

Mobilizing Rural Support: Targeted Government Spending and Democratic Backsliding in Hungary

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Abstract

The spread of democratic backsliding has drawn scholarly attention to the strategies and approaches characteristic of these regimes. However, our understanding of targeted government spending programs designed to favor specific segments of society to build and reinforce a loyal support base remains largely limited. We explore a major targeted government spending initiative directed at rural settlements in Hungary, one of the most notable cases of democratic backsliding today. In particular, we analyze the electoral and mobilization effects of targeted policies and the government's resource allocation strategy, focusing on two initiatives: the Rural Family Housing Allowance Program (Rural CSOK), which provides housing subsidies to individuals in eligible settlements, and the Hungarian Village Program, which funds local governments in eligible settlements to invest in essential infrastructure, public services, and community spaces. Using highly detailed observational data and leveraging the quasi-random assignment of program eligibility, we show that the government directs Hungarian Village Program funds to reward electorally strong core settlements. We also find that both eligibility and subsidy amounts increase government vote share by mobilizing core and inactive voters while discouraging opposition participation.

Keywords

democratic backsliding; electoral mobilization; Hungary; targeted spending; voting behavior

1. Introduction

The widespread phenomenon of democratic backsliding has intensified interest in the tools and strategies common to these regimes. Hungary, as a prominent case of democratic backsliding, has been extensively studied, with growing evidence on how the Fidesz–KDNP alliance has consolidated power at both national and local levels since its 2010 landslide victory (in this article, “Fidesz” refers to the Fidesz–KDNP alliance). Strategies such as restricted media freedom, extended government control over the judiciary, weakened constitutional protections for minorities, manipulated electoral laws, reduced local capacity for institutional resilience, and pre-election subsidies have been widely studied as contributors to Hungary’s democratic decline (Benczes, 2024; Enyedi, 2020; Greskovits, 2015; Jakli & Stenberg, 2021; Pepinsky et al., 2025). Yet, one significant strategy remains largely unexplored: the effects of targeted rural spending programs—direct financial benefits allocated to rural families and settlements—despite the government’s substantial financial investment and solid support base in these areas.

This article investigates the electoral impact of a major government spending program targeted at rural areas in Hungary. We examine whether these funds have been strategically allocated to reward certain settlements and assess the extent to which they have helped the government secure political support. Specifically, we explore whether electoral gains stem from mobilizing disengaged voters, demobilizing opposition supporters, or persuading former opposition voters to switch allegiance. The program channels substantial financial resources into rural settlements through two key components: the Rural Family Housing Allowance Program (Rural CSOK), a programmatic policy that provides housing subsidies to individuals in eligible settlements, and the Hungarian Village Program (HVP), a non-programmatic, discretionary policy that allocates funds to local governments for infrastructure, public services, and community development. Together, these programs represent significant fiscal commitments; in 2019 alone, HUF 65 billion (ca. USD 220 million) was allocated to the HVP. Both programs offer substantial benefits to potential voters: On average, HVP-funded settlements received HUF 45,555 (ca. USD 150) per capita (approximately half the minimum wage in 2019), while Rural CSOK provided about HUF 15,500 (ca. USD 50) per capita (roughly 15% of the 2019 minimum wage) in eligible settlements. Fidesz’s electoral strategy in Hungary reflects a broader trend in democratic backsliding, where ruling parties use a mix of programmatic (Rural CSOK) and non-programmatic (HVP) policies to consolidate support. As elections remain a cornerstone in competitive authoritarian regimes and a key source of legitimacy, the government faces continuous electoral pressure, making the strategic allocation of both programmatic and discretionary funds essential for vote consolidation and regime stability.

Leveraging highly granular observational data, we begin with a descriptive analysis to examine the government’s targeting strategy, highlighting how allocation patterns may align with strategic electoral objectives. We then exploit the quasi-random assignment of program eligibility to assess both the electoral impact and mobilizational effects of policy eligibility and transfer receipt. Specifically, by utilizing the quasi-random threshold of policy eligibility, we compare average changes in settlement-level vote shares and turnout rates between eligible and non-eligible settlements across six elections, before and after policy implementation. We use data from five elections preceding the policies, with the latest in May 2019, and from an election shortly after implementation in October 2019, allowing us to attribute changes to the two policies due to the short time span.

Our first finding suggests that the government strategically allocated HVP subsidies to reward core settlements where Fidesz outperformed its expected vote share in previous elections, with these areas showing a significantly higher likelihood of receiving HVP funding.

Second, examining the electoral and mobilizational impact of these targeted programs, we observe that the mere eligibility for subsidies increased Fidesz's vote share in eligible rural settlements by at least 1.7 percentage points. This substantial and statistically significant effect likely stems from a combination of residents who received subsidies, those planning to apply, and individuals who favor being part of a prioritized group. Our analysis shows that these effects are primarily driven by mobilizing core or previously non-voting supporters as well as by demobilizing opposition voters.

A key theoretical and normative question is whether this effect is driven by individuals who have already benefited from the subsidies—specifically, how the actual size of subsidies shapes voter preferences. Isolating the impact of disbursed funds poses a methodological challenge, as HVP subsidies were strategically allocated before the October 2019 local elections, making funding decisions endogenous to both vote share and turnout. Additionally, lobbying and informal mayor–government ties may influence both electoral outcomes and subsidy amounts. While the government did not control Rural CSOK disbursement, applicants likely skew toward more skilled and educated individuals, whose ability to navigate the complex administrative process may correlate with party affiliation and political engagement. Attuned to these inferential challenges, we instrument endogenous per capita subsidy amounts with plausibly exogenous program eligibility.

Our third main finding is that the per capita amount of disbursed subsidies positively impacts Fidesz's vote share, primarily by mobilizing core or previously unengaged voters, with additional effects from demobilizing opposition supporters. Specifically, we find that each additional HUF 10,000 (ca. USD 33 in 2019) of per capita subsidy increases Fidesz's vote share by approximately 1.6 percentage points. These effects are quantitatively similar to those of eligibility alone, likely reflecting the short period since the policy's implementation and the anticipation of subsidies among eligible, yet untreated, individuals.

The article proceeds as follows: Section 2 provides policy background and an overview of the Hungarian election system. Section 3 describes the data and definitions. Sections 4 and 5 present findings on the government's allocation strategy and the programs' electoral and mobilizational effects. Section 6 discusses the broader implications of our findings.

2. The Hungarian Context

2.1. *Democratic Backsliding in Hungary*

The literature on illiberalism identifies multiple pathways of democratic backsliding. Defined as “the state-led debilitation or elimination of any of the political institutions that sustain an existing democracy” (Bermeo, 2016, p. 5), democratic backsliding describes the erosion of democratic quality, including institutions that ensure representation and electoral competition. The term “backsliding” implies a gradual process, weakened political accountability through incremental institutional constraints, and restrictions on political participation (Waldner & Lust, 2018). Hungary is central to the democratic backsliding literature. The Fidesz government

has systematically entrenched its power by packing the Constitutional Court, curbing judicial independence, restricting media through state control and private sector co-optation, and gerrymandering electoral districts to consolidate parliamentary dominance (Greskovits, 2015; Jakli & Stenberg, 2021; Kelemen, 2017).

Despite the deterioration of democratic conditions in Hungary, elections remain a central mechanism for maintaining the regime's popular legitimacy. Regularly scheduled and conducted according to established institutional rules, these elections are actively contested by opposition parties. While the ruling Fidesz party has leveraged its parliamentary supermajority to reshape the political playing field in its favor, electoral victories remain crucial for sustaining the regime's legitimacy (Levitsky & Way, 2020).

Under sustained electoral pressure, the Fidesz government has consistently allocated substantial resources to maintain its popularity in the lead-up to elections. Over time, this has included targeted government spending programs (Pepinsky et al., 2025), public work programs with clientelistic elements (Gáspár et al., 2023), and various practices including policy favors, policy coercion, economic coercion, and vote buying (Mares & Young, 2019). As part of its long-term strategy to cultivate a loyal voter base, the Hungarian government has specifically targeted rural areas (Mares & Young, 2019).

2.2. Policy Background, Mechanisms, and Targeting Strategy

In July 2019, to secure electoral support from rural communities, the government launched two spending programs specifically targeted at the rural population, focusing on housing (Rural CSOK) and settlement development (HVP).

The first program was launched on July 1, 2019, when the government introduced Rural CSOK, a targeted initiative aimed at supporting housing for rural populations (further policy details are provided in Appendix A in the Supplementary File). Individuals residing in settlements with fewer than 5,000 inhabitants and facing population decline (2,479 settlements with an average population of 820) are eligible for Rural CSOK.

The program's primary aim is to support families with children and to counter demographic decline, a critical issue in small rural areas. Rural CSOK offers a non-refundable state subsidy for purchasing, renovating, or expanding a house or flat, as well as an optional capped-interest loan to supplement the subsidy. Subsidy amounts range from HUF 600,000 (USD 2,000) to HUF 10 million (USD 34,000), based on property type and family size. For married couples with three or more children, the maximum benefit—combining a grant, tax deductions, and a capped-interest loan—totals between USD 50,000 and USD 80,000, a substantial amount in the Hungarian context (see Table A1 in the Supplementary File). This program extends the existing Family Housing Allowance Program (CSOK), introduced on July 1, 2015, which has since been periodically expanded (Appendix B in the Supplementary File outlines the main elements of CSOK and its comparison to Rural CSOK. Figure A1 in the Supplementary File shows that, prior to Rural CSOK's introduction, per capita CSOK funding was consistently lower in Rural CSOK-eligible settlements, suggesting that individuals from wealthier areas were more likely to access funds for purchasing homes).

The distribution criteria for Rural CSOK are public, with formal requirements shaping resource allocation. Eligibility targets married couples with children residing in small, rural settlements. With decisions managed by commercial banks, the program ensures an objective evaluation process, while the public goods nature of

Rural CSOK guarantees that eligible individuals within the beneficiary class cannot be excluded. In October 2019, just two days before the local elections, the government disclosed basic statistics on Rural CSOK applications. Between July and October 2019, commercial banks approved 1,500 applications, totaling HUF 8 billion, with HUF 1.8 billion already disbursed to beneficiaries. Of these, 72% were submitted by families with three or more children for purchasing and renovating homes, with an average subsidy of HUF 9.4 million per family (Prime Minister's Office, 2019a).

The second program targeting rural populations is the HVP, which primarily aims to develop rural areas through targeted investments in essential infrastructure, public services, and community spaces. Settlements with fewer than 5,000 residents are eligible to apply, amounting to 2,885 communities with an average of 880 voters each. The program supports a wide range of local projects, from the renovation of mayoral offices and medical centers to the improvement of roads, public spaces, and facilities for health workers and educators and provisions for preserving cultural heritage (see Table A2 in the Supplementary File). Applications were managed by local governments and mayors, but the allocation of funds was ultimately at the discretion of the Minister of the Prime Minister's Office, with no publicly specified criteria guiding the distribution process.

According to the official Hungarian government website, HUF 65 billion was allocated to the HVP in 2019, with 97.4% of eligible settlements submitting applications and 86% receiving funding (Prime Minister's Office, 2019b). These figures were slightly lower in October 2019, when, according to an announcement from the Prime Minister's Office, 10,713 applications were submitted. From July to October 2019, 96% of eligible settlements applied for HVP funding, and 55% received support (Prime Minister's Office, 2019c). Five days before local elections, the government reported that HUF 21 billion was allocated to 1,454 HVP beneficiaries between July and October 2019, covering HUF 6 billion for local government-owned community spaces, HUF 7 billion for church-owned community spaces, HUF 4 billion for medical centers in 186 settlements, and HUF 2 billion for medical equipment in 778 settlements (Prime Minister's Office, 2019c).

The combination of programmatic (Rural CSOK) and discretionary, non-programmatic (HVP) targeted policies is a key element of Fidesz's electoral strategy. Rather than relying on a single linkage strategy, this mixed approach reflects a broader trend in democratic backsliding countries, where ruling parties compete in electoral environments that include both non-programmatic and programmatic elements. This so-called portfolio diversification approach to electoral investment (Bulut, 2020; Magaloni et al., 2007; Weitz-Shapiro, 2014) allows regimes to appeal to different segments of the electorate through multiple strategies. The mixed approach aligns with the broader political objective identified by Krekó and Enyedi (2018)—to polarize and divide the electorate while consolidating support among the largest voter base, namely the rural population.

The effectiveness of these initiatives is largely mediated by the extent to which politicians can successfully claim credit for them. The literature on the electoral effects of public policies emphasizes that policy salience and credit-claiming play a crucial role in shaping voter perceptions (Huet-Vaughn, 2019). In Hungary, credit-claiming is an explicit element of these initiatives. Each village receiving funding from the HVP is required to display a "support sign" alongside its name at the village border and on funded buildings. These signs feature the project logo, a description of the development, the funding amount, and the Hungarian government's logo. Moreover, visitors to the program's official website are greeted by a personal letter from

the prime minister, accompanied by his photograph, reinforcing the association between these initiatives and the government. By making the programs more salient, these strategies encourage voters to update their political preferences in favor of the government.

Ensuring that voters clearly link these policies to the government serves two informational functions (Mares & Young, 2019). First, they signal party competence by demonstrating the government's ability to implement and manage policy effectively, thereby reinforcing its electoral viability and reputation as a reliable provider of tangible benefits (Kramon, 2016). This notion is echoed by Alpár Gyopáros, the government commissioner for modern settlement development, who emphasized that "not even one euro cent has been spent on the HVP; this program was not financed by the European Union" (Önkormányzati Klub, 2019). His assertion underscores the government's capacity to implement large-scale initiatives independently, reinforcing perceptions of state effectiveness and autonomy by highlighting its ability to execute the program without external EU funding. This aligns with broader studies on clientelism, which suggest that voters assess a candidate's credibility, generosity, and electoral strength based on their ability to distribute material benefits (Mares & Young, 2019). For example, Lindberg's study on clientelism in Ghana emphasizes that cash handouts are not merely a form of vote-buying but rather an institutionalized practice that signals a candidate's commitment to taking care of their constituents (Lindberg, 2003). Similarly, the Hungarian government frames its rural development policies as a demonstration of its dedication to rural communities, as Gyopáros himself puts it: "People living in small settlements can continue to count on us because there is no strong Hungary without a strong countryside" (Magyar Falu Program, 2019a).

Second, these strategies provide insight into the policy positions of the government. Policies that rely on positive inducements serve as clear signals of a party's approach to redistribution (Mares & Young, 2019). The framing of these policies centers on highlighting the importance of rural communities, a sentiment echoed in Prime Minister Viktor Orbán's statement: "With the Hungarian Village Program, we first sent the message that villages matter, villages are important, and the people living there are important...living in a village is a good thing...villagers can count on us" (Prime Minister Viktor Orbán, 2024). Additionally, the HVP website reinforces this framing:

For the national government, the countryside is a value. Revitalizing our villages and strengthening rural Hungary is in the common interest of all of us. The Hungarian Village Program is the key to building a strong Hungary. That is why the government continues to support it with increasing financial resources. (Magyar Falu Program, 2019b)

Ensuring the salience of the policy and effectively communicating the government's competence, generosity, and strong policy stance in favor of rural communities are key mechanisms linking policy implementation to vote choice. However, we cannot rule out the possibility that the HVP was subsequently used in clientelistic exchanges, where benefits were distributed in return for political support. Notably, in their study of Hungary, Mares and Young (2018) argue that politicians frequently politicize economic and administrative resources at the local level in the lead-up to electoral campaigns. Social policies, in particular, constitute the most significant tool during this pre-electoral phase. Additionally, research shows that even ostensibly universal benefit programs, as well as forbearance—the selective nonenforcement of laws—can be exploited to cultivate political dependency, especially when partisan-aligned bureaucrats condition access on political loyalty (Holland, 2016). Indeed, existing literature provides evidence that settlement mayors in Hungary,

who were responsible for submitting HVP subsidy applications in 2019, often function as political brokers. Beyond mayors, several other groups—including state employees, local employers with substantial economic influence, tenant farmers, moneylenders, members of local officials' extended families, and party activists—are documented as intermediaries between political candidates and voters (Mares & Young, 2019).

To comprehensively analyze these mechanisms, a survey or interview-based approach would provide valuable insights into how affected individuals perceive these benefits, how these perceptions vary across different socioeconomic backgrounds, and whether there is any contingency—that is, whether benefits are provided in exchange for political support. However, our analysis relies on observational, settlement-level data, which, although unaffected by sampling error or survey response biases, does not capture individual-level attitudes and behaviors.

Given the nonprogrammatic and discretionary nature of the HVP, its allocation is likely influenced by political considerations. However, it remains unclear whether these funds are primarily directed toward core settlements—those with a historically high Fidesz vote share—or swing settlements, which lack strong and predictable partisan attachments (Cox & McCubbins, 1986; Dixit & Londregan, 1996; Golden & Picci, 2008; Lindbeck & Weibull, 1987).

While we cannot directly observe the flow of HVP funds or access individual-level data on beneficiaries, distribution channels, and the extent to which benefits are provided in exchange for votes, we argue that if the program is politically motivated, core settlements should receive a greater allocation of funds. This expectation is based on three key factors. First, the embeddedness of core settlements within partisan networks facilitates the politically motivated allocation of resources, as mayors who are either formally affiliated with Fidesz or politically aligned with the party are more likely to cooperate in distributing funds in line with electoral considerations. Second, if the HVP operates within a clientelist framework, core settlements may be prioritized due to the government's limited capacity to fully monitor brokers and local officials at the settlement level (Stokes et al., 2013). Finally, given that ballot secrecy is strongly protected in Hungary, parties cannot directly monitor vote choices, only electoral turnout. Therefore, the less observable individual votes are, the stronger the incentive for parties to prioritize mobilizing known supporters, making settlements with a high concentration of potential voters particularly strategic targets (Gans-Morse et al., 2014). These dynamics align with Mares and Young's (2018) argument that clientelist inducements in Hungary are primarily distributed during the pre-election period, disproportionately targeting core supporters through a combination of pre-electoral benefits and election-time threats—a phenomenon referred to as the core voters' curse.

2.3. Elections

In this study, we examine changes in vote share and turnout rates across various Hungarian elections, comparing periods before and after the introduction of the targeted government programs. We cover European Parliamentary, national, and local elections, beginning with an overview of each to highlight distinctions in voting systems, turnout patterns, and seat distribution across electoral contexts.

We begin by examining electoral patterns in European Parliamentary elections held on May 25, 2014, and May 26, 2019. In these elections, only parties—not individual candidates—compete for seats, and parties

must gather 20,000 signatures from eligible voters to qualify for the ballot. In both years, Hungarian voters elected 21 MEPs for five-year terms. These 21 mandates are allocated proportionally using the d'Hondt method among parties that receive at least 5% of valid votes, allowing voters to express their genuine party preferences without strategic voting considerations.

In the May 2019 elections, five party lists surpassed the 5% threshold, with Fidesz securing 52.5% of the vote and winning 13 of the 21 mandates. The Democratic Coalition followed with 16.1% (4 seats), while Momentum gained 9.9% (2 seats). The Hungarian Socialist Party and Jobbik each secured a single seat with 6.6% and 6.4% of the vote, respectively. In 2014, a more fragmented party landscape saw eight parties competing, six of which crossed the 5% threshold. Fidesz led with 51.48% of the vote, securing 12 mandates, followed by Jobbik with 3 seats, while the Hungarian Socialist Party and the Democratic Coalition each secured 2 mandates. Együtt-PM and LMP also entered the European Parliament with one seat each.

Then, we examine the national elections held on April 6, 2014, and April 8, 2018. Hungarian national elections employ a single-round, two-ballot system to elect 199 members of the National Assembly for four-year terms. Of these seats, 106 MPs are elected through a first-past-the-post system in individual constituencies, while the remaining 93 are filled from national party lists. Voters with a registered Hungarian address cast one vote for a party list and another for a candidate in their constituency. Seats on the national party list are allocated using d'Hondt proportional representation, incorporating both list votes and “fragment votes” (votes from unsuccessful or surplus individual candidate ballots).

In 2014, Fidesz secured 44.11% of individual constituency votes (96 seats of 106 in a first-past-the-post system) and 44.87% of party list votes (37 seats of 93 in a proportional system), totaling 133 seats in the National Assembly and retaining a two-thirds majority. Fidesz won 96 out of 106 constituencies with only 44.11% of the vote due to opposition fragmentation. In 2018, Fidesz secured another landslide victory with 47.89% of individual votes (winning 91 out of 106 constituencies) and 49.27% of party list votes (42 out of 93 seats), once again totaling 133 seats. Despite increasing its vote share compared to 2014, Fidesz won fewer individual constituencies due to improved opposition coordination.

Finally, we analyze the local elections held on October 12, 2014, and October 13, 2019. In Hungary, mayors and assembly members serve five-year terms, with electoral rules varying by settlement size. Our focus is on settlements with fewer than 10,000 residents, where voters cast three ballots. First, they elect a mayor via a first-past-the-post system. Second, they vote for assembly members using a plurality-at-large system, where the number of assembly members varies by settlement size. Finally, voters elect members for their county assembly in one of Hungary's 19 counties. Similar to European Parliamentary and national elections, county assembly seats are allocated proportionally via the d'Hondt method among parties receiving at least 5% of the votes (a summary of election results and turnout rates is provided in Table A6 in the Supplementary File).

Although these elections share common features—such as a one-round format that minimizes strategic voting—differences in rules and regulations may impact our outcomes of interest *across election types*. First, European Parliamentary elections are generally seen as second-order elections, which affects turnout and vote shares, especially in smaller settlements (Kostelka et al., 2019; Kouba et al., 2021). Turnout rates in Hungary for national and local elections ranged from 56–71% and 43–53%, respectively, in 1990–2019, whereas European Parliamentary elections had significantly lower participation, with turnout varying

between 29% and 43% (43% in 2019). Second, while only Hungarian citizens can vote in European Parliamentary and national elections, local elections allow non-citizen residents with a registered address to participate. Third, specific factors in local elections, such as the number of mayoral candidates, election competitiveness, the ethnicity of candidates (e.g., Roma candidates), and whether a candidate has Fidesz support, vary across settlements and election cycles. Appendix C in the Supplementary File provides details on these local election factors and their potential impact on turnout rates and vote share. Importantly, our analysis accounts for both cross-election differences and local election-specific factors related to turnout and vote shares by including election-type dummies in all specifications.

3. Data

Our empirical analysis draws on several settlement-level data sources, as settlements represent the smallest administrative units in Hungary. The country has 3,177 settlements, including the 23 districts of Budapest. First, we use polling-station data from the National Election Office on votes, eligible voters, and candidate information, aggregating approximately 10,200 polling stations per election to calculate Fidesz and opposition vote shares at the settlement level. Second, we employ contract-level data from the Hungarian State Treasury on CSOK and Rural CSOK subsidies, including subsidy type, date, amount, and settlement, which we aggregate by settlement and year or quarter. Third, we collect data from the Hungarian government's website on HVP beneficiaries, detailing subsidy types and amounts by settlement. Finally, we use administrative data from T-STAR (Hungarian Statistical Office) and a dataset from the Centre for Economic and Regional Studies, which include various settlement-level demographic and economic variables. Appendix D in the Supplementary File defines the variables, and Table A7 presents the descriptive statistics.

4. Political Determinants of Subsidy Allocation

This section explores whether the Hungarian government utilizes targeted spending programs for strategic electoral purposes. The HVP is particularly relevant to this inquiry, as the criteria for its funding allocations were not publicly disclosed. In contrast, the Rural CSOK program had objective selection criteria that were, by design, unrelated to party support and exogenous to the selection process. We investigate whether such allocations are used to reward core settlements or punish opposition-leaning ones to better understand how the government may use these funds as an electoral strategy. Additionally, we assess whether resource distribution is driven by genuine need, with subsidies directed toward settlements facing the most significant infrastructural deficiencies.

For each of the 15 HVP sub-programs, in Figure 1 we classify settlements into recipients (blue bars) and non-recipients (red bars; the horizontal axis of the figure displays the 15 sub-programs along with three aggregated categories—MED, REN, and KDGN—representing subsidies for medical, renovation, and kindergarten projects, respectively). Next, we assess Fidesz's electoral performance in the 2018 parliamentary elections—one year before the subsidy program—in both recipient and non-recipient settlements across each sub-program. We estimate a regression model of Fidesz vote share with only settlement and election fixed effects and take the difference between the actual Fidesz vote share in 2018 and the vote share predicted by this simple model. Thus, we are using the residuals of the estimated model as a measure of the recent electoral performance of Fidesz, with positive and negative values representing better-than-expected and worse-than-expected vote shares. The population-weighted averages of these

residuals in recipient (blue bars) versus non-recipient (red bars) settlements, shown in Figure 1, reveal that Fidesz outperformed expectations in recipient settlements for 14 of the 15 sub-programs—suggesting that settlements where Fidesz had a better-than-expected performance in 2018 had higher likelihood of receiving HVP subsidies in 2019.

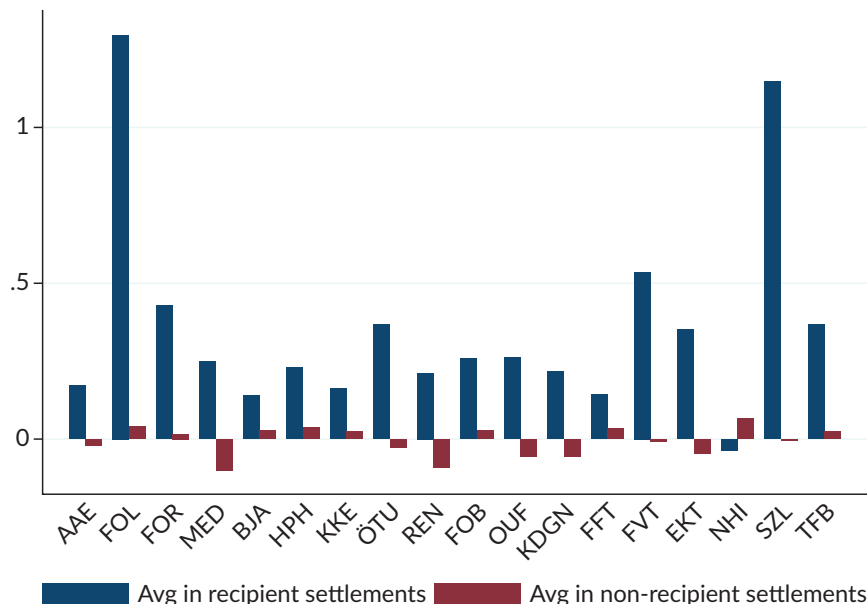


Figure 1. HVP recipients versus non-recipients: Relative popularity of Fidesz in 2018 national elections. Note: The horizontal axis of the figure displays the 15 sub-programs of the HVP, along with three aggregated categories—MED, REN, and KDGN—while the vertical axis represents the deviation (in percentage points) of Fidesz's vote share in the April 2018 election from its expected level based on prior electoral performance. The abbreviations used on the horizontal axis correspond to issue areas detailed in Table A2 of the Supplementary File.

Importantly, these results remain robust across alternative measures of Fidesz's performance, including estimations using settlement fixed effects to assess Fidesz's popularity. Additionally, the findings hold in a multivariate regression setting (in Appendix E in the Supplementary File, we present cross-sectional linear probability regressions, with the dummy of receiving a specific type of HVP as the dependent variable, Fidesz's performance in past elections as the primary explanatory variable, and additional control variables corresponding to the specific issue areas of each HVP program).

Figure 2, meanwhile, examines the per capita amount of total HVP subsidies received by each eligible settlement. Each dot represents one eligible settlement; the horizontal axis shows settlement-level Fidesz support, estimated by settlement fixed effects from a simple fixed effects regression on Fidesz vote share, while the vertical axis displays per capita HVP subsidy (in HUF 10,000) from July to October 2019. The estimated regression line indicates a strong positive correlation (t -value = 3.79) between Fidesz support and per capita HVP subsidies, suggesting that more HVP funds were allocated as a reward to settlements where Fidesz performed strongly. Unfortunately, we lack data on settlements that applied but did not receive HVP subsidies, which leaves open the possibility of self-selection at the application stage. This data would enable us to analyze the settlements that chose not to apply (potentially those with lower-than-average Fidesz support). However, anecdotal reports of rejected applications from opposition-supported mayors, combined with the low application cost, suggest that most mayors—

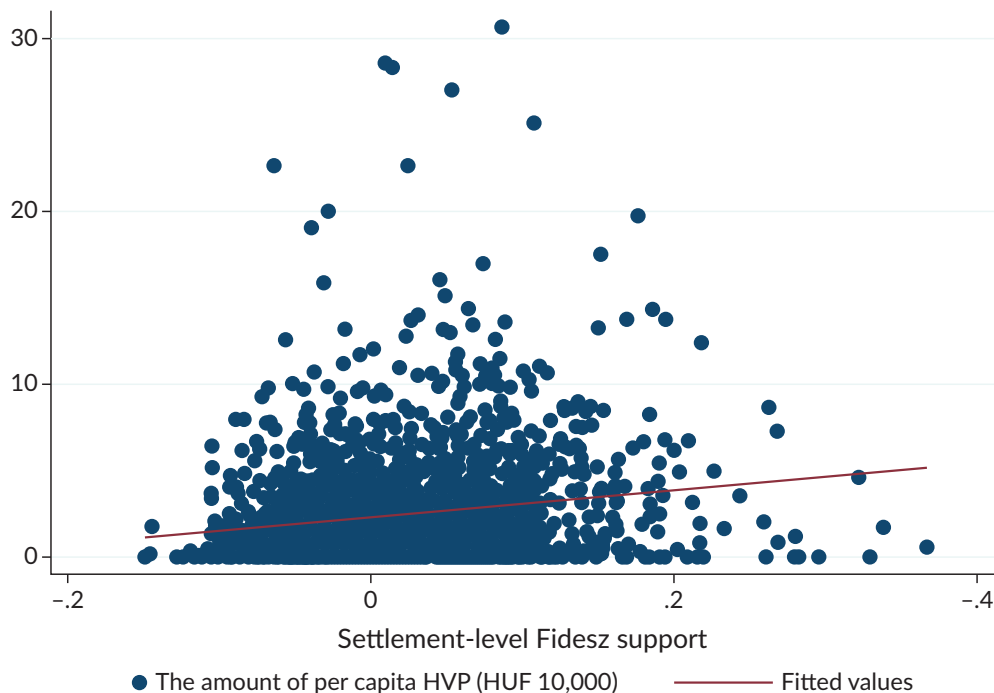


Figure 2. Correlation between per capita HVP funding (vertical axis, measured in 10,000 Hungarian forints) and settlement-level Fidesz vote share (horizontal axis, expressed in percentage points deviation between estimated settlement-fixed effects and the national average vote share).

regardless of political affiliation—had strong incentives to apply. Indeed, they did so in large numbers: By October 2019, 96% of eligible settlements had submitted at least one application, indicating that self-selection at the application stage was minimal.

Our findings indicate a strong correlation between both the likelihood and amount of HVP funding and Fidesz support, suggesting a potential political motive behind the program. The targeted allocation of resources to core settlements aligns with theories on partisan networks, clientelism, and ballot secrecy constraints (see Section 2), highlighting the program’s political intent.

In contrast, our analysis of Rural CSOK distribution finds no significant relationship between Fidesz’s performance and either the likelihood or per capita amount of subsidies allocated. This suggests that, unlike HVP, Rural CSOK allocation is exogenous to settlement-level Fidesz support, as it is managed by independent agents using objective selection criteria.

5. Electoral and Turnout Effects of Subsidies

To assess the political impact of subsidies, we begin by presenting the number of eligible versus non-eligible settlements. The rows of Table 1 display eligibility counts for the Rural CSOK (top panel) and the HVP (bottom panel). Among the 3,000 settlements with fewer than 10,000 inhabitants, 2,878 (95.9%) were eligible for HVP subsidies, while 2,479 (82.6%) qualified for Rural CSOK subsidies (population-weighted eligibility rates, provided in Appendix F in the Supplementary File, indicate 78.7% eligibility for HVP and 63.3% for Rural CSOK).

Table 1. Number of eligible versus non-eligible settlements.

	Rural CSOK		Total	
	No Rural CSOK	Rural CSOK recipients	Total	Proportion (%)
Non-eligible settlements	517	4	521	17.4%
Eligible settlements	1,061	1,418	2,479	82.6%
Total	1,578	1,422	3,000	
Proportion (%)	52.6%	47.4%		

	HVP		Total	
	No HVP	HVP recipients	Total	Proportion (%)
Non-eligible settlements	122	0	122	4.1%
Eligible settlements	556	2,322	2,878	95.9%
Total	678	2,322	3,000	
Proportion (%)	22.6%	77.4%		

Sources: Data for Rural CSOK are from the Hungarian State Treasury, and for HVP from the Hungarian Government's website.

We estimate the causal effect of policy eligibility on the incumbent government's electoral success using a difference-in-differences design. This approach compares average changes in vote share before and after the policy introduction between eligible and non-eligible settlements. Given that Rural CSOK-eligible settlements are a subset of HVP-eligible ones, we define one control group (non-eligible for either program) and two treatment groups: (a) settlements eligible only for HVP and (b) those eligible for both HVP and Rural CSOK subsidies. To ensure internal validity, we assume—and provide evidence in Figures 3 and 4—that eligible and non-eligible settlements followed parallel trends before the policies' introduction. This assumption is crucial for identification, as it implies that, without subsidies, differences in Fidesz vote share between the two groups would have remained stable. In this case, non-eligible settlements serve as a counterfactual for the trend that eligible settlements would have followed absent the subsidy treatment.

Figure 3 presents the average Fidesz vote share in Rural CSOK-eligible and non-eligible settlements across five elections before and immediately after the introduction of the Rural CSOK policy, while Figure 4 depicts the same by HVP eligibility. Both figures show that differences in Fidesz's vote share between treated and untreated settlements remained constant across pre-policy elections, indicating similar trends in eligible and non-eligible settlements—in Figures 3 and 4, Fidesz's vote share is adjusted for the impact of Public Work programs, which were key government policy tools, particularly before the October 2014 local elections (Gáspár et al., 2023); additional details are provided in Appendix G in the Supplementary File.

Since eligibility criteria for both programs rely solely on objective measures, such as population size and dynamics, we argue that eligibility—given our comprehensive set of control variables—is plausibly exogenous to Fidesz support. Further, we find it unlikely that settlements or voters themselves would engage in strategic self-selection into the pool of eligible settlements after the introduction of policies. This is partly due to the difficulty of manipulating a settlement's population size or dynamics and partly due to administrative constraints that make residency changes impractical. This supports the assumption that any observed electoral effects are causally linked to policy eligibility rather than demographic shifts.

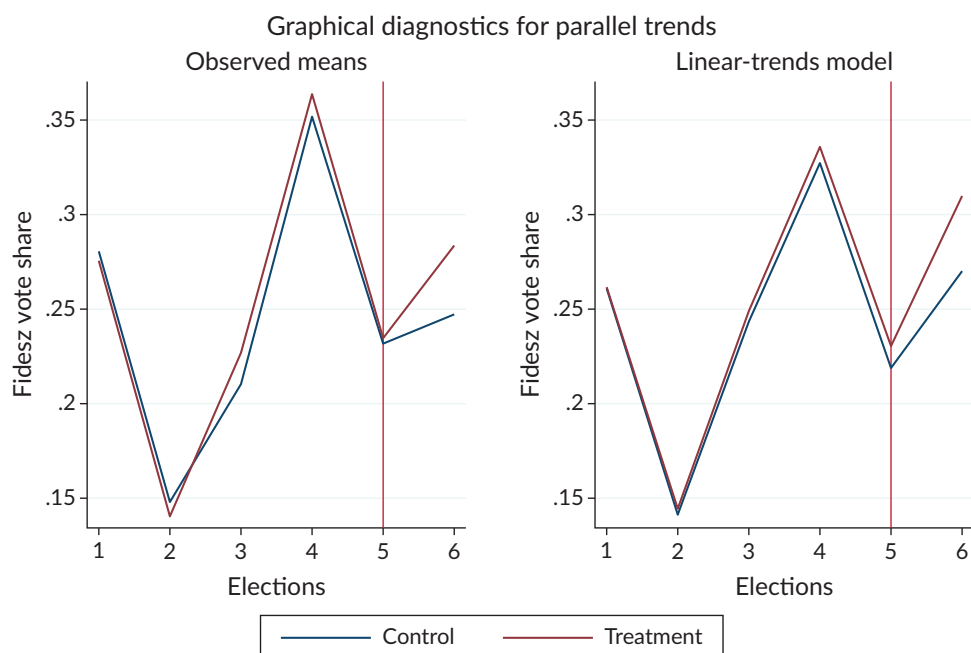


Figure 3. Average Fidesz vote share in Rural CSOK-eligible versus non-eligible settlements, before and after the introduction of the Rural CSOK program in July 2019. Elections 1–5 are between April 2014 and May 2019 (before the policy), while election 6 is in October 2019 (after the policy).

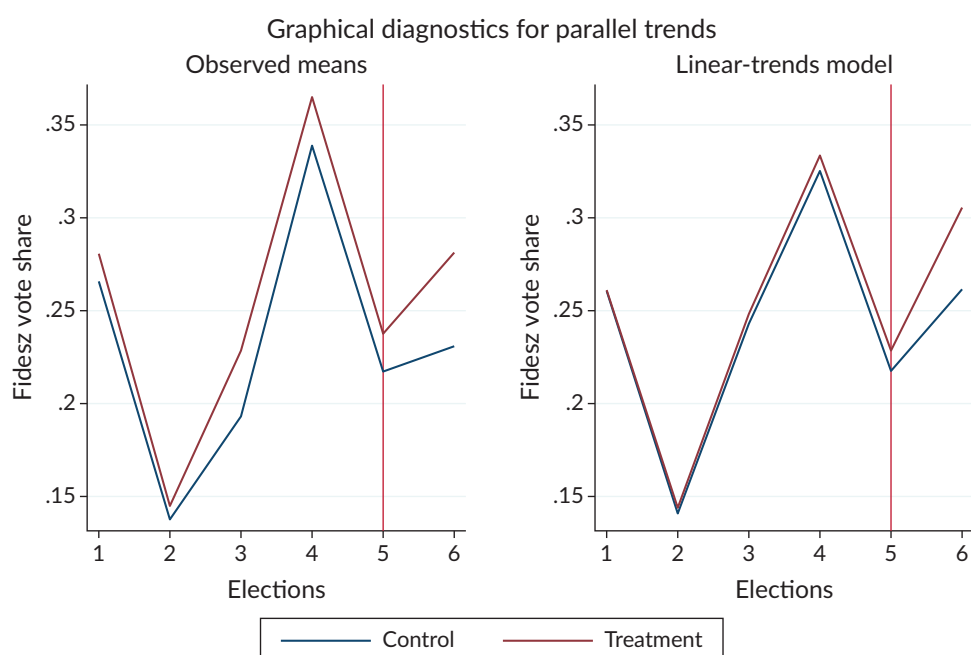


Figure 4. Average Fidesz vote share in HVP-eligible versus non-eligible settlements, before and after the introduction of the HVP in July 2019. Elections 1–5 are between April 2014 and May 2019 (before the policy), while election 6 is in October 2019 (after the policy).

To further assess the parallel-trends assumption, we test whether linear trends in Fidesz vote share were parallel between control and treatment groups in the pre-treatment period. We fit a Granger-type causality model, adding dummies for each period to test for any anticipatory effects. The test statistic fails to reject the

null hypothesis of parallel trends, and our graphical analysis further supports this assumption, indicating that changes in Fidesz support following the policy's introduction were likely driven by the policy itself.

To empirically assess the electoral effect of policy eligibility, we use panel data from six elections across 3,000 settlements, applying the following equation:

$$\begin{aligned} \text{Fidesz}_{it} = & \alpha + \beta_1 \text{RCSOKelig}_i + \beta_2 \text{Post}_t + \beta_3 \text{RCSOKelig}_i \times \text{Post}_t + \\ & + \beta_4 \text{HVPelig}_i + \beta_5 \text{Post}_t + \beta_6 \text{HVPelig}_i \times \text{Post}_t + \\ & + X'_{it} \gamma + \mu_i + \varphi_t + \varepsilon_{it} \end{aligned} \quad (1)$$

Where Fidesz_{it} is the vote share of Fidesz in settlement i in election t (where t denotes elections in April 2014, May 2014, October 2014, May 2018, May 2019, and October 2019), RCSOKelig_i and HVPelig_i are eligibility dummies for Rural CSOK and HVP programs for settlement i ; Post_t is a dummy for the October 2019 election (post-treatment); X_{it} is a vector of settlement-level control variables (see Appendix D in the Supplementary File); φ_t denotes elections fixed effects; and μ_i are settlement fixed effects. We weight settlements by the number of eligible voters and report robust standard errors clustered at the settlement level. As it is standard in difference-in-differences estimation, the primary parameters of interest, β_3 and β_6 , provide the difference-in-differences estimates of the effect of program eligibilities on Fidesz support. Our analysis focuses on settlements with fewer than 10,000 residents, as local elections follow different rules in larger areas, and urban centers such as Budapest and county capitals differ significantly from smaller, subsidy-eligible settlements. This results in a sample of exactly 3,000 settlements observed over six elections from 2014 to 2019 (totaling 18,000 observations).

Among the settlement-level control variables X_{it} , two are particularly important. First, settlement-specific shares of public workers at each election control for the impact of the Public Work program, a major tool used by the Fidesz government to gain votes through clientelistic ties, especially before the October 2014 local elections (Gáspár et al., 2023). Including this variable ensures that the electoral effects of the Public Work program do not confound our estimated eligibility effects. Second, we control for the election-type-specific impact of (log) population, capturing the fact that voters in smaller settlements tend to be more active in local elections. This adjustment ensures that our estimated treatment effects do not reflect the higher turnout in smaller, subsidy-eligible settlements during local elections.

It is important to note that in Equation 1, we include the Rural CSOK eligibility and HVP eligibility variables simultaneously. This is because both variables may be correlated with party preferences and omitting either could lead to omitted variable bias in estimating the other variable's parameters. If, for instance, Rural CSOK eligibility were excluded, despite being positively associated with Fidesz vote share, its effect would be absorbed by the HVP eligibility variable included in the regression, leading to an overestimation of the latter's parameter. To accurately estimate the effects of these two variables, both must be included in the same regression equation.

A key theoretical question is whether incumbents' electoral gains stem primarily from mobilizing citizens who would otherwise abstain or from persuading former opposition supporters to shift their allegiance. To evaluate the relative impact of mobilization versus vote switching in the relationship between government spending and electoral outcomes, we also estimate Equation 1 using voter turnout rate—and separately, opposition vote share—as the dependent variable.

The three columns of Table 2 present the estimation results of Equation 1 using different dependent variables. The first column shows that policy eligibility alone increased Fidesz's vote share by approximately 0.5 percentage points in settlements eligible for the HVP but not for Rural CSOK (i.e., settlements with fewer than 5,000 inhabitants but without shrinking populations). Additionally, Rural CSOK eligibility led to an increase of 1.7 percentage points in Fidesz's vote share, a statistically significant effect at the 1% level.

The second column examines opposition vote share, revealing a statistically significant decline of 1.2 percentage points in HVP-eligible settlements, while Rural CSOK eligibility has no significant effect. The third column aligns with these findings: Rural CSOK eligibility appears to have mobilized voters by increasing Fidesz's vote share, whereas the HVP seems to have demobilized voters by reducing opposition support.

Crucially, our results do not support the presence of vote switching—where voters shift directly from opposition parties to Fidesz. If vote switching were occurring, we would expect to see a simultaneous increase in Fidesz's vote share and a corresponding decline in opposition support. However, this pattern does not appear for either Rural CSOK or HVP eligibility.

While the three columns in Table 2 indicate effects of policy eligibility, they do not capture the impact of actual subsidy amounts on Fidesz and other parties' popularity. In the first panel of Table 1, we observe that although 2,479 settlements (82.6%) were eligible for Rural CSOK, only 1,418 (57.2%) received subsidies, leaving 1,061 intended-but-untreated settlements. Similarly, Table A8 in the Supplementary File shows that of 2.039 million people living in Rural CSOK-eligible settlements, only 1.66 million actually received subsidies. The second panels of Table 1 and Table A8 reveal similar patterns for HVP: Only 77.4% of eligible settlements and 68.3% of eligible voters received HVP subsidies, compared to eligibility rates of 95.9% and 78.7%.

This gap between eligibility and actual treatment suggests that even individuals in eligible settlements who had not received subsidies by the time the local elections took place may have increased their support for Fidesz. Mere eligibility can influence political preferences, as parties use these strategies not only to reward direct beneficiaries but also to appeal to a broader rural constituency. Voters who have not yet received subsidies—at least until the October local elections—may still update their party preferences based on the government's policy signaling and perceived competence in delivering benefits (as explained in Section 2).

Our objective is to disentangle the policy's effect in eligible settlements that received subsidies from its effect in those that did not receive the subsidies by the time the local elections took place. In similar cases,

Table 2. The effect of Rural CSOK and HVP eligibility on Fidesz and opposition vote shares and on turnout rate.

	Dependent variable		
	Fidesz vote share	Opposition vote share	Turnout
Rural CSOK eligibility	0.0167*** (0.0028)	0.0021 (0.0023)	0.0262*** (0.0038)
HVP eligibility	0.0046 (0.0041)	−0.0124*** (0.0035)	−0.0124*** (0.0055)

Notes: Settlement fixed effects, election dummies, and control variables are included; settlements are weighted by the number of eligible voters; $N = 18,000$ (six elections in 3,000 settlements); robust std. errors are in parentheses; *, **, and *** indicate significance at 10%, 5%, and 1%, respectively.

the literature often relies on estimating the intention-to-treat effect (Baker et al., 2008; Havnes & Mogstad, 2011), which averages the treatment effect across all units, regardless of actual treatment, and may not accurately reflect the true treatment effect. To obtain the treatment-on-the-treated effect, the intention-to-treat estimate is typically scaled by the treatment probability—divided by the share of treated units within the intent-to-treat group (Baker et al., 2008; Havnes & Mogstad, 2011). However, this approach assumes no separate intent-to-treat effect, an assumption that may not hold in our context.

To account for the actual amount of subsidies, we estimate the following equation:

$$\begin{aligned} \text{Fidesz}_{it} = & \alpha + \beta_1(\text{RCSOKpc}_i > 0) + \beta_2\text{Post}_t + \beta_3[\text{RCSOKpc}_i \times \text{Post}_t] + \\ & + \beta_4(\text{HVPpc}_i > 0) + \beta_5\text{Post}_t + \beta_6[\text{HVPpc}_i \times \text{Post}_t] + \\ & + X'_{it}\gamma + \mu_i + \varphi_t + \varepsilon_{it} \end{aligned} \quad (2)$$

Where RCSOKpc_i and HVPpc_i are per capita Rural CSOK and HVP subsidies received in period $t = 6$, respectively. Similarly to Equation 1, our key parameters are β_3 and β_6 , representing the difference-in-differences estimates for per capita Rural CSOK and HVP effects on Fidesz vote share. We weight settlements by their eligible voter count and report robust standard errors clustered at the settlement level.

A key difference from our eligibility regressions in Equation 1 is that we can no longer assume that per capita subsidy amounts are determined solely by objective criteria. While eligibility depended on objective and exogenous factors (e.g., population size and dynamics), actual subsidies—particularly for the HVP, as documented in Section 4—reflect idiosyncratic, often political, decisions that are endogenous to Fidesz support. Thus, we instrument the endogenous per capita subsidy amounts with subsidy eligibility.

For policy eligibility to serve as a valid instrument, it must satisfy both relevance and exogeneity criteria. As previously argued, the eligibility criteria are exogenous to Fidesz support as well as to opposition support and turnout by design. They are also relevant, as per capita subsidies are naturally correlated with eligibility. The strength of our instruments is further supported by the first-stage F -statistics, which are approximately 810 and 263 for the two endogenous variables. These values indicate strong instruments, making the usual t -ratio-based inference valid in our IV regression (Lee et al., 2022).

Table 3 presents the estimation results. The first column of Table 3 shows that each additional HUF 10,000 (approximately USD 30) of per capita Rural CSOK subsidy raises Fidesz's vote share by about 1.6 percentage points, whereas the effect of per capita HVP subsidies is smaller, around 0.5 percentage points, and statistically insignificant. For opposition support, however, per capita HVP subsidies appear to demobilize voters, reducing the opposition vote share by approximately 1.1 percentage points, while the estimated effect of Rural CSOK on opposition support is small and not statistically significant at the 5% level. Finally, consistent with our eligibility-based estimates, Rural CSOK subsidies significantly increase turnout by boosting support for the governing party, while per capita HVP subsidies slightly reduce turnout, primarily by demobilizing opposition voters. Importantly, we again find no evidence of vote switching, as the decline in opposition support does not translate into a corresponding increase in Fidesz's vote share.

Table 3. The effect of per capita Rural CSOK and HVP subsidies on Fidesz and opposition vote share and on turnout rate.

	Dependent variable		
	Fidesz vote share	Opposition vote share	Turnout
Per capita rural CSOK	0.0156*** (0.0034)	0.0050* (0.0030)	0.0291*** (0.0049)
Per capita HVP	0.0048 (0.0037)	−0.0114*** (0.0033)	−0.0105** (0.0051)
First stage F: Rural CSOK		809.84	
First stage F: HVP		262.90	

Notes: Settlement fixed effects, election dummies, and control variables are included; settlements are weighted by the number of eligible voters; $N = 18,000$ (six elections in 3,000 settlements); robust std. errors are in parentheses; *, **, and *** indicate significance at 10%, 5%, and 1%, respectively.

6. Conclusion

The strategic allocation of government spending before elections is especially crucial in democratic backsliding and competitive authoritarian regimes, where elections serve as a key mechanism for legitimizing the regime and consolidating electoral support. This study has examined the impact of a major rural-targeted spending program in Hungary, a prominent example of democratic backsliding, on electoral support for the Fidesz government, as well as the strategic logic behind the targeting of these funds. It has investigated whether resources were allocated to reward certain settlements and has assessed the government's effectiveness in consolidating political backing through these initiatives. Specifically, we have explored whether electoral gains result from mobilizing voters in core, Fidesz-leaning settlements, suppressing opposition turnout, or shifting the allegiances of formerly opposition-leaning settlements. The program channels substantial financial resources into rural areas through two key components: The Rural CSOK, a programmatic policy that provides housing subsidies to eligible individuals, and the HVP, a non-programmatic, discretionary policy that funds essential infrastructure, public services, and community development in rural settlements.

To enhance our understanding of the electoral impact of targeted policies and the government's strategy for allocating resources, we have utilized highly detailed observational data on both benefits and voting behavior, leveraging the quasi-random assignment of program eligibility. Our analysis reveals that the government strategically allocated non-programmatic, discretionary HVP subsidies to reward core settlements where Fidesz outperformed expectations in previous elections, making these areas significantly more likely to receive funding. Examining the electoral and mobilizational effects of these targeted programs, we find that both eligibility for subsidies and the amount of disbursed funds (each additional HUF 10,000 or USD 30 per capita) increased Fidesz's vote share by around 1.7 percentage points in eligible rural settlements. This effect operates primarily by mobilizing core supporters and previously non-voting individuals, with additional impacts from demobilizing opposition voters. However, we find no evidence that these policies lead to vote switching.

Our findings make two key contributions to the literature. First, we examine the link between voting behavior and targeted government spending in competitive authoritarian and democratic backsliding

contexts. While a rich literature documents the electoral effects of spending policies in these regimes (Bulut, 2020; Gáspár et al., 2023; Linos, 2013; Mares & Young, 2019; Pepinsky, 2007; Pepinsky et al., 2025), including tax relief, pension subsidies, workfare programs, clientelist policies, economic favors, fiscal expenditures, and conditional cash transfers, our study extends this body of work by analyzing the electoral effects of a large and economically significant targeted spending program. This rural-targeted program, integrating both programmatic and non-programmatic components, enables us to examine how program eligibility and benefit amounts influence settlement-level support for the governing party.

Second, we contribute to the debate on strategies employed in the context of democratic backsliding, specifically how governments sustain regime legitimacy by maintaining popular support through electoral strategies of targeted spending (Brollo & Nannicini, 2012; Bulut, 2020; Finan & Schechter, 2012; Hill, 2017; Jensenius & Chhibber, 2023; Nichter, 2008; Pepinsky et al., 2025). The non-programmatic and discretionary HVP provides a clear example of government control over targeted disbursements, with decisions regarding which settlements receive funding, the amounts allocated, and the timing fully determined by the government. By analyzing not only the total HVP allocations but also each of its 15 subprograms and the infrastructure and development needs of settlements, we offer further evidence that the government strategically uses these funds to reward core supporter rural areas.

Future research could further investigate the electoral effects and causal mechanisms underlying these two policies. Further analyses could examine the short-, mid-, and long-term impacts of targeted spending, particularly as the HVP has expanded since 2019 to civil organizations, education centers, and rural businesses. Additionally, future research could explore the sectoral consequences of policy-driven spending, such as its impact on Hungary's construction industry and whether initial economic benefits for rural areas have been sustained despite rising costs. Other important avenues of future research include analyzing migration patterns in response to program eligibility and how these shifts affect local political dynamics. Finally, individual-level survey data using techniques for addressing sensitive questions could help assess the role of local politicians in mediating the political effects of targeted spending, particularly whether Fidesz-aligned villages experience stronger electoral gains and how local elites shape voter attribution of economic improvements.

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Conflict of Interests

The authors declare no conflict of interests.

Supplementary Material

Supplementary material for this article is available online in the format provided by the authors (unedited).

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