

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.