Territorial Cohesion in Europe Conference Pécs, June 27-28 2013

Derangement or Development? Political Economy of EU Structural Funds Allocation in New Member States- Insights from the Hungarian Case

Judit Kalman

Institute of Economics, Hungarian Academy of Sciences



Motivation & Theoretical context

- Point of departure: how do political institutions effect government efficiency? How much the struggle for votes distorts economic policy/financing choices?
- Searching for political and administrative factors in EU SF grant allocation in Hungary
- Traditional public finance models do not capture these interactions → POLITICAL ECONOMY OF INTERGOVERNMENTAL GRANTS:(Worthington-Dollery, 1998, Grossmann, 1994, Dollery-Wallis,2001, Porto-Sanguinetti 2001, Drazen 2002, Feld-Schaltegger 2005, Pinho-Veiga, 2004 etc.)
 - Considerable theoretical and empirical evidences that institutional and political factors can increase chances for inefficient policy outcomes
 - grants are viewed as providing direct political benefits to both recipient and higher level government or governing party (esp. In vote-generating visible expenditure items) → good reason to look at infrastructure grants to LGs

Motivation & Theoretical context 2.

- Political Business/ Budget Cycles literature: (loyal/partisan/ vs swing disctricts)
- pork-barrel programs (Ferejohn, 1974, Weingast, 1984, Persson and Tabellini, 2000 etc) and rent seeking (Tullock etc.)
- + some literature on EU SF inefficiencies mostly in former Cohesion countries:EU SF grants are discretionary perfect candidates for political influence
- + good absorption of EU funds considered extreme importance in CEE -> need for further emp. Research
- infrastructure financing especially prone to political considerations and corruption due to high visibility, high expenditures, lobbying by special interests, possible control of timing and level of investments by politicians – offering more transferable political capital (Romp-deHaan,2005, Veiga-Veiga,2006) – yet they strongly effect long run growth prospects and productivity of a country

Hungary EU SF context: there are reasons to suspect politics & admin. aspects play some role

- H: Majoritarian proportional, two level government (central/local (n=3128)
- highly centralized development policymaking (regions only administrative role)
 - 2004-06: 1. Natl. Devt. Plan only one centrally managed Regional OP for all 7 NUTS2 regions, limited attention to regions
 - 2007-13: Further centralization in the administration, natl.govt. control over EU funds
- Lack of parliamentary control over Nat. Devt. Agency decisions
- From 2007: High (>=50%) ratio of special large projects, separately handled with even less control (not in my data unfortunately)
- The examined period 2004-2008 (starting with the country's 2004 EU Accession) stretches into two election cycles with general and local elections in 2006 (scandals within a few months, sweeping victory of opposition at the autumn local elections so opposing political colors of central and local govt. at many places, first time in transition!) → a good case for research inquiry

in election year 2006 not only more applications (24% \rightarrow 48%) were successful -, but also higher portions of the required amounts were granted (21% \rightarrow 34%) strikingly high in the case of local government applications (19% \rightarrow 73%! and paid/required from 5% to 35%)

Table 1: EU SF grants in Hungary 2004-2099 application and success ratios

	No. of applications	No. of supported	11 í	% oorted	Required EU SF grant amount	Paid amount	requ	paid/ iired ount
		applications	all	2006	(mn EUR)	(mn EUR)	all	2006
A11	61821	14860	24	47.8	18 881,60	3966,635	21,0	33,8
Local governments	7464	1444	12	72.9	3 351,29	167,2521	5,0	34,7
LGs from Regional Operative Program	5376	871	16	0.0	1 704,96	102,7986	6,0	0,0
SMEs	299921	12107	4	38.8	2 760,71	657,5017	23,8	31,3
Big companies	983	457	46	56.5	3 517,91	527,1379	15,0	35,8
LHH (special porgram for least developed small regions)	6667	2472	37	56.3	1 325,11	272,5756	20,6	43,6
Budapest (capital)	12133	5142	42	37.3	5 172,10	1402,582	27,1	36,7

Source: National Development Agency, Hungary - own calculations

Data

- A combined dataset an asset on its own for political-economic inquiry :
- EU SF transfers data from Natl. Devt. Office funded projects of all kinds (LG, business, NGO) of applicants, from all operational programs 2004-2008
- linked with data from the State Administration Office (TAH) database embracing all (n=3130) *municipal governments' budget data* (data available for up to year 2005 only)
- plus demographic, social and infrastructure data from the territorial statistical database T-Star of the Hungarian Central Statistical Office
- general and local election data for elections years 2002 and 2006 from the National Elections Office of Hungary.
- some population and minority data from the **2001 Census** in Hungary
- For reasons of easier comparison across e.g. recipient municipalities, all variables are transformed to *per capita values* in the analysis. All the financial variables are shown *in thousand HUFs* and have been recalculated *at 2008 prices* using the GDP deflator.
- For analytical purposes, the *city of Budapest*, local governments of capital districts and *counties* are deliberately *left out* of the dataset, due to *their very special status* in the institutional and budgeting structure.

Research Design

- 2004-2008 fairly short period yet
- limited access to data: first only got those from Nat.Devt.
 Agency who were granted EU SF, but not all applicants first results are from these data!
- recently got access to all applications (incl. unsuccesful ones) and longer period (up until 2012) – will start new round of research on these!
- **?: what is affecting the chances for grant receivals probability model (probit and linear)** dep.variables binary (1,0)
- gotgrant_all, if any (govt. or business, NGO) kind of applicant has received money from EU funds throughout all the years of 2004-08,
- gotgrant_LG if the local government has received grants across all EU SF operation programs,
- gotgrant_ROP if any applicant from a certain municipality has received funds from the EU SF Regional Operative Program (ROP)
- gotgrant_LG_ROP if the local govt. itself has received funds from the ROP

Research design

- MODEL: Y(0,1)= constant+P+A+S+R+Z+ε
 - P vector of political variables
 - Partisan:political color of mayor/LG/MemberParl.same as central govt. vs
 - Swing: closeness of elections, MP elected in 2nd round)
 - lobbying capacity :
 - MP and mayor terms served
 - times reelected

 A vector of administrative capacity vars – previous findings, suggested its importance, also due to heavy EU bureacracy needs – ratio of higher educated population,

- previous EU funds experience (from 2004- 06 period)
- S vector of socioeconomic controls (size, LG fin.autonomy, econ.position/PITbase, need variables, backwardness, Roma etc.)
- R region dummies, Z year dummies, E error term

Probability models for rec							-		0	10	. 11	10	10
dep.var.:gotgrant_all	-1 Pooled -	-2 all 4 region	-3 years 2004-0 swingvoters	08	-5	-6 first cycle		election y		-10 2007-08 local) -11 parl.	-12	-13
LABELS <i>political vars.:</i> closeness of 2002	basemodel	dummies	_2002		ol.color	swing	same	swing	color		elec.close	same p	ool.color
parliamentary elections			0.00127*** [0.000466]			0.00127* [0.000736]		0,0013 [0.00104]					
MP got elected in the second round of the			0.0272** [0.0108]			0.0289* [0.0170]		0,027 [0.0241]					
MP same color as central goverment 2002				0,00142			0,00202		0,00059				
MP reelected for more than 1 term 2002				[0.00972] -0.0411***			[0.0154] -0.0415***		[0.0218] -0.0411*				
mayor political color same as central government 2002				-0.0221***			-0.0218***		-0.0225				
MP same color as central				[0.00429]			[0.00682]		[0.00954]				
goverment 2006					0.0354*** [0.00646]							0.0348*** [0.0102]	0.0371*** [0.0102]
MP reelected for more than 1 term 2006					-0.0492*** [0.00697]							-0.0493*** [0.0111]	
mayor political color same as central government 2006					0.0962***							0.0964***	0.0951***
closeness of 2006 local elections					[0.0155]					0.0473***		[0.0246]	[0.0251]
closeness of 2006 parliamentary elections										[0.0146]	-0,0003 [0.000798]		
MP got elected in the second round of the election 2006											0.0390***		
Number of terms Member of Parliament reelected 2006											[0.0137]		-0.0123***
	0.176*** [0.00622]	0.161*** [0.00635]	0.176*** [0.00626]	0.192*** [0.00785]	0.174*** [0.00618]	0.177*** [0.00993]	0.192*** [0.0125]	0.173*** [0.0139]	0.191*** [0.0175]	0.178*** [0.00999]	0.174*** [0.00981]	0.173*** [0.00977]	[0.00380] 0.172*** [0.00978]
	0.0361***	0.0334***	0.0376***	0.0476***	0.0339***	0.0401***	0.0454***	0.0373*	0.0496*	0.0323*	0.0325*	0.0303*	0,0283
% of young population	[0.0101] 0,0178 [0.0872]	[0.0102] -0,091 [0.0869]	[0.0101] 0,0158 [0.0873]	[0.0118] 0.204* [0.117]	[0.00997] -0,00286 [0.0868]	[0.0149] 0,0479 [0.142]	[0.0174] 0,268 [0.190]	[0.0226] -0,0198 [0.188]	[0.0265] 0,22 [0.256]	[0.0175] 0,0232 [0.136]	[0.0173] 2 -0,00114 [0.137]	[0.0173] 0,000466 [0.135]	[0.0174] -0,0166 [0.135]
% of old population	0.707*** [0.0649]	0.510*** [0.0662]	0.693*** [0.0648]	0.668*** [0.0863]	0.731*** [0.0660]	0.725*** [0.106]	0.706*** [0.141]	0.653*** [0.142]	0.653*** [0.191]	0.688*** [0.102]	0.715*** [0.101]	0.730*** [0.102]	0.696*** [0.101]
% of own resources in LG budget	0,0166 [0.0394]	0,0413 [0.0395]	0,0159 [0.0392]	0,0494 [0.0462]	0,031 [0.0392]	0,0453 [0.0623]	0,0637 [0.0728]		0,0497 [0.104]	-0,00124 [0.0624]	0,00425 [0.0624]	0,00643 [0.0622]	0,00599 [0.0625]
size indicator	-0.0726*** [0.0100]	-0.0725*** [0.0101]	-0.0757*** [0.0101]	-0.0506*** [0.0124]	-0.0664*** [0.00996]	-0.0741*** [0.0159]	-0.0502** [0.0195]					-0.0667*** [0.0158]	
ratio of local population with higher education	0.00700***	0 00956***	0.00695***	0.00366**	0 00727***	0 00727***	0.00413	0.00692**	0 0037	0.00660***	• 0 00691***	* 0.00703***	0.00713***
Munic. Belongs to special program for the			[0.00146]										
	0.0327***		0.0329***	0.0517***						0.0356***			0.0223*
Observations	[0.00747] 15720	[0.00889] 15720				[0.0120] 6272				[0.0118] 6260			
Percent correctly classified Robust standard errors in brackets *** p<0.01, ** p<0.05, * p<0.	78,56	79,34	78,65	78,39	78,52	78,7	78,33	78,57	77,92	78,63	8 78,73	78,69	78,82

*** p<0.01, ** p<0.05, * p<0.1 note: dummies not incl.

Probit estimation results political variables





Models:

p<0.05 ●

1. Any applicant receiving EU SF grants and political colors 2004-2008

0.05<p<0.1 ●

- 2. Local Governments receiving EU SF grants and political colors 2004-2008
- 3. Any applicant receiving EU Regional OP grants and political colors 2004-2008
- 4. Local Governments receiving EU Regional OP grants and political colors 2004-2008

not sign. **O**

Robustness checks

- Several models have been tested with different sets of political and socioeconomic control variables as well as year and regional dummies and also a restricted version without any political variable.
- Full sample + sub-samples by size a usual suspect, plus population came out always strongly and positively
- A kind of sub-sampling is given by the various dependent variables (all, LG, ROP_all, ROP_LG) themselves.
- checked allocations from the Regional Operative Program separately - that is supposed to have traditional regional disparity/convergence focus, yet, rumors claim the ROP allocations to be the most politically driven - my results do not confirm this
- To capture more insights on the politics, I split data for different periods pre- and post-election, election year too

Probability models for Lo	ocal Goverme -1	ent receivin -2									-11	-12	-13
dep.var.:gotgrant_LG	Pooled -		all 4 year	s 2004-08	-5	first cycle		election y	ear 2006	2007-08 local		-12	-15
LABELS	basemodel	region dummies	swingvote rs_2002	same p	ol.color	swing	same	swing	same color		parl. elec.close	same	e color
political vars.: closeness of 2002 parliame	entary electior	IS	0.00588*** [0.000663]			0.00590*** [0.00105]	*	0.00594*** [0.00148]					
MP got elected in the second 2002	nd round of th	e election	0.106*** [0.0139]			0.108*** [0.0220]		0.107*** [0.0311]					
MP same color as central	goverment 2	2002	[0.0139]	0.0793***		[0.0220]	0.0803***	[0:0311]	0.0775***				
MP reelected for more than	n 1 term 2002			[0.0129] -0.0503***			[0.0204] -0.0501**		[0.0289] -0.0518				
mayor political color same 2002	as central gov	vernment		[0.0146] -0.0203*** [0.00626]			[0.0231] -0.0200**		[0.0327] -0.0208				
MP same color as central	goverment 2	2006		[0.00020]	0.0216** [0.00919]		[0.00994]		[0.0140]				0.0257* [0.0145]
MP reelected for more than	n 1 term 2006				-0.0831*** [0.0113]							-0.0828*** [0.0179]	[0.0145]
mayor political color same 2006	as central gov	vernment			0.0442 * [0.0254]							0.0455	0.0449 [0.0399]
closeness of 2006 local ele	ections				[0.0234]					0.0705*** [0.0211]		[0.0401]	[0.0399]
closeness of 2006 parliame	-									[0.0211]	0.00121 [0.00118]		
MP got elected in the second 2006	nd round of th	e election									0.0554*** [0.0194]		
Number of terms Member of 2006	of Parliament	reelected											-0.0132** [0.00558]
<i>socioecon.controls:</i> In_population	0.214*** [0.00853]	0.195*** [0.00878]	0.216*** [0.00860]	0.195*** [0.0106]	0.213*** [0.00858]	0.219*** [0.0136]	0.197*** [0.0166]	0.212*** [0.0193]	0.193*** [0.0237]	0.215*** [0.0138]	0.213*** [0.0136]	0.211*** [0.0136]	0.209*** [0.0136]
In per capita local personal income tax base	0.0575*** [0.0146]	0.0552***	0.0656*** [0.0151]	0.0846*** [0.0185]	0.0591*** [0.0146]	0.0791***	0.0901*** [0.0277]	0.0550*	0.0795*	0.0483* [0.0250]	0.0486*	0.0481* [0.0249]	0.0455*
% of young population	0.482*** [0.137]	[0.0141] 0.290** [0.137]	0.552*** [0.138]	[0.0183] 0.787*** [0.183]	0.510*** [0.139]	[0.0228] 0.574** [0.226]	[0.0277] 0.910*** [0.297]	[0.0333] 0.617** [0.295]	[0.0410] 0.841** [0.394]	[0.0230] 0.485** [0.217]	[0.0249] 0.465** [0.218]	[0.0249] 0.466** [0.218]	[0.0248] 0.443** [0.217]
% of old population	0.946*** [0.100]	0.681*** [0.103]	0.944*** [0.101]	0.890*** [0.134]	1.025*** [0.104]	0.932*** [0.165]	0.912*** [0.219]	0.966*** [0.222]	0.889*** [0.294]	0.999*** [0.160]	0.981*** [0.157]	1.037*** [0.162]	0.978*** [0.161]
% of own resources in LG budget	-0.158*** [0.0505]	-0.0983* [0.0507]	-0.138*** [0.0506]	-0.184*** [0.0581]	-0.135*** [0.0506]	-0.101 [0.0813]	-0.156* [0.0936]	-0.153 [0.112]	-0.192 [0.128]	-0.188** [0.0793]	-0.172** [0.0793]	-0.170** [0.0793]	-0.172** [0.0795]
size indicator	-0.0742*** [0.0127]			-0.105*** [0.0156]	-0.0761*** [0.0129]	-0.0762*** [0.0203]		-0.0793*** [0.0288]		-0.0790*** [0.0203]		-0.0760*** [0.0204]	
ratio of local population with higher education	0.0125*** [0.00177]		0.0134*** [0.00179]						0.00965** [0.00479]				
Munic. Belongs to special program for the least developed 33 small													
regions (LHH)	0.0385*** [0.0115]	0.00364 [0.0124]	0.0376*** [0.0117]	0.0487*** [0.0170]	0.0201* [0.0118]	0.0337* [0.0185]	0.0425 [0.0269]	0.0385 [0.0261]	0.0488 [0.0378]	0.0454** [0.0182]	0.0399** [0.0183]	0.0235 [0.0187]	0.0343* [0.0184]
<i>dummies:</i> 2004 dummy	-0.0445***		-0.0509***			-0.0114		5					
2005 dummy	[0.0172] -0.0358**	[0.0171] -0.0340**	[0.0175] -0.0411**	[0.0217] -0.0539***		[0.0140]	[0.0176]						
2006 dummy	[0.0165] -0.0253		[0.0166] -0.0292*	[0.0206] -0.0386**	[0.0165] -0.0259*								
2007 dummy	[0.0154] -0.0132									-0.0111			
Northern Hungary region	[0.0142]	[0.0142] 0.160***	[0.0143]	[0.0179]	[0.0143]					[0.0150]	[0.0150]	[0.0150]	[0.0150]
North great Plain Region		[0.0217] 0.158*** [0.0229]											
South Great Plain Region		[0.0229] 0.169***											
Central Transdanubia		[0.0235] 0.00537											
Western Transdanubia		[0.0224] 0.0914***											
Southern Transdanubia		[0.0220] 0.0516** [0.0226]											
Observations Percent correctly classified Robust standard errors in b *** $p < 0.01$, ** $p < 0.05$, * $p < 0.05$	orackets	15720 71.68	15680 71.01	9920 71.94									

Probit estimation results on political variables split to before and after election periods

closeness of 2002 parlamentary elections MP got elected in the second round of the election MP same color as central government 2002 MP reelected for more than 1 term 2002 mayor political color same as central government 2002 MP same color as central government 2006 MP reelected for more than 1 term 2006

mayor political color same as central government 2006

closeness of 2006 local elections closeness of 2006 parlamentary elections MP got elected in the second round of the election 2006 number of terms MPs reelected 2006 received funds from NFT

Signals:

p<0.05 ● ● 0.05<p<0.1 ● not signific ○

Models:

- Model 1. Receiving EU SF grants and political colors 2004-2008
- Model 2. Local Governments receiving EU SF grants and political colors 2004-2008
- Model 3. Receiving EU Regional OP grants and political colors 2004-2008
- Model 4. Local Governments receiving EU Regional OP grants and political colors 2004-2008

		first cyc	le 2004-05		election year 2006					second cy	cle 2007-08	}
	Model 1.	Model 2.	Model 3.	Model 4.	Model 1.	Model 2.	Model 3.	Model 4.	Model 1.	Model 2.	Model 3.	Model 4.
	•		•	0	0	• •	•	0				
	•		• •	• •	0	• •	• •	• •				
	0	• •	• •	• •	0	• •	•	•				
	• •	\bullet	0	0	•	0	0	0				
	• •	()	0	0	• •	0	0	0				
		\bigcirc							• •	٠	• •	• •
									• •	• •	0	• •
)									• •	0	0	0
									0	0		• •
\sum												• •
6										• •	••	••
											• •	• •

Major results – Partisan model reinforced

- strongly significant (at 1%) results, showing that *if political color of the Member of Parliament from a certain locality is the same as the incumbent central government, the chances for getting from EU SF grants are increased with +2-8% across all models and different specifications (highest effects for LG projects funding chance, and especially for the years 2004-05 and election year 2006, where it reaches +8% more chances*
- color similarity of the mayor was in most of the cases insignificant /negative yet, in the probit models for all recipients (gotgrant_all) and (gotgrant_LG) it raises chances for the LG to get EU SF grants by +4 - 9%.
- Majority of mayors runs independent, that explains odd behaviour of this variable!
- Swing voter hypothesis cannot be accepted, the closeness proxies behave oddly, across models for all recipients or LGs and even for different time periods

Major results - Lobbying, Admin. capacity

- Contrary to my expectations, the dummy variable proxying lobbying capacity (MP_long) if the MP is elected for more than one term was not positive!, though almost always significant-this needs further checking + data on mayor terms needed+further research on lobbying
- EU project bureaucr. needs + admin diffs. matter!

 →administrative capacity of a local government:
 proxy:ratio of local population with higher education
 + for data 2007-08 earlier EU funds experience from
 the first cycle of 2004-06 → both were strongly sign.
 and + (except election year 2006!, when admin.
 Capac.is not signif. further sign for "other" aspects?)

Socioeconomic and need indicators in EU grant allocations

- were expected to have some role picture is quite mixed in my findings
- EU grant recipiency chances increase with size – not a surprise, is also true even in the case of the Regional OP grants, - a clear sign of growth enhancement policy dominance!, (Lisbon goals) but has its administrative reasons too!
- better off economic position (measured by the per capita Personal Income Tax base) Reasons are probably similar to that of size

Table 5: Distribution of projects and contracted amounts along size categories

Size	Total no of mu		% total projects	% LG projects	% contracted amount total	% contracted amount by LG
Municipality size 50000-	33	1,0 %	21,1 %	15,8 %	41,7 %	46,5 %
Municipality size 10000-50000	122	3,9 %	20,4 %	24,2 %	24,5 %	24,7 %
Municipality size 5000-10000	138	4,4 %	9,2 %	14,8 %	<mark>8,</mark> 9 %	11,5 %
Municipality size 1000-5000	1132	35,9 %	29,5 %	33,7 %	19,2 %	14,2 %
Municipality size -1000	1731	54,8 %	19,8 %	11,5 %	5,7 %	3,1 %
Total	3157	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %

Chances for Local Govt. In	-1	_	-	-	-5	-6	-7
depvar.: gotgrant_LG		-2	-0		-0	-0	-,
		LF	PM			Probit	
LABELS	10-50000	5-10000		under1000	5-10000		under1000
			•				
MP same color as central							
goverment 2002	-0.0275**	-0.108***	0,0149	0.0914***	-0.0898***	0,0136	0.0961***
	[0.0120]	[0.0286]	[0.0179]	[0.0171]	[0.0304]	[0.0187]	[0.0184]
MP same color as central							
goverment 2006	0,00211		•	•		0,0148	
	[0.00271]	[0.0234]	[0.0161]	[0.0119]	[0.0207]	[0.0169]	[0.0126]
mayor political color							
same as central							
government 2006	-0.0170**	0.0661**		0.131***	0.0442***		0.130***
	[0.00761]	[0.0278]	[0.0290]	[0.0434]	[0.0161]	[0.0309]	[0.0455]
In_population	-0.0176**	0.155***	0.244***	0.135***	0.153***	0.256***	0.146***
	[0.00811]	[0.0460]	[0.0146]	[0.00889]	[0.0446]	[0.0162]	[0.00979]
In per capita local personal	0.00400	0.0450*	0 0000+++	0 0055	0.0440**	0 0740***	0.0400
income tax base		0.0450*	0.0699***		0.0410**	0.0719***	0,0166
% of young population	[0.00214]	[0.0270]	[0.0194]	[0.0219]	[0.0209]	[0.0209]	[0.0227]
% of young population	0.781**	1.962***	0.899***	0.244**	1.819***	0.943***	0.274**
% of old population	[0.340]	[0.598]	[0.249]	[0.112]	[0.454]	[0.268]	[0.132]
% of old population	0.399** [0.178]	2.931*** [0.475]	0.973*** [0.221]	0.586*** [0.0822]	2.595*** [0.396]	1.003*** [0.230]	0.658*** [0.0960]
% of own resources in LG		[0.475]	[0.221]	[0.0822]	[0.390]	[0.230]	[0.0900]
budget	0.0559**	0.277*	-0.0257	-0.214***	0.257**	-0 0238	-0.240***
budget	[0.0260]	[0.142]	[0.0738]	[0.0537]	[0.118]	[0.0770]	[0.0587]
ratio of local population	[0.0200]	[0.142]	[0.07.00]	[0.0007]	[0.110]	[0.0770]	[0.0007]
with higher education	0.00259**	0.00617**	0 00319	0.0180***	0.00550**	0 00364	0.0179***
	[0.00115]	[0.00258]	[0.00226]		[0.00226]	[0.00245]	[0.00210]
Munic. Belongs to special	[0.00110]	[0:00200]	[0:00220]	[0.00207]	[0.00220]	[0.002.10]	[0:00210]
program for the least							
developed 33 small regions							
(LHH)	0.0130**	-0.0746**	0.0676***	0,0173	-0.0750**	0.0711***	0,0136
	[0.00616]	[0.0333]	[0.0170]	[0.0121]	[0.0362]	[0.0178]	[0.0128]
Constant	0.924***	-1.605***	-1.865***	-0.853***			
	[0.0457]	[0.499]	[0.144]	[0.131]			
			_ •				
Observations	610	685	5650	8565	685	5650	8565
R-squared	0,066	0,104	0,058	0,06			•
Robust standard errors in br					-		
*** p<0.01, ** p<0.05, * p<0.	1						

note: in the case of cities >50000 for LPM, and >10000 for probit:MP_gov_02=1 and In_population >

Socioeconomic and need indicators

- demographic need variables : percent of young school-age population is significant and positive, whenever it comes to local government projects, either overall or from ROP (which is as it should be), but usually looses its significance in other models with different dep.vars.
- percentage of <u>old</u> population is always strongly significant and positive, adding to grant recipiency chances across all model specifications and sub-samples - a finding *contradictory* to what I have previously found in my research for Hungarian national investment grants for municipalities for period 1993-2003(Kalman,2007)
- ratio of own resources in the LG budget (decentralization measure – important also for EU co-financing needs!) usually did not even come out significant (or where it did, it has opposing signs)- needs further checking with amounts as dep.vars, not only these binary gotgrants

- proxy for backwardness (LHH municipality belonging to the special program for the least developed 33 small regions) most of the cases it came out significant and positive, though after 2006 it is more ambiguous = presence of some equity considerations in H. development policy reassured by recent evaluations
- Region dummies (NUTS2) did not add much information all regions of H. received EU funding in this period

Work in progress

- First estimations, model specification is to be refined – still some questions (Perhaps inclusion of some further variables?, depending on data availability)
- With recent access to data on all those who applied, not only successful, funded projects + new time period (until 2012)– plans for new analysis
 - exploring ways to do analysis, build difft. model on actual amounts, not only binary gotgrant. vars.
 - Do matching (succesful, unsuccesful, not even applied?) and use some diff.in diff technique?

Conclusions: development, but some derangement

- Institutional conditions matter! Grant schemes
 inefficiency
 - Room for politics, rent-seeking My estimations can only underestimate real political influences and rentseeking (large projects handled separately, pre-agreed tenders?, investments by munic.enterprises? Etc.)
 - Governance :EU SF planning, admin. very centralized in H ('gatekeeper' centre) ↔ goes against meaningful absorption and better convergence by recent empirical governance literature, that stresses higher decentralization (Bachtler-McMaster,2008; Bahr,2006; Barca,2009, Ederveen et al.,2006)
 - As long as grant dependence of Hungarian local governments stays, strong effect of political factors and lobbying is likely to remain →reform of local own revenues/local govt. structure and financing seems crucial (some happening right now)

Thank You!

Comments very welcome

judit.kalman@gmail.com judit.kalman@krtk.mta.hu

dep.var.: gotgrant_all	-1	-2		2004-2008	-5	first cycle	-7 2004-05	-8 election y		-10 2007-08	-11	-12
	Pooled -	with										
LABELS	basemode I	region dummies	swingvote rs_2002	same pol.color		swing	same	swing	same pol. color		parl. elec.close	same color
political vars.:					-			_		_		
closeness of 2002 parliam	entary elect	tions	0,000694			0,000693		0,00071				
MP got elected in the seco election 2002	ond round of	f the	[0.000449] 0.0164* [0.00994]			[0.000710] 0,0177 [0.0157]		[0.00101] 0,0163 [0.0223]				
MP same color as central	goverment	2002		0,00621			0,00627		0,00554			
MP reelected for more that	n 1 term 20	02		[0.00841] -0.0400*** [0.0100]			[0.0133] -0.0405** [0.0159]		[0.0189] -0.0406* [0.0224]			
mayor political color same 2002	-	-	:	-0.0320*** [0.00457]			-0.0319*** [0.00724]		-0.0324*** [0.0103]			
MP same color as centra	<mark>l goverme</mark> i	nt 2006			0.0313***							0.0312***
MP reelected for more that	n 1 term 20	06			[0.00638] -0.0389*** [0.00780]							[0.0101] -0.0391*** [0.0123]
mayor political color same	as central g	government	2006		-0,00136 [0.0111]							-0,00132 [0.0176]
closeness of 2006 local ele	ections									0.0489*** [0.0154]		- •
closeness of 2006 parliam	entary elect	tions								[]	-0,00081 [0.000824]	
MP got elected in the seco	nd round of	f the electio	n 2006								0.0320** [0.0138]	
Number of terms Member	of Parliame	ent reelected	d 2006								[0.0100]	
socioecon.controls:												
In_population	0.212*** [0.00564]	0.190*** [0.00595]	0.211*** [0.00569]	0.219*** [0.00693]	0.211*** [0.00565]	0.213*** [0.00909]	0.219*** [0.0112]	0.208*** [0.0126]	0.217*** [0.0152]	0.214*** [0.00894]	0.210*** [0.00890]	0.211*** [0.00889]
In per capita local												
personal income tax base	-0.0434***	-0 0428***	-0.0438***	-0 0215**	-0.0442***	-0.0367***	-0.0196	-0.0434**	-0.0192	-0.0544***	-0 0521***	-0 0542***
Dase		[0.00861]			[0.00844]	[0.0129]	[0.0155]	[0.0191]	[0.0224]	[0.0145]	[0.0144]	[0.0145]
% of young population	0,00684 [0.100]	-0.202** [0.101]	-0,00209 [0.100]	0.204* [0.124]	-0,0234 [0.101]	0,0333 [0.170]	0,292 [0.216]	-0,084 [0.190]	0,159 [0.219]	0,0403 [0.162]	-0,00065 [0.162]	0,0111 [0.163]
% of old population	0.741*** [0.0771]	0.471*** [0.0787]	0.733*** [0.0771]	0.551*** [0.0956]	0.737*** [0.0779]	0.764*** [0.132]	0.591*** [0.168]	0.656*** [0.151]	0.499*** [0.178]	0.736*** [0.123]	0.766*** [0.121]	0.763*** [0.123]
% of own resources in	[]	[]	[]	[]	[]	[]	[]	[]	[]	[]	[]	[]
LG budget size indicator	-0.106*** [0.0363] 0.0912***	[0.0367]	-0.108*** [0.0365] 0.0893***	[0.0434]	-0.0932** [0.0366] 0.0929***	-0,077 [0.0569] 0.0910***	-0,00081 [0.0674] 0.0985***	-0,121 [0.0826] 0.0864***	-0,023 [0.0983] 0.0960***	-0.123** [0.0582] 0.0905***	-0.121** [0.0584] 0.0918***	-0.119** [0.0587] 0.0926***
		[0.00799]		[0.00985]		[0.0128]	[0.0156]	[0.0180]	[0.0219]	[0.0127]	[0.0127]	[0.0127]
ratio of local population with higher education	,		• 0,00154 [0.00106]	,	,	0,00161 [0.00168]	-,	-,	-0,00131 [0.00313]	-,	,	0,00171 [0.00166]
Munic. Belongs to special program for the												
least developed 33												
small regions (LHH)	0.0416***	,	0.0418***		0.0316***	0.0406***	0.0600***	0.0429**	0.0631**	0.0444***	0.0368***	0.0317**
Constant		[0.00862]	[0.00837]		[0.00842] -1.086***	[0.0132] -1.156***	[0.0179]	[0.0187]	[0.0251]	[0.0132]	[0.0132]	[0.0133] -1.051***
Constant	-1.111*** [0.0924]	-0.911*** [0.0945]	-1.115*** [0.0936]	-1.237*** [0.115]	-1.086*** [0.0928]	-1.156*** [0.153]	-1.265*** [0.191]	-1.029*** [0.207]	-1.194*** [0.251]	-1.101*** [0.148]	-1.072*** [0.149]	-1.051*** [0.148]
Observations	15720	15720	15680	9920	15630	6272	3968	3136	1984	6260	6280	6252
R-squared Robust standard errors in l	0,228											

Probability models for receiving EU SFgrants and political colors 2004-2008 - Linear Prob.model

Chances for Local Govt. receiving EU ROP funds and political color by municipality size

dep.var.:gotgrant_LG_ROP		LF	РМ		I	Pro	obit	
LABELS	10-50000	5-10000	1000-5000	under1000	10-50000	5-10000		under1000
MP same color as central goverment 2002	-0,0244 [0.0200]	-0.170 *** [0.0444]	0,0172 [0.0180]	0,0105 [0.0119]	-0,0133 [0.00887]	-0.167 *** [0.0494]	0,0216 [0.0184]	0,00237 [0.00856]
MP same color as central goverment 2006	0,000835 [0.0140]		0.0314** [0.0158]	0.0369*** [0.00808]	0,00142		0.0337** [0.0164]	0.0346*** [0.00735]
mayor political color same as central government 2006	-0,0146 [0.0154]					0,000824		
In_population		[0.0480] 0.148* [0.0860]	[0.0276] 0.239*** [0.0148]	[0.0369] 0.0867*** [0.00560]	0,00535 [0.00770]	0,148	[0.0278] 0.244*** [0.0155]	[0.0935*** [0.00561]
In per capita local personal income tax base	-0,00365 [0.00803]	[0.0629]	0.0389** [0.0155]	0.0456*** [0.0148]	-0.0259** [0.0118]	[0.0584]	0.0487** [0.0206]	0.0369** [0.0154]
% of young population % of old population	[0.638]	3.324*** [0.984] 1.662**	1.203*** [0.254] 0.957***	0.189** [0.0757] 0.280***	0.457** [0.209] -0,0244	3.540*** [1.045] 1.723**	1.237*** [0.269] 0.994***	0.188** [0.0782] 0.252***
% of own resources in LG budget	[0.505] 0.052	[0.789] 0.702***	[0.211] -0,0272	[0.0481] -0,00892	[0.168] 0.016	[0.812] 0.674***	[0.227] -0,0355	[0.0574] -0,011
ratio of local population with higher education	[0.0626] 0.00409***	[0.228]	[0.07 ¹ 4]	[0.0335]	[0.0474] 0.00457***	[0.251]	[0.0744] 0.0133***	[0.0298] 0.00465***
Munic. Belongs to special program for the least	[0.00146]		[0.00212]		[0.00109]		[0.00233]	[0.00118]
developed 33 small regions (LHH)	-0,0299 [0.0389]	[0.0531]	0.0814*** [0.0180]	<mark>0.0198**</mark> [0.00848]	-0,0014 [0.00785]	-0,0424 [0.0547]	<mark>0.0831***</mark> [0.0189]	0.0137* [0.00762]
Constant Observations	0.764*** [0.211] 610	-2.049** [0.896] 685	-2.111*** [0.140] 5650	-0.748*** [0.0849] 8565	610	685	5650	8565
R-squared Robust standard errors in brackets *** p<0.01, ** p<0.05, * p<0.1	0,03							

note: in the case of cities >50000 : MP_gov_02=1 and In_population > 6.907755 predicts success perfectly, thus regressions do not run

Probability models	s for receivi 1-				rs 2004-200 -5			≥l -8	-9	-10	-11	-12	-13
dep.var.: gotgrant		-2			-9	-• first cycle		-o election y		2007-08		-12	-13
LABELS	Pooled - basemodel	region dummies	swingvoters _2002	same pol.color		swing	same	swing	same pol. color	local elec.close	parl. elec.close	same color	
political vars.: closeness of 2002 p	parliamentary	elections	0.000694			0.000693		0.00071					
MP got elected in the election 2002	ne second ro	und of the	[0.000449] 0.0164* [0.00994]	0.00604		[0.000710] 0.0177 [0.0157]		[0.00101] 0.0163 [0.0223]					
MP same color as c	central gover	ment 2002		0.00621 [0.00841] -0.0400***			0.00627 [0.0133] -0.0405**		0.00554 [0.0189] -0.0406*				
MP reelected for mo mayor political color government 2002 MP same color as	r same as ce	entral	6	[0.0100] -0.0320*** [0.00457]	0.0313***		[0.0159] -0.0319*** [0.00724]		[0.0224] -0.0324*** [0.0103]			0.0312***	0.0335***
MP reelected for mo					[0.00638] -0.0389*** [0.00780] -0.00136							[0.0101] -0.0391*** [0.0123]	[0.0100] 2 -0.00103
mayor political color closeness of 2006 lo			nment 2006		[0.0111]					0.0489*** [0.0154]		[0.0176]	[0.0176]
closeness of 2006 p											-0.00081 [0.000824]		
MP got elected in the Number of terms M											0.0320** [0.0138]		-0.00958** [0.00384]
socioecon.control	/ s<i>:</i> 0.212*** [0.00564]	0.190*** [0.00595]	0.211*** [0.00569]	0.219*** [0.00693]	0.211*** [0.00565]	0.213*** [0.00909]	0.219*** [0.0112]	0.208*** [0.0126]	0.217*** [0.0152]	0.214*** [0.00894]	0.210*** [0.00890]	0.211*** [0.00889]	0.210*** [0.00892]
In per capita local personal income tax base	-0.0434***		-0.0438***	-0.0215**	-0.0442***	-0.0367***		-0.0434**					-0.0558***
% of young population		[0.00861]	-0.00209		[0.00844] -0.0234	[0.0129] 0.0333	0.292			[0.0145] 0.0403		[0.0145] 0.0111	
% of old population	[0.100] 0.741***	[0.101] 0.471***	[0.100] 0.733***	[0.124] 0.551***	[0.101] 0.737***	[0.170] 0.764***	[0.216] 0.591***	[0.190] 0.656***	[0.219] 0.499***	[0.162] 0.736***	[0.162] 0.766***	[0.163] 0.763***	[0.163] 0.737***
	[0.0771]	[0.0787]	[0.0771]	[0.0956]	[0.0779]	[0.132]	[0.168]	[0.151]	[0.178]	[0.123]	[0.121]	[0.123]	[0.123]
budget	-0.106*** [0.0363] 0.0912***	[0.0367]	-0.108*** [0.0365]	-0.0184 [0.0434] 0.0979***	-0.0932** [0.0366]	-0.077 [0.0569] 0.0910***	-0.00081 [0.0674] 0.0985***	-0.121 [0.0826] 0.0864***	-0.023 [0.0983] 0.0960***	-0.123** [0.0582] 0.0905***	-0.121** [0.0584] 0.0918***	-0.119** [0.0587]	-0.119** [0.0588]
size indicator ratio of local	[0.00805]	0.0854*** [0.00799]	0.0893*** [0.00807]	[0.00985]	0.0929*** [0.00805]	[0.0128]		[0.0180]	[0.0219]	[0.0127]	[0.0127]	0.0926*** [0.0127]	0.0927*** [0.0128]
population with higher education	0.00154 [0.00105]	0.00397*** [0.00109]					-0.00113 [0.00222]		-0.00131 [0.00313]	0.00147 [0.00166]			
Munic. Belongs to special program for the least developed													
33 small regions (LHH)	0.0416***		0.0418***	0.0624***			0.0600***		0.0631**		0.0368***		0.0357***
2004 dummy	[0.00831] 0.0333*** [0.0115]	[0.00862] 0.0341*** [0.0115]	[0.00837] 0.0337*** [0.0116]		[0.00842] 0.0342*** [0.0115]	[0.0132] 0.00366 [0.00990]		[0.0187]	[0.0251]	[0.0132]	[0.0132]	[0.0133]	[0.0132]
2005 dummy	0.0289*** [0.0110]	0.0290*** [0.0110]	0.0292*** [0.0111]	0.0137 [0.0137]	0.0296*** [0.0110]								
2006 dummy 2007 dummy	0.0223** [0.0105] 0.00997	0.0218** [0.0105] 0.00985	0.0225** [0.0106] 0.0101	[0.0131]	0.0227** [0.0105] 0.0102					0.0125	0.012	0.0125	0.0128
Northern Hungary re	[0.00996]	[0.00989] 0.116***	[0.00998]	[0.0124]	[0.00997]							[0.0103]	[0.0103]
North great Plain Re	egion	[0.0130] 0.137*** [0.0131]											
South Great Plain F		0.113*** [0.0126]											
Central Transdanub		0.00771 [0.0133] 0.0450***											
Western Transdanu Southern Transdanu		0.0450*** [0.0133] -0.008											
Constant	-1.111*** [0.0924]	[0.0137] -0.911***	-1.115*** [0.0936]	-1.237*** [0.115]	-1.086*** [0.0928]	-1.156*** [0.153]		-1.029*** [0.207]	-1.194*** [0.251]	-1.101*** [0.148]	-1.072*** [0.149]	-1.051*** [0.148]	-1.036*** [0.149]
Observations R-squared Robust standard err		0.241	15680 0.229							6260 0.23		6252 0.232	

Probability models for receiving EU SFgrants and political colors 2004-2008 - Probit estimation marginal effects

Probability models for rec	ceiving EU SFo -1	grants and -2							-9	-10	-11	-12	-13
dep.var.:gotgrant_all		all 4	years 2004-0	08	-5	first cycle		election y	ear 2006	2007-08		-12	-13
LABELS	Pooled - basemodel	region dummies	swingvoters _2002		ol.color	swing	same	swing	same color	local elec.close	parl. elec.close	same p	pol.color
<i>political vars.:</i> closeness of 2002 parliamentary elections			 0.00127*** [0.000466]			0.00127* [0.000736]		0.0013 [0.00104]				·	
MP got elected in the second round of the			0.0272**			0.0289*		0.027					
MP same color as central goverment 2002			[0.0108]	0.00142		[0.0170]	0.00202	[0.0241]	0.00059				
MP reelected for more than 1 term 2002				[0.00972] -0.0411***			[0.0154] -0.0415***		[0.0218] -0.0411*				
mayor political color same as central government 2002				[0.0101] -0.0221***			[0.0159] -0.0218***		[0.0225]				
MP same color as central goverment 2006				[0.00429]	0.0354***		[0.00682]		[0.00954]			0.0348***	
MP reelected for more than 1 term 2006					[0.00646] -0.0492***							[0.0102] -0.0493***	[0.0102]
mayor political color same as central					[0.00697] 0.0962***							[0.0111] 0.0964***	0.0951***
government 2006 closeness of 2006 local elections					[0.0155]					0.0473***		[0.0246]	[0.0251]
closeness of 2006 parliamentary elections										[0.0146]	-0.0003 [0.000798]		
MP got elected in the second round of the election 2006											0.0390***		
Number of terms Member of Parliament reelected 2006											[0.0137]		-0.0123***
<i>socioecon.controls:</i> In_population	0.176***	0.161***	0.176***	0.192***		0.177***	0.192***	0.173***	0.191***	0.178***	0.174***	0.173***	[0.00380] 0.172***
In per capita local Personal Income Tax	[0.00622] 0.0361***	[0.00635] 0.0334***	[0.00626] 0.0376***	[0.00785] 0.0476***	0.0339***	0.0401***	[0.0125] 0.0454***	[0.0139] 0.0373*	[0.0175] 0.0496*	[0.00999] 0.0323*	[0.00981] 0.0325*	[0.00977] 0.0303*	[0.00978] 0.0283
% of young population	[0.0101] 0.0178 [0.0872]	[0.0102] -0.091 [0.0869]	[0.0101] 0.0158 [0.0873]	[0.117]	-0.00286 [0.0868]	[0.0149] 0.0479 [0.142]	[0.190]	[0.188]	[0.256]	[0.0175] 0.0232 [0.136]	[0.137]	[0.135]	[0.135]
% of old population	0.707*** [0.0649]	0.510*** [0.0662]	0.693*** [0.0648]	0.668*** [0.0863]		0.725*** [0.106]	0.706*** [0.141]	0.653*** [0.142]	0.653*** [0.191]	0.688*** [0.102]	0.715*** [0.101]	0.730*** [0.102]	0.696*** [0.101]
% of own resources in LG budget	0.0166 [0.0394]	[0.0395]	[0.0392]	0.0494 [0.0462]	0.031 [0.0392]	0.0453 [0.0623]	0.0637 [0.0728]	[0.0878]	0.0497 [0.104]	[0.0624]	[0.0624]	[0.0622]	0.00599 [0.0625]
size indicator	-0.0726*** [0.0100]	-0.0725***	-0.0757***	-0.0506*** [0.0124]	-0.0664***	-0.0741***	-0.0502** [0.0195]	-0.0784*** [0.0225]	-0.0520* [0.0277]	-0.0729*** [0.0159]	-0.0706*** [0.0159]	-0.0667*** [0.0158]	-0.0656*** [0.0158]
ratio of local population with higher education	0.00700*** [0.00144]	0.00856*** [0.00140]	0.00695*** [0.00146]				0.00413 [0.00276]				* 0.00681*** [0.00229]		
Munic. Belongs to special program for the least developed 33 small													
regions (LHH) <i>dummies:</i>	0.0327*** [0.00747]	[0.00889]		0.0517*** [0.0106]	[0.00789]	[0.0120]	0.0493*** [0.0168]	[0.0334**	0.0511** [0.0236]	0.0356*** [0.0118]	[0.0121]		0.0223* [0.0122]
2004 year dummy 2005 dummy	-0.0276** [0.0132] -0.0222*	-0.0248* [0.0132] -0.0203	-0.0289** [0.0132] -0.0233*	-0.0373** [0.0165] -0.0305*	-0.0258** [0.0130] -0.0207*	-0.00562 [0.0101]	-0.00627 [0.0128]						
2006 dummy	-0.0222 [0.0124] -0.0156	[0.0124] -0.0146	[0.0124] -0.0164	[0.0156] -0.0215	[0.0122] -0.0145								
2007 dummy	[0.0114] -0.00855	[0.0114] -0.00791	[0.0115] -0.00892	[0.0145] -0.0111	[0.0113] -0.00803								-0.00665
Northern Hungary region	[0.0104]	[0.0104] 0.110*** [0.0128]	[0.0104]	[0.0133]	[0.0103]					[0.0108]	[0.0107]	[0.0106]	[0.0107]
North great Plain Region		0.126*** [0.0115]											
South Great Plain Region Central Transdanubia		0.134*** [0.0103] 0.0313*											
Western Transdanubia		[0.0161] 0.0828***											
Southern Transdanubia		[0.0140] 0.0495*** [0.0157]											
Observations	15720		15680	9920	15630	6272	3968	3136	1984	6260	6280	6252	6252
Percent correctly classified Robust standard errors in brackets		79.34	78.65	78.39	78.52	78.7	78.33	78.57	77.92	78.63	78.73	78.69	78.82

Probability models for Loca	al Goverme -1					ors 2004-2 -6	008 - Linea -7			-10	-11	-12	-13
dep.var.: gotgranr LG LABELS	-		4 years 200	4-08	-	first cycle swing		election y swing	ear 2006	2007-08 (local elec.)			
political vars.:		crogion dan	groto	came pone		String	came	oning	came poi				
closeness of 2002 parliament	tary electior	ns	0.00415***			0.00416***		0.00420***					
MP got elected in the second	l round of		[0.000525] 0.0832***			[0.000831] 0.0843 ***		[0.00118] 0.0834***					
the election 2002			[0.0114]			[0.0181]		[0.0256]					
MP same color as central g	joverment 2	2002		0.0677***			0.0684***		0.0661***				
MP reelected for more than 1	1 torm 2002			[0.0107] -0.0388***			[0.0169] -0.0389**		[0.0240] -0.0401				
WF reflected for more than	r term 2002			[0.0117]			[0.0185]		[0.0261]				
mayor political color same as	s central gov	vernment 20	002	-0.0166***			-0.0164***		-0.0170**				
MP same color as central g	overment	2006		[0.00347]	0.0205***		[0.00549]		[0.00779]			0.0208*	0.0243**
Mir same color as central g	joverment	2000			[0.00747]							[0.0118]	[0.0118]
MP reelected for more than 1	1 term 2006	;			-0.0618***							-0.0621***	
mayor political color same as		vernment 20	006		[0.00921] 0.0052							[0.0146] 0.00595	0.00602
	sonnai gov	. Smillent Z			[0.0164]							[0.0260]	[0.0259]
closeness of 2006 local elect	ions				-					0.0577***		-	-
closeness of 2006 parliament	tary election	ns								[0.0172]	0.000418		
sisseness of 2000 pariamen											[0.000932]		
MP got elected in the second	nd round o	of the electi	on 2006								0.0421***		
Number of terms Member of	Parliament	reelected 2	2006								[0.0157]		-0.00934**
	2												[0.00450]
socioecon.controls:	0 170***	0 150***	0 170***	0.156***	0.172***	0.175***	0.150***	0 170***	0 15 4***	0 175***	0 170***	0 171+++	0.170***
In_population	0.173*** [0.00580]	0.152*** [0.00608]	0.172*** [0.00584]		0.172***	0.175*** [0.00924]	0.156*** [0.0115]	0.170*** [0.0131]	0.154*** [0.0161]	0.175*** [0.00938]	0.172*** [0.00921]	0.171*** [0.00928]	0.170*** [0.00929]
In per capita local personal													
income tax base	0.0229**	0.0211**	0.0279***	0.0467***	0.0243**	0.0377**	0.0519***	0.0214			0.0155		
% of young population	[0.0104] 0.350***	[0.0103] 0.171*	[0.0106] 0.386***	[0.0128] 0.598***	[0.0104] 0.368***	[0.0157] 0.407**	[0.0191] 0.689***	[0.0234] 0.412**	[0.0282] 0.589**	[0.0179] 0.361**	[0.0178] 0.330**	[0.0178] 0.346**	[0.0178] 0.333**
% of young population	[0.0991]	[0.101]	[0.0985]	[0.129]	[0.100]	[0.168]	[0.224]	[0.187]	[0.230]	[0.162]	[0.162]	[0.162]	[0.162]
% of old population	0.667***	0.419***	0.651***	0.592***	0.721***	0.636***	0.591***	0.656***	0.563***	0.713***	0.704***	0.746***	0.709***
% of own resources in LG	[0.0719]	[0.0757]	[0.0720]	[0.0953]	[0.0745]	[0.123]	[0.166]	[0.142]	[0.176]	[0.119]	[0.116]	[0.120]	[0.120]
budget	-0.143***	-0.0865**	-0.128***	-0.157***	-0.126***		-0.134*	-0.137		-0.166***	-0.151**	-0.151**	-0.155**
size indicator	[0.0396]	[0.0401] -0.0368***	[0.0397]	[0.0455]	[0.0398]	[0.0646]	[0.0742]	[0.0872]	[0.0999] -0.0586**	[0.0620]	[0.0618]	[0.0620]	[0.0622]
size indicator		-0.0368***			-0.0330*** [0.00879]	-0.0320** [0.0137]	-0.0566*** [0.0168]	-0.0362* [0.0194]	-0.0586** [0.0236]	-0.0355*** [0.0137]	-0.0320** [0.0137]	-0.0336** [0.0139]	-0.0333** [0.0139]
ratio of local population													
with higher education		0.00906***								0.00625***			
Munic. Belongs to special	[0.00118]	[0.00121]	[0.00118]	[0.00152]	[U.UU119]	[U.UU189]	[ປ.00241]	[0.00263]	[0.00338]	[0.00186]	[U.UU186]	[ບ.ບບ186]	[U.UU187]
program for the least													
developed 33 small	0.000	0.0000	0.005511	0.0400	0.000	0.0000	0.04655	0.00-01			0.0055	0.00.00	0.0000
regions (LHH)	0.0364***	0.00337 [0.00985]		0.0482*** [0.0135]		0.0329** [0.0146]	0.0436** [0.0215]	0.0370* [0.0207]		0.0414*** [0.0146]	0.0358** [0.0147]	0.0248* [0.0150]	0.0329** [0.0148]
dummies:	[0.00910]								[3.0001]	[0.0140]	[3.0147]	[3.0100]	[0.0140]
2004 dummy	-0.0185		-0.0225*	-0.0375**	-0.0195		-0.00794						
2005 dummy	[0.0134] -0.0144	[0.0133] -0.013	[0.0135]	[0.0168] -0.0303*	[0.0134] -0.0152	[0.0112]	[0.0141]						
	[0.0129]	[0.0128]	[0.0129]	[0.0161]	[0.0129]								
2006 dummy	-0.0097												
2007 dummy	[0.0121] -0.00527	[0.0120] -0.00486	[0.0121] -0.00642		[0.0121] -0.00558					-0.00348	-0.00356	-0.00345	-0.00308
	[0.0113]	[0.0113]	[0.0113]		[0.0113]					[0.0118]			[0.0118]
Northern Hungary region		0.111***											
North great Plain Region		[0.0176] 0.116***											
		[0.0184]											
South Great Plain Region		0.124***											
Central Transdanubia Regior	r	[0.0188] -0.0216											
_		[0.0174]											
Western Transdanubia Regio	on	0.0325*											
Southern Transdanubia Regi	on	[0.0172] 0.00602											
5		[0.0175]											
Constant	-0.887***			-0.755***		-1.111***	-0.832***		-0.731**		-0.879***		-0.811***
	[0.103]	[0.104]	[0.104]	[0.129]	[0.104]	[0.168]	[0.211]	[0.236]	[0.287]	[0.168]	[0.167]	[0.168]	[0.169]
Observations	15720												
R-squared	0.226	0.235	0.23	0.229	0.229	0.23	0.229	0.23	0.229	0.228	0.228	0.229	0.228
Robust standard errors in bra *** p<0.01, ** p<0.05, * p<0.1													
	•												

Probability models for Lo	ocal Goverme -1	ent receivin -2									11	-12	2 -13
dep.var.:gotgrant_LG	Pooled -		all 4 year	s 2004-08	-5	first cycle		election y	ear 2006	2007-08 local		-12	-15
LABELS	basemodel	region dummies	swingvote rs_2002	same p	ol.color	swing	same	swing	same color		parl. elec.close	sam	e color
political vars.: closeness of 2002 parliame	entary electior	IS	0.00588*** [0.000663]			0.00590*** [0.00105]	*	0.00594*** [0.00148]	*				
MP got elected in the second 2002	nd round of th	e election	0.106*** [0.0139]			0.108*** [0.0220]		0.107*** [0.0311]					
MP same color as central	goverment 2	2002	[0.0139]	0.0793***		[0.0220]	0.0803***	[0.0311]	0.0775***				
MP reelected for more than	n 1 term 2002			[0.0129] -0.0503***			[0.0204] -0.0501**		[0.0289] -0.0518				
mayor political color same 2002	as central gov	vernment		[0.0146] -0.0203*** [0.00626]			[0.0231] -0.0200**		[0.0327] -0.0208				
MP same color as central	goverment 2	2006		[0.00020]	0.0216** [0.00919]		[0.00994]		[0.0140]				0.0257* [0.0145]
MP reelected for more than	n 1 term 2006				-0.0831*** [0.0113]							-0.0828*** [0.0179]	[0.0145]
mayor political color same 2006	as central gov	vernment			0.0442 * [0.0254]							0.0455	5 0.0449 [0.0399]
closeness of 2006 local ele	ections				[0.0234]					0.0705*** [0.0211]		[0.0401]	[0.0333]
closeness of 2006 parliame	-									[0:02 11]	0.00121 [0.00118]		
MP got elected in the second 2006	nd round of th	e election									0.0554*** [0.0194]		
Number of terms Member of 2006	of Parliament	reelected											-0.0132** [0.00558]
<i>socioecon.controls:</i> In_population	0.214*** [0.00853]	0.195*** [0.00878]	0.216*** [0.00860]	0.195*** [0.0106]	0.213*** [0.00858]	0.219*** [0.0136]	0.197*** [0.0166]	0.212*** [0.0193]	0.193*** [0.0237]	0.215*** [0.0138]	0.213*** [0.0136]	0.211*** [0.0136]	0.209*** [0.0136]
In per capita local personal income tax base	0.0575*** [0.0146]	0.0552***	0.0656*** [0.0151]	0.0846*** [0.0185]	0.0591*** [0.0146]	0.0791***	0.0901*** [0.0277]	0.0550*	0.0795*	0.0483*	0.0486*	0.0481* [0.0249]	0.0455*
% of young population	0.482*** [0.137]	[0.0141] 0.290** [0.137]	0.552*** [0.138]	[0.0183] 0.787*** [0.183]	0.510*** [0.139]	[0.0228] 0.574** [0.226]	[0.0277] 0.910*** [0.297]	[0.0333] 0.617** [0.295]	[0.0410] 0.841** [0.394]	[0.0230] 0.485** [0.217]	[0.0249] 0.465** [0.218]	[0.0249] 0.466** [0.218]	[0.0248] 0.443** [0.217]
% of old population	0.946*** [0.100]	0.681*** [0.103]	0.944*** [0.101]	0.890*** [0.134]	1.025*** [0.104]	0.932*** [0.165]	0.912*** [0.219]	0.966*** [0.222]	0.889*** [0.294]	0.999*** [0.160]	0.981*** [0.157]	1.037*** [0.162]	0.978*** [0.161]
% of own resources in LG budget	-0.158*** [0.0505]	-0.0983* [0.0507]	-0.138*** [0.0506]	-0.184*** [0.0581]	-0.135*** [0.0506]	-0.101 [0.0813]	-0.156* [0.0936]	-0.153 [0.112]	6 -0.192 [0.128]	-0.188** [0.0793]	-0.172** [0.0793]	-0.170** [0.0793]	-0.172** [0.0795]
size indicator	-0.0742*** [0.0127]			-0.105*** [0.0156]	-0.0761*** [0.0129]	-0.0762*** [0.0203]		-0.0793*** [0.0288]		-0.0790*** [0.0203]			
ratio of local population with higher education	0.0125*** [0.00177]		0.0134*** [0.00179]						0.00965** [0.00479]				
Munic. Belongs to special program for the least developed 33 small													
regions (LHH)	0.0385*** [0.0115]	0.00364 [0.0124]	0.0376*** [0.0117]	0.0487*** [0.0170]	0.0201* [0.0118]	0.0337* [0.0185]	0.0425 [0.0269]	6 0.0385 [0.0261]	6 0.0488 [0.0378]	0.0454** [0.0182]	0.0399** [0.0183]	0.0235 [0.0187]	5 0.0343* [0.0184]
<i>dummies:</i> 2004 dummy	-0.0445***		-0.0509***			-0.0114		3					
2005 dummy	[0.0172] -0.0358**	[0.0171] -0.0340**	[0.0175] -0.0411**	[0.0217] -0.0539***		[0.0140]	[0.0176]						
2006 dummy	[0.0165] -0.0253		[0.0166] -0.0292*	[0.0206] -0.0386**	[0.0165] -0.0259*								
2007 dummy	[0.0154] -0.0132									-0.0111			
Northern Hungary region	[0.0142]	[0.0142] 0.160***	[0.0143]	[0.0179]	[0.0143]					[0.0150]	[0.0150]	[0.0150]	[0.0150]
North great Plain Region		[0.0217] 0.158*** [0.0229]											
South Great Plain Region		[0.0229] 0.169*** [0.0235]											
Central Transdanubia		[0.0235] 0.00537											
Western Transdanubia		[0.0224] 0.0914***											
Southern Transdanubia		[0.0220] 0.0516** [0.0226]											
Observations Percent correctly classified Robust standard errors in b *** $p < 0.01$, ** $p < 0.05$, * $p < 0.05$	orackets	15720 71.68	15680 71.01	9920 71.94									

Probability models for		JEU Region -1 -2) -11	-12	-13
dep.var.: gotgrant_ROF	:	all	4 years 200	4-08		first cycle			ear 2006	2007-08			
LABELS	Pooled -	baregion dur	r swingvoter	same pol.o	gotgrant_F	swing	same	swing	same colo	r local elec.	cparl. elec.o	same colo	or gotgrant_R
political vars.:	montonio	lastions	-0.00052			-0.00052		-0.00053					
closeness of 2002 parliar	nentary e	lections	[0.000439]			[0.000695]		[0.000982]					
MP got elected in the s	econd		0.0660***			0.0670***		0.0659***					
round of the election 2			[0.00968]			[0.0153]		[0.0217]					
MP same color as cent	ral gover	ment 2002		0.0320***			0.0325**		0.0314				
				[0.00959]			[0.0152]		[0.0215]				
MP reelected for more th	an 1 term	1 2002		0.00365			0.0036	5	0.00298				
mayor political color sam	1e as			[0.00992] -0.00335			-0.00329		[0.0222] -0.0034				
central government 2002				[0.00286]			[0.00452]		[0.00641]				
MP same color as cent		ment 2006			0.0364***							0.0350***	0.0349***
					[0.00653]							[0.0103]	[0.0103]
MP reelected for more th	an 1 term	n 2006			-0.00079							0.00363	3
mover political color com					[0.00757]							[0.0119]	0.0144
mayor political color sam central government 2006					0.0146 [0.0164]							0.0142 [0.0259]	[0.0259]
closeness of 2006 local e					[0.0104]					-0.0089)	[0.0200]	[0.0200]
										[0.0141]			
closeness of 2006 parli	amentary	/ elections									-0.00576**		
											[0.000758]	l	
MP got elected in the sec	cond roun	a of the elec	tion 2006								-0.0317**		
Number of terms Membe	er of Parlis	ament reelec	ted 2006								[0.0126]		-0.0033
			2000										[0.00367]
received funds from NF	T (first E	U cycle 200	4-2006)							0.0669***	0.0643***	0.0654***	0.0646***
										[0.0101]	[0.0101]	[0.0101]	[0.0101]
socioecon.controls:	0 1 1 1 + + + +	0 005 (***	0 100***	0 100***	0 1 1 1 1 1 1	0.100***	0 100***	0 107111	0.00001111	0 100***	0.0040111	0.100111	0.100***
In_population	0.114*** [0.00487]	0.0954***	[0.00492]	0.102*** [0.00601]	0.114*** [0.00491]	0.109*** [0.00784]	0.103*** [0.00957]	0.107*** [0.0109]	0.0996*** [0.0133]	0.102*** [0.00796]	0.0948*** [0.00793]	0.102*** [0.00794]	0.102*** [0.00795]
In per capita local pers			0.0597***	0.0631***	0.0534***	0.0545***	0.0608***	0.0637***	0.0660***	0.0598***	0.0613***	0.0605***	0.0600***
in per cupita local pero-	[0.00932]			[0.0110]	[0.00937]	[0.0142]	[0.0167]	[0.0196]	[0.0240]	[0.0154]	[0.0150]	[0.0154]	[0.0154]
% of young population	0.470***		0.431***	0.455***	0.449***	0.505***	0.489***	0.307	0.276	0.492***	0.357***	0.481***	0.481***
	[0.0852]	[0.0770]	[0.0859]	[0.116]	[0.0860]	[0.134]	[0.180]	[0.189]	[0.227]	[0.124]	[0.125]	[0.124]	[0.124]
% of old population	0.423***	0.206***	0.419***	0.334***	0.442***	0.473***	0.354***	0.338***		0.396***	0.335***	0.416***	0.417***
	[0.0555]	[0.0513]	[0.0556]	[0.0743]	[0.0580]	[0.0871]	[0.117]	[0.128]	[0.150]	[0.0801]	[0.0786]	[0.0809]	[0.0806]
% of own resources in LC	[0.0782	0.160*** [0.0338]	0.105*** [0.0346]	0.0706* [0.0395]	0.0796** [0.0352]	0.115** [0.0552]	0.0742	0.105 0.105 [0.0768]	0.0757 [0.0879]	[0.0550]	0.103* [0.0543]	0.0776 [0.0553]	0.0804 [0.0553]
size indicator	-0.115***		-0.113***	-0.133***	-0.110***	-0.112***	-0.133***	-0.114***	-0.136***	-0.117***	-0.115***	-0.113***	-0.113***
		[0.00742]		[0.00905]		[0.0119]	[0.0143]	[0.0168]	[0.0201]	[0.0119]	[0.0119]	[0.0121]	[0.0121]
ratio of local		** 0.00840***		0.00741***		0.0105***		* 0.0101***	0.00705**		* 0.0101***		* 0.00968***
population with	[0.00102]] [0.00101]	[0.00136]	[0.00104]	[0.00160]		[0.00226]			[0.00157]	[0.00162]	[0.00162]
Munic. Belongs to	0.0282***	* -0.0243***	0.0150*	0.0470***	0.0230***	0.0143	0.0452**	0.0165	0.0514*	0.0218*	0.00976	0.0182	2 0.0166
special program for the least developed 33													
small regions (LHH)	[0.00817]	[0.00913]	[0.00836]	[0.0122]	[0.00843]	[0.0132]	[0.0193]	[0.0186]	[0.0271]	[0.0129]	[0.0130]	[0.0132]	[0.0131]
dummies:	0.0111		0.0400	0.0405	0.0417+**	0.00-1	0.00765						
2004 dummy	-0.0411**	** -0.0509*** [0.0115]	-0.0462***	-0.0485*** [0.0144]		-0.0074 [0.00959]	-0.00793	•					
2005 dummy		0.0429***				[0.00909]	[3.0120]						
	[0.0112]	[0.0109]	[0.0111]	[0.0137]	[0.0112]								
2006 dummy	-0.0244**	* -0.0319***	-0.0278***	-0.0295**	-0.0248**								
	[0.0105]	[0.0102]	[0.0104]	[0.0130]	[0.0105]					/			
2007 dummy		21 -0.0158*	-0.0137							-0.0138			0 -0.0138 [0.0101]
Northern Hungary region	[0.00970]] [0.00945] -0.148***	[0.00967]	[0.0121]	[0.00974]					[0.0101]	[0.0100]	[0.0101]	[0.0101]
		[0.0164]											
North great Plain Region		-0.184***											
		[0.0172]											
South Great Plain Region	n	-0.214***											
Central Transdanubia Re	noion	[0.0184] -0.365***											
	9.011	[0.0152]											
Western Transdanubia R	Region	-0.318***											
		[0.0150]											
Southern Transdanubia F	Region	-0.244***											
Constant	-0.439***	[0.0158]	8 -0.467***	-0 307***	-0.482***	-0.520***	-0.354**	-0.460**	-0 265	-0.410***	-0.257*	-0.457***	-0.442***
Constant	[0.0890]	[0.0874]	[0.0893]	[0.109]		[0.147]	[0.178]	[0.202]	[0.245]	[0.141]	[0.142]	[0.142]	[0.143]
1													
Observations	1572				15630								
R-squared Robust standard errors ir	0.28 brackets		0.291	0.293	0.287	0.292	0.293	0.291	0.292	0.29	0.297	0.291	0.291
*** p<0.01, ** p<0.05, * p													

Probability models for receiving	g from EU <i>R</i> e -1		grants and p -3							-10	-11	-12	-13
dep.var.: gotgrant_ROP		all	years 2004-0		-5	ہ۔ first cycle		election y	ear 2006	2007-08		-12	-13
LABELS <i>political.vars.:</i>	Pooled - basemodel	region dummies	swingvoters _2002	same p	ool.color	swing	same	swing	same color	local elec.close	parl. elec.close	same p	ol.color
closeness of 2002 parliamentary elections			-0.000924* [0.000530]			-0.00092 [0.000839]		-0.00094 [0.00118]	L				
MP got elected in the second round of the election 2002			0.0808*** [0.0108]			0.0816*** [0.0170]		0.0810*** [0.0241]					
MP same color as central goverment 2002			[0.0100]	0.0413*** [0.0108]		[0.0110]	0.0421** [0.0171]	[0:02:11]	0.0409* [0.0242]				
MP reelected for more than 1 term 2002				0.00303			0.00341		0.00198				
mayor political color same as central government 2002				-0.00768			-0.00774 [0.00961]		-0.00754				
MP same color as central goverment 2006				[0.00003]	0.0453*** [0.00779]		[0.00301]		[0.0133]			0.0428*** [0.0122]	
MP reelected for more than 1 term 2006					0.00535 [0.00920]							0.0122 [0.0129 [0.0141]	[0.0121]
mayor political color same as central government 2006					0.00875							0.00728	0.00807 [0.0282]
closeness of 2006 local elections					[0.0.00]					-0.00701 [0.0180]		[3:3200]	[3.3232]
received funds from NFT (first EU cycle 2004-2006)										0.0928*** [0.0140]	0.0888*** [0.0139]		0.0902*** [0.0141]
closeness of 2006 parliamentary elections										[0.0140]	-0.00758** [0.00103]		[0.0141]
MP got elected in the second round of the election 2006											-0.0436*** [0.0162]		
Number of terms Member of Parliament reelected 2006											[0:0102]		-0.00336 [0.00446]
In_population	0.176*** [0.00724]		0.167*** [0.00732]	0.162*** [0.00921]		0.168*** [0.0116]	0.164*** [0.0147]	0.165*** [0.0162]	0.159*** [0.0200]	0.159*** [0.0117]	0.151*** [0.0117]	0.158*** [0.0117]	0.158*** [0.0117]
In per capita local personal income tax base	0.0386***		0.0477*** [0.0119]	0.0534***	0.0402***	0.0409**	0.0502**	0.0558**	0.0584* [0.0315]	0.0416** [0.0193]	0.0449**	0.0433**	0.0425** [0.0193]
% of young population	0.715***		0.650***	0.632***	0.674*** [0.144]	0.790***	0.726*** [0.276]	0.424 [0.260]		0.799***	0.629*** [0.189]	0.768***	0.769***
% of old population	[0.142] 0.625*** [0.109]	[0.119] 0.301*** [0.0895]	[0.141] 0.569*** [0.107]	[0.170] 0.411*** [0.133]	[0.144] 0.630*** [0.111]	[0.203] 0.674*** [0.155]	[0.276] 0.476** [0.211]	[0.200] 0.398** [0.201]		[0.191] 0.669*** [0.144]	[0.189] 0.584*** [0.137]	[0.130] 0.673*** [0.143]	[0.131] 0.676*** [0.143]
% of own resources in LG budget	0.0291 [0.0415]	0.144*** [0.0404]	0.0648 [0.0411]	0.0314 [0.0480]	0.0331 [0.0417]	0.0747 [0.0647]	0.034 [0.0757]	0.0699 [0.0917]	0.0411 [0.106]				0.0296 [0.0656]
size indicator	[0.0413] -0.0479*** [0.0105]	-0.0473***	[0.0411] -0.0464*** [0.0105]	-0.0688***	[0.0417] -0.0443*** [0.0105]	[0.0847] -0.0451*** [0.0166]	-0.0680*** [0.0208]	[0.0917] -0.0481** [0.0235]	[0.108] -0.0714** [0.0290]	[0.0655] -0.0487*** [0.0162]	[0.0651] -0.0452*** [0.0161]	-0.0451***	[0.0656] -0.0454*** [0.0163]
ratio of local population with higher education	0.0119***		0.0131***	0.00999***			0.0104***		0.00937**			0.0124***	
Munic. Belongs to special program for the least developed	[0.00133]	[0.00143]		[0.00175]					[0.00390]				
33 small regions (LHH) 2004 dummy	0.0387*** [0.0108] -0.0306**	[0.00995]		0.0566*** [0.0155] -0.0403**	0.0352*** [0.0109] -0.0314**	[0.0166]	0.0536** [0.0244] -0.00725	0.0292 [0.0235]	0.0636* [0.0342]	0.0267 [0.0166]		0.0253 [0.0166]	0.0225 [0.0164]
2005 dummy	[0.0136] -0.0249*		[0.0135] -0.0300**	[0.0167] -0.0334**	[0.0136] -0.0256*	[0.0117]							
2006 dummy	[0.0130]	[0.0127] -0.0224*	[0.0129] -0.0215*	[0.0161] -0.0243	[0.0131]								
2007 dummy	[0.0124] -0.00864	[0.0121]	[0.0123]	[0.0154]	[0.0125] -0.00901					-0.00937	-0.0101	-0.00977	-0.00959
Northern Hungary region	[0.0117]		[0.0116]		[0.0118]					[0.0123]		[0.0123]	
North great Plain Region		[0.0138] -0.123***											
South Great Plain Region		[0.0120] -0.143***											
Central Transdanubia Region		[0.0106] -0.229***											
Western Transdanubia Region		[0.00680] -0.236***											
Southern Transdanubia Region		[0.00913] -0.162*** [0.0117]											
Observations Percent correctly classified Robust standard errors in brackets	15720 80.57	15720		9920 80.19									6252 80.36

brackets

···· · · · · · · · · · · · · · · · · ·	ovt. receivi	ing EU Reg -2				lors 2004- 6-	2008 -Line 7-		on -9	-10	-11	-12	2 -13
dep.var.: gotgrant_LG_ROP	-	all 4	years 2004	-08	-5	first cycle		election y	ear 2006	2007-08			-13
LABELS	Pooled - basemodel	region dummies	swingvote rs_2002	pol.color		swing	same	swing	same color	local elec.close	parl. elec.close	same pol. color	
political vars.: closeness of 2002 parliamentary	elections		-0.00015			-0.00015		-0.00014					
MP got elected in the second	round of the	a election '	[0.000424]			[0.000671] 0.0526***		[0.000950] 0.0516**					
			[0.00943]			[0.0149]		[0.0211]					
MP same color as central gove	erment 2002	2		0.0360*** [0.00940]			0.0368** [0.0149]		0.0351* [0.0211]				
MP reelected for more than 1 ter	rm 2002			0.00488			0.00515 [0.0151]		0.00403				
mayor political color same as ce	entral govern	ment 2002		-0.00042			-0.00039	,	-0.00046				
MP same color as central gove	erment 2006	5		[0.00283]	0.0361***		[0.00448]		[0.00636]				0.0309***
MP reelected for more than 1 te	rm 2006				[0.00633] -0.0025							[0.00924] 0.0258**	[0.00922]
mayor political color same as ce		ment 2006			[0.00731] 0.00315							[0.0107] 0.00494	0.00497
		ment 2000			[0.0159]							[0.0231]	[0.0231]
closeness of 2006 local election	ons									-0.0226* [0.0126]			
closeness of 2006 parliamenta	ary elections	5								-	-0.00486** [0.000686]		
MP got elected in the second rou	und of the el	ection 2006	5								-0.0461***		
Number of terms Member of Pa	rliament reel	ected 2006									[0.0114]		0.00293
local goverment has recieved	funds from	NET								0.324***	0.322***	0.324***	[0.00332] 0.323 ***
_										[0.0108]	[0.0107]	[0.0108]	[0.0108]
	0.110***	0.0901***		0.0907***		0.107***	0.0919***	0.104***	0.0877***	0.0572***	0.0521***	0.0577***	
In per capita local personal	[0.00472]	[0.00485]	[0.00476]	[0.00580]	[0.00477]	[0.00752]	[0.00914]	[0.0107]	[0.0129]	[0.00669]	[0.00660]	[0.00663]	[0.00665]
income tax base	0.0603*** [0.00880]	0.0651*** [0.00857]	0.0680*** [0.00862]	0.0631*** [0.0106]	0.0616*** [0.00887]	0.0660*** [0.0126]	0.0629*** [0.0153]	0.0688*** [0.0194]	0.0642*** [0.0239]	0.0552*** [0.0140]	0.0561*** [0.0136]	0.0562*** [0.0140]	0.0568*** [0.0141]
% of young population	0.451***	0.143*	0.425***	0.508***	0.436***	0.487***	0.550***	0.323*	0.334	0.379***	0.274**	0.372***	0.377***
	[0.0815] 0.437***	[0.0742] 0.232***	[0.0820] 0.430***	[0.115] 0.362***	[0.0825] 0.461***	[0.128] 0.475***	[0.174] 0.385***	[0.182] 0.363***	[0.230] 0.253*	[0.115] 0.252***	[0.115] 0.197***	[0.114] 0.262***	[0.114] 0.278***
	[0.0521]	[0.0489]	[0.0521]	[0.0731]	[0.0546]	[0.0811]	[0.112]	[0.122]	[0.152]	[0.0750]	[0.0732]	[0.0757]	[0.0756]
budget	0.0630*	0.133***		0.0702*	0.0640*	0.0930*	0.0712			0.0931*	0.111**	0.0921*	0.0940*
	[0.0329] -0.123***	[0.0325] -0.121***	[0.0329] -0.122***	[0.0379] -0.141***	[0.0333] -0.118***	[0.0522] -0.120***	[0.0600] -0.140***	[0.0737] -0.123***	[0.0851] -0.143***	[0.0483] -0.102***	[0.0479] -0.102***	[0.0486] -0.0988***	[0.0485]
ratio of local population with	[0.00733]	[0.00729]	[0.00734]	[0.00877]	[0.00751]	[0.0116]	[0.0139]	[0.0164]	[0.0195]	[0.0104]	[0.0104]	[0.0106]	[0.0106]
higher education	0.00852***												* 0.00698***
Munic. Belongs to special	[0.00102]	[0.000996]	[0.00102]	[0.00134]	[0.00104]	[0.00161]	[0.00210]	[0.00228]	[0.00300]	[0.00145]	[0.00143]	[0.00147]	[0.00147]
program for the least developed 33 small regions													
(LHH)	0.0423***		0.0320***			0.0305**	0.0662***		0.0740***			0.0236**	0.0200*
2004 dummy	-0.0468***	-0.0484***	[0.00808] -0.0523***	-0.0488***		[0.0127] -0.00877		[0.0181]	[0.0268]	[0.0114]	[0.0115]	[0.0117]	[0.0116]
	[0.0112] -0.0388***	[0.0110] -0.0407***	[0.0111] -0.0435***	[0.0138] -0.0406***	[0.0113] -0.0395***	[0.00922]	[0.0116]						
-	[0.0107] -0.0280***	[0.0105]	[0.0106] -0.0316***	[0.0133]	[0.0108] -0.0286***								
-	[0.0101]	[0.00988]	[0.0100]	[0.0125]	[0.0101]								
2007 dummy	-0.0139 [0.00936]		-0.0156* [0.00934]	-0.0143 [0.0117]	-0.0142 [0.00940]					-0.0127 [0.00907]	0.0129 [0.00899]		
Northern Hungary region	-	-0.0161 [0.0172]	-	-	-					-	-	-	-
North great Plain Region		-0.0577***											
South Great Plain Region		[0.0179] -0.0819***											
Central Transdanubia Region		[0.0190] -0.220***											
_		[0.0160] -0.183***											
Western Transdanubia Region		[0.0157]											
Southern Transdanubia Region		-0.112*** [0.0165]											
	-0.423*** [0.0859]			-0.246** [0.105]	-0.467*** [0.0875]	-0.539*** [0.138]	-0.311* [0.167]	-0.447** [0.198]	-0.194 [0.239]	-0.207*	-0.0712 [0.123]	-0.278**	-0.274**
										[0.123]		[0.124]	[0.125]
Observations R-squared	15720 0.294	15720 0.317	15680 0.297	9920 0.296	15630 0.295	6272 0.297	3968 0.296						
Robust standard errors in bracket **** p<0.01, *** p<0.05, ** p<0.1	ets												

Probability models for L	ocal Gov. re. -1	ceiving EU -2		P grants aı -4		colors 200 -6				ginal effect -10		-12	-13
dep.var.: gotgrant_LG_F	ROP	all 4 years	2004-08			first cycle		election y	ear 2006	2007-08		-12	-13
LABELS	Pooled - basemodel	region dummies	swingvoters _2002	same p	ol.color	swing	same	swing	same color	local elec.close	parl. elec.close	same p	ol. color
<i>political vars.:</i> closeness of 2002 parliam	entary election	ons	-0.000501			-0.00049		-0.00052					
MP got elected in the seco			[0.000496]			[0.000786] 0.0635***		[0.00111] 0.0628***					
MP same color as centra	al goverment	t 2002	[0.0102]	0.0450***		[0.0162]	0.0461***	[0.0229]	0.0442*				
MP reelected for more that	an 1 term 200	2		[0.0103] 0.0056			[0.0162] 0.00629		[0.0229] 0.00419				
mayor political color same	e as central g	overnment 2	2002	[0.0113] -0.00336			[0.0178] -0.00346		[0.0252] -0.00319				
MP same color as centra	al goverment	t 2006		[0.00549]	0.0437***		[0.00873]		[0.0123]			0.0390***	
MP reelected for more that	an 1 term 200	6			[0.00732] 0.00414							[0.0107] 0.0342*** [0.0108]	[0.0107]
mayor political color same	e as central g	overnment	2006		[0.00856] -0.00996 [0.0155]								-0.00381 [0.0215]
closeness of 2006 local el	ections				[0.0133]					-0.0255 [0.0160]		[0.0214]	[0.0213]
local goverment has rec	ieved funds	from NFT								[0.0180] 0.332 *** [0.0112]	0.329*** [0.0111]	0.333*** [0.0112]	0.331*** [0.0111]
closeness of 2006 parlia	mentary elec	ctions								[3.0112]	-0.00584** [0.000884]	*	[3.5111]
MP got elected in the seco	ond round of	the election	2006								-0.0513*** [0.0139]		
Number of terms Member	of Parliamer	nt reelected	2006										0.00402 [0.00376]
socioecon.controls:													
In_population	0.171*** [0.00680]	0.144*** [0.00701]	0.164*** [0.00689]	0.145*** [0.00874]	0.171*** [0.00686]	0.166*** [0.0109]	0.147*** [0.0139]	0.161*** [0.0152]	0.141*** [0.0189]		0.0908*** [0.00978]		
In per capita local personal income tax													
base	0.0397*** [0.0111]	0.0392*** [0.00979]	0.0493*** [0.0113]	0.0464*** [0.0136]	0.0417*** [0.0111]	0.0486*** [0.0166]	0.0467** [0.0201]	0.0520** [0.0248]	0.0485 [0.0295]	0.0192	0.0213 [0.0156]	0.0217	0.0227 [0.0162]
% of young population	0.686*** [0.137]	0.191*	0.638*** [0.134]	0.682***	0.653*** [0.139]	0.755***	0.794***	0.435* [0.246]		0.584*** [0.169]	0.452***	0.552***	0.562***
% of old population	0.613*** [0.105]	0.280*** [0.0832]	0.561*** [0.102]	0.417*** [0.133]	0.621*** [0.107]	[0.192] 0.647*** [0.144]	[0.238] 0.489** [0.202]	[0.240] 0.405** [0.191]		0.467*** [0.131]	0.397*** [0.127]	0.450*** [0.131]	[0.109] 0.479*** [0.131]
% of own resources in LG budget		0.0973***	0.0262	0.0267		0.0368							0.0104
size indicator	[0.0386] -0.0399*** [0.00975]	[0.0368] -0.0411*** [0.00962]	[0.0383] -0.0390***	[0.0449] -0.0658*** [0.0123]	[0.0388] -0.0376***	[0.0599] -0.0376** [0.0155]	[0.0700] -0.0646*** [0.0196]	[0.0860]	[0.101] -0.0687** [0.0272]	[0.0590] -0.0273** [0.0136]	[0.0584] -0.0280** [0.0134]	[0.0587] -0.0257* [0.0136]	[0.0588] -0.0256* [0.0136]
ratio of local population													
	0.0103*** [0.00125]	0.0115*** [0.00129]		0.0100*** [0.00164]							0.00856*** [0.00176]		0.00817***
Munic. Belongs to special program for the													
least developed 33 small regions (LHH)	0.0533***		0.0434***	0.0820***		0.0408**	0.0768***		0.0902***	0.0186			0.0181
2004 dummy	[0.0103] -0.0310**	[0.00926] -0.0279**	[0.0101] -0.0372***	[0.0152] -0.0357**	[0.0104] -0.0321**		[0.0238] -0.00706	[0.0226]	[0.0337]	[0.0141]	[0.0138]	[0.0143]	[0.0141]
2005 dummy	[0.0126] -0.0252**	[0.0119] -0.0234**	[0.0124] -0.0306**	[0.0155] -0.0294*	[0.0126] -0.0262**	[0.0109]	[0.0138]						
2006 dummy	[0.0121] -0.0178		[0.0120] -0.0221*	[0.0150] -0.0212	[0.0122] -0.0186								
2007 dummy	[0.0116] -0.00886	[0.0110] -0.00874 [0.0106]		-0.0102						-0.00433			-0.00511
Northern Hungary region	[0.0109]	[0.0106] 0.0485*** [0.0162]	[0.0109]	[0.0137]	[0.0110]					[0.0107]	[0.0106]	[0.0107]	[0.0107]
North great Plain Region		-0.0107											
South Great Plain Region		-0.0375*** [0.0142]											
Central Transdanubia Reg	jion	-0.143*** [0.00845]											
Western Transdanubia Re	egion	-0.147***											
Southern Transdanubia Ro	egion	[0.0100] -0.0508*** [0.0135]											
Observations Percent correctly classified	15720 82.21			9920 81.88									
Robust standard errors in *** p<0.01, ** p<0.05, * p<	brackets	01.08	02.34	80.10	oz.16	02.32	61.91	02.37	01.05	04.44	04.33	04.1	04.12

Chances for Local Govt. rece	ອiving EU fu -1	unds and p -2					-7
depvar.: gotgrant_LG	- •		_	+	-5 I	_	- /
LABELS	10-50000		PM 1000-5000	under1000	5-10000	Probit 1000-5000	under1000
MP same color as central							
goverment 2002	-0.0275 ** [0.0120]	- 0.108 *** [0.0286]	0.0149 [0.0179]	0.0914 *** [0.0171]	- 0.0898 *** [0.0304]	0.0136 [0.0187]	0.0961 *** [0.0184]
MP same color as central goverment 2006	0.00211 [0.00271]	-0.0292 [0.0234]	0.0142 [0.0161]	-0.00514 [0.0119]	-0.0196 [0.0207]	0.0148 [0.0169]	-0.00966 [0.0126]
mayor political color same							
as central government 2006	-0.0170** [0.00761]	0.0661** [0.0278]	-0.0119 [0.0290]	0.131*** [0.0434]	0.0442 *** [0.0161]	-0.0128 [0.0309]	0.130*** [0.0455]
In_population	- 0.0176 ** [0.00811]	0.155***	0.244*** [0.0146]	0.135*** [0.00889]	0.153***	0.256***	0.146*** [0.00979]
In per capita local personal	[0.00011]	[0.0400]	[0.0140]	[0.00003]	[0.0440]	[0.0102]	[0.00575]
income tax base	0.00102 [0.00214]	[0.0270]	0.0699*** [0.0194]	[0.0219]	0.0410** [0.0209]	0.0719*** [0.0209]	0.0166 [0.0227]
% of young population	0.781** [0.340]	1.962*** [0.598]	0.899*** [0.249]	0.244** [0.112]	1.819*** [0.454]	0.943*** [0.268]	0.274** [0.132]
% of old population	0.399** [0.178]	2.931*** [0.475]	0.973*** [0.221]	0.586*** [0.0822]	2.595*** [0.396]	1.003*** [0.230]	0.658*** [0.0960]
% of own resources in LG							
budget	0.0559** [0.0260]	0.277* [0.142]	-0.0257 [0.0738]	-0.214*** [0.0537]	0.257** [0.118]	-0.0238 [0.0770]	- 0.240 *** [0.0587]
ratio of local population							
with higher education	0.00259** [0.00115]	0.00617** [0.00258]	0.00319 [0.00226]	0.0180*** [0.00207]	0.00550** [0.00226]	0.00364 [0.00245]	0.0179*** [0.00210]
Munic. Belongs to special program for the least developed 33 small regions							
(LHH)	0.0130** [0.00616]	-0.0746** [0.0333]	0.0676*** [0.0170]	0.0173 [0.0121]	-0.0750** [0.0362]	0.0711*** [0.0178]	0.0136 [0.0128]
2004 dummy	-0.0019 [0.0113]		-0.0518** [0.0239]	-0.0221 [0.0223]		-0.0542** [0.0258]	-0.0151 [0.0226]
2005 dummy	-0.00157 [0.0112]		-0.0427*	-0.0169 [0.0207]		-0.0444* [0.0246]	-0.0109
2006 dummy	-0.00032						
2007 dummy	-0.00022 [0.0113]						
Constant	[0.0113] 0.924*** [0.0457]	[0.0343] -1.605*** [0.499]	[0.0202] -1.865*** [0.144]	[0.0158] -0.853*** [0.131]	[0.0280]	[0.0213]	[0.0103]
Observations R-squared	610 0.066					5650	8565
Robust standard errors in brack *** p<0.01, ** p<0.05, * p<0.1	(ets			-	T		

note: in the case of cities >50000 for LPM, and >10000 for probit:MP_gov_02=1 and In_population > 6.907755 predicts success perfectly, thus regressions do not run

Chances for Local Govt. receiving EU ROP funds and political color by municipality size

LABELS 10-50000 5-10000 1000-5000 under1000 10-50000 5-10000 1000-5000 under1000 MP same color as central goverment 2002 -0.0244 -0.170*** 0.0172 0.0105 -0.0133 -0.167*** 0.0216 0.0021 MP same color as central goverment 2006 0.00835 0.0477 0.0314** 0.0369*** 0.00142 0.0575 0.0337** 0.0346** Mayor political color same as central government 2006 0.00178 -0.0236 0.0467 -0.04463 [0.00803] [0.0276] [0.0489] [0.0278] [0.00770] [0.0913] [0	L. L.
MP same color as central goverment 2002 -0.0244 -0.170*** 0.0172 0.0105 -0.0133 -0.167*** 0.0216 0.0025 MP same color as central goverment 2006 0.000835 0.0477 0.0314** 0.0369*** [0.0044] [0.0140] [0.0158] 0.00887] [0.0443] [0.0142] 0.0575 0.0337** 0.0346** mayor political color same as central government 2006 -0.0146 -0.00178 -0.0236 0.0467 [0.00406] [0.0278]	
goverment 2002 -0.0244 -0.170*** 0.0172 0.0105 -0.0133 -0.167*** 0.0216 0.0021 MP same color as central goverment 2006 0.000835 0.0477 0.0314** 0.0369*** [0.0044] [0.0180] [0.0180] [0.0043] [0.0143] [0.0184] [0.00856] mayor political color same as central government 2006 -0.0146 -0.0178 -0.0236 0.0467 [0.00407] [0.0184] [0.00735] [0.0043] [0.0164] [0.00735] mayor political color same as central government 2006 -0.0146 -0.0178 -0.026 0.0467 [0.00490] [0.0489] [0.0278] [0.0279] [0.0154] [0.0480] [0.0276] [0.0309] [0.00567] [0.0489] [0.0278] [0.0229] [0.0153] [0.0186] [0.486] [0.0286] [0.00567] [0.0489] [0.0278] [0.0278] [0.0153] [0.0186] [0.0286] [0.0148] [0.00567] [0.0489] [0.0278] [0.0278] [0.0153] [0.0480] [0.0275] [0.00567] [0.0485] [0.0268] [0.0268] [0.00567] [0.00567]	000
[0.0200] [0.0444] [0.0180] [0.0119] [0.00887] [0.0494] [0.0184] [0.00856] MP same color as central government 2006 0.000835 0.0477 0.0314** 0.0369*** [0.00808] [0.0142] 0.0575 0.0337** 0.0346** mayor political color same as central government 2006 -0.0146 -0.00178 -0.0236 0.0467 [0.00567] [0.0489] [0.0278] [0.0229] In_population 0.0186 0.148* 0.239*** 0.0867*** [0.00735] [0.0278] [0.0276] [0.0276] [0.00567] [0.0489] [0.0278] [0.0276] [0.0276] [0.0276] [0.0276] [0.0276] [0.0276] [0.0276] [0.0276] [0.0276] [0.0276] [0.0276] [0.0276] [0.0276] [0.0575] [0.0575]	
MP same color as central goverment 2006 0.000835 0.0477 0.0314** 0.0369*** 0.00142 0.0575 0.037** 0.0346** mayor political color same as central government 2006 -0.0146 -0.00178 -0.0236 0.0467 [0.00407] [0.0480] [0.0276] [0.0309] -0.00406 0.000824 -0.0256 0.0229] In_population 0.0186 0.148* 0.239*** 0.0867*** [0.00567] [0.0489] [0.0278] [0.0229] In per capita local personal income tax base -0.00365 0.0949 0.0389** 0.0456*** [0.00770] [0.0913] [0.026] [0.0154] % of old population 0.341 3.324*** 1.203*** 0.189** [0.20757] -0.0259** 0.0885 0.0487** 0.0369** % of old population 0.341 3.324*** 1.203*** 0.189** [0.209] [1.045] [0.269] [0.0782] % of own resources in LG 0.052 0.702*** -0.0272 -0.00892 0.016 0.674*** -0.0355 -0.0 % of own resources in LG 0.052 0.702*** -0.0272 -0.00892 <td< td=""><td>-</td></td<>	-
goverment 2006 0.000835 0.0477 0.0314** 0.0369*** 0.00142 0.0575 0.0337** 0.0346** mayor political color same as central government 2006 -0.0146 -0.00178 -0.0236 0.0467 [0.00803] [0.00463] [0.0164] [0.0735] In_population -0.0146 -0.00178 -0.0236 0.0467 -0.00406 0.000824 -0.0256 0.0229] In per capita local personal income tax base -0.00365 0.0949 0.0389** 0.0456*** [0.00770] [0.0913] [0.0276] [0.0369] % of young population 0.341 3.324*** 1.203*** 0.189*** 0.4557** 3.540*** 1.237*** 0.188** [0.505] [0.789] [0.211] [0.0481] [0.227] [0.0782] -0.0244 1.723** 0.994*** 0.252*** % of own resources in LG 0.052 0.072*** -0.0272 -0.00892 0.016 0.674*** -0.0355 -0.0	6]
mayor political color same as central government 2006 [0.0140] [0.0417] [0.0158] [0.00808] [0.00490] [0.0463] [0.0164] [0.0738] in_population -0.0146 -0.00178 -0.0236 0.0467 [0.00567] [0.0489] [0.0278] [0.0229] in_population 0.0186 0.148* 0.239*** 0.0867*** [0.00770] [0.0913] [0.0155] [0.00567] In per capita local personal income tax base -0.00365 0.0949 0.0389** 0.0456*** [0.00770] [0.0913] [0.0266] [0.0154] % of young population 0.341 3.324*** 1.203*** 0.189** [0.457** 3.540*** 1.237*** 0.188** [0.638] [0.984] [0.254] [0.0757] [0.209] [1.045] [0.269] [0.0782] % of own resources in LG 0.052 0.72*** -0.0272 -0.00892 0.016 0.674*** -0.0355 -0.0	
mayor political color same as central government 2006 -0.0146 -0.00178 -0.0236 0.0467 -0.00406 0.000824 -0.0256 0.0249 In_population 0.0186 0.148* 0.239*** 0.0867*** 0.00535 0.148 0.2295 In per capita local personal income tax base -0.00365 0.0949 0.0389** 0.0456*** -0.0259** 0.0885 0.0487** 0.00535 0.148 0.239** % of young population 0.341 3.324*** 1.203*** 0.189** 0.456*** -0.0259** 0.0885 0.0487** 0.0369** % of old population 0.341 3.324*** 1.203*** 0.189** 0.457** 3.540*** 1.237*** 0.188** [0.638] [0.984] [0.254] [0.0757] [0.209] [1.045] [0.269] [0.0782] % of own resources in LG 0.0552 0.702*** -0.0272 -0.00892 0.016 0.674*** -0.0355 -0.0	**
central government 2006 -0.0146 -0.00178 -0.0236 0.0467 -0.00406 0.000824 -0.0256 0.0249 In_population 0.0186 0.148* 0.239*** 0.0867*** [0.00567] [0.0489] [0.0278] [0.0229] In per capita local personal income tax base -0.00365 0.0949 0.0389** 0.0456*** [0.00770] [0.0913] [0.0155] [0.00567] % of young population 0.341 3.324*** 1.203*** 0.189** 0.0456*** [0.0118] [0.0206] [0.0154] % of old population -0.349 1.662** 0.957*** 0.280*** [0.269] [0.168] [0.299] [0.168] [0.227] [0.0774] % of own resources in LG 0.052 0.702*** -0.0272 -0.00892 0.016 0.674*** -0.0355 -0.0 % of own resources in LG 0.052 0.702*** -0.0272 -0.00892 0.016 0.674*** -0.0355 -0.0	5]
In_population [0.0154] [0.0480] [0.0276] [0.0309] [0.00567] [0.0489] [0.0278] [0.0229] In_population 0.0186 0.148* 0.239*** 0.0867*** [0.00535] 0.148 0.244*** 0.0935** In per capita local personal income tax base -0.00365 0.0949 0.0389** 0.0456*** -0.0259** 0.0885 0.0487** 0.0369** % of young population 0.341 3.324*** 1.203*** 0.189** 0.457** 3.540*** 1.237*** 0.188** % of old population -0.349 1.662** 0.957*** 0.280*** 0.0244 1.723** 0.994*** 0.252*** % of own resources in LG 0.052 0.702*** -0.0272 -0.00892 0.016 0.674*** -0.0355 -0.0	
In_population 0.0186 0.148* 0.239*** 0.0867*** 0.00535 0.148 0.244*** 0.0935** In per capita local personal income tax base -0.00365 0.0949 0.0389** 0.0456*** -0.0259** 0.0885 0.0487*** 0.0369** % of young population 0.341 3.324*** 1.203*** 0.189** 0.457*** 1.00584] 0.0206] [0.0154] % of old population 0.341 3.324*** 1.203*** 0.189** 0.457** 3.540*** 1.237*** 0.188** [0.638] [0.984] [0.254] [0.0757] [0.209] [1.045] [0.269] [0.0782] % of own resources in LG 0.052 0.702*** -0.0272 -0.00892 0.016 0.674*** -0.0355 -0.0	265
In per capita local personal income tax base -0.00365 0.0949 0.0389** 0.0456*** -0.0259** 0.0885 0.0487** 0.0369** % of young population 0.341 3.324*** 1.203*** 0.189** 0.457** 3.540*** 1.237*** 0.188** % of old population -0.349 1.662** 0.957*** 0.280*** [0.209] [1.045] [0.269] [0.0782] % of own resources in LG 0.052 0.702*** -0.0272 -0.00892 0.016 0.674*** -0.0355 -0.0	1
In per capita local personal income tax base [0.0123] [0.0860] [0.0148] [0.00560] [0.00770] [0.0913] [0.0155] [0.00561] % of young population -0.00365 0.0949 0.0389** 0.0456*** -0.0259** 0.0885 0.0487** 0.0369** % of young population 0.341 3.324*** 1.203*** 0.189** 0.457** 3.540*** 1.237*** 0.188** [0.638] [0.984] [0.254] [0.0757] [0.209] [1.045] [0.269] [0.0782] % of old population -0.349 1.662** 0.957*** 0.280**** [0.168] [0.812] [0.227] [0.0574] % of own resources in LG 0.052 0.702*** -0.0272 -0.00892 0.016 0.674*** -0.0355 -0.0	**
In per capita local personal income tax base -0.00365 0.0949 0.0389** 0.0456*** -0.0259** 0.0885 0.0487** 0.0369** % of young population 0.341 3.324*** 1.203*** 0.189** 0.457** 3.540*** 1.237*** 0.188** % of old population 0.349 1.662** 0.957*** 0.280*** 1.0209] [1.045] [0.269] [0.0782] % of own resources in LG 0.052 0.702*** -0.0272 -0.00892 0.016 0.674*** -0.0355 -0.0	1]
income tax base -0.00365 0.0949 0.0389** 0.0456*** -0.0259** 0.0885 0.0487** 0.0369** % of young population 0.341 3.324*** 1.203*** 0.189** 0.457** 3.540*** 1.237*** 0.188** % of old population 0.349 1.662** 0.957*** 0.280*** 0.0259** 0.0456*** 1.237*** 0.188** % of own resources in LG 0.505 [0.789] [0.211] [0.0481] [0.272 -0.00892 0.016 0.674*** -0.0355 -0.0	-
% of young population [0.00803] [0.0629] [0.0155] [0.0148] [0.0118] [0.0584] [0.0206] [0.0154] % of young population 0.341 3.324*** 1.203*** 0.189** [0.457** 3.540*** 1.237*** 0.188** % of old population -0.349 1.662** 0.957*** 0.280*** [0.209] [1.045] [0.269] [0.0574] % of own resources in LG -0.052 0.702*** -0.0272 -0.00892 0.016 0.674*** -0.0355 -0.0	*
% of young population 0.341 3.324*** 1.203*** 0.189** 0.457** 3.540*** 1.237*** 0.188** % of old population -0.349 1.662** 0.957*** 0.280*** [0.209] [1.045] [0.269] [0.0782] % of own resources in LG 0.052 0.702*** -0.0272 -0.00892 0.016 0.674*** -0.0355 -0.0	
[0.638] [0.984] [0.254] [0.0757] [0.209] [1.045] [0.269] [0.0782] % of old population -0.349 1.662** 0.957*** 0.280*** -0.0244 1.723** 0.994*** 0.252*** % of own resources in LG 0.052 0.702*** -0.0272 -0.00892 0.016 0.674*** -0.0355 -0.0	-
% of old population -0.349 1.662** 0.957*** 0.280*** -0.0244 1.723** 0.994*** 0.252*** % of own resources in LG [0.505] [0.789] [0.211] [0.0481] [0.168] [0.812] [0.227] [0.0574] budget 0.052 0.702*** -0.0272 -0.00892 0.016 0.674*** -0.0355 -0.0	1
[0.505] [0.789] [0.211] [0.0481] [0.168] [0.812] [0.227] [0.0574] % of own resources in LG budget 0.052 0.702*** -0.0272 -0.00892 0.016 0.674*** -0.0355 -0.0	
% of own resources in LG 0.052 0.702*** -0.0272 -0.00892 0.016 0.674*** -0.0355 -0.0	
	'
)11
[0.0626] $[0.228]$ $[0.0714]$ $[0.0335]$ $[0.0474]$ $[0.251]$ $[0.0744]$ $[0.0298]$	
ratio of local population with	1
higher education 0.00409*** 0.0160*** 0.0128*** 0.00678*** 0.00457*** 0.0182*** 0.0133*** 0.00465	5***
[0.00146] [0.00387] [0.00212] [0.00124] [0.00109] [0.00515] [0.00233] [0.00118	
Munic. Belongs to special	- 1
program for the least developed	
33 small regions (LHH) -0.0299 -0.0398 0.0814*** 0.0198** -0.0014 -0.0424 0.0831*** 0.0137*	:
[0.0389] [0.0531] [0.0180] [0.00848] [0.00785] [0.0547] [0.0189] [0.00762	
2004 dummy -0.00239 -0.0751 -0.0326 -0.0368** 0.0114* -0.0753 -0.039 -0.0266*	-
[0.0248] [0.0690] [0.0220] [0.0148] [0.00692] [0.0732] [0.0239] [0.0116]	1
2005 dummy -0.00167 -0.0622 -0.026 -0.0303** 0.0101 -0.0621 -0.0314 -0.0223*	-
[0.0254] [0.0643] [0.0213] [0.0136] [0.00724] [0.0681] [0.0230] [0.0109]	1
2006 dummy -0.00057 -0.042 -0.0168 -0.0222* 0.00858 -0.0408 -0.0209 -0.0168*	
[0.0254] [0.0593] [0.0205] [0.0120] [0.00709] [0.0624] [0.0218] [0.00982	
2007 dummy 0.000782 -0.0203 -0.00845 -0.011 0.00523 -0.0191 -0.0106 -0.008	
[0.0253] [0.0540] [0.0196] [0.0101] [0.00758] [0.0565] [0.0205] [0.00849	
Constant 0.764*** -2.049** -2.111*** -0.748***	-
[0.211] [0.896] [0.140] [0.0849]	
Observations 610 685 5650 8565 610 685 5650 856	565
R-squared 0.03 0.067 0.065 0.048	
Robust standard errors in brackets	.00
*** p<0.01, ** p<0.05, * p<0.1	

note: in the case of cities >50000 : MP_gov_02=1 and In_population > 6.907755 predicts success perfectly, thus regressions of

Chances for LG receiving E	U funds ar	nd politica	l color by	municipalit	ty size and	different p	eriods - LF	РМ						
_	-1			-	-5	-7	-		-10	-11			-14	-15
dep.var.: gotgrant_LG			ne color 200					ar 2006				or 2007-08		
	above50000	10-50000	5-10000	1000-5000	under1000	10-50000	5-10000	1000-5000	under1000	above50000	10-50000	5-10000	1000-5000	under1000
MP same color as central														
J	0.0697***	0.0668***	0.0632***	0.0579***		-0.0395			0.139***					
	[0.0237]	[0.0229]	[0.0230]	[0.0200]	[0.0203]	[0.0386]	[0.0841]	[0.0369]	[0.0385]					
MP reelected for more than					0.0405**	0.0040		0.0054	0.050					
1 term 2002	-0.0385				-0.0465**	-0.0249								
	[0.0259]	[0.0251]	[0.0256]	[0.0225]	[0.0215]	[0.0249]	[0.109]	[0.0440]	[0.0376]					
mayor political color same	0.04.50.00	0.0450++	0.0400*	0.04-044	0 0 1 0 0 t t			0.0000tt						
0	-0.0156**	-0.0150**	-0.0132*		-0.0130**		0.0597***	-0.0382**	-0.0113					
		[0.00758]	[0.00746]	[0.00745]		[0.0335]	[0.0200]	[0.0163]	[0.00821]	0 407***	0 400***	0 400***	0 405***	0 475***
	0.187***	0.184***	0.189***	0.194***	0.179***	-0.0437		0.247***	0.136***	0.187***	0.186***	0.188***	0.195***	0.175***
	[0.00918]	[0.00869]	[0.00900]	[0.00862]	[0.00823]	[0.0438]	[0.174]	[0.0412]	[0.0261]	[0.00751]	[0.00708]	[0.00723]	[0.00694]	[0.00685]
In per capita local personal	0 0000***	0.0500**	0 0670***	0 0700***	0 0700***	0.00050	0.0040	0.0540	0.0070	0.0470	0.0440	0.047	0.0250*	0.0400
	0.0693*** [0.0264]	0.0596** [0.0232]	0.0672***	0.0708***	0.0788***	0.00956		0.0546 [0.0545]				0.017	0.0358*	0.0189
	[0.0264] 0.704**	[0.0232] 0.755**	[0.0255] 0.742**	[0.0239] 0.809***	[0.0240] 0.675***	[0.0117] 1.56		[0.0545] 1.263*	[0.0656] 0.465*	[0.0241] 0.334			[0.0217] 0.442**	[0.0219] 0.27
, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	[0.314]	[0.310]	[0.312]	[0.288]	[0.241]	[1.534]	[2.426]	[0.721]	[0.252]	[0.230]	[0.227]	[0.227]	[0.211]	[0.173]
	0.618***	0.639***	0.681***	0.720***	0.649***		5.793***	1.174*	0.489***	0.736***	0.736***	0.764***	0.798***	0.717***
	[0.229]	[0.225]	[0.228]	[0.217]	[0.173]	[0.479]	[1.972]	[0.623]	[0.184]	[0.168]	[0.167]	[0.166]	[0.158]	[0.125]
% of own resources in LG	[0.220]	[0.220]	[0.220]	[0.217]	[0.110]	[0:1:0]	[1.072]	[0.020]	[0.101]	[0:100]	[0:101]	[01100]	[01100]	[0.120]
budget	-0.0912	-0.0737	-0.0859	-0.0939	-0.123	0.0822	0.291	-0.128	6 -0.214*	-0.146*	-0.134	-0.138	-0.113	-0.173**
-	[0.110]	[0.105]	[0.108]	[0.0957]	[0.0845]	[0.0867]	[0.491]	[0.195]	[0.127]	[0.0876]	[0.0844]	[0.0854]	[0.0777]	[0.0698]
ratio of local population														
with higher education	0.00557*	0.00596*	0.00550*	0.00521*	0.00847***	0.00504	-0.00272	0.00468	6 0.0110**	0.00713***	0.00679***	0.00673***	0.00581**	0.0110***
	[0.00327]	[0.00304]	[0.00317]	[0.00298]	[0.00269]	[0.00512]	[0.0140]	[0.00669]	[0.00520]	[0.00256]	[0.00238]	[0.00236]	[0.00229]	[0.00221]
Munic. Belongs to special														
program for the least														
developed 33 small regions														
(LHH)	0.0405			0.0550**	0.0256			0.0944*	0.00233		0.0336*		0.0406**	0.0261
	[0.0305]	[0.0297]	[0.0295]	[0.0261]	[0.0249]	[0.0117]	[0.109]	[0.0501]	[0.0434]	[0.0209]	[0.0204]	[0.0203]	[0.0183]	[0.0165]
,	0.259***	-0.00753		-0.0430**	0.0192									
	[0.0741]	[0.0265]	[0.0403]	[0.0210]	[0.0182]									
MP same color as central														
goverment 2006										0.0253			0.0250*	0.0305**
										[0.0165]	[0.0160]	[0.0160]	[0.0144]	[0.0135]
Number of terms Member of										0.0000	0.000	0.0463	0.000	0.0400**
Parliament reelected 2006										-0.00906				-0.0103**
										[0.00635]	[0.00616]	[0.00615]	[0.00554]	[0.00515]
mayor political color same										0.000.17	0.00040	0.0404	0.00050	0.000
as central government 2006											-0.00018			
2007 dummy											[0.0313]			
2007 dummy										0.322***		-0.0737***		0.0206
Constant	-1.655***	-1.345***	-1 36/***	-1.449***	-1.414***	0.984***	-4.046**	-1.935***	-1.108***	[0.0569] -1.429***	[0.0200] -1.121***	[0.0281] -1.042***	[0.0179] -1.230***	[0.0152] -1.052***
	-1.655 [0.204]	-1.345 [0.169]	-1.364 [0.177]	-1.449 [0.155]	[0.150]	0.984 [0.160]	-4.046 [1.882]	[0.425]	[0.426]	[0.161]	[0.136]	-1.042 [0.137]	[0.123]	-1.052 [0.120]
	[0.204]	[0.109]	[0.177]	[0.100]	[0.100]	[0.100]	[1.002]	[0.420]	[0.420]	[0.101]	[0.100]	[0.137]	[0.120]	[0.120]
Observations	2000	2070	2069	2736	3029	86	85	752	1045	3147	3248	3264	4256	4841
R-squared	0.232													
Robust standard errors in brac		0.200	0. <u> </u> 1 <u> </u>	000	0.201		000	0.000	0.000		0.200	0.210	000	
*** p<0.01 ** p<0.05 * p<0.1														

Chances for LG receiving I	EU funds a	nd politica	l color by	municipalit	y size and	different p	eriods -Pro						
	-1				-5		=		-9	-10			-13
LABELS	above50000	sam 10-50000	e color 200 5-10000		under10000		ec.year 20 1000-5000		above50000		e color 200 5000-10000		under1000
MP same color as central													
goverment 2002	0.0849***	0.0805***	0.0751***	0.0666***	0.109***	-0.146*	0.0286	0.141***					
	[0.0287]	[0.0285]	[0.0282]	[0.0233]	[0.0236]	[0.0844]	[0.0385]	[0.0391]					
MP reelected for more than													
1 term 2002	-0.0515	-0.0544*	-0.0485	-0.0457*	-0.0569**	0.118	-0.03	-0.0599					
	[0.0329]	[0.0325]	[0.0325]	[0.0271]	[0.0261]	[0.132]	[0.0460]	[0.0392]					
mayor political color same													
as central government 2002				-0.0227*	-0.0198*		-0.0454	-0.0185					
	[0.0135]	[0.0133]	[0.0124]	[0.0130]	[0.0101]		[0.0281]	[0.0140]					
	0.251***	0.248***	0.254***	0.254***		0.303*	0.259***		0.246***	0.245***	0.247***	0.253***	0.222***
	[0.0162]	[0.0159]	[0.0161]	[0.0146]	[0.0138]	[0.177]	[0.0451]	[0.0296]	[0.0126]	[0.0125]	[0.0125]	[0.0115]	[0.0107]
In per capita local personal income tax base	0.108***	0.100***	0.105***	0.0931***	0.106***	0.018	0.0548	0.082	0.0474	0.0442	0 0/61	0.0561*	0.0348
	[0.0402]	[0.0373]	[0.0387]	[0.0327]		[0.0462]	[0.0567]		[0.0343]	[0.0335]	[0.0328]	[0.0288]	[0.0293]
	• •												
% of young population	1.010**	1.052**	1.031**	1.099***	0.878***	3.400*	1.347*	0.531	0.471	0.505		0.590**	0.364
% of old population	[0.428] 1.024***	[0.426] 1.027***	[0.427] 1.082***	[0.383] 1.077***		[1.786] 5.009**	[0.788]	[0.351] 0.559**	[0.312] 1.053***	[0.312] 1.057***	[0.310] 1.087***	[0.278] 1.087***	[0.229] 0.952***
			[0.316]			5.009 [2.034]	1.199*			[0.231]			
% of own resources in LG	[0.317]	[0.315]	[0.310]	[0.290]	[0.230]	[2.034]	[0.638]	[0.254]	[0.231]	[0.231]	[0.230]	[0.211]	[0.167]
budget	-0.104	-0.0956	-0.098	-0.114	-0.153	0.24	-0 129	-0.254*	-0.168	-0.163	-0.16	-0 132	-0.208**
-	[0.138]	[0.136]	[0.136]	[0.115]		[0.316]	[0.200]		[0.112]	[0.112]	[0.111]	[0.0954]	[0.0874]
ratio of local population	[01100]	[01100]	[01.00]	[01110]	[01100]	[0.0.0]	[0.200]	[0.1.1]	[0=]	[0=]	[0111]	[0:000.]	[0.001.1]
with higher education	0.0115**	0.0123***	0.0109**	0.00951**	0.0124***	-0.00012	0.00535	0.0107*	0.0139***	0.0142***	0.0132***	0.0104***	0.0163***
			[0.00460]							[0.00398]			
Munic. Belongs to special													
program for the least													
developed 33 small regions													
(LHH)	0.0375			0.0583*	0.0214	-0.0915	0.105**	-0.00285			0.0303	0.0436**	0.0247
	[0.0383]	[0.0379]				[0.127]	[0.0531]	[0.0431]	[0.0260]	[0.0259]	[0.0258]	[0.0222]	[0.0201]
2004 dummy		-0.245*	-0.0305										
		[0.140]	[0.0758]	[0.0242]	[0.0222]								
MP same color as central													
goverment 2006									0.0288				0.0333**
									[0.0203]	[0.0203]	[0.0201]	[0.0170]	[0.0160]
Number of terms Member of													
Parliament reelected 2006									-0 0127	-0.0133*	-0.0146*	-0.0111*	-0.0133**
													[0.00613]
mayor political color									[3.00,00]	[2:00107]	[2.22,10]	[2.00000]	[2:000.0]
same as central									0.0547	0.0368	0.0634	0.0299	0.0808
									[0.0554]	[0.0549]	[0.0523]	[0.0437]	[0.0496]
2007 dummy										-0.247**	-0.0814		
									[0.310]	[0.126]			
Observations	1984				3029					3248			
Percent correctly classified	71.17	72.22	72.16	69.3	71.54	88.16	64.49	72.63	71.08	72.01	71.63	69.45	71.12
Robust standard errors in bra													