

## Press release

Max-Planck-Institut für ethnologische Forschung

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Scientific conferences  
Cultural sciences, Economics / business administration, Social studies  
transregional, national



## Unfettered Financial Markets and Private Households

**Workshop on the Consequences of Financial Capitalism in Eastern and Southern Europe On 22 and 23 February a workshop entitled “Households and Peripheral Financialisation in Europe” will take place at the Max Planck Institute for Social Anthropology. The convenors are Dr. Marek Mikuš from the institute’s department ‘Resilience and Transformation in Eurasia’ and Dr. Petra Rodik from the Department of Sociology at the University of Zagreb. The conference will look at the effects of the liberalisation of financial markets on households in Eastern and Southern Europe. It will be held in English.**

### Financialisation: a global phenomenon

The deregulation of financial markets which started in the 1970s has resulted in a far-reaching transformation of the capitalist economic system. Prior to this period, the financial sector primarily served the needs of the productive sector of the economy. But since the liberalisation spearheaded by Reagan and Thatcher, the power and influence of financial markets has grown enormously. “This development is called ‘financialisation’ in scholarly discussions,” says Dr. Marek Mikuš, a fellow in the research group ‘Financialisation’ at the Max Planck Institute for Social Anthropology in Halle. “It is a progressive global process, and as it proceeds, even households and individuals are drawn under the influence of the international financial sector.” Owing to a lack of housing alternatives, people in Eastern Europe are particularly likely to finance the purchase of a home by means of loans. “The expansion of trade in investments, stocks, and pension funds has also provided banks with huge numbers of new private customers. Consequently these people now find that their everyday lives are influenced by financial products which previously didn’t exist at all, or which were of little interest to private individuals,” says Mikuš.

### More risky than people realise

In spite of the financial sector’s tremendous influence on private households, scholars have so far given little attention to examining the concrete effects of financialisation on people and their relationships with one another. Mikuš notes: “For economists, households are primarily a statistical category, and they do not typically concern themselves with social relations and practices within the household. However, by using anthropological and sociological methods we can identify changes in relationships among family members and other relatives.” In Eastern Europe these changes are a particularly vivid everyday reality. The privatisation of the housing sector led many people to take out loans to purchase residential property, and thanks to the liberalisation of the financial sector, this form of financing could even take place in foreign currency such as the Swiss franc. “But people in Eastern Europe had little earlier experience with such high-risk products, while banks and regulators did not do much to explain and regulate the risk of currency fluctuations,” Mikuš explains. Another problem in many Eastern and Southern European countries has been housing bubbles inflated by the expansion of lending. When home prices collapse, many people are left with an “underwater” mortgage – outstanding debt larger than the market price of their home.

### Financialisation affects all areas of life

Marek Mikuš has himself carried out anthropological fieldwork in Croatia with families who have become exposed to global financial markets after taking out bank loans. “Some of these people suddenly find themselves in completely unexpected situations,” Mikuš says. “When one takes on 20 or 30 years of debt, one may have to subordinate much of

one's entire life and that of other family members to finding ways to pay off the debt. Ordinary challenges like unemployment or illness can quickly turn into catastrophes for the entire circle of relatives." But the dependence of the financial sector on the vagaries of the global economy is extremely risky for more than just household budgets. As the 2009 financial crisis showed, huge financial losses can occur within just a few months – destroying people's lives and dreams along with it. "At the workshop we're interested in examining the repercussions of the risks that arise for members of households as a result of the financialisation of all areas of life," Mikuš says. "During my fieldwork in Croatia I observed ambivalent developments. The extreme pressure can destroy relationships. But sometimes it can also have the effect of bringing families closer together or stimulating new forms of solidarity and activism."

#### Studying global social change

The Max Planck Institute for Social Anthropology is one of the world's leading centres for research in socio-cultural anthropology. It was established in 1999 by Chris Hann and Günther Schlee, and moved to its permanent buildings at Advokatenweg 36 in Halle/Saale in 2001. Marie-Claire Foblets joined the Institute as Director of the department 'Law & Anthropology' in 2012.

Common to all research projects at the Max Planck Institute is the comparative analysis of social change; it is primarily in this domain that its researchers contribute to anthropological theory, though many programmes also have applied significance and political topicality. Fieldwork is an essential part of almost all projects. Some 175 researchers from over 30 countries currently work at the Institute. In addition, the Institute also hosts countless guest researchers who join in the scholarly discussions.

#### Conference programme:

[http://www.eth.mpg.de/de/events?url=6444%2Fevent\\_details\\_448255452.html](http://www.eth.mpg.de/de/events?url=6444%2Fevent_details_448255452.html)

#### More information on the research group 'Financialisation':

<http://www.eth.mpg.de/4081417/financialisation>

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