telki, was successful in selling land because its scenic location and the absence of industrial and commercial activities made it attractive for high-status suburban settlers. These newcomers were not interested in the further functional development of the village, and, as they took local political power, they successfully restricted economic and functional development. Consequently, selling land and introducing property taxes remained the most important source of income. The colonisation of the village by newcomers also meant the displacement of lower status original villagers and, today, mostly high-status families with young children feel at home in Telki. Others feel excluded not only because of real estate prices but also by the lack of appropriate functions or simply by the narrow concept of an appropriate lifestyle in the village defined by local power. The consequence of a complete lack of cooperation and rational planning is not only social injustice, elite segregation, and environmental harm, but also the reduced economic and housing potential of the Budapest agglomeration.

Keywords
Budapest; post-socialist urban transformation; residential suburbanisation; settlement planning; urbanisation

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1. Introduction
Suburbanisation can be observed virtually anywhere in the world (Keil, 2018). However, the exact form and actual mechanisms behind the process can be very different in different places and at different times as well. Concentrating on the governance aspects, Ekers et al. (2012) differentiate between self-led, state-led, and private-led suburbanisation. The main difference is the extent to which the process is planned, regulated, and governed. We use these categories to typify the suburbanisation process we examined.

In socialist Eastern Europe, lower status migrants from the countryside settled in the suburbs of urban centres because housing was scarce and movement to the city was administratively restricted (Bertaud, 2006; Stanilov & Šykora, 2014b). After the regime change, however, at first self-led and later private-led suburbanisation of higher status groups became increasingly important in post-socialist cities (Hirt, 2007; Leetmaa &
Tammariu, 2007). However, contrary to Western Europe, local sub-centres are mostly missing in this system (Haase & Nuissl, 2007) and infrastructure is substantially less developed. Lack of planning and integrated governance in the post-socialist context caused problems of uncontrolled population growth, lack of traffic and other infrastructure, and a high level of segregation.

In this article, we examine the suburbanisation of Budapest, Hungary, after the regime change in 1989 through a particular case, to analyse how the abovementioned features are related to the institutional and regulatory changes caused by the process of post-socialist transformation (Stenning & Hörscelmann, 2008; Tuvikene, 2016). We present the results of our detailed field research in a suburban village (Telki), complemented with planning documents and available statistical data. From a low-status, underdeveloped rural place, Telki became one of the highest status settlements in Hungary. However, we found that this development was full of conflicts and contradictions, veiled by the propaganda of success related to status growth, resulting in an extremely segregated settlement resembling a gated community with very limited functions and unsustainable funding in the long term.

We claim that the particular institutional and regulatory changes of the post-socialist transformation in Hungary played a major role in these processes. First, the political reaction to the socialist centralisation was to grant very high-level municipal sovereignty, but adequate funding for that was missing (Kovács, 2020; Vigvári, 2008). The extreme shift to decentralisation started to erode quickly, and in the current state of illiberal Hungary, budgets and powers of municipalities are deeply restricted and controlled by the central state (Hegedüs, 2015; Jelinek, 2020). Second, privatisation and management of state- and municipality-owned property were realised in a politically controlled (neo-patrimonial) manner (Szelenyi & Csilag, 2015). This is one of the main sources of systemic corruption (Jávor & Jancsics, 2016), for example in the privatisation of municipal assets and allocation of EU funds. Neo-patrimonial power and property relations and consequent systemic corruption restrict the cooperation of political actors and how private market players and voters can exercise control over political power. Politics is a dirty word in Hungary, and participation and expression of opinions on public issues are rare (Gille, 2010). As a result, the suburbanisation of Budapest and particularly in Telki is a hybrid of self- and private-led types of suburban developments.

After an outline of the relevant international literature on the governance of suburbanisation, our concept of post-socialism is presented, followed by relevant issues of post-socialist suburbanisation and municipal politics in Hungary. After our methodological considerations and a short description of the recent development of the Budapest agglomeration, we present how the development politics and political leadership of the village transformed over time, with particular focus on inner conflicts in the village and conflicts with other settlements and state actors. In the conclusions, we revisit how the presented data about the suburbanisation of Budapest and the development of Telki are related to the post-socialist transformation and more generally to governance and conflicts of suburbanisation.

2. Theoretical Background

2.1. Governance Types of Suburbanisation

Ekers et al. (2012) identified three types of suburbanisation: self-led, state-led, and private-led. The self-led suburbanisation is unplanned and ungoverned, even infrastructure can be missing. State-led suburbanisation involves centralised planning, while private-led suburbanisation is governed by a decentralised process where the state provides the regulatory framework for market processes and private developments. Every type can lead to urban sprawl and social segregation, but the mechanisms and opportunities to intervene are different.

In North America, the self-led type was typical in the 19th century but was superseded in the mid-20th century by the state-led type. The federal state contributed to suburbanisation through tax incentives, subsidies related to housing finance, and infrastructure developments. The segregation of social groups was facilitated by these support systems with built-in racial and class discrimination (Hanlon et al., 2010). Suburban segregation is not a process unique to North America however, it can take different forms. An extreme form is the gated community (Keil, 2018). In the last decades of the 20th-century, private-led suburbanisation became typical: The state did not actively participate in the suburbanisation process but created the conditions for the dominance of market-based processes (Ekers et al., 2012).

There are differences between North American, Western European, and post-socialist countries in metropolitan governance, regional development policies, and the system of local government, as well as social, economic, and political conditions (Bučaitė-Vilkė & Krukowska, 2020; Salvati & Gargiulo Morelli, 2014). Unlike in North America, in Western Europe, municipalities strongly depend on the regional and/or state levels. Thus, states have a strong influence on local governments in spatial planning and development, and it makes these processes more coherent. The structure of the housing market causes differences between Western European contexts. Suburbanisation takes a different course when privately rented housing (e.g., Switzerland), highly subsidised social housing (e.g., Sweden), or private ownership (e.g., UK) dominate (Phelps & Vento, 2015). Differences in suburbanisation between countries are also influenced by planning culture, the system of local governance, the legal system, and differing approaches to sustainable development. These factors together determine the types of suburbanisation.
2.1.1. The Specificities of Post-Socialist Countries

Socialist suburbanisation can be classified as state-led. However, government regulations, unlike in North America and Western Europe, did not facilitate migration from the urban core to the suburbs and suburbanisation was rather fuelled by rural immigration (Hirt, 2007; Stanilov & Sýkora, 2014b). After the regime change, first self-led suburbanisation and later private-led suburbanisation prevailed (Ekers et al., 2012; Hirt, 2007; Leetmaa et al., 2009). The process took place without planning at the regional or country level and developments were, therefore, uncoordinated and unresponsive to spontaneous processes (Hamel & Keil, 2016).

There are also differences between post-socialist countries as well: Suburbanisation was, on the one hand, determined by the exact regulation of the transformation and privatisation; on the other hand, the historical pathways of urbanisation were also different (Leetmaa & Tammaru, 2007; Stanilov & Sýkora, 2014b). Centrally important factors were privatisation through state-owned housing and the emergence of a new system of local governance. These policies show great variation as political decisions about them were not predetermined (Andrusz et al., 1996; Kok & Kovács, 1999; Sailer-Fliege, 1999; Stanilov & Sýkora, 2014c).

In post-socialist countries, the complicated process of transformation and the need for investments narrowed the playing field of policy (Kajdanek, 2014; Leetmaa et al., 2009). Without planning and coordination, settlements affected by suburbanisation were often not prepared for the new population flows and lacked services and adequate infrastructure (Bučaitė-Vilkė & Krukowska, 2020; Hess et al., 2012). Suburban sub-centres have developed just in a few cases, and the dependence on the central city has remained strong (Hirt & Atanas, 2015).

2.2. The Concept and Significance of Post-Socialist Transformation

Post-socialist institutional transformation has ongoing consequences today (Stenning & Hörschelmann, 2008, p. 329). Differences compared to “Western” cases and between cases of the post-socialist context can be understood by the de-territorialised concept of post-socialism (Tuvikene, 2016). Post-socialism does not have to be considered as a totality but as a set of continuities (e.g., the deep involvement of political power in economic relations) and anti-continuities (e.g., privatisation and state-phobia; Tuvikene, 2016, pp. 141–142). A good example of anti-continuities for this article is the transformation of the centrally determined local development in socialism to a very high level of municipal sovereignty after the regime change (Hirt & Atanas, 2015; Stanilov & Sýkora, 2014a).

However, anti-continuities do not mean a direct transformation to free-market capitalism. Privatisation was a politically controlled process with discretionary and politically motivated decisions. This resulted in lord-vassal relations between politicians and new owners of privatised state assets (Szelenyi & Csillag, 2015, p. 29). Hence, besides neoliberal elements, neo-patrimonial power and property relations are determinant. Therefore, (as a continuity of state socialism) private property depends on political legitimisation on the one hand (Szelenyi & Csillag, 2015), and public property is systematically dealt with as if it was the private property of its managers, the politicians, on the other. Since corruption is systemic (Jávor & Jancsics, 2016), punitive or even political consequences are scarce. Participation in politics is therefore very limited and politics became a dirty word in Hungary due to the features of the post-socialist context (Gille, 2010). The example of housing privatisation in Hungary illustrates well (populist) political decisions in privatisation (see Section 2.3.1), while the controversies around the privatisation of municipality-owned land in our research field is an example of mostly unchecked quasi ownership rights of local political power over municipal property. These informal and corrupt governance practices became the norm since the illiberal turn in 2010 when Prime Minister Viktor Orbán gained a constitutional majority in the parliament and executive political power became virtually uncontrolled in Hungary.

2.3. Post-Socialist Settlement Politics in Hungary: From Extreme to Constantly Declining Sovereignty

The state socialist period between 1950 and 1990 was characterised by the strong centralisation of territioal policies. The state had control over development resources, so it was the main actor in regional and local development. After this period, the previous housing policy and settlement planning were repealed, the earlier ownership structures dissolved, and state control was alleviated (see anti-continuities). The aim of the first municipal law (Hungarian Parliament, 1990) was to establish autonomy, freedom, and local democracy similar to Western European countries. Hereupon the number of municipalities with independent self-government was doubled. However, since 1990, the volume of tasks and the capacity, size, and funding of municipalities have never matched. Establishing the autonomy of the individual basic units (village, town, district of the capital) was more important than the element of integration that connects them. As a result, settlements became the basic units of territorial governance, and mezzo-level control and planning were missing. This model assumed that new local governments would cooperate spontaneously (Kovács, 2020, 2021).

However, sovereign settlements did not want to cooperate because they feared losing the autonomy they had gained after the regime change (Timár & Váradi, 2001; see anti-continuities again). Because of the system of municipal revenues (see Section 2.3.1),
cut-throat competition for investments and businesses began. Cooperation between municipalities (e.g., joint planning association) or coordination on regional level planning was only motivated by available funding and existed only as long as financial support (including EU development funds) was received. The use of EU funds required planning at the regional level, but the implementation of developments was more or less under the influence of the local elite, who informally controlled the distribution of regional development funds. NGOs or economic actors could get involved in this only sporadically (Kovács, 2019, 2020). Because of the informal and political control of the settlement and territorial development, and its dependence on state-level party politics, the reflexive political-economic analysis concludes that all this “lead[s] to a caricature version of the ‘entrepreneurial municipality’” (Varró, 2010, p. 1260).

The politically controlled allocation of EU funds strengthened corruption networks as well. Local development policy conditions have become asymmetric and elitist, especially in small settlements (Kovács, 2020). These local systems of corruption also restrict cooperation.

The independence of local governments started to decrease rapidly. A new constitution and a new municipal law were passed (Hungarian Parliament, 2011) and a strong state centralisation started. Autonomy, political prestige, and responsibilities of local authorities became limited and local governments lost their direct control and decision-making power in many fields (Kovács, 2020, 2021). In connection with the recentralisation processes, the resources of local government continued to decrease. According to our ongoing research on urban planning, the allocation of funds largely depends on political loyalty and connections with the highest level of power, very similar to the times of state socialist autocracy before 1989.

2.3.1. Revenues and Resources of Municipalities: Real Estate Privatisation

The income of municipalities in Hungary stems mainly from taxation and management of municipal property while business activities of local governments are highly constrained. After the regime change, the personal income tax (PIT) of residents of the settlement was an important source of municipal revenue, but its significance decreased rapidly. In 1990, 100% of the PIT remained in the settlement, in 1991 50%, in 1998 20%, and about 10% in the post-millennium years. In 2013, the remaining part of PIT was completely discontinued (Horváth et al., 2014; Kovács & Tosics, 2014). Municipalities are entitled to levy local taxes such as property tax, public tax, local business tax, and municipal tax. The highest revenue is usually achieved from local business tax. Since it is based on the place of business activity, it is more significant in larger settlements. This taxation system contributed to increasing inequalities between settlement types.

After the regime change, land and housing within the administrative boundaries of the settlements were transferred from state ownership to the municipality. However, management of municipal property meant mostly privatisation of municipality-owned real estate. In Budapest, it was the privatisation of bad quality municipal housing stock with very low rents (a continuity of socialist times). Housing privatisation happened differently in every post-socialist country (Sýkora, 2005). In Hungary, it was realised in populist giveaway privatisation for sitting tenants for about 10% of the market price. Many low-status people could become owner-occupiers and local authorities could get rid of the burden of housing management that produced losses and costs of urgently needed refurbishments. As a consequence, by the late 1990s, close to 90% of housing was owner-occupied in Hungary while most neighbourhoods and even buildings remained socially mixed while most neighbourhoods and even buildings remained socially mixed while most neighbourhoods and even buildings remained socially mixed (Hegedüs & Tosics, 1998). The norm of owner-occupation became prevalent, and, because rural land is cheaper and new settlements can become segregated, suburbanisation was already coded in the new housing system.

In rural settlements around Budapest, the conversion of agricultural land into potential built-up area has been a common practice of local governments (Kovács et al., 2019). New plots were sold to private investors, either individual owners or real estate companies. This type of property management is unsustainable because of the scarcity of land and also because population growth has not only increased income but also expenditure. Decisions about developments were complicated by the fact that it was difficult, especially for the population coming from Budapest, to assess what needs had to be met locally and what they would prefer to return to the city for. Therefore, some settlements attempted to discourage occupancy, mainly by making access to the property more difficult and levying local taxes that adversely affected occupancy (Bajmóczy, 2003; Hardi, 2002). Our research field, the village of Telki, has struggled with these dilemmas in the last three decades.

3. Data and Methods

Settlement development plans and the local journal articles were used to examine the development policy of the local government.

In addition, between 2017 and 2021, we conducted face-to-face and telephone interviews. The length of the interviews ranged from 40 minutes to 1.5 hours. The interviews covered the following topics: motivation for moving to the settlement, characteristics and changes in the settlement (population composition, development, environment, lifestyle, and community life), integration of new residents, networks, functioning of the community, municipal elections, and development of the sett-
tlement. In all, 35 semi-structured interviews were conducted (six local government members and 29 residents, including eight NGO members of vigilante, environmental, cultural, educational, and church groups).

Interviewees were selected from different parts of the settlement using the snowball method. When selecting the sample, we paid attention to several aspects: the year of moving in, the composition of the household (single, married, family with children), and the location of the house in the settlement. The type of interviewee (e.g., local politicians, residents) and the number of years the interviewee lived in the settlement are indicated in parentheses after the interview fragments cited. A table with the basic data of the interviewee was attached (see Supplementary File). The data of the local politicians were anonymised to avoid their identification.

The statistical yearbooks by the Hungarian Central Statistical Office (HCSO; 1990–2019) were used to present the social changes; however, for some data types only population census data (HCSO, 1990a, 1990b, 2001, 2011) and territorial data (TeIR, 2021) were available.

4. Results

4.1. The Context of Telki

In the nearly three decades since 1990, the population of the Budapest metropolitan area has grown significantly, and, today, 26.7% of the country’s population lives here. As the population of Budapest continued to decline, the population of the agglomeration grew rapidly. As the intensity of Budapest’s population decline decreased, the population change of the agglomeration became more subdued. In 2021, 65% of the Budapest metropolitan area’s population of 2.6 million lived in Budapest and 35% in the settlements of the agglomeration area.

The agglomeration has six sectors (Figure 1), of which the western and northwest sectors have the highest status. The proportion of graduates is 21% and 24%, while the other sectors’ value varied between 8.7% and 16% in 2021. The examined settlement belongs to the western sector as the highest-status settlement.

Telki is located 20 km northwest of Budapest, in Pest County (Figure 2). It can be reached by car in 20 minutes and by public transport in 40 minutes without traffic (with traffic between 55 minutes and 1.5 hours). There is no fixed track transport. The settlement is close to the Buda Landscape Protection Area (a unique forest area surrounding Budapest mostly in the North-Western Sector). According to our survey, in 1999, the natural environment was an important motivation for movement to these suburbs. However, seeking high-ranking housing, like-status neighbours and avoiding the poor (Csanádi & Csizmady, 2002) were also determinant reasons. Their preservation and inviolability of forests are constantly on the political agenda. Many settlements attempted and quite a few managed to endanger its natural areas or nature reserves through rezoning. So far, Telki’s local government did not use this option as there was enough agricultural land available for conversion.

Figure 1. Sectors of agglomeration. Source: Compiled by Botond Palaczki.
Therefore, its wider natural environment can still be considered less affected (Figure 2), in contrast with the areas belonging to Budapest, some of which were rezoned even against the regulation.

4.2. The Development of Telki

During the socialist era, the system of distribution of state resources was not favourable for the village; therefore, there was hardly any development (Bihari, 2004). The local government had decided in the 1990s not to create a settlement with a full range of services, rather the goal was to gain basic infrastructure. The mayor, who has been ruling for three terms, envisioned a settlement based on high-status families of active earners.

The residential area has increased by more than 30% and the population more than sevenfold in the last 30 years. Currently, the local government strives to ensure the maintaining of high status by the continuous control of in-migration of families and active earners.

The status increase in the last 30 years has remained unbroken: In 1990, the proportion of university graduates in the western sector was on average twice as high as in Telki. By 2001, it was the other way around, and, by 2011, it is 1.6 times the sector average (population education level also increased during this period). The status increase is also supported by PIT data (for which we only have data since 1992): Telki’s PIT per capita was 0.6 times the sector’s average in 1992, and it increased to 1.78 times by 2001. After 2000, it varied between 2.3 and 1.7 and decreased to 1.6 by 2011 and varied between 1.5 and 1.4 until 2019. It remained still higher than the sector average in the whole period.

However, there were differences in the intensity of change throughout the decades. The development policy can be characterised by three distinct periods.

4.3. Political Periods, Planning Phases, and Changes in the Village

The review of municipal measures was linked to election terms. Three periods were studied, and boundaries were drawn based on the change in the composition of the body of representatives so that representatives were the same throughout each period (this resulted in periods of varying lengths). This composition, as we present it, has a significant impact on the policy measures. The foci of the measures vary considerably in each period. During the last period, there has been no further significant change in leadership.

4.3.1. First Period: 1990–2002

The primary goal was to build basic infrastructure and public services, but the financial conditions were not given in 1990. Almost no state subsidy or local taxes were available. Due to the poor financial situation of the population, the PIT remaining locally was not significant and there was no possibility to raise it. The leaders had to search for other resources and spotted the emerging opportunity in the first wave of residential suburbanisation catalysed by privatisation (Csanádi & Csizmady, 2002; Hegedüs et al., 1993) and attracting higher status people:

Back then, it used to be a conscious strategy by the local government in the early 1990s to attract wealthy people here and then develop the settlement from it... (I16)

Income was generated by the reclassification of former agricultural land, dividing it into building plots and selling those on the market. The risk that this development policy would lead to a transformation of the settlement, in the long run, was taken into account and was considered as acceptable collateral damage. The goal of creating a more modern, liveable, and richer settlement was feasible only at this price. This was typically accepted by the natives living there at that time too:

In the first half of the 1990s or in the mid-1990s, the village leadership at the time recognised the process of moving to the agglomeration and saw what significance it would bear....It was a village of 600 people at

Figure 2. Geographical location of Telki. Source: Google Maps.
the time of the regime change...so we were a small village, without any contact with the neighbouring settlement. And...the village leadership at the time did well enough...and, as a result, the settlement has grown to be multiple-fold of its former self. (I21)

The population increased 3.5-fold between 1990 and 2002, from 629 to 2,211 people. The age structure was younger than the national average in 2002 (more than 20 years of age: 29.8%; 60 or more years of age: 11.2%). The in-migrants were more educated, which raised the prestige of the settlement. The proportion of people with at least secondary education increased to 2.5-fold (among a population of 18 or more years of age: 27.8%, in 1990, and 69.1%, in 2001). The proportion of graduates increased to 6.6-fold (among a population of 25 or more years of age: 6.0%, in 1990, and 40.1%, in 2001), which is a remarkably high proportion in the agglomeration.

The village visibly developed but was already clear that this pace of growth was unsustainable and it could destroy the features of the village that actually attracted new residents (see Váradi, 1999). Residents also voiced their criticism. In 1994, it was expected that Telki could have around 2,700 residents and growth stopped at that point (Nánási, 1994). However, currently, the village has more than 4,000 residents.

4.3.2. Second Period: 2002–2006

An integrated settlement development plan was adopted in 2004 (Telki Local Government, 2004), summarising challenges faced by the settlement due to suburbanisation, and other factors determining future opportunities. The local government decided to stop the inclusion of arable land in the residential area to be able to control and slow down the further growth of built-up area and population (“Telki Napló,” 2005) to preserve the rural character and to satisfy the numerous new needs and demands regarding services at the same time.

However, to grant resources to operate and develop the village, on the one hand, implied selling lands already classified as construction plots in the previous period:

Their activity [i.e., that of the local government in the late 1990s] was basically exhausted trying to involve more and more areas to increase the size of the residential area through real estate development. (I20)

On the other hand, they continued to raise its appeal, especially for the high-status residents of Budapest. Examples for this are renewal of the village centre in 1994 and the expansion of the primary school built in the 1990s and introduction of bilingual education. Even the construction of a swimming pool was considered. However, the development of commercial functions that could have been useful for those who do not have a car, do not commute, or do not want to commute to the city every day was neither supported by the newcomers or by the leadership of the village.

Although the population continued to grow, the rate of growth slowed down slightly (an average of 250 movers per year between 2001 and 2006). At the same time, the rate of out-migration has also increased (Figure 6). Migration gains averaged only 77 per year. In the agglomeration, this village had the highest reproduction rate (one per cent/year per thousand inhabitants), the youngest (15 or fewer years of age: 27%; 65 or more years of age: 6.9%) and the richest population.

Housing construction was of outstanding intensity compared to other agglomeration settlements (2002–2006: 393 new dwellings; larger dwellings than before were built (between 179.7 and 218.4 m²)).

This development policy was widely criticised. The municipal leaders of the next term (second period) saw this model as unsustainable in the long run. In fact, sufficient money was obtained for the development from the sale of the plots, but this contributed to the growth of the population and thus was accompanied by new development needs and an increase in the operating costs (“Telki Napló,” 2005). Residents also voiced their opinions more and more strongly and demanded a slowdown in population growth. The direction of transformation was pushed not so much towards a small Hungarian town rather in the direction of an ideal village in Western Europe:

This changed after 2000...We want a Western European village; we want an Austrian-style village. (I21)

Among other things, this municipal policy led to the change in the local government in 2006.

4.3.3. Third Period: 2006–2020

After a sufficient number of well-off residents moved to the village, it was now possible to base the operating expenses on local taxes. Due to the decrease in the local share of PIT, local taxes were introduced such as building tax, land tax on undeveloped properties, and local business tax. However, the latter was not significant because of the restriction of industrial activity. When planning the tax decrees, special care was taken to make sure that the settlement did not lose its competitiveness and attractiveness due to new taxes, and that there were no higher taxes locally than in the surrounding settlements (“Telki Napló,” 2006b). At the same time, subsidies for residents were abolished. These changes were disadvantageous for original residents and early in-movers.

Since the regime change, the leadership of the village have deliberately kept the high-traffic industrial and logistics sectors away from the settlement. However, a business tax was needed to develop the settlement. The direction of development has shifted towards sports
and leisure services as well as the leisure industry, due to the protection and preservation of the natural environment. The sports centre and a four-star sports and wellness hotel built by the Hungarian Football Association were approved in 2009, and they will be expanded significantly with government support in 2022. It is used by top football players and for youth training. After that, sports facilities, playgrounds, as well as a gym were built for local users.

After 2010, the settlement received more grants from the state and the EU than in previous periods, which enabled to finance the developments. In addition, the municipality has also started looking for ways to develop tourism. However, this would only be achieved through joint developments with the surrounding settlements. The first steps towards joint planning have been taken; a bike path was built. The new settlement development plan (Telki Local Government, 2015) proposed supporting the start-up of local businesses to provide employment opportunities for highly qualified residents.

By the end of this period, the number of companies has increased significantly (506, in 2006; 1,036, in 2018).

The building and property tax per square meter has not changed since 2007. The business tax revenue rose and reached the level of construction and property tax by 2019. The local government wanted to increase revenue by increasing the building tax in 2020, but the measure has been postponed due to the Covid-19 pandemic.

In this period, residents begin to refer to further growth as unfavourable (I4, I17, I18, and I29):

Well, now there’s a big wave of in-migration. That, for example, is a negative issue....We had been hoping to avoid this situation, but, unfortunately, we couldn’t. (I4)

Population growth, accompanied by more externalities, revealed the disadvantages of the suburban location. However, dissatisfaction did not turn into protest. This was largely due to the underdevelopment of the Hungarian civil society. Those who were dissatisfied moved further to another settlement with a more pleasant physical environment or possibly moved back to Budapest. Figure 3 summarises the three periods.

| Period          | Initial Position                                                                 | Goal                                                                 | Means                                                                 | Available Funds | Solution                                                                                     |
|-----------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|-----------------|-----------------------------------------------------------------------------------------------|
| 1990–2002       | Poor settlement                                                                   | Rich village with small town character                               | Basic infrastructure and service developments                         | Insufficient    | Sale of plots owned by the municipality and attracting wealthy middle-age residents from Budapest to the settlement |
| 2002–2006       | A wealthier settlement with many new in-migrants; the infrastructure and services developed are operated at top capacity | Preserving the rural character while expanding services, reducing the rate of influx of new population, and comfort-oriented expansion of existing infrastructure and services (e.g., swimming pool, bilingual school) | Insufficient; they come from sale of plots and PIT                    |                | Selling further plots                                                                          |
| 2006–2020       | Elite settlement                                                                  | Preserving the rural character, maintaining and strengthening high status, and serving the needs of the population | Insufficient; they come from sale of plots and PIT                    |                | Selling further plots and levying local taxes, and opening to the tourism industry            |

Figure 3. The goals of the local government and the funds allocated to the goals in the three periods under review.
5. Conflicts: Politically Controlled Privatisation, Colonisa-tion of the Village, Extreme Segregation, and Lack of Cooperation

5.1. Politically Controlled Land Privatisation

In an underfunded environment, the only means consistently available to the settlement has been the conversion of farmland into building land. In 1990, the proportion of built-up area was 7.6%, which rose to 25% by 2018 (Figures 4 and 5). The main source of rezoning was agricultural land, which decreased from 53.4% to 30.8%. The area under natural protection remained intact and even increased slightly.

Besides being an unsustainable solution, the conversion of agricultural land into building plots and selling the plots allegedly involved corruption. The mayor and members of the council, who presented the selling of the land as a solution for everyone to have basic infrastructure was also personally motivated in this process. The local political elite was aware of which agricultural land would be converted into building plots and when, and they and their business partners bought just the right plots:

Let’s say that the leadership of the village had a good business with the conversion of the land. (I20)

They were buying smart, they converted their own land and then sold it. They were well informed and they had social capital. (Linder, 2006)

As we explained earlier, this political control over privatisation and possible personal economic benefits gained

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*Figure 4.* Telki and surroundings. Source: Photo by M. Bagyura.

*Figure 5.* Rezoning. Source: Compiled by the authors based on TeIR (2021) data.
by politicians and related networks is a central element of the post-socialist transformation.

5.2. Colonisation of the Village

The wholesale of land was successful, and Telki was mentioned in the press as a “wonder village” (“Telki, a csodafalu,” 2000). However, behind the propaganda of success, there were inherent conflicts between the original villagers and newcomers. Since the number of newcomers exceeded the population of original villagers, they were able to seize political power in 2002.

First, there was the tension caused by growth. According to our interviews, some of those who moved to the settlement between the early and mid-1990s formulated strong criticism (I11, I12, I15, I24, I25, I30, and I35) on the effect that the rural character, community life, and the former way of life were endangered due to the increase of the built-up area and the size of the population. Our results agree with the results of Váradi (1999):

When we moved here, this settlement was like a quiet village at the end of the world. There was so little traffic that if a car drove down our street I knew it was coming to see us….It was so good. And then suddenly it grew. (I35)

I would have wished our village had stayed the way it was. I prefer the old village, I prefer [it] a little more intimate…if it’s a village, then it should look like a normal village….But I’m not happy that they’re building a condo, for example, I’m not happy at all, but money talks. (I24)

Another example is the development of commercial functions. An international company (Spar) even bought the land and the original villagers and the earliest suburbanites (arriving before or only shortly after the regime change) were in favour of commercial development. However, people who arrived later were afraid of increased traffic and collected 69 signatures against the investment. This was apparently enough to drop the plans for the commercial development.

The original villagers without cars and actual connections to Budapest were in favour of these and similar developments, but their political representation was weaker than the newcomers’. The high-status newcomers started to organise themselves already in the late 1990s and established the Circle of Telki’s Friends to control the development of the village. They were not able to seize power immediately, but they could already prevent developments on the side of the village that was closer to the forest and where the pioneer suburbanites lived.

The change in taxation policy and the abolition of municipal subsidies for locals also caused conflicts. According to the statement of the new mayor, the local population did not need these subsidies due to their otherwise good financial situation (“Telki Napló,” 2006a). This was of course only true to newcomers, but local politicians recruited from their circles were not even considering the interests of others.

Tax policy has not affected old and new residents alike, fuelling conflicts between them. New wealthy in-migrants had no problems paying their taxes due to their high incomes. However, among original villagers and those who moved in before or around the 1990s, there were several low-income, retired, farming households. For those with arable land, property tax also meant a double burden:

New residents had nothing but their houses. This imposed taxes and other burdens on the elderly and people with a low pension, which was difficult or impossible to bear. (I33)

After the newcomers seized local power, besides directions for local development and taxation, the general way of life in the village was very strongly regulated. The former rural way of life was effectively banned, which enraged the original residents:

Now you are not allowed to burn anything [agricultural waste] in Telki. And then the quiet hours. When the…lawnmower can be used, how dare you [use the lawnmower]!….So this constant nothing is allowed….Why [does] the neighbours’ rooster crow? (I5)

5.3. Extreme Segregation

Original villagers were not the only ones unwelcome in their own settlement. Because of the restricted functional developments, the local community today only means the community of parents with small children:

If I ever participate in programs, it’s only because of the kid. We both work in Budapest, which means 3–3.5 hours [of commute to Budapest]. (I29)

Here children bring together parents….We have one kindergarten, and then one primary school. (I11)

But if children are older, this feeling of community ends:

The truth is that since the children are grown up, and they are not connected to the kindergarten or the primary school, it is harder for us to follow these processes [concerning the village] directly. (I29)

The restriction of functions and the community based solely on childbearing is an acknowledged and conscious policy today. Telki is a “sleeping settlement.” However, this also means a large fluctuation of residents. Most who leave this life behind move away:
Figure 6. Number of migrants to and from Telki between 1990 and 2019 (in person). Source: Compiled by the authors based on data from HCSO (1990a, 1990b, 2001, 2011).

The truth is that it’s hard to organise a community because this is only a temporary residence. (I29)

As there are port cities…I call this a nest settlement…They raise their children, and then they go back to the city. (I19)

As there are many movements, the control of who moves to the village became very direct. Already in the 2000s, council-owned land was sold only after a successful interview:

When they came here to buy the plot from the local authority they were properly interviewed, like who they are, what are they doing. They were almost security screened. And there were some who were not allowed to buy a plot here. (I26)

The extreme segregation of the village was, however, actually welcome by many newcomers who were already looking for a segregated place:

And, well, there shouldn’t be gipsies [in the chosen suburb]. This is crucial, so places like Páty and Érd are already excluded. (I17)

5.4. Conflicts Instead of Cooperation

A good example of why cooperation is limited by opportunities for corruption is the story of the planned “Golf Village” in the adjacent village of Páty. In 2002, the original development plan was a golf course, a few apartments and a commercial building, but the local development plan of Páty made a much larger investment possible (Tünde, 2009). After the council of Páty gave the green light, the plans were modified and a whole new settlement would have been built with 2,000 new apartments, a conference centre, a school, and a kindergarten (Tamás, 2012; “Telki Napló,” 2009). The development would have been far from the centre of Páty, but right next to the newly built, high-status area of Telki.

A developer would have placed a new village right next to Telki, and Telki had no legal or political possibility to prevent this. The only chance was to raise awareness, organize demonstrations, and seek legal supervision. There were huge conflicts in the council of Páty, but the majority of local politicians still supported the plan despite demonstrations and even against a local referendum. However, the referendum was invalid due to low turnout in Páty, while residents of Telki were not allowed to vote on this issue (Wirth, 2010). Finally, the Páty council revoked the local building regulations, but before that, local politicians and activists in Telki and Páty were even threatened. The Spanish investment partner of the project Sedesa withdrew after its corruption cases appeared in Spain (MTI, 2010).

It is quite telling how the mayor of Páty commented on the case: “As it is usual in Hungary, the investor was chased away” (MTI, 2010). Even if local infrastructure had been absolutely overloaded, voters had opposed the development, and bitter conflicts had emerged with neighbouring settlements, the mayor was still convinced that the investment was needed (MTI, 2010). Knowing the Hungarian reality and the company Sedesa, it is very probable that he was convinced by corruption.

6. Discussion and Conclusion

We claimed that the post-socialist institutional transformation and its ongoing consequences have a determinant role in how suburbanisation is governed around Budapest, and also in social problems and conflicts
caused by this process. Suburbanisation here can be labelled as a hybrid of self-led and private-led development because the real estate investment was limited and long-term economic rationality or state-level economic growth was not prioritised. To support these claims, we used the following findings in the literature and in our research.

First, the high-level municipal sovereignty of settlements and lack of coordination and cooperation of sovereign settlements was a political reaction to the centralised development decisions under the state socialist autocracy. However, the high level of sovereignty was balanced by a lack of resources, constantly decreasing funding, and later a withdrawing of responsibilities and decision-making power. How municipalities operate was only determined by political rationalities and not by ideals of resource allocation and economic development (Kovács, 2020), similarly to territorial development (see Varró, 2010). A good example of that is the division of the city of Budapest into 23 independent municipalities. Similarly, cooperation between Budapest and the suburban settlements and within the agglomeration is also against the short-term political interests of national governments in Hungary.

Second, the privatisation of state-owned assets was far from market rationality, and corruption was inherent in the process with ongoing consequences today. The give-away privatisation of municipal housing resulted in an extremely high level of owner-occupation, and in socially mixed condominiums and neighbourhoods. This explains the popularity of suburban housing among high-status groups in a highly segregated, exclusive village even if traffic and other infrastructure and local services were missing. It also explains the hostility of high-status groups against the development of services in the village (to preserve its exclusive status), and their ruthlessness against the original villager’s way of life and the poor after they colonised the settlement.

Meanwhile, corruption and lord-vassal relations between political power and businesses also mean that, to a large extent, political decisions are made in the personal interests of politicians and their circles and that politics became a dirty word (see Gille, 2010). Systemic and normalised local political corruption and cooperation between sovereign municipalities virtually exclude each other, as the case of the planned golf village of the adjacent Páty has shown. When local politicians are personally interested in the reclassification of agrarian land into residential territory or simply banning lifestyles they do not want to see, contesting these decisions is much harder, especially in the political passivity or co-optation of the post-socialist society. This also made it possible for a large number of newcomers to settle in the village and seize political power to defend their interests against the original residents’.

The hollowed-out municipal sovereignty in Hungary set a very narrow path for local authorities. On the one hand, local power had the right to turn the village into an exclusive low-density gated community and hand-pick buyers of municipal land. On the other hand, local authorities are dependent on private investments. And still, political decisions about real estate investments and their regulations are not necessarily determined by business interests and long-term economic growth as in the ideal type of private-led suburbanisation. In the case of Telki, the only political rationale was high-status self-segregation. The results of this policy are a high fluctuation of residents, long and unavoidable commutes to the city, and only a temporary feeling of community solely based on the upbringing of young children.

Far from a success story, the case of Telki shows the effects of post-socialist privatisation (Hirt, 2012) without any political control from below or above. The propaganda of success around this anti-social and unsustainable development process in the press and even in the social scientific discourse is a symptom of the lack of solidarity and responsibility in post-socialist Hungarian society.

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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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