

REDISTRIBUTION AND INTEGRATION

MÁRTON GERŐ AND IMRE KOVÁCH

Introduction

The aim of the study is to analyze how the operation of redistribution systems affects the integration of Hungarian society. Of course, redistribution is an important integration factor in all societies (see Tilly 2003); nevertheless, the Hungarian case, with the centralization tendencies of recent years, is particularly suitable for presenting these mechanisms. Following Dupcsik and Szabari (2015), we interpret social mechanisms, primarily connected to power relations and economy, as a multidimensional framework that also helps to become familiar with and understand the rationale for inequalities in today's Hungarian society. Dupcsik and Szabari (2015), based on Parsons, Habermas, and Giddens, and connecting theoretical traditions, recommended research into five integration mechanisms: (1) employment (occupation)-based integration mechanisms; (2) compliance with formal and informal norms; (3) mechanisms related to knowledge; and (4) various social relations and social capital; and (5) political integration mechanisms.

We analyze these in context (as in a multidimensional framework) with the types of redistribution-related integration as we define them. A review of all five integration mechanisms would go beyond the scope of one study. However, we believe that the various mechanisms converge in integration/disintegration mechanisms related to employment, income generation, and the source of material and intellectual goods needed for social reproduction. In short, we argue that, in the integrative and disintegrative conditions of redistribution, the mechanisms of access to different capital, employment, and material goods, and political integration appear simultaneously, and well represent the complex and intricate system of their interaction. Classic, occupation-based stratification schemes obscure the role of organizations, institutions, and relationships in social reproduction. Therefore, we argue that the reproduction conditions of Hungarian society and the mechanisms that enforce them have changed significantly in recent decades, and that greater integration mechanisms are needed to reinterpret the current functioning of the market, redistribution, the state, and the economy (Gerő and Kovách 2015).

To analyze the mechanisms that shape the relevant characteristics of social groups, we recommended the study of the interpersonal and organizational networks and the interactions between them at two levels. We hypothesize that the mechanisms that play a key role in the organization of the magnitude and

manner of integration and disintegration act through organizations. These mechanisms create social resources that can be accessed and mobilized, primarily through individual and organizational relationships, for which organizations provide the framework. In this study, as a first step, we address redistribution mechanisms that have a decisive influence on the integrity and disintegration of society, in the context of the market, public organizations, and the economy.

Redistribution and the ongoing reforms of its institutions are understandably at the heart of public interest and research. Following our theoretical work (Gerő and Kovách 2015), our study assumes three types of redistribution: state-led welfare redistribution; project-based resource allocation (project-based redistribution); and recombinant redistribution, which is the redistribution of capital and property for political purposes and by political means. Research on redistribution is hampered by several factors. Despite the importance of the research topic, there is surprisingly few analyses available, and even basic data may only be obtained with a significant research investment. The types of redistribution operate in an analytically pure manner by no means; they assume and combine with each other. In many cases, projects serve as a resource basis for welfare systems and institutions. Without the use of a project form exploiting EU funds, a politically driven division of wealth, property, and markets would not be feasible. Without projects, the economy would not work, but neither would the state itself. The project is the engine of the economy, but the policy decides on its call, content, and beneficiaries. And economic actors do everything they can to influence the political institutions and individuals who dispose the allocation of economic resources. The information available on the extent and modalities of recombinant redistribution is inherently scarce and almost invariably secondary.

The different forms of redistribution were therefore studied through different data. Whereas the extent of welfare redistribution, and state redistribution in general (more precisely, the extent to which society benefits from it), is estimated on the basis of a representative, large-sample survey,¹ the characteristics

1 For the analysis we used the data collected in the survey of integration and disintegration processes in the Hungarian society (Kovách et al. 2017). Personal questionnaire surveys were conducted among the adult population in Hungary in spring 2015. The number of respondents in our initial sample was 2,687. This sample is representative (on the basis of age, sex, settlement type, region, and education level), with subsequent stratification. In the data of the integration research, we basically used the income types and employment status to determine the scope of those involved in welfare and social care. This could also be done for the respondents and household members, as the household table of the questionnaire shows the labor market status of the household members and also whether they received any income from welfare redistribution. Old-age and invalidity pensions, family support, childcare benefits (GYED, GYES, family allowance), unemployment benefits, and scholarships were considered income from the welfare system. If the respondent or a member of a household was registered as unemployed or just a public worker at the time of the response, we classified him to a group of recipients of unemployment benefits. In the following, the available information is presented at both individual and household level. Due to the specifics of the sampling, only individually relevant data can be considered representative.

of project-based redistribution are presented primarily with the help of project data on the use of European Union (EU) funds.

Welfare Redistribution, Social Integration, and Inequalities

The welfare allowances mapped in our database actually take into account two aspects: employment status, and whether or not there is a child in the family. These two aspects are due to the fact that Hungarian welfare benefits are primarily determined by the state on this basis (Szikra 2018). Thus, we first looked at how the proportion of those in the sample are entitled to different benefits changes. The largest group of recipients of income from the welfare system are pensioners, while the fewest are those who receive various insurance-based (GYED) and non-insurance-based (GYES) childcare allowances after the birth of a child. In the sample, a higher proportion of students and those who classified themselves as unemployed were included (table 2.1).

Incomes do not fully coincide with employment status. In the case of pensioners and the unemployed as well, we find that they receive a pension or receive unemployment benefits at a rate 2 percent higher than the group defined by the labor market status. In the case of a scholarship, the opposite is true: about half of the students receive some form of scholarship or student loan benefit. There is a significant positive difference in childbirth benefits. This is probably due to the fact that this income category also includes family allowance, which is due to children up to the age of 18 (or later, in the case of tertiary education), as opposed to GYES-GYED, and is not linked to inactive labor market status.

The number of children is already explicitly household-level data. About a quarter of the households of the respondents (24%) have at least one child under the age of 18 and—together with the respondents—7.5 percent of students aged 18–20, who may also be entitled to family allowance. The households of 78.6 percent of the sample may claim some type of family allowance.

Income was asked according to the larger income groups: the category of pension income also includes old-age, disability pension, and widow's benefit. Unemployment benefits have been consolidated; here we included participation in the public works program and the job-seeker's allowance, as well as other

Table 2.1 Proportion of those entitled to welfare benefits in theory, by labor market status

<i>Labor market activity</i>	<i>Persons</i>	<i>%</i>
Pensioner	781	29
Unemployed	188	7
Childcare benefit, childcare allowance	109	4
Student	163	6

Source: authors' calculations based on Integration Research Data (2015)

unemployment-related benefits. Social benefits include family allowance, child-birth benefits (GYES, GYED), and orphan's pension. Scholarships and student loans were asked about in one question, so they are included together.

More than half of the respondents receive financial benefits from one of the welfare-social redistributions. If this is supplemented by the income of household members, an even larger proportion of respondents, a total of 66 percent, receive some form of income from welfare redistribution.

Regarding the integration role of the state, not only the data on welfare redistribution is important, but also the percentage of respondents for whom the state is the employer. Forty percent of those in our sample work or have worked in a (partly) state-owned place. Among the currently active, this proportion, including companies in mixed ownership, is 31 percent.

Taking welfare-related redistribution and state-owned jobs together, 77 percent of respondents receive state resources in some way, either directly or through the income of their household members, which clearly indicates the importance of the integrative effect of redistribution in Hungarian society.

Household Income Structure

Households are not homogeneous according to their source of income. By income structure we mean the type of income (redistribution or work) received by the respondent and their household. Due to the structure of the data, we used a simple three-category variable: households with a pure labor income, mixed households with a share of both labor income and redistribution, and households with a purely redistributive income.

One-third of the respondents in the household obtain income exclusively from labor income. Thirty-eight percent of them have a mixed-income structure, that is, both labor income and redistributive income is received by the household, and 28 percent of households have only welfare redistribution as their source of income (table 2.2).

We find a strong, nonlinear relationship between income structure and household size. Households earning income only from redistribution sources

Table 2.2 Household income homogeneity

<i>Type of income</i>	%
Only labor income	34.6
Labor income and redistribution	37.7
Redistribution only	27.7
Total	100.0
<i>N</i>	2680

Source: authors' calculations, based on Integration Research Data (2015)

have the smallest household size. This may be closely related to the average age, as the highest average age is 65, that is, it is mainly pensioners and the elderly.

The size of mixed-income families is the highest. This may be related to the higher average number of children (0.74 compared to 0.16 and 0.19 for the other two categories). Accordingly, social care (children aid) is a more significant form of redistribution in this category.

According to education, we find the highest number of graduates (24%) among those living exclusively on labor income, and the least among those living only from redistributive sources, in which we obviously have to account for an age effect. However, there are also significant differences in education between the two categories of the same average age: the proportion of graduates in the mixed category is much lower and the proportion of graduates with up to eight classes of primary school is higher (tables 2.3 and 2.4).

The distribution of the subgroups of the three groups (those with only labor income, mixed, and only redistributive income) shows significant territorial peculiarities. Households living exclusively on redistribution are, of course, older, mainly of retirement age. There is no difference in mean age between the

Table 2.3 Household size, average number of children, and age of respondents, by income structure (average)

	<i>Household size (average)</i>	<i>Average number of children</i>	<i>Age of the respondent (average)</i>
Only labor income	2.40***	0.19	41***
Labor income and redistribution	3.31***	0.74	42***
Redistribution only	1.81***	0.16	65***
Total	2.58***	0.38	48***
N	2680	2680	2680

Source: authors' calculations based on Integration Research Data (2015)

***: $p < 0.01$

Table 2.4 The respondent's education according to the income structure

	<i>At most 8 primary school classes</i>	<i>Vocational training, vocational school</i>	<i>Graduation</i>	<i>Degree</i>
Only labor income	7.3%	29.5%	38.9%	24.2%
Labor income and redistribution	20.0%	30.2%	34.4%	15.4%
Redistribution only	40.2%	27.5%	22.5%	9.7%
Total	21.2%	29.2%	32.7%	16.9%

Source: authors' calculations based on Integration Research Data (2015)

$\chi^2 = 62.776; p = 0.000$

other two categories. Equivalent per capita income is highest for those living exclusively on labor income, while it is lowest for those living exclusively on redistribution. The settlement slope is clearly reflected in the income structure. Among those with a purely labor income, the proportion of those living in the capital city and towns with county status is the highest, and that of those living in rural areas is the lowest. Those with both labor income and redistributive income are basically distributed among the individual settlement types in line with the average, while those with only redistributive income are underrepresented in the capital and towns with county status and somewhat overrepresented in villages (fig. 2.1).

The ownership structure of the workplace—or the last workplace in the case of the inactive—also shows a significant correlation with the income structure. Among those working in other (e.g., nonprofit organizations) and state-municipally owned workplaces, we find most of those with only redistribution income. A significant part of the current pensioners have retired from such a company or institution. Public workers also strengthen this group. A significant proportion of those working in privately owned companies live in households where they earn only private income, and this proportion is even higher than in employees of mixed-ownership companies. Presumably, the ownership structure significantly influences the type, age, and occupation of employees that an organization attracts. On the one hand, purely state-owned organizations are often bureaucratic organizations rather than companies established for market production or services. Employees in these organizations can spend more time; have a more secure, long-term contract; and have easier access to information on

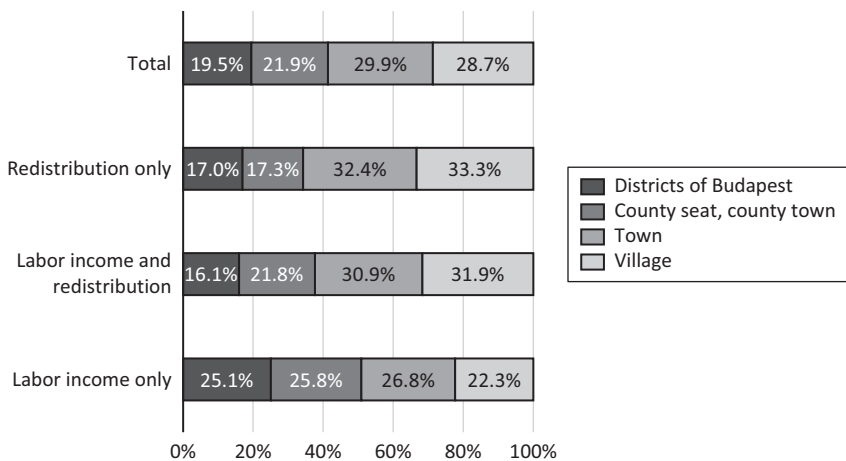


Figure 2.1 Distribution of income structure types by settlement type in 2015. Source: authors' calculations, based on Integration Research Data (2015)

Table 2.5 Income structure according to the form of ownership of the respondent's workplace

	<i>Only labor income</i>	<i>Labor income and redistribution</i>	<i>Redistribution only</i>	<i>N</i>
State and local government	23.4%	32.7%	44.0%	860
Privately owned	44.2%	39.6%	16.1%	1314
Mixed	48.5%	34.0%	17.5%	103
Other	13.6%	24.5%	61.8%	110
Total	35.5%	36.2%	28.3%	2387

Source: based on authors' Integration Research Data (2015)
 $\chi^2 = 286.063$; $p = 0.000$

redistributive benefits. It also shows that the type of income shows a significant concentration in the case of households (see table 2.5).

Analyzing the correlations between the integration model (Kováč et al. 2017) and the income structure, it is not surprising that the integration model and the income structure show a relatively strong correlation (Cramér's $V = 0.403$). The groups with a purely redistributive income are found mainly in the less integrated groups: the *norm-following disintegrated* (62.5%); the *socially excluded, disintegrated* (42.5%); and households with the highest proportion of purely redistributive income (55.5%) may be found in the older "system-integrated" group, which is mainly integrated by political participation. In the case of the latter, old-age pensions; in the case of the former, pensions and public employment or other unemployment benefits, are sources of redistributive income. Mixed-income households are close to the average in all integration groups. There are two exceptions to this: the *norm-following disintegrated* category has the highest proportion of purely redistributive households and by far the lowest proportion of households with only labor income. In this group, we find fewer than average mixed-income households. The other exception is the group of *highly integrated politically active* people, where the proportion of mixed-income people is higher than average (41.9%). Households with a higher-than-average proportion of purely labor income are those integrated into the labor market, those *highly integrated politically active* and those *moderately integrated*, as these groups are most present in the labor market (table 2.6).

Project-Based Redistribution

In accordance with the principles and rules of EU development policy, the project has been the almost exclusive means of allocating resources since the period of Hungary's preparation for EU membership. The projectification of development policy is a well-known fact, with multifaceted consequences (Sjöblom

Table 2.6 Income structure according to the groups of the integration model

	<i>Only labor income</i>	<i>Labor income and redistribution</i>	<i>Redistribution only</i>	<i>N</i>
Highly integrated politically active	50.2%	41.9%	8.0%	313
Locally integrated	38.0%	34.8%	27.3%	187
Integrated in the labor market	59.8%	37.4%	2.8%	470
System integrated	5.7%	38.8%	55.5%	353
Moderately integrated	45.6%	36.1%	18.3%	327
Norm-following disintegrated	5.8%	31.7%	62.5%	259
Socially excluded, disintegrated	20.4%	37.2%	42.5%	113
Total	35.4%	37.1%	27.4%	2022

Source: based on authors' Integration Research Data (2015)

$\chi^2 = 656.494$; $p = 0.000$

2006; Czibere and Kovách 2013). Among them, in addition to the transformation of public administration and power relations (Sjöblom 2006; Andersson 2009), networking (Csurgó et al. 2008), disruption of democratic decision-making, intensification of abuses, and recombinant redistribution (Csurgó and Kovách 2013), projecting of political practice, changes in the functioning of organizations (Czibere 2013), the literature attributes key importance to the change in the system of social reproduction (Ray 2001; Kovách 2000) and the shaping effect of project-based development on social inequalities (Shucksmith 2000, 2004; Darvas-Ferge 2013; Megyesi 2015; Shortall 2004, 2008). From the point of view of integration/disintegration, the listed topics are all of great relevance, as the system of political/power relations, political control of resource allocation independent of democratic institutions, and the rapid progress of networking have a direct impact on the degree and quality of social integration and disintegration. In this chapter, we try to find an answer to the question of whether the redistributed development and other resources in the form of a project have consequences for the formation, perpetuation, and survival of social groups.²

2 The analysis is complicated by two factors. Project decisions, the list of users of grants awarded, mostly contain public and identifiable information but, due to the general design and the intertwined project networks, it is quite complicated to show the actual use of resources in detail. Public tasks are also performed according to the logic of the projects, in which the public and private sector, the public institution, the market company, and the nongovernmental organization operate in symbiosis, with actors changing from project to project. Another difficulty of the research is that through survey data collection, participation in the project and the collection of income of individuals or households directly or indirectly from project sources is practically unfeasible.

Our first question is how much is allocated in the form of a project, how large and extensive the project-based redistribution is. In her study, Éva Voszka estimated that two-thirds of the money spent on development, institution maintenance, and other public purposes was spent on publicly announced projects, but a significant part of the remaining one-third was also spent on projects for local governments and public institutions. According to Voszka (2006), state subsidies in the economy decreased in the 1980s, but this trend stopped in the early 1990s; in 1987 redistribution only within the economy was 12.3 percent, which changed to 1.7 percent by 1996. Taking other amounts into account, redistribution within the economy has not declined since 1992 and has fluctuated between 0.9 and 4.9 percent of the gross domestic product (GDP). In 2002, it was 3.7 percent of the GDP. Between 2004 and 2006, the amount of grants related to EU funds was 3.8 billion euros, that is, 952 billion forints, which was distributed within the framework of the projects of the tender systems. In addition to this amount, the project logic also prevailed in the distribution of domestic resources. The comprehensive nature of projectification, covering the economy and spending of the public sector, is well illustrated by the fact that 46,000 applications were submitted in the first two years of EU membership and 45.7 percent of the project funds went to the state administration and local governments (Voszka 2006). The economy also received significant domestic subsidies. According to the summary of Voszka's data, the size of domestic resources distributed according to the redistribution logic could have amounted to HUF 600–800 billion between 2003 and 2006. These development subsidies were distributed through tenders or by circumventing them, but in the vast majority of cases in the form of projects.

According to a study on the analysis of the use of EU funds, HUF 14,000 billion had been paid to beneficiaries in Hungary by 2016. The importance of the subsidy is shown by the fact that, without EU funds, the GDP would have decreased by 1.8 percent compared to the 2006 level, while an increase of 4.6 percent was achieved with subsidies (KPMG 2017a). Consumption, which was already declining, would have been 11 percent lower instead of 5 percent, while investment would have declined by 31.3 percent instead of 2.8 percent. It also affected employment, with KPMG calculating that, instead of an increase of 280,000, only 105,000 would have been achieved without the funds. Despite the subsidies, Hungary's competitiveness has deteriorated significantly over the last 10–15 years. Of the Visegrád Four countries, Hungary ranks last in 10 pillars in the World Economic Forum's (WEF) 12-pillar competitiveness list (while in 2006 it was in the top two in 7 pillars).

Information on the resources allocated in the project subsidy schemes after 2006 may also be found in the mandatory published data on project decisions.³

³ In March 2017, we collected data on the successful projects between the first months of 2007–2017 from the EU 2007–2013, the NEW Széchenyi Plan, and the Széchenyi 2020 program application databases available on the Government Portal.

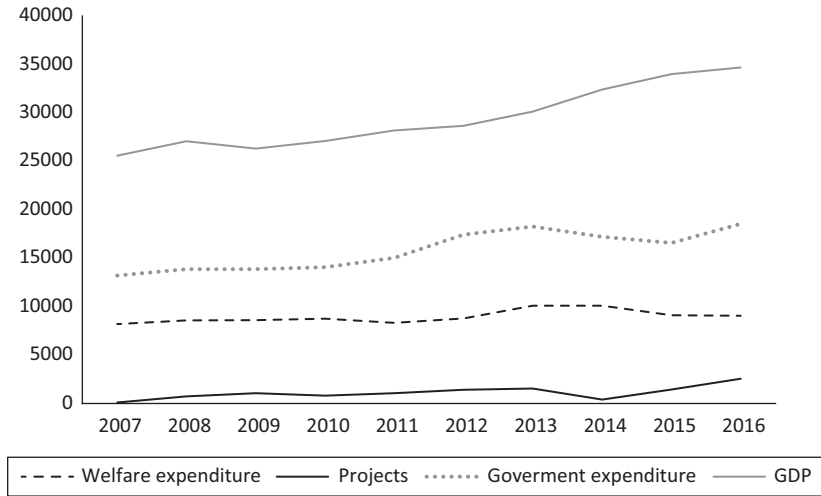


Figure 2.2 Volume of GDP, general government, and welfare expenditures, projects (BHUF). Source: Hungarian Central Statistical Office

A total of 75,105 projects have been added to our database. The total value of the projects awarded is 11,256.6 billion HUF (BHUF). This amount does not cover subsidies used in the form of projects in Hungarian development systems; it provides information on about 80 percent of them.⁴ The European Union's budget relations plan for 2017 envisages an expenditure of €2,239.1 billion, accompanied by an additional €416.7 billion in extrabudgetary EU subsidy. The data of the 75,105 projects we collected and organized into a database are adequate for the analysis of the project-based redistribution system, with the constraint that more projects are run in the country than those analyzed and the amount of redistribution is higher. We considered it important to highlight all this because the number of projects is certainly higher than that shown in the following tables and graphs.

The amount of redistributive resource allocation through policy decisions has been steadily increasing since 2007 (fig. 2.2). In 2014, there was a break in the increase in the amount of projects, which was for purely technical reasons: it was a year of switching to new programs. Between 2007 and 2016, project

⁴ The National Office for Research, Development and Innovation (NKFI) supported research and development projects with HUF 495 billion in the relevant period. NKFI projects are also made public, but for technical reasons their data cannot be combined with the information on the 75,105 projects. A significant part of agricultural subsidies is not included in the application database of development programs either. For example, area payments represent a significant annual amount of HUF 310–330 billion, the details of which were also published in a research-ready form until 2014 (Kováč 2016), but could not be organized into the same database with the 75,105 projects.

amounts changed from 86.6 billion to 2550.8 billion. There are two more definite trends in the changes in GDP; general government and welfare expenditures, and the volume of projects expressed in HUF billion. The size of the GDP and the amount of projects using mainly EU funds is changing at a similar pace (the tide of technical projects in 2014 does not break the trend). GDP growth is consistently lower compared to the increase in the project amounts. From 2013, and especially after 2014, there is an inverse proportionality between public finances, and welfare expenditure in particular, and the amounts spent on projects. In 2013 and 2014, the amount of general government and related welfare expenditures decreased significantly. This decline in welfare expenditure has not stopped, but the amount of general government expenditure has risen sharply again since 2015. Welfare spending fell by 1,029 billion between 2013 and 2016, while the project amounts increased by 1,330 billion over the same period. Only a more detailed analysis could reveal the extent to which the increase in public funding for projects was a consequence of the reduction in welfare expenditure and whether the increase in public expenditure was due to the reduction in project money and welfare expenditure. Figure 2.2 suggests that a spectacular increase in project-based redistribution goes against welfare spending. This is true not only for the amounts spent, but also for the users, because while the beneficiaries of expenditure from the welfare system are, in principle, the majority of society, the project money goes to much fewer.

The ratio of the project amounts to GDP, government, and welfare expenditures (fig. 2.3) also shows the intensification of project-based redistribution. Except for the 2014 technical project transition period, the ratio of project amounts to GDP, general government, and welfare expenditures multiplied between 2007 and 2016. Project-based redistribution amounts to 7.36 percent of the GDP in 2016, nearly double the 2002 figure. The ratio of the project amount

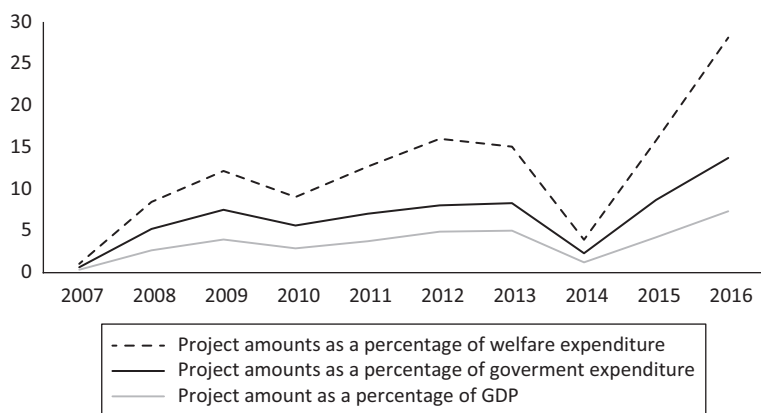


Figure 2.3 Project amounts as a percentage of GDP, government expenditure, and welfare expenditure. Source: Hungarian Central Statistical Office

to GDP is about 60 percent of the socialist era's economic redistribution to GDP. Projects, together with government expenditure, were around two-thirds of the GDP in 2016. A significant part of public finance and welfare expenditure is used as part of a project. The strongest indicator of projecting in figure 2.3 is the ratio of project amounts to welfare expenditures, which exceeded 28 percent by 2016. A significant part of public and welfare expenditure is also used in the form of projects. Project-based redistribution is increasingly interweaving economic, state, and municipal resource consumption.

In connection with the relationship between redistribution in projects and social integration, our second question is whether the projects contribute to reducing or increasing social inequalities, or whether their effect is to freeze them. It is a fairly clear statement in the literature (Shucksmith 2000, 2004; Shortall 2004, 2008) that projects significantly increase social disparities, although the reduction of social disadvantages also takes the form of projects. According to the Scandinavian literature, the function of a project is to ensure social control over the use of resources, while Central European analysts tend to write about the dangers of expropriating project resources. Others see the creation or strengthening of new social groups, the radical rearrangement of power relations, the effect of projecting, or the assumption that the whole system of social reproduction has transformed as a result of new types of redistribution (Bruckmeier 2000; Andersson 2009; Ray 2001; Kovách-Kucerova 2006, 2009; Csurgó and Kovách 2013). According to Csanádi (see chapter 1 in this volume), forced resource redeployment used in a centralized power distribution is a way of reproducing a given power distribution and one of the fundamental tools of politically selective subtraction and distribution.

The unique opportunity offered by the 14 trillion HUF subsidy did not bring a breakthrough and, due to the lack of concentration of resources, the effects of structural changes were missed in several important areas (e.g., healthcare, public administration, education). According to a KPMG report, grants were disbursed through 13 areas of intervention, 300 types of measures, and 1,100 different purpose schemes and titles. The largest amount flowed into agriculture through normative (area payments) and investment (rural development) subsidies. Significant sums have also been spent on the development of transport, environmental and social infrastructure, and company subsidies. All of these, in turn, were used in a fragmented, meaningless concentration, resulting in the absence of the structural changes mentioned earlier. Thirty percent of payments went to agriculture, yet only 23 percent of the total GDP effect and only 20 percent of the employment effect are due to agricultural subsidies. The actual economic development impact of the normative subsidies, which are the largest item, is minimal.

EU funds have also been able to contribute only moderately to reducing regional disparities and regional cohesion. Although the inequality index of GDP per capita between counties decreased by 3.4 percent, the differences between counties in the field of employment did not decrease. In the least

developed microregions, resources were less effective and increased productivity less than in more developed regions. According to the analysis, in the most disadvantaged regions, “the traditional, tender-based approach to development policy may be less effective, and targeted programs that take into account the local economic and social characteristics of the microregions (e.g. economic relations with the surrounding, more developed microregions) may be more effective” (KPMG 2017a, 5).

The number of employed increased from 3.9 million to 4.2 million (7.2%) between 2006 and 2015. The increase is primarily the combined result of the expansion of the public work program and the increase in the number of employed in the public sector, and not the increase in the employment efficiency of the business sector (the level of employment in the business sector in 2015 is only slightly higher than in 2006). The significant increase in the proportion of those taking up long-term employment abroad was initially accompanied by a decrease in unemployment, but later also in employment. Without EU funding, the employment rate would have been 4.5 percent lower in 2015.

According to the report of the State Audit Office (Állami Számvevőszék 2015), in the 2007–2013 grant period, a significant part of the funds flowed into the public sector (ministries, domestic public institutions, local governments); 72.2 percent of payments, almost HUF 3,000 billion, were realized in this sector. For four operational programs, the public sector’s share of payments exceeded 85 percent, and in only 2 of the 15 operational programs did it not reach 50 percent. These ratios also affected the revenue and expenditure structure of general government, sometimes causing significant discrepancies between the statutory plan figures for the year and the actual final accounts data.

Of the 13 areas of intervention,⁵ we highlight 2, the primary aim of which is to reduce social inequalities and improve the situation of disadvantaged social groups through welfare redistribution: promoting employment and social cohesion.

Employment Promotion

Among the diversified social impacts of EU funds, KPMG’s (2017a) analysis highlights successful employment growth, the social conditions of which have been largely strengthened by human developments, such as social infrastructure, human capital, increased employment and institutional capacity-building, and the development of transport infrastructure. At the same time, there is no breakthrough to be detected in education and healthcare thanks to EU funding. The aim of increasing employment is to increase the productivity of the

5 Subsidies for farmers; business development; research and development; tourism; transport infrastructure; energy infrastructure; environmental infrastructure; infocommunication technology; social infrastructure; human capital; employment promotion; social cohesion; institutional capacity.

workforce through various training, education, and healthcare projects, and at the same time to reduce the differences between the individual social strata (SAO 2015). Among the six priorities, the two most important priorities in terms of social redistribution were to improve the employability of unemployed and inactive people, and to lay the foundations for the most disadvantaged (LHH) areas to catch up. The basic goal of the program was to prevent the reproduction and transmission of social disadvantages, and the ultimate goal was to eradicate extreme poverty, especially child poverty (SAO 2015).

According to figure 2.4, the redistribution of projects to promote employment was highly focused on the labor market integration of the disadvantaged, both in the number of subsidized projects and in the magnitude of the subsidies paid. It is noteworthy, however, that although much smaller in terms of amount, the second largest area of subsidy in terms of the number of projects was the development of the institutional system.

According to the SAO (2015) report, some of the development goals targeting disadvantaged groups, such as vocational training and adult training, the development of the infrastructure for active job search and employment support services, and the reduction of regional disparities in access and quality in social services, significantly overperformed, for example, five times the planned public services were made accessible (2,421 cases), and the 5,311 TISZK (Regional Integrated Vocational Training Centre) classrooms and workshops renovated and built also rose above the 2015 targets. It is critical, however, that

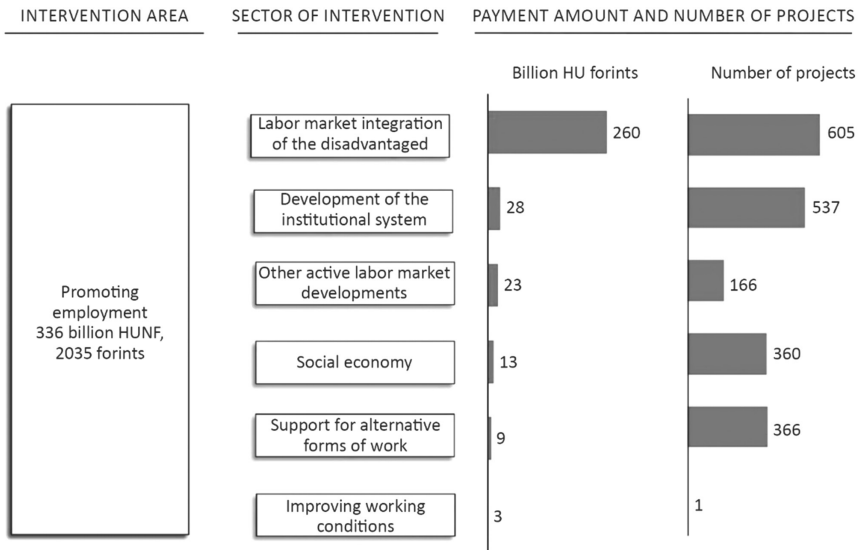


Figure 2.4 Sectoral breakdown of the employment promotion intervention area by payments and number of projects. Source: KPMG (2017b, 424)

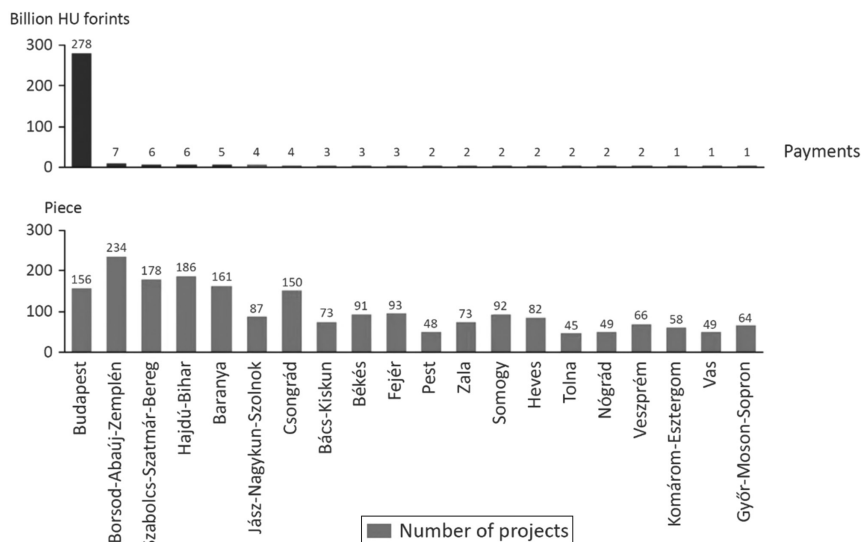


Figure 2.5 County distribution of payments in the programming period (employment promotion). Source: KPMG (2017b, 425)

an insufficient number of social and child protection institutions have been renovated, with only 24 percent of the planned 9,000 target being met.

Returning to the employment promotion program, we find a rather unequal distribution from a regional point of view (fig. 2.5). Disproportionately, most payments were made in Budapest, taking the location of the projects into account.

According to KPMG’s analysis, this extremely disproportionate distributional inequality, meaning the capital’s significant predominance in funding, is due to the fact that 76 percent of payments financed projects belonging to the Ministry for National Economy. At the same time, the regional gap between the capital and all other regions is not so great, considering that these projects were implemented in a decentralized manner, not only in Budapest.

In the 2007–2015 period, the “Employment Promotion” intervention area also contributed only to a lesser extent to the results of the national economy, due to its relatively low share of resources. Both GDP volume and output would have been only 0.1 percent lower without the use of resources in this area (KPMG 2017b).

Social Cohesion

The intervention area of social cohesion is also one of the measures of the Social Renewal Operational Programme. Its main goal is to integrate the most disadvantaged areas (LHH) in a comprehensive way and to promote the social,

educational, labor market reintegration, and equal opportunities of disadvantaged groups, as well as the development of local communities. KPMG’s (2017b) analysis discusses social cohesion programs along the logic of priorities in two main classes. The objectives of the “Equal Opportunities in Education” class include improving the educational situation of disadvantaged young people and promoting the integration of young people with special/different educational needs. The “Social Catch-up” class includes six measures to support the social and labor market integration of particularly disadvantaged groups.

According to figure 2.6, in the field of social cohesion, the volume of projects and payments in the sector of social inclusion was higher, exceeding the amount of resources allocated to equal opportunities in education by almost 30 percent. In the field of social cohesion, 2,737 projects were financed in the amount of 226 BHUF in the period under review.

Welfare and social purpose redistributive interventions (fig. 2.7) in the field of educational inequalities were primarily aimed at creating equal opportunities for children with multiple disadvantages and Roma pupils, primarily by reducing school segregation and promoting further education. Also included are the integration of children with special and different educational needs, the

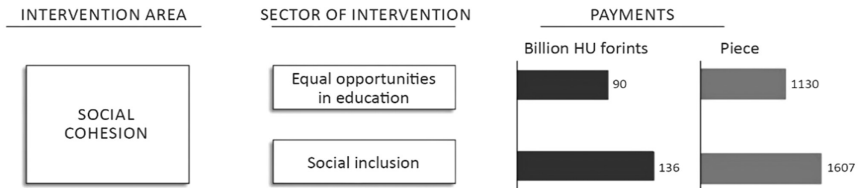


Figure 2.6 Sectoral breakdown of the social cohesion intervention area by payments and number of projects. Source: KPMG (2017b, 448)

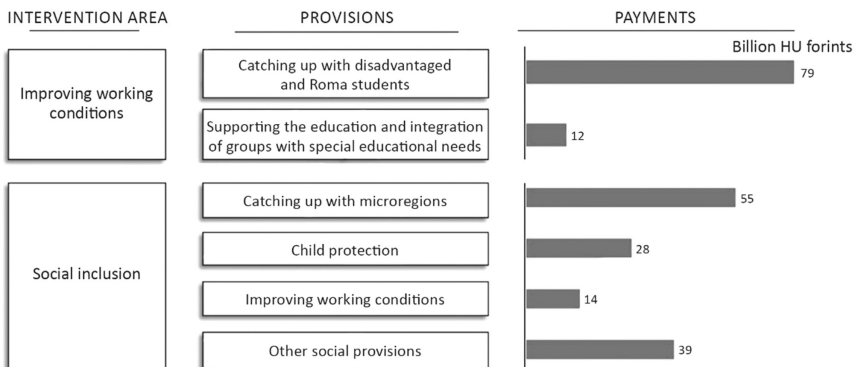


Figure 2.7 Definition of representative types of measures (social cohesion). Source: KPMG (2017b, 448)

promotion of the education of refugee and ethnic pupils, and the nurturing of talents in schools.

Based on KPMG's categorization of social disadvantages, interventions have been carried out in four areas: interventions planned for increasing the chances of integration of those living in the most disadvantaged microregions (young people and adults); protecting children, and reducing child poverty and preventing youth deviancy; so-called social employment, that is, the reintegration of members of excluded social groups (long-term unemployed, prisoners, the homeless, etc.); and, in the group of other social measures, mainly projects promoting antidiscrimination and volunteering, or, for example, projects that achieved accessibility goals.

Of the funds spent on compensating for educational disadvantages, the largest amount of payments were used to improve the educational opportunities of disadvantaged and Roma children in the amount of HUF 79 billion, while on social expenditures, most money was spent on supporting the catching up of LHH microregions.

Figure 2.8 shows the county-level territorial distribution of projects for social cohesion. We have previously described that this construction is primarily one of the means of overcoming territorial disadvantages, therefore the volume of the resources intended to support the most disadvantaged microregions is on average higher than the volume of the other intervention areas. A number of call-for-tender conditions also play a role in this; these stipulated that projects must be implemented in the given LHH microregion. As a result, KPMG (2017b) reports that 22 percent of subsidies paid went to the country's 47 most disadvantaged microregions. At the same time, this value seems to be an unrealistically low rate, given the goals. Here again, the question arises as to why support for the most disadvantaged areas and social groups was concentrated in the capital city in the largest amount. In Budapest, 117 BHUF of tender funds may be detected in the field of social cohesion out of the total expenditure of 226 BHUF; the share of the other counties is between only 1 and 20 BHUF. Not approaching the magnitude of the amounts of support in the capital city, the two dominant counties are Borsod-Abaúj-Zemplén and Szabolcs-Szatmár-Bereg, where there were more than 300 projects in each field of reducing disadvantage and combating poverty, with 20 and 16 BHUF, respectively, in support (fig. 2.8). KPMG's analysis mentions that the nature of the subsidies would justify higher payments in disadvantaged areas, but the data are somewhat distorted by the fact that priority, high-budget projects benefited Budapest-based organizations (e.g., Klebelsberg Institution Maintenance Centre (KLIK), Human Resources Grant Manager, István Türr Training and Research Institute). In the context of these projects, it was typical that, in several cases, these projects were redistributed to additional beneficiaries, thus the winning applicant and the final beneficiaries were different, which, on the one hand, visibly distorts the results and, on the other hand, raises further concerns in terms of the targeting and enforcement of allocation principles of funding.

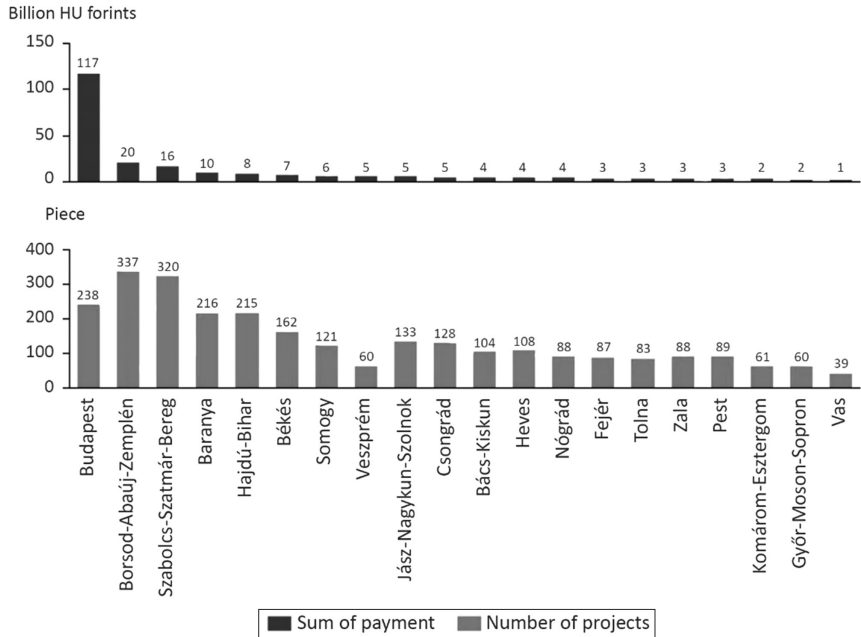


Figure 2.8 County distribution of payments in the programming period (social cohesion). Source: KPMG (2017b, 454)

Table 2.7 shows that the proportion of aid flowing to the disadvantaged and most disadvantaged microregions is disproportionately low (7% and 3%, respectively) and that the amount of aid per capita is much lower than in nondisadvantaged microregions, to where the highly significant 71 percent of aid paid out went. The most disadvantaged microregions are home to 5 percent of the population, while only 3 percent of the subsidies went to such areas.

With regard to social redistribution subsidies, it is clear that, based on per capita calculations, the situation of people living in the most disadvantaged microregions to be assisted by the comprehensive program is given priority. Of all the microregional categories, this type has the highest amount of project grants per capita (HUF 45,677/person). However, only 19 percent of project funds went to areas in this situation.

In the field of developing the human capital of the most disadvantaged areas, the most popular application goal under this program was training supporting integration into the labor market. The primary goal of these projects for highly disadvantaged target groups was to achieve higher employment. However, when examining unemployment indicators, it is difficult to assess their actual impact because of problems with the Public Employment Act, which was renewed in 2011, and the 2013 extension of public employment. KPMG's analyses also confirm that the improvement in unemployment results in a given region is

Table 2.7 Distribution of subsidies by microregions (social cohesion)

<i>Classification of microregion</i>	<i>Population distribution (%)</i>	<i>Distribution of aid paid out (%)</i>	<i>Aid paid out (HUF/person)</i>
A microregion with no disadvantage	69	71	23,541
Disadvantaged microregion	16	7	9931
Most disadvantaged microregion	5	3	14,182
Most disadvantaged microregion to be assisted by a comprehensive program	9	19	45,677

Source: authors' calculations, based on KPMG (2017b, 454)

presumably due to a greater extent to the public employment programs distributed in each microregion than to the EU funds used in the aforementioned form. Over the whole project period examined, the proportion of the unemployed in the eight nongeneral LHH areas decreased by 31.85 percent in the assisted LHH areas; however, the data show that, in the nonassisted LHH areas, it also decreased by 25.47 percent (39 out of 47 LHH areas received aid) (KPMG 2017b). Similar trends may be observed in the decline in long-term unemployment. The number of long-term unemployed fell by 51 percent during the payment period, but the public works program extended in 2013 is also to blame for the significant decline in this case, which also follows from the fact that LHH areas not receiving EU funding showed the biggest improvement in decreasing long-term unemployment. We may say that the previously mentioned integration training was sufficient for the long-term unemployed to find work in public employment.

In the 2007–2015 period, KPMG estimates that the GDP would have been 0.2 percent lower without financial resources for the “social cohesion” intervention area. Consumption would have been 0.2 percent less. This area of intervention had fundamentally scarce funds and covered extremely diverse, wide-ranging measures, but its primary goal was not achieving economic growth, but to achieve more equal social conditions, which in turn could be seen with a delay.

The distribution of projects among the counties (table 2.8) does not show that project-based redistribution would contribute to balancing territorial disadvantages. Budapest, the largest GDP producer, uses the most projects. The second and third ranked Hajdú-Bihar and Szabolcs-Szatmár-Bereg, respectively, and the fifth ranked Borsod-Abaúj-Zemplén could indicate that one of the key features of project-based redistribution is the reduction of territorial inequalities in terms of the number of projects, the low per capita GDP, and the total population. However, the most developed counties in a good position in terms of the number and volume of projects received are also there, which contradicts the principle of territorial equalization. The rest of the order does not show any guiding principle. However, the distribution of projects by type of settlement (table 2.9)

Table 2.8 Number, amount, and order of projects based on GDP per capita and total population

<i>County</i>	<i>Number of projects</i>	<i>Amount (BHUF)</i>	<i>Order by GDP per capita</i>	<i>Order by total population</i>
Budapest	6822	3347	1	1
Hajdú-Bihar	5425	766.7	12	5
Szabolcs-Szatmár-Bereg	5362	717.1	19	4
Csongrád	4870	695.9	10	9
Borsod-Abaúj-Zemplén	6442	657.9	13	3
Pest	4288	540	7	2
Győr-Moson-Sopron	4052	508.4	2	7
Bács-Kiskun	4917	478.8	8	6
Somogy	3111	441.2	17	14
Baranya	4179	397.2	16	11
Fejér	3148	373.5	3	8
Békés	2900	366.2	18	12
Jász-Nagykun-Szolnok	2821	358	15	10
Heves	2961	332.2	14	15
Veszprém	3073	294.7	11	13
Zala	2658	236.2	6	17
Komárom-Esztergom	2146	227.5	4	16
Vas	2216	225.3	5	18
Tolna	2026	153.3	9	19
Nógrád	1688	139.2	20	20

Source: based on a database created from the data of https://www.palyazat.gov.hu/tamogatott_projektkereso

Table 2.9 Projects by settlements

<i>Type of settlement</i>	<i>Number of projects</i>	<i>Project amount (BHUF)</i>	<i>Amount per project (BHUF)</i>	<i>Project amount per inhabitant</i>
Village	13184	1383.4	104.9	0.61
Large village	2260	281.3	124.5	0.62
Town	26769	3071.0	114.7	0.98
County-level towns	1999	311.4	155.8	1.16
County seat	24071	2862.0	118.9	1.63
Capital city	6822	3346.9	490.6	1.94
Jointly	75105.00	11,256.2	149.9	1.13

Source: based on a database created from the data of https://www.palyazat.gov.hu/tamogatott_projektkereso

Table 2.10 Concentration of projects

<i>Number of projects</i>	<i>Number of successful tenders</i>	<i>Project amount (BHUF), March 2007–2017</i>	<i>Amount of aid per beneficiary (HUF), March 2008–2017</i>
1 project	35,767	2018.2	56,427,432
2 projects	6327	1202.6	190,078,973
3 to 5 projects	3906	1911.2	489,305,462
6 to 10 projects	742	1288.4	1,736,419,004
11 to 20 projects	164	889.8	5,426,185,229
21 to 50 projects	55	1872.3	34,043,556,387
51 to 99 projects	11	638.0	58,004,612,058
Above 100 projects	5	1435.4	287,080,443,757
Jointly	46977	11,256.2	239,612,206

Source: based on a database created from the data of https://www.palyazat.gov.hu/tamogatott_projektkereso

makes it much clearer that project-based redistribution does not reduce but rather increases or fixes territorial and settlement disadvantages. Villages and large villages receive the least project funds compared to their total population.

To measure the concentration of projects, we aggregated the number of projects won by the names of the applicants (table 2.10). Of the 75,105 project winners, 11,210 beneficiaries received more than one project between March 2007 and March 2017. Seventy-one beneficiaries received 35 percent of the total project amount. The 5 beneficiaries that received more than 100 projects received a total of 1,435 project resources, each averaging HUF 287 billion, indicating a highly concentrated use of project resources, even if we know that these are large organizations, which themselves involve additional organizations in project implementation.

The redistribution of project resources follows the settlement slope: the winners are very strongly the big towns. The positive discrimination of the more disadvantaged areas cannot be deduced from the project data examined according to the counties either, which follows more or less the population. The redistribution of project funds rather fixes the existing conditions and inequalities.

Recombinant Redistribution

Recombinant redistribution differs from welfare and project-based redistribution in that its application is clearly linked to maintaining or increasing economic and political power (Geró and Kovách 2015). Its aim is of a purely political nature: there is no direct impact on inequalities and economic stimulus. It reconfigures ownership relations and access to developmental resources and other entitlements in a way that has no economic or ideological justification. None of the restructuring that takes place through recombinant redistribution

would have taken place without such redistribution of property. The decisive consequence is a significant concentration of wealth, which does not increase the performance of the economy. The political consequence is the wealth-strengthening of those in power and their clientele, and the expansion of their power networks (Csanádi, chapter 1; Laki, chapter 4; and Tóth and Hajdu, chapter 3 in this volume). The polarization of wealth obviously tends to deepen social inequalities and, in conjunction with the means of power, conserves large differences in status and opportunities. The redistribution of control over property and development resources does not produce new economic or social qualities or values but, because of its extent and stability, it is a structural factor in social reproduction. One form of recombinant redistribution is to politically influence the legitimate systems of wealth and resource allocation and the institutions of democratic origin, or accepted as such, that control them. Welfare and project-based redistribution serve the goals of recombinant redistribution without particular difficulties and obstacles. The use of project-based redistribution for “political purposes” is one way for political coordination to infiltrate all, at least institutional, segments of society (see Csanádi, chapter 1 in this volume).

The primary problems in the examination of welfare and project-based redistribution are the lack of data, the sporadic nature of information, the wide variety of sources, and the contradictions of different calculations. This type of redistribution is usually attempted to be hidden by those in power and operated through the legitimate systems of the other two modes of redistribution, which are also accepted by the political opposition and the public. As a consequence, comprehensive data are not (and cannot be) available on the scope and amount of recombinant redistribution. Therefore, we try to show what the process of recombinant redistribution may be, based on the available literature.

The task is complicated by the fact that the techniques by which recombinant redistribution is organized usually coincide with or are similar to those described in the corruption literature. At the same time, while the goal of corruption is usually to gain material and economic advantage, the goal of recombinant redistribution is to consolidate government power by rearranging assets and access rights. Thus, it is fundamentally different from the systemic version of corruption, state capture, when the state is captured by economic actors, because while this is dictated by economic actors, recombinant redistribution is a function of governmental and political power (Kornai 2015a). The fundamental difference between corruption and recombinant redistribution is legitimacy: corruption is illegitimate, while systems that allow recombinant redistribution are accepted as legitimate by the vast majority of social actors.

In this sense, there has been a change in perceptions of state-level corruption in recent years. According to earlier research, the efforts of political actors to outsource public property led to the intertwining of the concepts of corruption and politics by the mid-1990s. In addition, corruption affecting both state and political actors seemed to be a growing problem in public perception. According to Vásárhelyi (1998), despite this, corruption was treated with great caution by

both political actors and the press, and did not play a significant role in either the election campaign or public issues. By the 2010s, corruption was clearly on the public agenda: On the one hand, in the second half of the 2000s and after 2010, nongovernmental organizations (NGOs) and investigative portals were to be set up with a specific focus on corruption, and the government itself “launched” a fight against corruption, at least at the level of political communication.

Thus, it is not surprising that corruption has been one of the most important problems in recent years in surveys examining it. According to the Global Corruption Barometer, in 2016, 28 percent of the Hungarian adult population thought that corruption was a significant problem that the government should address. The issues of immigration, crime, and the economy were similarly considered, and only the problems of health and unemployment were considered to be important by significantly more people (67% and 46%, respectively) (Burai-Mucsi 2016). Similarly, a survey conducted in 2017 and 2018 showed that state-level corruption was considered a significant threat by a relatively high proportion of respondents (49 percent in 2017 and 40 percent in 2018) (Gerő and Mikola 2020).

However, a deeper analysis also showed that while ordinary corruption is unanimously less accepted by Hungarians, the perception of state-level corruption as a threat is clearly influenced by party sympathy. While the proportion of opposition voters among those marking corruption as the most significant threat exceeded 50 percent in 2017 and 2018 (in fact, it almost reached two-thirds in 2017), this proportion was 30 and 20 percent, respectively, among government party respondents in these two years (Gerő and Mikola 2020).

All this suggests that although corruption is no longer treated as a taboo by institutions of the public sphere and has become part of the political struggle, the issue has become significantly politicized and linked to the perception of the political regime. Thus, the perception of the cases raised by the media and non-governmental organizations clearly point to the construction of a clientele close to the state (see examples later), also changes accordingly: while some perceive it as signs of corruption and redistribution of state property, others see it as a process of building a domestic layer of entrepreneurs. Whichever position is close to our own perception, it is undeniable that recombinant redistribution has become one of the defining elements of the Hungarian redistribution system in recent years. The tendency for state or government actors to extend control over resources is presumably observable in all political systems. At the same time, in Hungary we may observe not only a dispersed case, but also elements that form a system. This system consists of the following elements:

- Centralization of the control of public funds and the decision-making system, weakening of transparency.
- Nationalization, or the transfer of sectors, significant companies, and groups of companies that went to private hands since the change of regime back to state management.

- Rearrangement of different markets by administrative means for the benefit of certain actors close to the government.
- “Seizing” and channeling nongovernmental resources under government control.
- At the same time, markets may be reorganized over and over again and new players may be put in position.
- Use of welfare and project-based systems of resource allocation.
- Creating social stabilization through political integration and freezing the structure of social inequalities.

The eminent case of obtaining control of public funds is the Norwegian Civil Fund (NCTA) affair. The establishment of the Norwegian Funds was a condition for Norway’s participation in the European Economic Area as a non-EU member state. The Norwegian Funds pursue similar objectives to the European Structural Funds and the largest share is allocated in a similar way via a national authority. However, within the Norwegian Funds, a pilot program, called the Norwegian Civil Support Fund, has been in existence since 2006. Part of the funds are distributed to NGOs through civil grant managers. Until 2014, the NCTA operated without disturbance. In Hungary, the grant manager was a consortium of the Ökotárs Foundation, the Autonómia Foundation, and the DEMNET Foundation. In April 2014, the Hungarian government complained to the Norwegian government that the subsidies were managed by an organization close to the opposition party (Torma 2016). Since then, critical government statements and attacks against NCTA management organizations have become ongoing. The focus of the criticism was that the money distributed by the NCTA was public money, and therefore the Hungarian state should take responsibility for its proper and transparent use. As a result, the Government Audit Office carried out an audit and seized the documents related to the grants. The criticisms made by the government eventually proved to be untrue; independent audits by the government and the Norwegian state revealed no irregularities, and the government was ultimately forced to guarantee that it would leave alone the civilians who were managing and winning the aid. At the same time, it was also part of the agreement to select NGOs to manage the grant in consultation with the Prime Minister’s Office in the next subsidy cycle. Eventually, the NCTA case came to an end and was closed, and it became smaller both in volume and as an institution than the municipal one, which continues to this day.

Although recombinant redistribution was present throughout the post-1990 period, the centralization of the disposition over the redistribution of public funds is perhaps best illustrated by the reversal of municipal decentralization after 2010. The change of regime has brought about a significant decentralization of decision-making and the operation of public services. In many respects (for example, in the fields of school maintenance, public utilities), the role of the local government has become primary (Hegedüs and Péteri 2015; Velkey 2017; Pálné 2019). The change of power in 2010 brought a significant rearrangement to this:

public services were transferred to government offices directly dependent on ministers, and public education and healthcare institutions were also removed from municipal competence. The powers of the mayors were reduced, and at the same time the budgets of the municipalities could be reduced. While after 1990 the local government budget was 12–13 percent of the GDP every year, by 2014 it had fallen to less than 8 percent of the GDP, making Hungary one of the least decentralized countries in Europe (Hegedüs and Péteri 2015). As a result of this process, development processes have also been centralized, and local governments have lost their former independence (Pálné 2019). Another stage in this process is the removal of construction powers from local governments in 2019, the budgetization of vehicle tax revenues for 2020 under the state of emergency declared during the 2020 coronavirus epidemic (Halmai and Schepelle 2020), and its rollover to the 2021 budget. At the same time, at the time of the emergency, the government allowed the establishment of so-called special economic zones, the utilization of which may be provided by county local governments, largely controlled by Fidesz, rather than local governments. In the second month of the emergency, the government were able to perpetuate in ordinary law the way special zones are created.

Centralization was accompanied by two trends: deterioration of transparency and the legal system, and nationalization. It is clearly advantageous to conceal redistribution for political purposes if the related transactions are not visible. A study conducted in 2013 examining the transparency of state-owned companies has already pointed out that the performance of state-owned companies is polarized, at least in this regard, that is there are transparent and nontransparent companies. However, the majority of state-owned companies belong to the latter group (Makó and Tóth 2014). However, in addition to the operation of state-owned companies, the Hungarian legal system has also changed in the direction of decreasing transparency (Ligeti 2016; Bogaards 2018; Neuwahl-Kovács 2020).

In his studies, Péter Mihályi (2016, 2018) lists the areas in which nationalization took place between 2010 and 2017. They are mostly referred to as “renationalization,” as these are sectors that went into private hands in the post-transition period. These include strategic sectors such as the energy industry, but there has also been significant nationalization in the banking sector, telecommunications, information technology, manufacturing, and agriculture. Overall, Mihályi estimates the value of nationalized assets at 1.1 percent of the GDP. At the same time, Mihályi (2015) argues that the new nationalization is made possible by the fact that in the last 300 years of Hungarian history there have been regular waves of nationalization or rearrangement of public property, mostly in the name of progress and modernization, that is, it belongs to the “normal,” established operation of the state.

This is already leading us to the rearrangement of the markets by administrative means. Nationalization, as Mihályi (2015) writes, always means retroactive legislation and thus undermines fundamental legal certainty, but at least the predictability of state institutions. In the post-2010 period, however, it has

actually become systemic for the government to adopt regulations that reorganize a given market for the benefit of a single player or a selected group of players. Of course, this can only be imagined if the given regulation significantly discriminates or excludes other players from the given market. According to Mihályi (2016), similar discriminatory regulations were already in place in the 2002–2010 period; however, according to Kornai (2015a), all this became systematic after 2010. Such regulations have been adopted for the private pension system (Kornai 2015a), the tobacco sales market—the so-called tobacco shop market (Laki 2015), the land ownership system (Kovách 2016), the food voucher market, the energy sector, the gambling market, and also regarding the market for public utility services (Mihályi 2016). In addition, the government is practically nationalizing the textbook market (Mihályi 2018) and is making significant efforts to increase central state influence in cultural institutions.

Mihályi (2015) presents a wide range of administrative tools: various special taxes, land acquisition restrictions, official price regulation, or temporary bans on certain activities (e.g., placing advertisements on certain surfaces, banning online gambling), all point in the direction of making the position of nonfavored players more difficult and forcing them to withdraw from the market or sell their company. It is variable whether these companies are bought by the state and passed on later, or become the property of the selected company immediately.

The fact that this is not a state of “state capture” indicates that the influence of different interest groups is not stable. Laki (2015), in connection with the Tobacco Shop Act, and Mihályi (2016) and Kornai (2015a) in general indicate that both stakeholders and friends and relatives of decision-makers can have a say in the regulations of a given market. However, several cases demonstrate that the decision is made at the political level. After 2014, for example, the advertising and media market underwent a significant reorganization due to the public quarrel between the prime minister and Lajos Simicska, an entrepreneur known as the financial guru of the ruling party. The “flagship” of pro-government newspapers, *Magyar Nemzet*, has been replaced by a newly created newspaper, *Magyar Idők*; one of the largest commercial television channels, TV2, was transferred into the hands of pro-government entrepreneurs; and there were huge changes in the market for free newspapers—*Metro*, in the interest sphere of Simicska, was replaced by *Lokál*, owned by Árpád Habony. The situation of Zoltán Spéder, who became one of the owners of the Hungarian Commercial Bank nationalized by the state in 2014, changed similarly; he was pushed out of the money market and other areas after coming into conflict with the government. By the second half of the 2010s, the authors writing about corruption also consider the distribution processes dominated by political actors in the Hungarian case (Fazekas and Tóth 2016; Martin et al. 2018; Csanádi, chapter 1). The so-called Black Paper, which covers corruption cases from 2010 to 2018, also registers both municipal and national cases (a total of 106 cases of different volumes), that is, by 2018, the redistribution dominated by political actors appears to be present at

all decision-making levels (see Martin et al. 2018), and has become systemic in all subspheres due to politics-induced diffusion processes (Csanádi, chapter 1 in this volume).

The mechanisms described so far meet up in the public procurement system. Public procurement means a kind of general framework for spending public money. According to the Organization for Economic Cooperation and Development (OECD) definition, public procurement systems aim to ensure that states procure various goods and services efficiently, in high quality, and keeping in mind the public interest. It therefore exists not only in Hungary, but in many countries around the world. The countries of the European Union have spent on average 13.1 percent of the national GDP, and in total 13.8 percent of the EU GDP, on services and goods that can be procured through public procurement procedures (EC 2016). In the case of Hungary, this proportion increased from 13.2 percent to 14.7 percent between 2012 and 2015, an increase of around €2 billion, from €13.1 billion to €15.2 billion (EC 2016, 7–8).

Contrary to their objectives, public procurement procedures may also carry significant corruption risks (Tóth and Hajdu 2016). Examining the data on public procurement in Hungary between 2009 and 2015, Miklós Hajdu and István János Tóth presented that the corruption risks affecting public procurement have significantly increased. It is about 12.3 BHUF of public money spent during the six years under review. Corruption risks in public procurement were judged mainly on the basis of competitiveness indicators (price competition, number of bidders, and transparency of the procedure), and it was concluded that corruption risks are significant in Hungary compared to both Central Europe and the wider European environment: in roughly one-third of the procedures only the winner submitted a tender and the transparency of the procedures deteriorated. Recent data indicate that this trend has continued and that the proportion of public contracts awarded in a noncompete situation has risen to a higher level during the coronavirus epidemic period (CRCB 2020).

The staff of the Corruption Research Centre Budapest has also shown the chances that companies belonging to the prime minister's circle of friends may have in public procurement. Not only did they find that such firms had a relatively high share of public procurement, but also that the 2010 change of government meant a clear increase in chances. Examining the chances of Simicska-owned and other companies, they came to the conclusion that the share of their public procurement began to decrease around the time of the conflict between the owner of Közgép and the prime minister. At the same time, the number and value of public procurement won by Mészáros–Garancsi–Tiborcz–Habony companies increased as a kind of replacement trend (CRCB 2017).

The preceding are merely simple illustrations of how public redistribution can go beyond the world of collecting and allocating taxes and contributions, or distributing project money. Although the aforementioned examples come from recent years, it is important to emphasize that the issues of state institutions, regulations, redistribution, and market regulation are tools of the exercise

of power in each regime, only with different emphases. The extent to which recombinant redistribution occurs may depend on the form of organizational structures, political culture, and social networks, and the role of deeper historical-structural correlations may be significant (see Gerő and Kovách 2015).

Conclusions

The relationship between redistribution and social integration, the topic of our study, is one of the pivotal issues of research on integration and disintegration. Systems that determine the order of social reproduction, and the way and extent of access to resources for individuals and households are mechanisms that influence the basic structure of social integration.

A novelty of the analysis is the application of the concepts of project-based and recombinant redistribution in addition to welfare redistribution. Extending the conceptual description of redistribution with the two new redistribution principles and systems allows for a much more nuanced and accurate analysis.

The outcome of this chapter was the collection and organized presentation of the data of the three redistribution systems, which was a significant research task due to the difficulties of accessing the resources and the sometimes complete lack of analyses. There have even been written studies on the analysis of welfare redistribution as a system, although a significant part of them have researched a subfield rather than the system as a whole. Using an expert study and a self-edited project database, this work was the first to report the basic data of project-based redistribution, to the best of our knowledge (2017). In the case of recombinant redistribution, there are not even estimates of its magnitude, but the presentation of the elements of becoming part of the structural system is an important research result.

Regarding the volume and extent of redistribution, this study provides more accurate data than ever before, on the basis of which we can have much more well-founded concepts of redistribution systems and their consequences for social integration. Redistribution within the economy has declined significantly since 1990, but in the year before the EU accession it reached a third of the level seen in the second half of the 1980s. The size of project-based redistribution has been steadily increasing since the start of EU membership, and the proportion of project amount to GDP in 2016 was 60 percent of the redistribution within the economy in the last socialist years. Based on the volume of the measured data on redistribution, we can rightly consider the Hungarian economy as a kind of market-redistributive system, in which the reduction of social inequalities is only one of the functions of redistribution, and it does not perform very well. A functioning triple system of redistribution gives politics an influence close to that of totalitarian regimes, because triple redistribution interweaves the economy and social governance as a whole and gives politics decision-making power in the areas of resource use, market power, and property redistribution, which is, with the exception of totalitarian regimes, unprecedented.

The study also shows that at least three-quarters of households receive redistribution income and benefits, and that groups formed on the basis of access to resources represent significant social differences. It is important to emphasize at this point that individual or household income from project sources is immeasurable. The results of our research may open new areas in both the stratification of society and research into integration/disintegration.