

The Impact of Politics and Citizens' Political Participation on Local Welfare Spending in Hungary (1996-2002)

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Abstract

Since the early 1990s, fiscal decentralization in Hungary has brought to the local level, along with legislative powers and the ability to raise revenues, a number of tasks such as the provision of social assistance and welfare programs. The literature on the Hungarian decentralization reforms has highlighted significant variations in local governments' spending on social assistance benefits and the heterogeneous manner in which the legal framework set up by the 1993 Social Act is implemented. Some authors go as far as to claim that there are as many different social assistance schemes as local governments, which number more than 3,100 in the country.

The paper proposes an empirical analysis of the sources of variations in local social assistance across Hungarian localities between 1996 and 2002. In addition to economic factors such as local resources and unemployment that usually constitute the focal point of studies of welfare in post-communist countries, the research investigates the role of political factors such as partisanship, political competition and citizens' participation in local elections.

The findings indicate that partisanship, measured by mayors' party affiliation and local support for the communist successor party in parliamentary elections since 1990, does not significantly impact on social assistance spending. Political competition does not register a significant effect either. However, higher turnout in local elections is associated with more generous social assistance benefits. This finding supports the proposition that the scope of competence and autonomy of local governments affect the stakes of local elections, notably for the disadvantaged segments of the population. This interpretation is buttressed by the significant and positive influence of the presence of a local Roma minority self-government on social assistance spending in localities counting less than 10,000 inhabitants.

The paper proposes a replication of the analysis using Polish data. The findings point to a greater influence of party politics on social assistance spending in Poland than in Hungary, as the strength of the "old left" in the local assembly as well as party competition are linked to a more important welfare effort. The results also suggest that the degree of devolution contributes to mobilize citizens to vote in local elections. Additional research involving a larger number of countries is required to better understand the wider impact of the political aspects of recent decentralization reforms and local government systems on local welfare policy in Central and Eastern Europe.

The Impact of Politics and Citizens' Political Participation on Local Welfare Spending in Hungary (1996-2002)¹

1. Introduction

A number of studies have focused on the decentralization of public finances in Hungary and its consequences for the social safety net (e.g. Kremer, Sziklai and Tausz 2002; Ferge, Tausz and Darvas 2002; Szalai 2000, 1994). The extensive competence given to local government in the field of welfare by the 1993 Social Act aimed to bring programs, decisions and resources where people are best placed to assess the needs of the local community. The flexibility to adjust to the local context (local governments can issue local welfare regulations as well as decide which type of social benefits to provide for services jointly funded from central and local budgets), along with the strengthening of the role of means-tests in social aid from 1996 onward, contributed to the emergence of different social protection schemes among localities. "Often those who apply end up differently, depending on the benefits they applied for, even if they have the same needs" (Sipos and Toth 1998, 310-11). A recent assessment describes "serious leakage in the self-government managed cash benefits", as well as discrimination and stigmatizing taking place in the process, in a system where monitoring is patchy. "Currently the number of different social assistance schemes might equal the number of local governments" (Tausz, Kremer and Sziklai (2002, 126) - Hungary counts over 3,100 local government units and 10 million inhabitants.)

A number of reasons have been proposed to explain these variations. The first and most obvious lies in the different financial capacities of self-governing units, capacities partly rooted in different local conditions. There are significant differences in unemployment rates and level of economic development between Hungarian regions. Budapest, the South-West, and the region bordering Austria are economically better off than the central plains and northern areas of the country. Those disparities have not diminished since the regime change (Huber 2004). Also, the presence of

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Roma populations, typically more vulnerable to poverty and unemployment, varies from one region to another.

The lack of experience of local authorities in devising criteria and administrating new means-tested benefits has also been put forth to explain variations in access to welfare (Micklewright and Nagy 1999, 2). Discretion with regards to eligibility criteria and level of more than half a dozen of benefits that local governments have to means-test, combined to inadequate funding, leaves room for differences to emerge (Sipos and Toth, 1998 295).

However, political factors such as partisanship of local authorities and mayors and political party competition, at the center of a large body of research on welfare expenditures most often concerned with American states or national-level spending in industrialized Western democracies since the 1960s, have so far been ignored in the Hungarian context (as well as in the study of post-communist decentralization in general). Considering that reforms were designed to grant a large degree of autonomy to local authorities in welfare (and other) matters, the omission is striking.² A transition like the one experienced by Hungary can blur the political yardsticks buttressing theories of welfare spending devised and applied in long-established democracies. In addition, the nature of municipal politics, typically less partisan than national or state politics, and the nature of local finances - which depend to various extents on central government transfers and criteria not autonomously determined by local authorities, may well render local politics effect more difficult to circumscribe than in national settings. Finally, the fact that local-level data is not as commonly available as country information adds to the difficulties of an analysis focusing on local political factors

Yet, it is not unthinkable that imbalances in the distribution of social assistance could be related to the political representation of certain social, economic or ethnic groups, political competition between them, as well as other local contextual factors such as the strength of civil society or the different level of information available to citizens via the local media. This research attempts to “bring local politics in” and to compare its impact on social assistance spending with that of local

² Szalai (2000, 2) expresses a similar concern when she deplores the “depoliticization” of issues of social development and poverty in Hungary, which are increasingly treated as “a technical matter of distribution.”

economic factors. The paper deals only with social assistance benefits, excluding health, pension and education spending.

The next section briefly reviews past research on the Hungarian welfare system, situating it in the larger context of welfare politics studies. The third part of the paper provides a short description of the local welfare system in Hungary; the fourth describes the data and methodology. The fifth section lists the hypotheses to be tested, and results are presented in the sixth section. In the seventh section, the papers' propositions are tested with Polish electoral and statistical data. The last part concludes.

2. Welfare Policy and Politics in the Post-Communist Context

The majority of studies of local welfare benefits in Hungary have focused on unemployment compensation (e.g. Micklewright and Nagy 1999; Galasi and Nagy 2002; Fazekas 2002). Information about assistance benefits, especially unemployment assistance, can also be gleaned in studies of inequality, unemployment and poverty (e.g. Kollo 2000; Huber 2004; Fazekas 2000). Some works focus specifically on family benefits (Sipos and Toth 1998; Förster and Tóth 2000). These accounts, largely quantitative in their methodology, do not consider political variables in a systematic manner. Hungarian sociologists, who maybe acknowledge more explicitly that “in welfare issues, politics matters” (Ferge and Tausz 2002, 177), have largely directed their attention to central government policies. Pension reforms have received attention in studies often highlighting the role of political actors (Muller 2002) and international organizations such as the World Bank (Lelkes 2000). Because of the large number of people affected, pension reforms were particularly delicate from both an economic and political point of view; as Leszek Miller, Polish Minister of Labor in 1993, pointed out, “nine million pensioners who vote could not be ignored” (cited in Inglot 2003, 227).

The question of the role of party politics in welfare policy quickly posed itself as post-communist countries began their transition process³. The extent to which elected representatives enact and implement policies corresponding to the public's wishes – an issue at the very center of modern democracy - became highly relevant, especially as the region underwent difficult economic changes. Political parties

constitute one of the most prominent links between public opinion and policies. Theoretically, parties offer a clear range of policy options and the election of one or another is followed by ideologically predictable and consistent policies (Erikson, Wright, McIver 1989, 729). A number of cross-national studies have found the ideological color of the party in power to impact on welfare policy, fiscal policy, growth in government sector, etc. Comparisons of social policy in subnational units – notably American states – have yielded mixed findings with respect to the impact of partisanship. Recent accounts also consider the indirect influence of partisanship, exploring interaction effects between partisanship and party competition as well as electoral participation.⁴

In Hungary and other post-communist countries, political parties' capacity to offer clear policy options that they would consistently apply once in power has been questioned, especially in the first years of the transition. While there is no definite consensus on the issue of political cleavages in post-communist countries, a number of authors agree that political competition between parties does not necessarily play out along a traditional left-right economic dimension (and that left-right labels entail a different meaning than in the US or Western Europe - see Whitefield (2002) and Kitschelt et al. (1999)). An account of social policy reform in Hungary and in Poland points that “most political parties, including the ex-communist left, have been unable to propose of follow any coherent and consistent social policy program” (Inglot 2003, 217). Both right and left parties have supported more or less redistributive policies throughout the 1990s. Some parties have even been divided into fractions with varying orientation.

³ However, Baxandall's account (2003) shows that welfare policy was not insulated from politics before 1989.

⁴ That is not to say that the study of politics has been limited to the narrower aspect of party and electoral politics. Social movements and interest groups, as well as their public manifestations (e.g. riots, demonstrations, lobbying, etc.) are also included in the framework of social policies studies seeking to assess their impact on a policy-making process conducted by politicians keen to be reelected. An example of accounting for politics' (in this larger sense of the term) influence on social policy is provided by Piven and Cloward's (1979) analysis of variations in the American program Aid to Families with Dependent Children (AFDC). The study has been influential and others authors, more specifically concerned with local welfare, looked at the role of riots, crime, and social disturbance in general on social aid and other types of welfare expenditures at city-level. In the 1980s, sub-national politics began to attract the attention of researchers, again more notably in the US, for its substantive interest but also as a way to increase the small number of units of observation that typifies comparisons of welfare and fiscal policies across countries. Most studies focusing on American states did not find a significant and consistent support for the insurgency thesis first developed by Piven and Cloward (see Fording (1997) for a review).

The return of the “old left” (i.e. communist successor parties, the MSZP in Hungary, the SLD in Poland) to power in the mid-nineties was viewed by some as a reaction against the erosion of social benefits, the promise by the old left to protect entitlements (especially pensions - Sachs 1995), as well as tough liberal reforms (Oreinstein and Haas 2002). Yet, once in power, the Hungarian Socialists implemented a tough reform package, including decisions to restrict access to family benefits later struck down by the Constitutional Court. In a study of elections in the region since 1990, Tucker (2004) finds that parties associated with the old regime – successors of communist and other satellite parties – obtain more votes when the economy worsens, while incumbency matters little. This seems to indicate that “old left” parties, even when reformed and redesigned as center-left parties such as the Hungarian Socialists, are still perceived as more generous with social spending because of their link with a regime that ensured social security from cradle to grave. Fifteen years after the regime change, the old/new regime divide remains politically very relevant.

The paper proposes to evaluate the impact of the political affiliation of mayors, competition between mayoral candidates and local political parties, as well as the strength of “old left” parties on local welfare spending. In addition to taking into account the specific aspects of politics in post-communist societies, the analysis considers turnout in local elections, the presence of local media outlets informing citizens about local public affairs, and civic associations. The latter two factors, if less outwardly political, may facilitate citizens’ mobilization and involvement in the local public sphere. Turnout is taken as an indicator of the incentives provided by the decentralization systems for citizens to make the effort to cast a ballot – that is, the extent of local governments sphere of competence and decisional autonomy, notably in the domain of social policy. The local welfare system that emerged from the decentralization reforms in Hungary is beginning to be better entrenched; yet, little is known about its impact on citizens’ political involvement, nor how policy-makers respond to it. The analysis also controls for need and resources factors such as population size, unemployment, and wealth and/or financial capacity of local governments.

These factors do not constitute an exhaustive list of the potential explanations for variations in social assistance spending. Notably, no measure of social unrest or disturbance (such as crime rate) is considered in this research, owing partly to the lack

of data, partly to the need to circumscribe the scope of the paper.⁵ Rather, the aim is to see how a political logic, according to which expansion or contraction of social assistance spending are largely viewed as “combinations of particular political resources and specific welfare orientations of particular actors” (Hicks and Misra 1993, 674)⁶, can enhance our understanding of local welfare in Hungary and in post-communist settings in general.

3. Local Social Assistance in Hungary

After education and health, social spending represented the biggest share of local governments' expenditures with 16% in 1999 (OECD 2001; Kalman and Soos 2002, 27). All together, more than 2,5 million people received the most frequent types of social assistance benefits in 1998 (this number includes recipients of public health assistance and regular assistance for raising children; without these benefits, over one million recipients are still concerned) (Kremer, Sziklai and Tausz 2002, 119). At the same time, with the appearance of mass unemployment, the number of people depending on social transfers significantly increased. Clearly local welfare plays an important role, and it matters whether adequate support reaches the needy in an equal fashion, regardless of where they live.

Hungarian local governments provide the following basic social assistance services (irrespective of the size of the community):

- Allowance for the elderly (social assistance for those not entitled to old-age pension);
 - Regular social aid for the unemployed;
 - Income supplement benefit (for individuals who have exhausted unemployment benefit; this benefit has been phased out starting in 2000);
 - Child protection and welfare;
 - Housing maintenance aid (in kind and cash assistance);
 - Nursing/care benefits;
 - Temporary/occasional aid (in kind and cash assistance).
- (Source: OECD 2001; Kremer, Sziklai and Tausz, 2002)

As is often the case, the research design is constrained by the nature and availability of data. Municipal-level data is available for the following categories of

⁵ It is also not certain that the American context of the 1960s and 1970s, on which a number of researchers tested this type of hypotheses, is easily comparable to Hungary in the second part of the 1990s and early 2000s.

social assistance spending: 1) regular social aid; 2) income supplement benefit; 3) need-based assistance; 4) housing allowances (subsidized utilities); 5) temporary aid; and lastly, 6) occasional aid for children protection.⁷ Housing aid, temporary aid and children protection assistance expenditures are available only since 1999, when the schemes were created. All local governments have responsibilities in the above-mentioned fields of welfare although for some benefits, award criteria and funding responsibility are shared with the central government. A short description of the benefits follows, providing context for the hypotheses proposed in the next section of the paper.

3.1 Unemployment Assistance

The income supplement benefit, or unemployment assistance, is a flat-rate, means-tested benefit intended for those who have exhausted unemployment insurance. It amounts to 80% of the minimum old-age pension (the benefit is not taxed). Introduced in 1993 with the Social Act, the unemployment assistance benefit was abolished in 1999; phasing out began in 2000. Local governments supported half of the costs of this benefit (Micklewright and Nagy 1999).⁸ Regional differences in proportions of unemployment assistance recipients are quite large. Among men, it is more than four times higher in the poorest region (Hungary is divided into seven economic regions), and three times higher for women (Kollo 2000, 5, based on 1997 survey data), than in the best-off part of the country.

Unemployment assistance was conditional on household income (per capita net household income could not exceed 80% of the minimum old-age pension), as well as on collaboration with the Labor Office (visits requirements could vary, in some places monthly visits were required, quarterly visits were sufficient in others (Micklewright and Nagy 1999, 6)). After 1996, unemployment assistance benefits were also conditional on accepting public work (Kremer, Sziklai and Tausz 2002,

⁶ The revenue capacity of local governments, for example, would be considered by Hick and Misra (1993) as a political resource “diffusely available to policymakers and activists, as well as well as instruments matched to the hands of particular actors” (ibid., 675).

⁷ The T-Star database, the main source of data, includes yearly local expenditures for these six types of expenditures. Nursing and care benefits, as well as allowances for the elderly, are not among them.

⁸ According to Kollo (2000, 4), the decision to abolish unemployment assistance was part of the new approach adopted by the then Hungarian government, rooted in the assumption that the generosity of unemployment-related benefits (the unemployment insurance benefit period was reduced from 12 to 9 months in the wake of the same reform) was partly responsible for low numbers of recipients looking for a new job.

120). Micklewright and Nagy (1999, 6) add that the award of unemployment assistance was decided upon publicly at meetings of the local assembly.

3.2 Regular social aid

Regular social aid is intended for the unemployed (those who have exhausted both unemployment insurance and assistance) and amounts to 70% of the minimum old-age pension. As for unemployment assistance, recipients have to report to the Labor Office and, since 2000, must also agree to participate to public work schemes lasting at least 30 days under the auspices of local governments.⁹ Kremer, Sziklai and Tausz (2002, 122) report that property-tests are typically conducted before allocation of the benefit.¹⁰

3.3 Children protection

The Social Act of 1993, and the Child Protection Act passed in 1997, lay out local governments' responsibilities in the field of children protection. The latter legislation introduced a flat-rate, regular assistance for each needy child, starting in 1999. Eligibility criteria are defined in the Act, but local authorities can conduct home-visits to assess need with a property test. The benefit may be given in cash or in kind. In 1999, 800,000 children were eligible for the protection benefit. Kremer, Sziklai and Tausz (2002, 120-122) note that behavior- or character-tests can also apply to parents.

3.4 Need-based (occasional) and temporary assistance ("crisis" assistance)

The two benefits are reported as separate spending categories by local governments, and one is older than the other – temporary assistance was created in 1999. However, the literature is vague as to what distinguishes them substantively.¹¹ Local governments can devise themselves the criteria of eligibility for payments.

⁹ If no such work is offered, the benefit must be granted. Fazekas (2002) reports the results of a survey showing that "the large majority of local governments were not ready to hand the tasks related to organizing public works" when the new provisions applied, and significant funds transferred from the central government for the purpose of such public works went unused. Furthermore, local governments differ in their practices of putting a lien to property in exchange for social assistance (Fazekas 2002, 258).

¹⁰ While Tausz et al. (2002) mention the increasing use of house visits before benefit allocation, Micklewright and Nagy (1999, 5-6) report that small local governments rarely conduct such visits, because they are deemed intrusive.

Created to serve as a one-off payment, need-based aid is said to have also been handed out on a monthly basis since 1995 (Kremer, Sziklai and Tausz 2002, 120).

3.5 Housing allowance

The Social Act sets a threshold for receiving the housing allowance, destined to cover utility fees: more than 35% of the household income has to be spent on housing costs to be eligible to this benefit. However, local authorities can adjust this norm to the housing stock of the community. The benefits is often directly paid to the service companies (Kremer, Sziklai and Tausz 2002, 121).

4. Data and Methodology

The data set contains yearly observations of a sample of localities (643) in Hungary, for a total of 4,501 cases. The sample is taken from the Indicators of Local Democratic Governance in CEE Project survey carried out in 2001.¹² Information is available for all the indicators considered here from 1996 (local unemployment data is missing for 1994 and 1995) until 2002, thus overlapping with three local government electoral cycles.¹³ The use of local government units in only one country permits to keep constant elements such as political culture and the legal framework.

Political variables such as party in power or turnout vary only every four years. Others, such as the number of people employed by local governments, are fixed throughout the whole period (due to limited data availability). A yearly analysis is nonetheless privileged to account for variations in social assistance spending that occur during electoral cycles. Variables tapping political competition, partisanship, and electoral participation, as well as local socio-economic conditions, are regressed on total local social assistance expenditures per capita (expressed in 2000 Hungarian forints) using cluster-adjusted standard errors. Year dummies control for the changing value of assistance benefits due to inflation, as well as other factors such as variations

¹¹ Consultations with local government experts between 5 and 15 July 2005 will hopefully shed light on the issue.

¹² The Tocqueville Research Center was responsible for the generation and collection of survey data in Hungary. The surveys are sponsored by the Local Government Initiative of the Open Society Institute (see www.t-rc.hu for the questionnaire and details about the project).

¹³ The paper assumes that local elections, held in October, impact on same-year social assistance spending level. The assumption is not entirely implausible since significant local discretion makes rapid adjustments possible.

in the generosity of central government transfers to localities across time, business cycles, etc.¹⁴

The data comes primarily from three sources:

- T-Star Database of the Hungarian Statistical Office: The database is the main source of municipal-level information. It contains indicators such as the number of senior citizens in local population, number of registered unemployed, etc. It also includes information about spending on the various types of social assistance benefits used as dependent variables.
- Hungarian Electoral Commission: Reports on the final results of local elections, of 1994, 1998 and 2002.
- Indicators of Local Democratic Governance in CEE Project, Chief Administrators Survey 2001 (Hungary): The survey provides information about local indicators such as number of people employed by local authorities and number of local media outlets (these measures apply to year 2000-01 only).

For the sake of brevity, the operationalization of variables is discussed in the next section together with the hypotheses to be tested.

5. Hypotheses

This section details the expectations related to the potential determinants of social assistance included in the analysis, as well as the measures selected to gauge each of them. Readers are referred to the Appendix for a systematic description of the variables.

5.1 Partisanship

While the customary expectation that left parties will spend more on the social safety net applies in this paper, the nature of the left-right dimension in the Hungarian political context needs to be specified in more details. The right-wing label typically identifies an anti-communist and/or a Christian nationalist orientation, and the parties considered to be left-wing are those with a communist legacy (among elites, a libertarian-cosmopolitan orientation is also considered left-wing (Enyedi 2003, 81).¹⁵ In 1994, a survey of politicians indicated relatively little differentiation between parties concerning support for the welfare state measured by support for public health

¹⁴ I thank Gabor Kezdi, for useful suggestions about methodology.

¹⁵ That is why the Alliance of Free Democrats (SZDSZ) is considered a left-wing party in spite of its liberal stance on economic issues.

care (on a 0 to 20 scale, all parties scored between 9.8 and 15.8). The same study found left-right self-placement to be a rather weak predictor of support for market-liberal parties in Hungary (as well as in Poland - see Kitschelt, Mandfeldova, Markowski and Toka 1999, chapters 7 and 8). This weakness of differentiation along a traditional left-right economic line is also reflected in Evans and Whitefield's classification of all Hungarian parties as "pro-market", except for the populist Smallholders (FKGP) and the Socialist Party (MSZP), which is described as "pro-state intervention in a market context" (Evans and Whitefield 1995, 1181).

The role of the left-right economic dimension in electoral competition in Hungary remains a contentious issue. Here, dominance of the communist successor party the local level is expected to be associated with higher social assistance spending given the persistence of the association of the party with a communist type of welfare system.

More generally, Esping-Andersen reckons that expectations to see higher aggregate expenditures on the parts of left government, just because they are left, might not always be warranted. In the face of need, a right-wing government could spend as much as a left one (Esping-Andersen 1990). Therefore, the difference could lie in the way expenditures are targeted (Iversen and Cusack 1998, 17). Following this logic, two types of benefits could be expected to exhibit a positive relationship with a Fidesz mayor or local political support for Fidezs, the main right-wing party in power from 1998 to 2002: unemployment assistance and child protection benefit. The first benefit, even if means-tested, remains tied to a relatively recent prior employment record. This is not the case of regular social aid or need-based aid. In the case of the children protection benefit, the emphasis of the Fidesz-led government on family values justifies a positive link expectation.¹⁶

Two different measures of partisanship are used. Information about the party affiliation of directly elected mayors is available for all localities (a dummy variables for right-, left-wing and independent mayors). Unfortunately, detailed information about the share of seats held by right and left parties in local assemblies is available

16 After its debut as a "radical, liberal, and alternative" party, Fidesz took a slow but spectacular turn that brought it into the position of a socially and politically conservative party backed by the Church on the eve of the 1998 elections, taking much of the vote away from other right-wing forces (see Enyedi 2003). In 2001, "order" and "work" figured among the main party values (ibid., 15) While Fidesz had adopted a more conservative position and discourse, the MSZP has increasingly presented itself as a pragmatic and modern party targeting all classes, dropping its more specific appeal to workers and wage-earners (Enyedi 2003, 22).

only for major Hungarian cities. Instead, an average of the percentage of votes received by the Socialists' and Fidesz's candidates in single-member districts in the first round of the 1994, 1998 and 2002 parliamentary elections assesses general support for the main left and right parties in each locality.

5.2 Political competition

Much of the work about the impact of political competition on policy at the sub-national level has focused on American states. Starting from Key's premise (1949), many authors sought to shed light on changes in welfare spending by looking at the party in power and the level of competition. The initial hypothesis contended that parties facing competition have incentives to pass more liberal policies in order to bring the economically/socially worse-off to support them (Holbrook and van Dunk 1993, 955). Overall, findings have been mixed. In a study of local spending in the UK, Boyne (1998) emphasizes that the majority of investigations (pertaining to the United States or Britain) found little direct empirical evidence of a link between competition and policy; he himself finds no significant results in the UK (his analysis however confirms the role of the party in power.) Therefore, an eventual direct link between competition and social assistance spending is expected to be modest.

Recent findings indicate that partisanship (party in power in the American states) interacts with the level of competition to push redistributive policies further towards the ends of the ideological range, rather than bringing them closer together in the center. Namely, a Democratic government whose members mostly won close races has to cater to core constituencies, and will thus favor redistribution (rather than to aim for the most centrist policy position). Similarly, conservatives who won power by a narrow margin will adopt more conservative welfare policies than if they had gained power by a more comfortable margin (Barillaux, Holbrook and Langer 2002).¹⁷

Competition is measured by the number of mayoral candidates. Greater competition is expected to exhibit a positive link with higher spending.

¹⁷ Studies of the impact of pork barrel politics often focus on legislators' behavior. Alvarez and Saving (1997) and Levitt and Snyder (1997) both find that Congress incumbents who deliver projects to their districts win the next elections by more comfortable margins. In one of the few studies testing the pork barrel politics propositions outside the US and the UK, Lancaster and Patterson (1990) do not include

5.3 *Local turnout*

Citizens' political participation, gauged by turnout in local electoral contests, is expected to be associated with greater assistance spending. A higher turnout is indicative of a higher participation of the poorer segments of the population (Hill and Leighley 1992). Hill, Leighley and Hinton-Andersson 1995 find that the degree of liberal control in American state legislatures moderates the relationship between turnout and welfare spending.¹⁸ Peterson and Rom (1989) offer evidence that higher aggregate turnout is a predictor of higher welfare benefits in American states. Hicks and Swank (1992) come to a similar conclusion with respect to OECD countries. Another piece of indirect evidence is proposed by comparative studies of the relationship between turnout and the success of left parties (Pacek and Radliff 1995).

Arguing that turnout acts as an indicator of attentive publics (high political participation tells politicians that their generosity is likely to be noticed and rewarded), Martin (2003) finds that American districts displaying higher turnout received larger federal budget allocations from the mid-80s to the mid-90s, with a time trend in line with the budgetary politics of the decade. Like Martin (2003), Ansolabehere and Snyder (2003) find little support for the role of political competition in government spending in the U.S., but conclude that spending play a mobilizing role, enhancing turnout in subsequent elections in counties that received more funds from the federal government (the distribution of such funds also exhibit a partisan skew throughout the period covered (1957-1997), with Democratic control of Congress leading to more generous spending in Democrat-voting counties).

Participation also plays the role of a "catalyst" in a number of studies, notably in those testing the insurgency theory to explain welfare expansion. For example, Fording (1997) finds that what he dubs "effective Black access to electoral institutions" (a combination of Black population turnout and electoral districts based on population) mediates the impact of the presence of Blacks in American states on growth in AFDC benefits.

Participation is measured as the percentage of the population that showed up at the polls on local elections day.

participation and competition among the electoral connections they explore using a mail survey of West-German MPs.

¹⁸ As Ringquist, Hill, Leighley and Hinton-Andersson (1997) note in a correction to their 1995 article, the mechanism through which lower-class higher turnout actually translate into policies more in

5.4 Local civic organizations and local media

Hungarian civic organizations, including trade unions, are considered as weak actors in the process of resource redistribution (Ferge and Tausz 2002, 177). However, such assessments pertain to the national level. The empirical question of whether it applies at the local level is put to the test by including the number of NGOs registered in each locality (the information is available from 1999 onward only; previous years were assigned the 1999 figure). Local groups are likely to play a mobilizational role rather than act as potential alternative providers of social services, as not-for-profit associations do not play a large role in the delivery of public services in Hungary. Consequently, more associations are expected to provide more opportunities for more inhabitants of the municipality, including the less-well endowed citizens, to voice their interests and demands to the local authorities,

The number of media outlets in the locality reporting at least occasionally about local public affairs is available for the year 2000-2001 (from the ILDGP survey data). Recent studies have examined the association between access to media as well as media freedom and availability on the one hand, and good governance¹⁹ on the other (Norris 2001; Adsera, Boix and Payne 2003). Stromberg (2004) finds that U.S. counties with a larger number of households equipped with a radio received more relief funding in the early- to mid-1930s, once measures of need controlled for. The mechanism supposed to be at work is that informed citizens pay more attention to politics and reciprocally, politicians show greater responsiveness to more attentive constituents. Therefore, the presence of local media outlets (noting that nearly half of Hungarian localities do not count any) should translate in higher welfare spending, not only because citizens are more likely to be aware of benefits and procedures to obtain them, but because of a general increase in local authorities' accountability to wider segments of the local population.

5.5 Local resources

The general thrust of the hypotheses related to local community resources and, related, the financial capacity of local authorities to offer social assistance benefits, is

accordance with their interests remains unclear, since they do not find that turnout interacts with the party in power nor party competition.

straightforward: the more affluent the community – and thus the more resources the local authorities have at their disposition via tax revenues, the higher assistance spending are likely to be.

Median family income, property value, per capita municipal revenues and expenditures have been used to measure local authorities' fiscal capacity in various contexts (see Sharp and Moody (1991) for a review). Sharp and Moody (1991, 937) argue that the two last constitute the best measures, because other measures can reflect private wealth not necessarily tapped by local government tax systems. Since no information about revenues of local governments were available, local community and local government wealth cannot be not differentiated. Following Micklewright and Nagy (1999), we use average local personal income tax base as a measure of local affluence, and expect greater wealth to be associated with more generous social assistance benefits. Micklewright and Nagy's conclude their research saying that income differences between localities did not lead to differential award of unemployment assistance.

5.6 Unemployment

Unemployment is probably the most prominent indicator of need for social assistance in a community. We expect it to be strongly and positively associated to social assistance spending. The percentage of unemployed per capita is used to measure local unemployment.²⁰ Unsurprisingly, Micklewright and Nagy (1999, 7) found that higher unemployment rates were associated with more unemployment assistance awards (as well as with more claims for unemployment assistance). They propose that the way the unemployment assistance benefit was funded may be partly responsible for the strong effect. Not only is demand greater for all types of social assistance where unemployment is higher, local authorities may have resorted more readily to this particular type of income support because half of unemployment assistance was supported by the central government until the benefit was phased out (ibid., 7, f8).

¹⁹ In a nutshell, less corruption, greater administrative efficiency, higher political stability, and a more effective rule of law.

²⁰ The percentage of long-term unemployed (for more than 180 days) per capita did not yield significantly different results when included in the equation instead of the registered unemployed per capita.

5.7 Percentage of local population aged 60 years-old and over

The population structure is an obvious potential determinant of social spending. Where certain groups who constitute typical recipients of welfare benefits are larger, they will tend to drive up welfare expenditures. While the elderly might have an important stake in welfare expenditures in the domains of health and pension, their interests in social assistance is less clear. Because of this assumed self-interest, as well as senior citizens' political weight (older citizens are an important constituency with a high participation rate in elections), their presence in a larger proportion is expected to be associated with lower local welfare spending. The same expectation applies if we adopt a need-based explanation. Indeed, pensioners in Central Europe do not figure among the population categories most likely to be victim of poverty (Klugman, Micklewright, and Redmond 2002).

5.8 Roma minority

While the Roma does not constitute the majority of poor people in Hungary, they have a higher than average risk to be poor (Ferge, Tausz and Darvas 2002, 12). A larger Roma minority should thus be associated with higher social assistance spending.²¹ Statistics are known to be a relatively poor indicator of the real number of Romas in the population²². Therefore, to tap both Roma presence among the local population and its degree of mobilization (more likely to lead to influence on local council's decisions than only presence), a dummy variable indicates whether the locality has an elected Roma minority local self-government.²³

As noted by Huber and Stephen (2001, 49-50), it can be difficult to distinguish a "need effect" (the Roma constitute a population that is very vulnerable to poverty²⁴) from the impact of active support of welfare spending due to political mobilization (as might be the case of local minority self-governments established in a significant

²¹ We cannot be sure that the very fact that a poorer region, harder hit by unemployment, is not keeping or even attracting more Romas, due to lower land and house prices (Kollo 1993, quoted in Fazekas 1995, 14).

²² The statistics are based on primary school attendance, and thus are not primarily local government units-based. I thank Gabor Kezdi for this information.

²³ The role of minority local self-government is consultative, except on minority issues. In this case the legislation stipulates that the opinion of the minority self-government should be taken into account by the local authorities.

²⁴ The ratio of poverty among the Roma (65%) is four times higher than in the population as a whole (14%) (Ferge and Tausz 2002, 179, quoting a Tarki report by Szivos and Toth (2000)).

number of Hungarian municipalities, or via the voting power of a specific constituency such as senior citizens when pensions become a political issue.)

5.9 Local government capacity and size of the locality

In the aftermath of the regime change, many new tasks were devolved to local authorities equipped with limited resources, including human resources. In these circumstances, means-testing becomes a demanding process. Local governments counting more employees are likely to be better able to respond to citizens' needs and demands for social assistance. In the U.S. context, Martin (2003) finds some support for the hypothesis that more state government employees are associated with larger federal government grants (although he associates a larger number of employees with greater lobbying power rather than administrative capacities).

A similar argument applies to the impact of locality size. The generally more limited financial capacity of smaller local governments is expected to impose greater constraints on their expenditures. In addition to this effect of size, the stigma associated with receiving a social assistance benefit (especially if the award decision is made public, as Micklewright and Nagy's (1999, 6) investigation shows in the case of unemployed assistance) in smaller communities might deter potential claimants.

After 2000, regular social aid award became tied with acceptance of public work by the claimant. However, as reported by Fazekas (2002), the capacity of smaller local authorities to set up and run a public works program is not the same as that of larger local government organizations. Small locality size could thus have a particularly negative effect on this type of spending in the later years (2000-2002).

As these few paragraphs indicate, size may act on social assistance expenditures in many ways, potentially also mediating the impact of other independent variables. For example, partisan politics, which has a lesser hold in smaller localities, should result in political indicators having less bearing on assistance spending in villages than in large cities.²⁵ Size effects might also pull spending in opposite direction – smaller rural localities located in depressed areas may exhibit great need for social assistance, while they also have less capacity to run a public work scheme.

5.10 Urban/rural character of the locality

This variable is added to the equation to examine whether the locality type has an independent effect on social assistance spending. The urban/rural character closely follows the contours of groups of localities defined by the local electoral system. Cities counting 10,000 inhabitants or more use a mixed system, where a number of councilors are elected in single-member districts, and others on party lists (a similar system applies to parliamentary elections). Smaller municipalities vote according to the “short-ticket” system, where the whole locality constitutes a single district and councilors are elected according to majority rule. Party politics tends to be more prominent in larger cities. While cities largely fall within the urban group, a handful are nonetheless located in rural areas – and vice versa for a number of small settlements, notably suburban towns around Budapest.

6. Findings

To avoid confounding the effect of size and electoral systems, the sample of localities is divided in two groups, one including towns and cities, and the other smaller settlements. Results for total local assistance spending per capita are displayed in Table 1. Tables 2 and 3 show the results of similar analyses for separate welfare benefits.

Political competition and partisanship variables do not fare overly well in the analysis. This is not entirely unexpected, given the specific character of the left-right divide in Hungary, as well as the limited salience of economic issues in political competition noted by observers of the country’s political scene. Even the fact that cities are significantly more politicized than smaller localities does not translate into a significant impact on welfare spending of mayor’s partisanship, nor of “old left”/“new right” party support in parliamentary elections in the larger localities. Only housing aid expenditure appear to be moderately affected, in a positive manner by support for the Socialists in cities, and negatively by the presence of right-wing mayors in small towns and villages. In this second group of localities, unemployment assistance is also negatively associated (but only modestly) with support for Fidesz, while regular social aid is boosted by local support for the MSZP in parliamentary elections.

²⁵ In the large majority of towns counting less than 10,000 inhabitants, candidates for the posts of mayors and councilors run as independents.

The hypothesis that the family values actively professed by Fidesz would translate into higher child protection and unemployment assistance spending is not supported. In cities, greater support for the party in parliamentary elections is actually significantly linked with lower child protection expenditures. However, we need to keep in mind that this benefit (as well as housing and temporary aid benefits) was created in 1999, leaving only four years of spending to be analyzed, while many localities spent little on these new programs.

Local turnout, however, registers a statistically significant effect on total local governments' spending on social assistance, both in larger and smaller municipalities. Turnout is not impacting equally on all types of hand outs. In accordance with the mobilization hypothesis formulated above, it appears to be positively associated with benefits that specifically target segments of the population going through episodic financial difficulties: need-based aid and temporary aid, as well as unemployment assistance (but the latter only in villages). These are also the benefits for which local discretion is arguable the most important.

A reason why turnout does not show a significant impact on regular social aid might be that the recipients of this benefit belong to the most disenfranchised, least likely to vote people (more so than those receiving temporary support from local authorities due to a crisis situation, or a benefit tied to a previous employment record.) Yet, this answer is not fully satisfactory. More information about the clientele of need-based and temporary aid benefits, as well as how the benefits are distributed, would provide clues to better interpret the role of turnout for level of expenditures on individual benefits. Nonetheless, the significance of turnout is consistent with the results of a recent research highlighting the relationship between regional economic distress (and thus receipt of EU funds) and higher rates of political participation in European Parliament elections (Jesuit 2002).

Population size matters for most benefits, but only in the group of smaller settlements. Above the 10,000 inhabitants threshold, population size is not denoted by significant coefficients (except for a moderate negative relationship with child protection aid). Among small towns and villages, the impact of size differs according to the type of benefit appearing on the left-hand side of the equation. Expenditures on costlier programs, namely unemployment assistance, regular social aid and housing aid, are positively related to population size.

However, need-based assistance expenditures are higher in smaller localities. According to the benefit's descriptions, local governments enjoy a large autonomy in defining award criteria, and thus have more opportunities to adjust spending decisions to local conditions. The absence of requirement to participate to public works (which applies in the latter years to unemployment assistance and regular social aid) to receive the benefit might also partly explain why small localities can be more generous with this particular benefit.

The main measure tapping local need for social assistance, unemployment, comes out strongly significant in the analysis of aggregate local welfare spending per capita. When separate benefits are considered, the variable follows the expected pattern in the case of longer-established benefit programs (in addition to temporary aid in villages).

Local average income tax base, the other economic factor considered, appears to play a less important role than unemployment. The most striking about the results pertaining to local wealth is the contrast between its positive relationship with spending in cities on the one hand, and a negative link in localities counting less than 10,000 inhabitants on the other. In cities, a higher local income tax base seem to provide the necessary resources for municipalities to hand out one-off or irregular benefits, as opposed to regular ones (unemployment assistance and regular social aid). In villages, a more limited income tax base is associated with precisely higher unemployment assistance and regular social aid spending. This is likely to be (at least in part) due to the fact that a measure of average wealth hides a greater diversity in the range of revenues of dwellers of larger localities, while the financial situation of inhabitants of smaller, largely rural settlements exhibits greater homogeneity. Thus, our measure of wealth could denote a generalized situation of need for social assistance in small villages, while acting as indicators of capacity to respond to the need of poorer citizens in richer cities.

The impact of the presence of Roma minority self-governments in smaller settlements is largely the doing of one benefit: regular social aid. The discrimination allegedly at work in the attribution of means-tested benefits could explain why the expected positive coefficient does not materialize in the case of housing aid, for example. While it is difficult to generalize about the influence of an elected Roma minority self-government council based on significance for a single type of benefit, it is plausible that the lack of effect in cities reflects the greater possibilities to earn a

living in urban settings from non-regular work, in which Roma are frequently confined. (It also echoes a common belief that Roma minority self-governments have been “hijacked” by politicians, notably in urban and more politicized settings.)

Year dummy variables display significant coefficients in the analysis of total assistance spending per capita. In the case of unemployment assistance, the pattern corresponds to the phasing out process began in 2000. However, the introduction of mandatory public work schemes as an award condition for regular social aid, which is alleged to have had a negative impact on the number of claims from 2000 onward, is not registering the expected effect.

7. A Comparative Perspective: Local Welfare in Poland

In this section, I use Polish data to evaluate a model as similar as possible to the one estimated for Hungary to put to the test the propositions about the impact of local politics and electoral participation developed in the Hungarian context. As usual, data availability constraints impose the use of a number of different measures. In Poland, only one measure of local welfare effort is available, namely the total amount spent by local authorities on social assistance per capita (including handouts to centers and institutions providing social assistance services on the territory of the *gmina* - Polish municipality). Locality affluence is gauged by the share of *gminas'* revenues coming from personal income tax (the share of personal income tax collected on the *gmina's* territory by the central government that is returned to local authorities). It is arguably a more precise measure of local wealth than the average income tax base used in the analysis of spending in Hungary. Unemployment figures are not available for Polish municipalities between 1998 and 2001. Thus unemployment for 1997 is used from 1995 to 1999, and the 2002 figure is assigned to years 2000, 2001 and 2002.

The degree of decentralization and the process by which it happened differ between countries. Reforms started early in both Hungary and Poland but lasted longer in the latter country (major changes took place again in 1999) and eventually became a politically controversial issue.²⁶ *Gminas* are responsible for nurseries and kindergartens, services for the elderly and handicapped, special services for the homeless, families in crisis, as well as social housing (Kowalczyk 2000). Since the

creation of *powiats* (370) and new voivodships (16) in 1999, *gminas* share a number of welfare-related responsibilities with the two other levels of government. Among other tasks, *powiats* are responsible for educational and care facilities, social assistance centers serving a population extending beyond a single *gmina*'s boundaries, and foster families. Voivodships are responsible mainly for training and coordination (OECD 2001b, 28). In 1999, social security and welfare represented almost 11% of localities' expenditures (OECD 2001b). For some social benefits, regulations set at the national level are strict and leave limited room for autonomous decisions by local authorities (Swianiewicz and Herbst 2002, 224-5). Social assistance and housing benefits are partly funded from specific grants received from the central government (OECD 2001b, 44).

This brief description underlines the more limited role played by Polish local authorities in the area of welfare policy compared to that of their Hungarian counterparts. Reduced local discretion, combined to lower welfare spending as a share of local government expenditures in Poland, may well not make social assistance policy a mobilizing enough issue at local election time. In addition, ongoing changes to the system could have made it more difficult for voters to identify which authorities are responsible for which benefits.

The Polish political system is structured to a greater extent than the Hungarian one around an economic left-right dimension (see Kitchelt et al. 1999). (Although little economic voting has been uncovered (Duch 2001; Powers and Cox 1997; Jasiewicz (2003, 12) only concedes that support for the Peasant Party, appealing to a large agrarian constituency and "arguably the only truly class-based party in Poland" – is probably rooted (at least partly) in economic considerations.²⁷)

Of course, a number of other aspects of the local context differentiate Hungarian and Polish localities. Maybe the size of localities is one of the most striking. One statistic summarizes the difference in community size between Hungary

²⁶ Divisions between counties and regions were contested but not municipal boundaries nor their sphere of competence.

²⁷ Poland has also witnessed the growing success of populist parties in the last few years. Some authors used the term "economic populism" or "agrarian populism" to characterize one end of the economic dimension in politics (see Zarycki 2000 for a review). In an investigation of the reasons why the underprivileged need not support the welfare state, Derks (2004) contends that economic populism is not directed against social spending per se. Rather, it is an "ideologically indeterminate" (ibid., 519) - not for something or a project, but against the "establishment" and those perceived as unfairly privileged, including the undeserving poor. The impact of presence of populist parties is not examined in this paper.

and Poland: 54% of Hungarian municipalities have less than 1,000 inhabitants, while no municipality in Poland counts so few inhabitants. As in Hungary, the electoral systems used in larger and small municipalities differ (proportional and majoritarian systems respectively, with a cutoff point of 20,000 inhabitants) but other differences between large and smaller localities (the rural/urban cleavage is strong in Poland (Whitefield 2002)) justify even more than in Hungary a separate analysis for both groups of localities.

As shown in Table 4, the factors included in the analysis explain a lower proportion of the variance in local welfare spending per capita in Poland than in Hungary. That is coherent with the more autonomous character of the Hungarian local welfare system, which leaves greater room for local factors to come into play than in Poland.

The share of local assembly seats won by the SLD²⁸, the communist successor party, is positively associated with higher social assistance expenditures. Unlike in Hungary, political competition exhibits signs of working along the lines proposed in the American literature on states' expenditures, with a positive and significant coefficient for the number of candidates running for a councilor position. The number of electoral lists is negatively linked with local welfare in cities – that could well be an artifact of the electoral system (as well as Poles' notorious dislike for party politics), which encourages parties to register electoral lists with different names (that do not give away the party behind them) in every ward of the same locality.

While in Hungary electoral mobilization resulted in higher welfare expenditures, the reverse process seems to be at work in Polish municipalities, big and small alike. This may indicate that social assistance - or rather, those who decide upon it - are not (cannot, or need not) be responsive to underprivileged citizens. This fits with the important role played by the central government in shaping the level and distribution criteria of benefits handed out by local authorities. In this context, those receiving or likely to receive social assistance may not see the point of casting a ballot with the issue of social assistance on their mind (or to vote at all) in local elections.

In the light of the significance of the negative coefficients associated with local turnout in Poland, an alternative explanation could be that “have-nots” and economically discontent citizens in general do not behave in an economically leftist

manner with respect to redistributive policy. Poland has witnessed the growing success of populist parties in the last few years, including on the local political scene. Some authors used the term “economic populism” or “agrarian populism” to characterize one end of the economic dimension in Polish politics (see Zarycki 2000). In an investigation of the reasons why the underprivileged need not support the welfare state, Derks (2004, 159) contends that economic populism is “ideologically indeterminate”, not for something or a project, but generally directed against the “establishment” and those perceived as unfairly privileged, including the undeserving poor.

8. Conclusion

This paper sought to examine the determinants of local welfare in Hungary, with a particular focus on the little explored potential influence of local politics on social assistance spending. Alleged imbalances in the highly decentralized local welfare system have raised concerns that access to social assistance benefits may not be equally accessible to all citizens. However, no study has yet systematically examined the possibility that local political factors might explain some of the cross-locality variations observed in levels of welfare expenditures. This paper aimed at filling this gap by examining the influence of partisanship, political competition and turnout on social spending. Given the links of communist successor parties with the previous social regime that insured welfare protection from the cradle to the grave, it was expected that a stronger local presence of the “old left” (gauged by mayor affiliation and share of votes received by the Socialists in the municipality since 1990) would lead to higher spending. Competition was also expected to be associated with more generous social benefits, notably because of its impact on parties’ incentives to appeal to less-well endowed voters who otherwise would not show up at the polls. In both cases, the effects were expected to be modest, partly because of the large role played by independent candidates on the Hungarian local political scene, as well as the relative weakness of the economic dimension in political competition. Findings indicate that partisanship and political competition does not register a significant effect on local authorities’ social assistance expenditures.

²⁸ The information was not available for the 1994 local elections; it was replaced with the average share of seats received in the 1998 and 2002 elections.

The paper also considered whether citizens' mobilization in local elections affected levels of social assistance spending. The large role played by Hungarian local governments in deciding how much and to whom benefits are handed out was expected to increase the stakes of local elections, notably for citizens receiving or most likely to receive social assistance, whose presence at the polls should then result in more favorable welfare policy outcomes. Higher turnout in local elections is found to be associated with more generous social assistance benefits. This is accompanied by the significant and positive influence of the presence of a local Roma minority self-government on social assistance spending in smaller localities.

The influence of economic factors, unemployment rate and local affluence, is confirmed by the analysis. The results pertaining to local wealth are not straightforward, probably because of the imperfect nature of the only indicator available. The anticipated mobilizational effect of local associations or local media outlets providing information about local public affairs did not materialize. Small localities' authorities that employed more people appear to be better able to deliver higher social assistance.

Finally, the paper tested the hypotheses pertaining to the influence of local politics on local welfare spending using Polish data. In spite of differences between the local government systems of the two countries, as well as in the availability of a number of indicators, the main lines of the analysis are reasonably similar.

Because of the greater salience of the left-right economic dimension in Polish politics, partisanship and competition were expected to affect Polish local authorities' spending in Poland more than in Hungary. The findings support this: both the strength of the "old left" in the local assembly as well as competition measured by the number of candidates for councilor positions are linked to a more important welfare effort.

The Polish local government system differs from the Hungarian one with respect to decision-making autonomy in the welfare policy domain, as well as the share of local government budget devoted to social assistance: both are less important in Poland than in Hungary. This state of affairs led to expectations that local welfare policy in Poland should not be responsive to citizens' participation rate in local elections. Indeed, turnout in Poland does not boost local welfare spending. The association is, however, negative. Turnout may be tapping economic deprivation, or the strength of populism in the country. Disentangling the factors at work behind local

turnout in Poland require further investigation using individual-level data containing extensive information on social and political attitudes.

On the one hand, these results can be considered as reassuring: pork barrel politics does not supersede need-based factors in the distribution of social assistance in Hungarian municipalities. On the other hand, they also raise questions about the links between political parties and policy in Hungarian municipalities. It may be that in the large number of very small localities, the role of parties is too limited (or not needed) to connect public opinion and policy outcomes. The usual conclusion applies: additional research involving a larger number of countries is required to better understand the wider impact of the political aspects of recent decentralization reforms and local government systems on local welfare policy in Central and Eastern Europe.

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Table 1. Hungary - Local Social Assistance Spending Per Capita, 1996-2002

	Cities	Smaller settlements
	B (s.e.)	B (s.e.)
Population (log)	.041 (.109)	-.051* (.030)
% Seniors (log)	-.334 (.205)	-.087 (.069)
Rural	-.170 (.120)	-.168** (.066)
Average local income (before tax, log)	.537*** (.169)	-.511*** (.092)
% Unemployed (log)	.834*** (.080)	.719*** (.066)
Roma local self-gv	.043 (.068)	.114*** (.043)
# Mayoral candidates	-.003 (.011)	-.021** (.009)
Left-wing mayor	-.013 (.062)	-.042 (.101)
Right-wing mayor	.005 (.056)	-.051 (.096)
Independent mayor	.034 (.069)	.010 (.080)
Support for Socialists (parliamentary elections since 1994 - % votes, log)	.047* (.025)	.007 (.016)
Support for Fidesz (ibid, log)	-.001 (.015)	-.012 (.012)
Local turnout (% - log)	.537*** (.174)	.440*** (.087)
# Local media outlets (up to 8 and +)	-.038 (.028)	-.019 (.028)
Local associations (per 1000 inh., log)	-.143 (.102)	-.006 (.030)
# Local government employees	.00002 (.0006)	.002*** (.0009)
Year 1997	.078*** (.028)	.030 (.023)
Year 1998	.273*** (.097)	.112* (.062)
Year 1999	.475*** (.100)	.307*** (.062)
Year 2000	.426*** (.102)	.280*** (.067)
Year 2001	.2548** (.1030)	.176*** (.064)
Year 2002	-.013 (.076)	.122*** (.043)
Constant	-4.13** (1.73)	2.08 (.760)
R2	.61	.57
N	721 (125)	3713 (536)

***p<0.01, **p<0.05, *p<0.10

Table 2. Hungary – Individual Local Welfare Benefits, 1996-2002

	Unemployment Assistance				Regular Social Aid				Need-Based Aid			
	Cities		Villages		Cities		Villages		Cities		Villages	
	B	(s.e.)	B	(s.e.)	B	(s.e.)	B	(s.e.)	B	(s.e.)	B	(s.e.)
Population (log)	.065	.155	.356***	.065	.050	.212	1.02***	.130	.077	.157	-.193***	.048
% Seniors (log)	-.156	.268	-.075	.161	-.471	.379	.424	.347	-.397	.295	-.217*	.130
Rural	.065	.194	.016	.115	.170	.309	.270	.214	-.441***	.166	-.247**	.122
Average local income (before tax, log)	-.068	.204	-.686***	.191	-.154	.317	-1.69***	.341	1.12***	.249	-.180*	.104
% Unemployed (log)	1.65***	.092	1.64***	.121	1.65***	.140	1.37***	.198	.248*	.108	.169***	.053
Roma local self-gv	.121	.107	.047	.074	.183	.142	.480***	.155	-.074	.091	-.005	.076
# Mayoral candidates	.022	.021	.000	.021	-.008	.034	.022***	.048	-.034**	.019	-.071***	.018
Left-wing mayor	-.134*	.075	.153	.202	.063	.127	.220	.391	-.010	.081	.104	.194
Right-wing mayor	-.072	.078	-.052	.194	.191	.124	.094	.431	-.031	.078	-.093	.185
Independent mayor	.052	.102	.021	.176	-.210	.165	.077	.343	.011	.105	.031	.162
Support for Socialists (parl. Elect. Since '94- % votes, log)	.045	.036	-.013	.032	.050	.060	.145*	.077	.034	.046	-.017	.030
Support for Fidesz (ibid, log)	.007	.023	-.046*	.024	-.099***	.034	-.017	.053	-.005	.025	-.021	.020
Local turnout (% - log)	-.306	.208	.388**	.178	.520	.356	.340	.388	.782***	.296	.487***	.140
# Local media outlets (up to 8 and +)	.014	.023	-.048	.055	-.013	.031	-.152	.128	-.036	.041	.051	.055
Local associations (per 1000 inh.)	-.019	.147	-.068	.061	-.199	.207	.069	.123	-.035	.154	.018	.045
# Local government employees	-.001	.001	.000	.001	.001	.001	-.002	.003	-.001	.001	.005***	.001
Year: 1997	-.057	.076	.175***	.049	.333***	.105	.088	.116	.138***	.047	-.097**	.040
Year : 1998	.427***	.116	.342***	.121	.636***	.215	-.025	.306	.095	.175	-.173	.110
Year: 1999	.374***	.124	.311***	.120	.956***	.225	-.101	.314	-.095	.174	-.233**	.112
Year : 2000	.234*	.128	.097	.121	1.23***	.228	1.69***	.303	-.147	.177	-.205*	.112
Year: 2001	-.634***	.127	-1.23***	.140	1.91***	.235	3.28***	.298	-.282	.180	-.256**	.113
Year: 2002	-2.69***	.102	-3.59***	.123	2.04***	.170	3.38***	.207	-.486***	.116	-.190***	.074
Constant	-.665	2.234	-1.90	1.50	-3.961	3.123	-6.75**	3.27	-8.63***	2.79	1.25	1.12
R2	.87		.64		.56		.32		.34		.13	
N	618		3713		618		3713		618		3713	

***p<0.01, **p<0.05, *p<0.10

Table 2. Hungary – Individual Local Welfare Benefits, 1996-2002

	Housing Aid				Temporary/Crisis Aid				Child Protection Aid			
	Cities		Villages		Cities		Villages		Cities		Villages	
	B	(s.e.)	B	(s.e.)	B	(s.e.)	B	(s.e.)	B	(s.e.)	B	(s.e.)
Population (log)	.159	.346	.515***	.142	-.199	.351	-.203***	.074	-1.28*	.745	-.316	.219
% Seniors (log)	.029	.861	-.808**	.334	-.064	.573	-.195	.202	1.58	1.70	-.905	.637
Rural	-.932	.460	-.956*	.498	-.626**	.247	-.270	.191	-.092	.684	.046	.613
Average local income (before tax, log)	1.62***	.572	.217	.334	.408	.444	-.125	.181	3.30***	.962	-.399	.541
% Unemployed (log)	.357	.237	.030	.140	-.173	.193	.275***	.084	-.002	.497	-.283	.274
Roma local self-gv	.168	.279	-.024	.239	.096	.204	-.084	.104	.865	.812	-.292	.356
# Mayoral candidates	.091**	.045	.076	.061	-.108***	.041	-.061**	.030	-.058	.074	-.155	.099
Left-wing mayor	-.054	.184	-.769	.705	.073	.190	.287	.325	-.054	.373	-.122	1.08
Right-wing mayor	-.197	.177	-1.28**	.534	-.139	.208	-.207	.309	.353	.481	.068	.868
Independent mayor	.031	.254	-.420	.483	.017	.180	.180	.270	.106	.392	-.246	.717
Support for Socialists (parl. Elect. Since '94- % votes, log)	.190*	.097	.050	.077	-.048	.078	.012	.045	.333*	.173	-.115	.120
Support for Fidesz (ibid, log)	-.053	.047	-.065	.058	.031	.049	-.042	.030	-.246**	.099	.085	.090
Local turnout (% - log)	-.006	.770	.613	.449	1.09*	.627	.444*	.232	1.41	1.28	-.107	.714
# Local media outlets (up to 8 and +)	-.006	.073	.594***	.155	-.116	.075	.060	.077	-.128	.148	.399	.230
Local associations (per 1000 inh.)	.146	.317	-.257***	.099	-.097	.300	.048	.070	-.136	.736	-.039	.187
# Local government employees	-.001	.002	.011**	.005	.002	.002	.007**	.003	.006	.004	.020***	.005
Year: 1999	1.00***	.291	.429*	.229	.233	.299	.011	.151	1.23**	.597	-.654	.405
Year : 2000	.824***	.300	.284	.225	.118	.290	-.066	.151	1.05*	.568	.138	.399
Year: 2001	.563*	.290	.102	.220	.044	.278	-.031	.142	1.09*	.595	-.222	.382
Constant	-13.9*	7.27	-9.78***	3.23	-4.95	5.50	-4.58	1.96	-20.5	12.5	4.20	5.67
R2	.3		.23		.17		.09		.03		.02	
N	415		2125		415		2125		415		2125	

***p<0.01, **p<0.05, *p<0.10

Table 4. Poland - Local Social Assistance Spending Per Capita, 1994-2002

	Cities	Smaller settlements
	B (s.e.)	B (s.e.)
Population (log)	-.127 (.103)	.125** (.062)
% Seniors (log)	.080 (.084)	-.370*** (.063)
Urban	.132*** (.036)	.098** (.046)
Rural	.004 (.065)	-.210*** (.039)
Share local income tax per cap. (log)	-.024 (.057)	-.045 (.033)
% Unemployed (log) (1977 and 2002 only)	.319*** (.053)	.333*** (.028)
# Electoral lists	-.002** (.001)	.000 (.001)
# Councilor candidates	.001** (.000)	.002*** (.001)
Share of seats to SLD	.003** (.001)	.003** (.001)
Local turnout (% - log)	-.462*** (.137)	-.171** (.073)
# Local media outlets (up to 8 and +)	.015* (.008)	.017** (.008)
Local associations (per 1000 inh.)	.022 (.024)	.001 (.004)
# Local government employees	.000 (.000)	.000 (.001)
Year 1996	-.055*** (.294)	-.168 (.163)
Year 1997	.222*** (.038)	.205*** (.016)
Year 1998	.373*** (.082)	.283*** (.034)
Year 1999	.417*** (.084)	.237*** (.033)
Year 2000	.258*** (.089)	.067* (.036)
Year 2001	.280*** (.088)	.022 (.040)
Year 2002	.268*** (.079)	.038 (.045)
Constant	6.315*** (.996)	6.290*** (.445)
R2	.44	.42
N	1101 (187)	3052 (455)

***p<0.01, **p<0.05, *p<0.10

Appendix: Description and Sources of Variables

Dependent variables

Total assistance spending (logged): Total assistance aid spending per capita (sum of regular social aid, unemployment assistance, need-based aid, temporary aid, housing aid and children protection aid, divided by population. Data for all years). Source: T-Star database, Hungarian Statistical Office.

Regular social aid (logged): Regular social aid spending per capita (data for all years). Source: T-Star database, Hungarian Statistical Office.

Unemployment assistance (logged): Unemployment assistance aid spending per capita (data for all years. Phasing out began in 2000). Source: T-Star database, Hungarian Statistical Office.

Need-based aid (logged): Need-based aid spending per capita (data for all years). Source: T-Star database, Hungarian Statistical Office.

Temporary aid (logged): Temporary/occasional aid spending per capita (data for 1999-2002). Source: T-Star database, Hungarian Statistical Office.

Housing aid (logged): Housing aid spending per capita (data for 1999-2002). Source: T-Star database, Hungarian Statistical Office.

Children protection aid (logged): Children protection aid spending per capita (data for 1999-2002). Source: T-Star database, Hungarian Statistical Office.

Independent variables

Unemployed (logged). Percentage of registered unemployed in the local population (data for 1993, and 1996 to 2002). Source: T-Star database, Hungarian Statistical Office.

Local income tax base (logged): Average personal income tax base (data for all years). Source: T-Star database, Hungarian Statistical Office.

Number of media outlets: The number of media outlets reporting at least occasionally about local public affairs. Source: ILDGP survey 2001.

% Seniors (logged): Share of the population aged 60 years-old and over. Source: T-Star database, Hungarian Statistical Office.

Local Associations (logged): Number of non-profit associations registered (data for 1999-2002 only; the 1999 information was imputed to previous years included in the analysis. Values are expressed in 1,000 inhabitants. Source: T-Star database, Hungarian Statistical Office.

Urban: Dummy denoting an urban locality. Source: T-Star database, Hungary Statistical Office.

Y1996 to Y2002: Dummies denoting year.

Turnout: Turnout at 1994 and 1998 local elections, logged. Source: Compiled by the author from reports of local elections published by the Hungarian Electoral Commission.

Number of mayoral candidates: Number of candidates running for the position of mayor in each local election.

Left party mayor: A dummy indicated whether the mayor elected belongs to MSZP (or joint candidates with SZDSZ). In case of label cumulation, the first party was taken into account. Source: Compiled by the author from reports of local elections published by the Hungarian Electoral Commission.

Right party mayor: Dummy indicating whether mayor elected belongs to FIDESZ, MDF, FKGP, MIEP, KDNP, or KPKE (or joint candidates). In case of label cumulation, the first party listed was taken into account. Source: Compiled by the author from reports of local elections published by the Hungarian Electoral Commission.

Support for Socialists: Share of votes (logged) received by the MSZP locally in parliamentary elections since 1994. Source: Hungarian Electoral Commission data.

Support for Fidesz: Share of votes (logged) received by Fidesz locally in parliamentary elections since 1994. Source: Hungarian Electoral Commission data.

Roma minority self-government: Dummy variable indicating whether a Roma minority local self-government was elected in 1994, 1998 and 2002 (elections were actually held early in 1995 and in 1999). (Electoral data from the 1994 report do not account for the validity of the election but rather record participation rates). Source: Compiled by the author from reports of local elections published by the Hungarian Electoral Commission.