

**GLOBALISATION, ETHNICITY AND  
INTERNATIONAL MIGRATION.  
THE COMPARISON OF FINLAND, HUNGARY AND RUSSIA<sup>1</sup>**

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INTRODUCTION

The main focus of this paper is to compare migration into a European Union country (Finland), and, at the time of analysis, an EU accession country (Hungary) and a major non-EU country (Russia) in order to reveal and analyse the causes and the regional and social mechanisms of international migration, and labour migration in particular.

The main aim of this study is to deepen our understanding of the social embeddedness of migratory processes in the region under analysis in the era of globalisation. The countries chosen are of different sizes and social and economic background, but nevertheless they are good objects for comparative study. Especially when we analyse how globalisation appears in the migratory processes in these three countries. These countries have been affected in different ways due to their history and varying position within the hierarchical world economy, but there are parallel processes as well.

We have tried to capture these similarities and differences by looking at the history of globalisation in terms of creating spaces for foreign investment and international migration. We have looked at what legal mechanisms have been implemented in the respective countries for foreigners entering the country, as a way to specify the behaviour and the role of the state in these processes. Also, due to this comparative perspective, we have investigated regional variation with regard to foreign investment and international migration. This spatial

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analysis has also been coupled with an investigation into the role of ethnicity as one of the crucial cultural and social factors in facilitating migratory processes.

#### GLOBALISATION AND SOCIO-POLITICAL TRANSITIONS: HISTORICAL CONSIDERATIONS

Globalisation is a massive new cycle in the history of world capitalism, which started in the 1970s. This was a change which was among other things related to the rise in the importance of foreign direct investment, the shift in the management of the global economy with a special regard to debt management, the rise of economic neo-liberalism and the collapse of nationally managed modernisation projects (McMichael 2000). This change had a dramatic impact on our analysed region as globalisation and the related new world market situation was a major cause in the collapse of state socialism.

Hungary, Russia and Finland had different political histories in the 20<sup>th</sup> century, but in terms of economy and immigration it was possible to observe quite similar patterns more or less simultaneously. Six historical periods can be outlined which help to give an overview of the historical development of the movements and policies of investment and migration. Here we show only four of these.<sup>2</sup> They can be compared to other European countries with two restrictions. 1) the focus is on countries of emigration instead of immigration, and 2) the focus is on the effects of the rise and fall of the socialist regime (for an overall view on the history of European migration in an economic context see amongst others: Sassen 1999; Castles 2000, Part II.; Mittelman 2000).

#### *Periods between 1950–2000: swings in policies and processes in Finland, Hungary and Russia*

##### 1950–1970: the state over capital

In Finland and Hungary the extremist nationalism of the 1930's and the Second World War lead to restrictive migration policies. The interests of the (socialist or capitalist) state were seen as the guidelines for controlling the borders and citizenship. In this era, foreigners and ethnic minorities were considered as a threat.

Interests of the state were still primary, and the international movement of capital and people was restricted. Hungary was occupied by Soviet forces and between 1948 and 1956 it was almost completely sealed off from the surround-

<sup>2</sup> For the others see: Melegh et al. 2004.

ing world. In 1956 it experienced an influx of younger and educated people. After the political changes in the mid 1950s, emigration restrictions to capitalist countries were in force in both Hungary and Russia, whereas Finland experienced a large wave of emigration in the 1960's lasting until the beginning of 1970s. Until the 1960's, both the Russian and the Hungarian state were mainly concerned with having a large enough labour force to supply the needs of centralized industrialization and thus controlling emigration. In Finland and Hungary, some foreign investments began to emerge in the 1960's. Finland had begun the long process of building up a strong Nordic social democratic welfare state as early as the 1930's, and this process continued into the 1990's.

#### 1970–1990: gradual change and emigration

The 1970's were marked by a gradual shift towards greater tolerance toward to foreign investment and migration. In the Russian case industrial development needed labour. Labour migration emerged within the socialist community of states, and there was an influx of labour from Vietnam, Bulgaria and Cuba. Finland and Hungary were still countries of emigration – some 200 000 Finns emigrating to Sweden, and a couple of thousand people illegally emigrating to the West from Hungary. There was also some bilateral labour migration taking place mainly between Hungary and East Germany, Poland, the Soviet Union and other socialist countries.

Russia saw the onset of yet another ethnic emigration process, as emigration from Russia to Israel started, with some 360 000 people leaving Russia for Israel during these two decades. Even a very brief review of the history of migration exchange between Russia and other countries gives reason for concluding that the migration processes were shaped by political factors.

Hungary became severely internationally indebted after the oil crisis of 1973–4, which gave a push for the economic policy to include more and more “Western” market elements (trade, investment, increase of private ownership). This means that Hungary had started to demolish the state socialist economy as early as the period following the oil crisis and became more and more interested in Western investment. The oil crisis had its impact on Finland as well, but the whole Finnish economy was sustained by the Soviet markets to such an extent that when the Soviet economy collapsed in 1991, this had a massive impact on the Finnish economy as well.

## 1991–2000: transition and restructuring

The 1990's were marked by a sudden switch from state-centred economic policy to a more open economy in all the analysed countries. Both capital and people began to move more actively, but the primary reason was the fact that state control was loosened. Therefore, the correlation of these two processes is probably affected by an external or third factor. Some examples may be needed to illustrate this point.

Even though Finland did not have a socialist system, until the 1990s it relied on the Soviet market demand, and as this demand more or less ended in 1991, the Finnish economy faced its deepest depression since the Second World War. At the same time, immigration began to increase, mostly for reasons unrelated to labour. New immigration and integration acts were passed, and the welfare state sought to integrate the newcomers into the society. Finland implemented an ethnic immigration scheme for the Ingrian Finns living in the former Soviet area, which resulted in the migration of approximately 25 000 people.

Just like Finland, Hungary also got into a very severe economic and financial crisis in the early 1990's and the level of GDP went down to the level of the mid 1970's. The same kind of ethnic immigration took place in Hungary as well, and in addition the country received massive amounts of war refugees from the Balkans, and some 40 000 foreign workers during the 1990s. Hungary became engaged in bilateral labour migration agreements with several Western European countries and at the same time continued to receive labour migration from surrounding countries (*Poplar 2003*).

Russia sought to keep the most vital parts of its industries in state ownership, and kept some restrictions on foreign investment. Foreign direct investment (FDI) flows remained small, and GDP dropped dramatically.<sup>3</sup> After the collapse of the Soviet Union, inter-Republic administrative boundaries assumed the status of international borders and the situation changed dramatically. Over the period of 1992–2001 about 6.4 million people arrived to Russia from ex-Soviet states. 70% of these immigrants were ethnic Russians. Failure in managing the migration processes in this period was related to an inconsistent attitude towards forced migrants – mainly Russians who wanted to reside in Russia, as well as to other forms of population influx, mainly of labour migration.

The Hungarian and Finnish states sold much of their state-owned enterprises, which enabled foreign capital to enter the countries. The Hungarian economy rapidly became dependent on FDI, whereas Finnish companies

<sup>3</sup> In the Russian case it seems that the economic power of Soviet States was transmitted to domestic oligarchies and not to global capital.

mostly linked themselves with foreign companies, forming many Nordic alliances in financing, media and the wood/paper industries.<sup>4</sup>

Finland joined the European Union in 1995. This meant integration into the economic policy of the European Union, but the development of common migration policies within the EU has been very slow due to the weaknesses of the EU policy methods (e.g. Niessen 2001; Geddes 2003; Harris 2002). At this time Hungary was already taking into account EU legislation and the Schengen agreement in its legislative reforms. Hungary entered the EU in 2004.

#### 2000–2003: capital over the state

Currently it seems that the global flow of capital is an imperative in the policies that states adopt and local elites are becoming increasingly involved in this process (Sassen 1998, 1999; Mittelman 2000). Economic, financial and migration policies are designed to meet the challenges that follow from the increased transnational nature of capital, which shows an increasing international movement, not only of capital itself, but also of jobs and labour. This is reflected in immigration policies (see the section on institutional arrangements) which again have an impact on domestic social policies.

However, economic globalisation has not been a one-way process. FDI from these countries has increased rapidly, also.<sup>5</sup> The intra-EU patterns in the movement of capital and labour seem to be growing very important for both Finland and Hungary. However, since most industrialized countries are facing severe demographic problems, countries outside of the EU are expected to become important suppliers of labour, both for skilled and unskilled positions.

<sup>4</sup> The ITC company Nokia has been taking over the former role of e.g. oil trade with the Soviet Union as a locomotive of the Finnish economy. As about 80% of Nokia is owned by foreign investors, it can be claimed that the Finnish economy is today largely dependent on global capital, just as the Hungarian economy is.

<sup>5</sup> In the case of Finland this has taken place because of similar developments of decrease in FDI restrictions in neighbouring countries, primarily Sweden. Many companies are also looking towards the potential of Asian and especially Chinese markets.

Table 1  
*Foreign direct investment and migration inflow in Russia, Hungary and Finland between 1996 and 2001*

		1996	1997	1998	1999	2000	2001
RUSSIA							
FDI per capita	\$	16.53	36.25	22.90	29.11	30.43	27.48
migration inflow as % of population	%	0.43	0.40	0.34	0.25	0.25	0.13
HUNGARY							
FDI per capita	\$	220.42	210.00	198.05	192.14	191.45	–
migration inflow as % of population	%	0.13	0.13	0.16	0.20	0.20	0.19
FINLAND							
FDI per capita	\$	216.00	411.00	235.00	892.00	1705.00	718.00
migration inflow as % of population	%	0.25	0.26	0.28	0.28	0.33	0.37

*Source:* Population and Migration in Russia, 2002, Economic Development in Russia, 2002, Goskomstat.

#### *Historical development of foreign direct investment and international migration*

The interrelationships between the rate of foreign direct investment and international migration imply both theoretical and empirical aspects discussed below. The basic neo-classical migration theory claims that economic disparity drives international migration, and when a country reaches an advanced stage of economic development, the rate of migration slows down. This thesis is criticized widely. For instance, Richmond argues that:

*“Contrary to the view that economic growth will itself remove the need for migration, it must be recognized that the emerging global economic and social system is one in which population movements will continue to increase rather than decline”.* (Richmond 1994, 217; see also Borjas 1994; Hiebert 1997; Portes 1995.)

In the future, globalisation will determine the movement of capital, money, technologies and labour through national borders. This trend serves as a basis for *world system theory* first introduced by Immanuel Wallerstein (1974) and globalisation theory, which seem to explain the general regularities of world

migration (Sassen 1991; 1995; 1998; Castles 2000; Kalb et al. 2000). For instance, the example of Finland has shown that investment growth and intensification of the economy are bound to migration growth (Forsander 2002). The majority of European countries with rapidly growing economies are challenged by the process of globalisation and faced with the necessity of changing their immigration policies in order to attract highly skilled labour (Forsander et al. 2004; Geddes 2003; compare with examples from Silicon valley: Saxenian 1999). Indeed, Iredale (2001, 16) believes that “industry-led” migration has become the most significant motivation, and applies to situations where TNCs are the major force behind selection and migration of highly skilled workers.

Despite the fact that the process of capital globalisation does not always coincide with the process of intense migration in a historical perspective, these two aspects serve as the principal features of the open economy and its ability to compete in the world market. However, currently the Russian economy cannot be characterized as a highly open economic system. In the current economic situation, a mechanical understanding of interrelations between investment and foreign labour migration processes decreases the efficiency of the Russian immigration policy. The process of growing foreign investments has its own stages linked to the existing economic structure and the current stage of economic development of the country. Both Hungary and Finland can provide historical illustrations for such processes.

The labour market regulates relationships between investments and immigration. At initial stages in the development of industrially developed countries, investment growth is stimulated by conquering new sales markets and by the development of business. For example:

*“Increased inward FDI in Finland during the 1990s is characterized by take-overs in many relatively low-tech industries and the services sector, such as construction and manufacturing of construction products, manufacturing of food and beverages, transport and forwarding, and security services. Most of older and more recently established foreign affiliates in the wholesale and retail trade sectors also fit into this category. In these sectors, foreign companies rely on their own company’s specific knowledge to compete in the host market, and FDI is motivated by the prospect of increasing market share.”* (van Beers 2003, 40).

Economic development based on such investments does not need highly skilled labour. Economic growth led to the segmentation of labour markets. Whereas jobs in the primary sector provide high pay and relatively steady work, those in the secondary sector supply low pay and little stability. Jobs in the secondary sector do not attract natives and produce structural demand for immigrant workers. The bifurcation of the labour market is a specific feature of

global cities, where the concentration of wealth leads to increasing demand for low-wage services (Sassen 1998, 1996, 1991). Unable to attract native workers, employers start recruiting immigrants, thus often initiating immigration flows.

At the next, post-industrial stage of economic development, domestic research and development systems funded by TNC capital attract highly skilled labour forces.

*“Second, relatively intensive knowledge and technology investments since 1989 have made Finnish firms attractive targets for asset-seeking MNEs, which have acquired many promising technology-based Finnish firms e.g. in electrical engineering. In the ICT sector, foreign companies have acquired innovative firms that have advanced knowledge in some technology or business area. Strategic asset seeking appears to be the dominant motive.”* (van Beers *ibid.*)

At this stage of economic development, the country is faced with the necessity to correlate regulations of immigration policy with the development of inward investments. The main conclusion is that investments define the labour market segments which are attractive for immigrants. This perspective has been the basis for our additional research on the regional characteristics of foreign labour migration and foreign direct investment. But before looking at these processes, let us look at the development of institutional arrangements in the three countries with regard to allowing foreigners to enter the country or employing foreign citizens.

#### GOVERNMENTAL POLICIES IN CHANNELLING IMMIGRATION

Attitudes towards immigration and immigrants are not an independent phenomenon, but are embedded in the social and economic development of a country as a part of an international community. In relation to foreigners – defined as those who are not citizens – states create and reproduce hierarchies of rights and privileges, and on the other hand hierarchy of discrimination and marginalisation. Legislation defining the rights and obligations of foreigners and interpretations of legislation in administrative practices are a manifestation of hierarchy of different immigrant groups. Therefore, state upholds *juridical* attitudes towards foreigners. The expression of these attitudes differs depending on nationality and presumed reasons for immigration (Silverman 1991).

Attitudes of the state towards foreigners also reflect the self-image of a nation state, the nature of its national identity and its positioning in the global society. The nature of each country’s nationalism takes its form in relation to *the others*: who are included, and who are excluded from the national entity.

Those excluded are controlled, because their existence is considered to present a threat to the national cohesion (Brubaker 1992; Janoski 1998).

*Legal hierarchy of different immigrant groups*

All three countries maintain some kind of privilege for certain 'related' ethnic groups, showing that globalisation and such preferences come together very easily. In the solutions and in the strength of these privileges, however, we do find substantial differences.<sup>6</sup>

Finland seems to have the most transparent system; Hungary seems to have a very confused system in which migration is also embedded into a general 'minority policy' toward Hungarians living outside the country, while Russia is the most 'egalitarian' in terms of ethnicity in the case of people coming from the former Soviet Union. In Finland there are three different categories in all permits, for Nordic Citizens, for EU/EEA citizens (so-called *second country nationals*) and those from other countries (*third country nationals*) which categories could be found also in the Hungarian regulation. For Hungary these categories are the following: foreigners with Hungarian descent from the neighbouring countries (Status law on Hungarians living in neighbouring countries<sup>7</sup>), the citizens of the European Economic Space (EES), and those from other countries (third country nationals) (Hegyési and Melegh 2003).

Thinking in the framework of the nation state both Finland and Hungary ensure favourable position for persons of Finnish or Hungarian descent. For example, Finland has special rulings on Ingrian Finns, and Hungary has an act on Hungarians living in neighbouring countries, which guarantees Hungarians with a Hungarian Identity Certificate an exception to some rules on entering the country and working there. In Russia there is no 'ethnic preference', only migrants coming from CIS countries enjoy certain privileges as compared to citizens of so-called 'other countries'. These privileges are related to the historical process. Representatives of various nationalities lived in the Soviet Union and live now in the Russian Federation. Certain nationalities formed their ethnic states within the historical territory of Russia (e.g., the Tatars). Nonetheless the process of gaining legal status in Russia itself contains some advantages for those migrants who have family members and relatives already living in Russia and thus it might include some ethnic imbalances.

<sup>6</sup> Act on Aliens XXXIX/2001, Hungary; Alien's Act, Finland. Act 'On the Legal Status of Foreign Citizens in Russian Federation' (2002); Change of the Act 'On the Citizenship of Russian Federation' (November 2003).

<sup>7</sup> Act LXII in 2001 in Hungary.

*The conditions of entering the territory of the country – residence permits typology*

Formally the analysed countries have rather uniform policies in terms of visa and residence categories. The conditions of entering these countries are very similar from a legislative point of view. The variety of permissions and their periods of validity are more or less the same. There are visas to permit short-term residence, and permits for long-term residence in the country. As a general rule, the longest stay based on visa may not exceed three months in a six month period in all countries. However, there is an exception in Hungary where a visa for residence in the country allows single and multiple entries and provides for the person staying within the country from three months to one year with a determinate aim. The category of seasonal workers is affected by this type of visa which is issued for use in seasonal work, and allows for a six month period of residence within one year. On the detailed Finnish scale of visas there are six kinds of visas for the cases of special residence.<sup>8</sup> In Finland there is a four-step scale (Group A–F) in residence statuses<sup>9</sup> depending on whether residence is permanent or fixed-term or the applicants are refugees or asylum seekers, and there is another category for the short-term residence which includes all visas. Hungary has a similar terminology for residence statuses, but there are six kinds of permission for entering the country<sup>10</sup> in which the status of refugees and asylum seekers are treated by the Refugee Act and they aren't considered as immigrants, but they are counted as refugees and asylum seekers.

Nonetheless, looking at the policies more closely, sharp differences can be found which have emerged due to social, political and historical reasons. In the process of globalisation, Finland has developed an integrated policy which tries to cover all incoming foreign citizens, including refugees within a unified system. In this system aims, time periods, migrant categories and ethnic preferences are all linked to each other, which shows that the Finnish state tries to 'imagine itself' as a well-regulated entity which is capable of controlling its relationship towards the 'outside' world. Nevertheless, it is to be noted that the

<sup>8</sup> (For example there are tourist visas (F1), visas for persons representing business life, culture, science or arts (F2), participants of international conferences (F3), persons taking part in entrance exams of educational institutes (F4), visas for people who are exempted from work permit obligation (F5), and visas for others who are entering the country for a maximum time of 3 months (F6)).

<sup>9</sup> Group A covers all permanent residents; Group B includes foreign nationals, whose residence permit has been applied for fixed-term or reside; Group D includes foreign nationals, who temporarily cannot be returned to their home countries and Group F refers to different kinds of visas. Statuses C and E do not exist.

<sup>10</sup> Visa, residence permit, settlement permit, certificate for temporary residence and there are also the status of refugees and, in another category, of asylum seekers.

so-called Nordic countries do represent a special region with which Finland has developed a special relationship in terms of the movement of people.

The Hungarian state has developed a much more diverse policy in which we cannot find an integrated policy with regard to migrants. On the one hand from a legislative point of view, policy criteria in the case of refugees (Act on Refugees) differ from the policy criteria targeted for Hungarian minorities in neighbouring countries (so-called 'Status Law' and even recently there have been failed attempts to build up pressure for the provision of double citizenship for Hungarians living in neighbouring countries). To this respective group, Hungarian legislation provides extra privileges and also handles separately the policing of 'aliens' and their admission into the country (Act on Entering Hungary). This, and especially the Status Law, indicates that Hungary does not 'imagine' itself as a completely separate entity. There is a lack of coherence in legislation and especially the state maintains 'organic' links toward ethnic Hungarians living in neighbouring countries. This post-imperial attitude links Hungary to Russia as being the inheritor of the Soviet Empire. The great difference is that Hungary is 'interested' in ethnic Hungarian citizens of other countries, while Russia is egalitarian with regard to CIS countries in terms of ethnicity. Russia imagines itself as a closed entity with regard to countries outside the CIS, including some of the former Soviet republics (the choice seems to be geopolitical) and all the other countries of the world. 

*Favoured groups in terms of eligibility to work permit – work permit typology*

Similarly to the general conditions for entering the country, in the case of labour permits we can also observe great uniformity between Hungary and Russia. These countries have two kinds of work permit. There are *individual* and *collective permits* while Finland issues only *individual permits*. The aim of the collective permit in Hungary is to help employers who need a greater number of foreign employees. This allows the employer to get a frame-permit which includes the nationality, activity, qualification and the number of the employable foreign citizens. On the basis of this collective permit the employer may claim individual permits for the foreign employees. The aim of this policy is to simplify administrative procedures. The validity of the  work permit is one year in all three countries. We can also note the deliberate attempts to establish a special category for seasonal workers: in Finland the new Immigration Act freed seasonal workers with a work relationship up to three months from the obligation of obtaining a work permit.

In spite of the overall uniformity of the general immigration policies, there are some interesting differences which show the different positioning of these countries within the globalisation processes. Finland and Hungary have devel-

oped special regulations to attract certain groups of highly skilled workers, representatives of foreign investors and some other groups involved in education, the arts and sports. The categories of favoured groups, i.e. people who are exempted from the work permit obligation, or can receive one without difficulty, are very similar in Hungary and Finland<sup>11</sup>. Nonetheless, in the frame of Finnish policies, more foreigners are allowed to work in the country without formal permission than in Hungary. For example, Finland doesn't require a permit from persons who work for a foreign employer in Finland, who temporarily visit Finland as e.g. lecturers, teachers, athletes or performing artists, or persons working on missions related to the bilateral or multilateral co-operation of states. In contrast Hungary obligates such persons to apply for a work permit, although applying a simplified procedure. There are several favoured groups in Hungary<sup>12</sup> and in Finland<sup>13</sup> whose work permit procedure is simplified by not demanding the monitoring of the labour market.

In addition, the relationship between labour permit and residence permits also varies. In Hungary a labour permit seems to be a basis for gaining a residence permit in the sense that it secures the required financial background – if the conditions for granting a work permit are fulfilled, a residence permit follows easily. A work permit is not enough to reside in the country, it is available only with a residence permit, and a residence permit can also be applied for independently from a work permit. In Russia, however, we can observe a reverse relationship between a labour permit and a residence permit. If somebody gains permission for long-term residence, then that foreign citizen also has the

<sup>11</sup> In Finland a work permit is not required for the following persons: self-employed persons, persons who carry out agriculture on a farm that legally belongs to themselves, persons in jobs for which the Ministry of Foreign Affairs has granted a residence permit, persons who are working in Finnish vessels that mainly do not visit Finnish harbors, persons who work for a foreign employer in Finland, persons who temporarily visit Finland as lecturers, teachers, athletes or performing artists (etc.), persons who are working in tasks that are connected to bilateral or multilateral cooperation of states, persons who take part in international traineeship/other programs, and persons who have been in Finland three months as asylum seekers.

In Hungary, a work permit is not required for the following persons: a) On the basis of international treaties b) CEOs or managers of companies owned by foreigners c) Diplomatic representation of foreign countries d) workers who perform commissioning e) employees of international organizations f) the students of foreign universities.

<sup>12</sup> a) On the basis of international treaties b) key personnel; c) employees of foreign owned companies d) professional sportsmen/sportswomen, senior researchers, teachers, artists; e) relatives of foreigners employed in Hungary; f) workers who perform commissioning; g) with the contribution of the Office of Immigration and Nationality Ministry of Interior for the sake of alien policing and humanitarian reasons; h) the holders of Hungarian certificate (Status law on Hungarians living in neighboring countries).

<sup>13</sup> e.g. family members of work-related permit holders and special categories of highly skilled professionals.

right to work. Similar policies are applied in Finland for those groups immigrating on grounds of refugee status, and family, or ethnic ties. For those immigrating on the basis of the need for their labour force, a so-called labourer's residence permit can be granted<sup>14</sup>.

#### *Work permit application policies*

All three countries try to keep their domestic labour markets balanced and attempt to forecast imbalances by monitoring the labour market needs and supply of a domestic or EU-based workforce. For instance, Hungary set a limit on the employment of foreigners by defining the maximum number of foreigners allowed to be working in Hungary. The work permit policy is based on the general evaluation of the domestic labour supply. Russia has set up regional quotas on the basis of the demand for foreign labour in every region. EU nationals may stay in Finland and in Hungary without a residence permit for three months, and even beyond this if the person seeks work and has reasonable odds of finding a job.

In terms of application procedure Finland differs from Russia and Hungary. In the latter two countries, the employer applies for the permit for its future foreign employees. In Finland it is the employee to whom the residence permit is granted on grounds of the need of labour-force permission. However, the initiative comes from the employer's side. We can suspect that it is the socialist past of the previous two countries – the inclusion of the companies into a centralized system – that plays its part in the background to differences in work permit policies.

There are also differences in the time-period designated for making decisions. After receiving a work permit application, in both Hungary and in Finland, the labour administration decides whether a domestic or EU-based workforce is available for that specific job within a reasonable timeframe, which is 60 days.

Seasonal workers have a special status in Hungary and Finland. In the proposal of the new Finnish Act on Aliens, seasonal workers and several other groups are made exempt from the obligation to procure a work permit since such a permit is almost automatically granted for foreigners and in 2003, more than one third of work permits were granted for seasonal agricultural work

<sup>14</sup> This procedure was introduced in the renewed aliens act introduced 2004.

## REGIONAL CHARACTERISTICS OF FOREIGN LABOUR MIGRATION – HUNGARY AND RUSSIA

The aim of our project was to analyse flows of migration and correlate them to the level of the development of regional labour markets, population structures and to the level of economic development. We hypothesized that one of the most important factors that affect the regional distribution of migration flows is the condition of the local labour markets. The average wage rate, unemployment and activity rates theoretically determine, to a large extent, the flow of immigrants from abroad. Migration flows might also turn out to be sensitive to the indicators that reflect the level of economic development and investment rate. Therefore a pair correlation analysis has been carried out on a country level as well, in order to assess the role of such factors on a higher analytical level, which is to say on the level of national labour markets within and outside the European Union.

The pair correlation analyses have been carried out for Russia and Hungary, while for Finland it could not be performed (See also Appendix 2). Territories of these two countries can be subdivided into regions with different migration rates; consequently, it is possible to identify social and economic variables correlating with migration. The framework of the present project has not allowed us to obtain comparable results. Mostly this is because these countries employ quite different methods for evaluating foreign migration. The noted diversity of these two countries in economic and social regularities, historical experience of development, as well as natural and human resources forced us to carry out the most general comparative analysis. This analysis has been based on some general hypotheses on interrelationships between characteristic features of particular regions and migration flows in both countries.

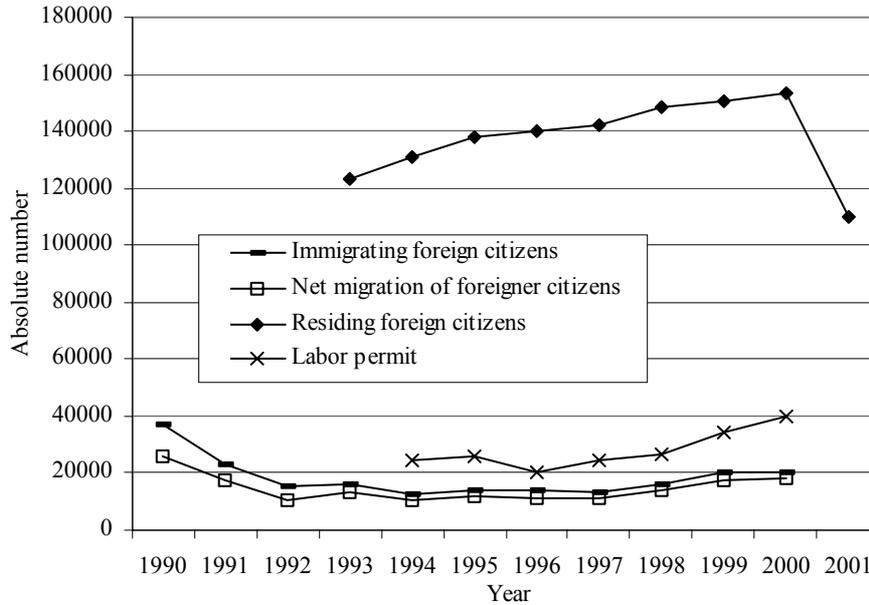
We hypothesize that labour migration and the number of foreign residents within a particular territory, used as indicators of migration processes, demonstrates different correlations with variables characterizing the economic development of the region. We estimate that migration flows are directed to the most developed regions, which attract higher foreign investment. Migration flows depend on indicators of labour markets and are directed to the regions with lower unemployment rates and higher wage rates.

*Regional characteristics of migration and globalisation in Hungary*

The analysis was carried out on three levels. First, on the level of subregions (smaller regions within counties), we analysed pair correlations between demographic, developmental, social and economic variables (per 1000 inhabitants) and the ratio of resident foreign population (persons holding a residence or immigration permit on January 1 of the analysed year). Second, on the level of counties we repeated the analysis for the ratio of resident foreign population and that of the ratio of labour permits issued per 1000 inhabitants. The three different analyses and the involvement of two groups (resident foreigners and labour permit holders) in some respects led to similar results due to the overlapping of the two groups, but in some respects results contradicted each other. Nonetheless on the basis of regional variation, we could clearly demarcate three different regions as characteristically involved in foreign investment and/or migration.

## Data for Hungary

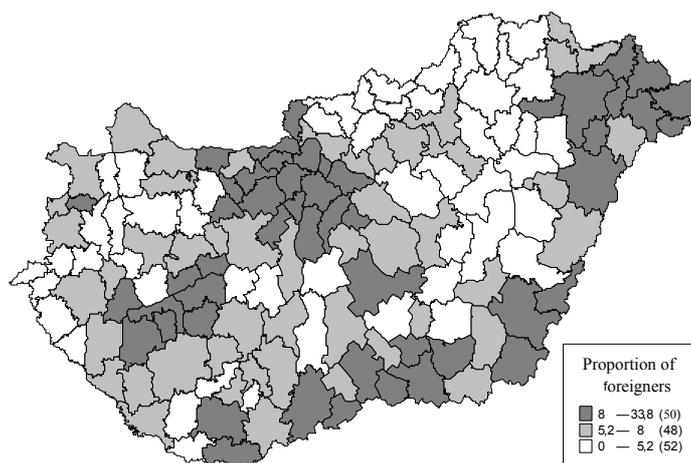
The database we used was the regional database of the Central Statistical Office which we supplemented with the average number of labour permits issued between 2000 and 2002 as published by the National Labour Office. On the basis of this database, international immigration in the flow of residing foreigners and labour permits show a definite rise from the mid 1990s. The increase is especially sharp in the number of issued labour permits. The decline of residing foreigners in 2001 is due to an administrative act of subtracting all expired permissions from the total number without checking the actual situation. In this respect the difference between the immigration data of the regional database used and the census of 2001 is revealing as the census showed approximately 50 000 additional foreigners residing in the country.



*Source:* National Labour Office, Official release of data; Central Statistical Office: Time series of the international migration, 1990–2000. Immigrating foreign citizen is a person receiving long-term residence permit or immigration permit in the actual year. Residing foreign citizen is the person is the total number of people having long-term residence permit or immigration permit in the actual year. Labour permit is the total number of issued labour permits in the analysed year.

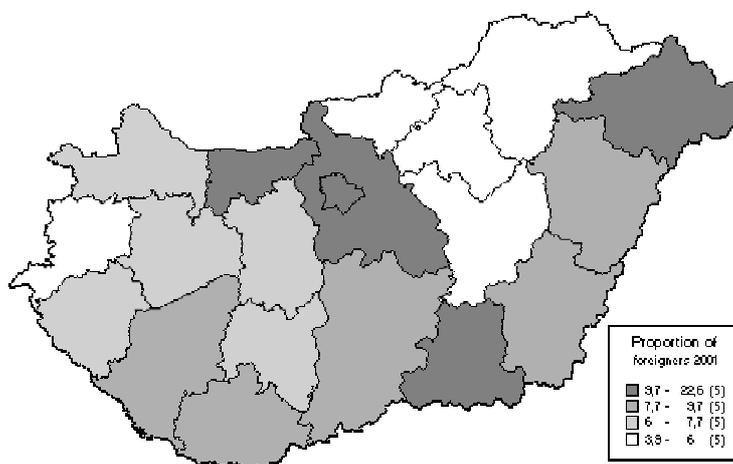
Figure 1  
*Immigration into Hungary between 1990–2001*

The maps below show a rather sharp regional variation with regard to residing foreign citizens on a subregional and county level and also in the case of issued labour permits on a county level. The greatest difference in the regional distribution of the two partially overlapping foreign populations is the North Eastern part of Hungary where a relatively large number of foreigners reside while the ratio of issued labour permits is relatively low.



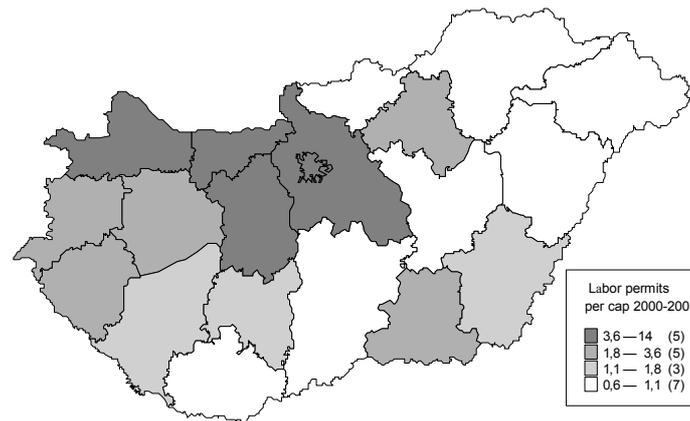
Source: Regional Database of the Central Statistical Office, 2001.

Figure 2  
Regional distribution of foreign residents in Hungary in 2001 on a subregional level (per 1,000 people)



Source: Regional database of the Central Statistical Office, 2001.

Figure 3  
Regional distribution of foreign residents in Hungary in 2001 on a county level (per 1,000 people).



Source: National Labour Office.

Figure 4

*Regional distribution of issued labour permits in Hungary 2000–2002 on a county level (average of 2000–2002 period per 1,000 people)*

#### *Demographic, and developmental variables and migration in Hungary*

We found a consistent tendency whereby demographic variables (natural increase, birth and death rates and even internal migration) do not correlate with variables of migration. The sole exceptions have been variables of urbanization and population density, which show that resident foreigners and labour permit holders tend to choose more urban regions and especially Budapest, the capital city.

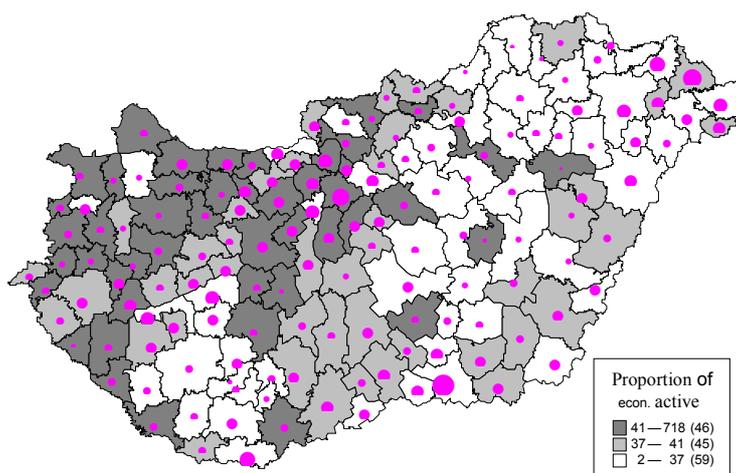
With regard to complex variables related to social and economic development (housing stock and home construction, educational level, ratio of university students) we could establish a strong correlation, which in most cases became even stronger with regard to the ratio of issued labour permits. The same results could be observed with regard to variables showing the overall well-being of the population, which altogether show that regional differences in development and well-being are related to regional differences in the ratio of migrant population and the ratio of labour permits issued. The fact that the ratio of labour permits issued is more strongly related to such variables indicates that labour permit holders probably avoid regions with a lower level of social development.

### Labour force variables and migration in Hungary

With regard to labour force variables we have to separate the correlation with the resident foreign population and correlation with the ratio of labour permit holders.

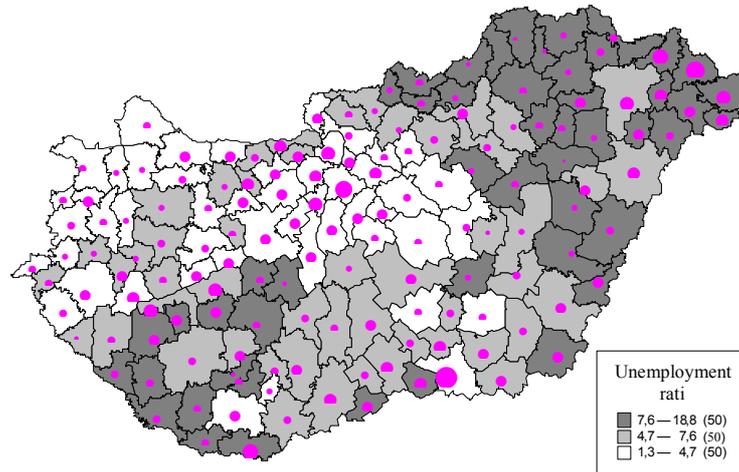
#### a) Resident foreign population – subregional and county level

On a subregional level there is no correlation with the rate of the economically active population, and there is no correlation with economic dependency (support/burden) ratios either. On a county level the correlation values are just a little bit better, which shows that this result obtains consistently. There is a relatively weak exception with regard to the age group of 40–54 and 25–39 within the resident foreign citizen population.



Source: Regional database of the Central Statistical Office, 2001.

Figure 5  
*Regional distribution of economically active population and foreign residents in Hungary in 2001 on a subregional level (per 1,000 people)*



Source: Regional database of the Central Statistical Office, 2001.

Figure 6

*Regional distribution of unemployed and foreign residents in Hungary in 2001 on a subregional level (per 1,000 people)*

On the one hand, this lack of correlation is due to the Northeastern and Southern subregions having a higher proportion of foreign residents, while the population is economically rather inactive. On the other hand, it is due to the Northwestern subregions having a rather small proportion of foreign residents and relatively high economic activity. The Central region, including Budapest, shows a higher rate of economic activity and a higher rate of foreign residents. This might indicate a process of migration. A high proportion of foreign residents appear in economically rather depressed regions first and we can assume that, as a next step, some of these people try to get into the Central region. The North-western subregions might be too costly and too well organized for such migrants.

A rather weak negative correlation appears in the case of the proportion of the unemployed within the economically active population. The Northeastern regions with a high unemployment ratio “welcome” foreign citizens in relatively large numbers, while the “developed” Northwestern regions have low unemployment and a low proportion of foreign residents. The Central region has a low unemployment ratio and a relatively high ratio of foreign residents. This internal variation may well be the basis for the weak correlation.

b) The ratio of issued labour permits (on a county level)

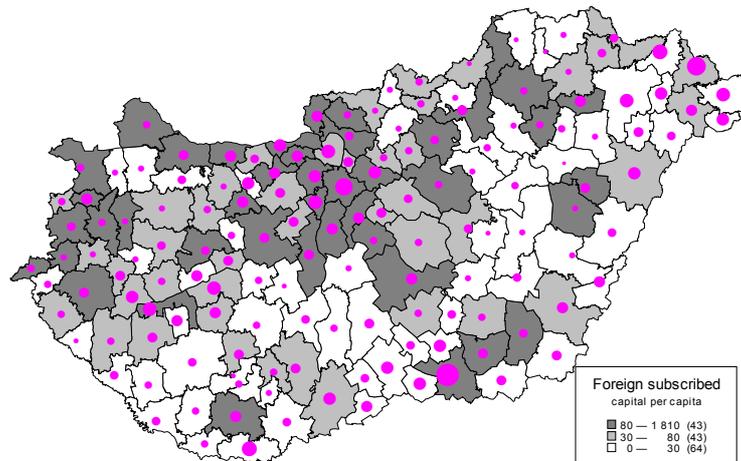
In the case of the regional variation in the ratio of issued labour permits, the above regional characteristics are different, but at a deeper level they are perfectly consistent with the above findings. The greatest difference is that the Northeastern regions with a relatively high ratio of foreign residents have low figures in terms of labour permits issued, while the Northwestern region does provide legal work for foreign citizens, mainly in the border regions with Slovakia. In other words, it seems (consistently with the current employment law regulating the use of foreign labour) that in depressed regional labour markets we do not find a high ratio of foreign legal labourers with the sole exception of the Southern border county of Csongrád. The comparison of the regional variation of the ratios of foreign residents and that of labour permits issued might also indicate that in the Northeastern region there is a high illegal labour migration, as it is a target region for foreign citizens and people just crossing the border with tourist passports, and it is also possible that some of the foreign residents do not appear in the legal labour market.

#### Economic variables and migration in Hungary

As a rule, we can argue that levels of economic development (functioning enterprises, foreign subscribed capital, small enterprises) show a rather strong connection with the residence of foreign citizens and an almost perfect correlation with the ratio of labour permits issued. With regard to foreign residents there is a very strong correlation with the number of functioning enterprises per capita. It is extremely interesting to note that foreign citizens appear mainly in those subregions which have a relatively high proportion of small enterprises. This link is even stronger in the case of issued labour permits per 1000 inhabitants.

As a clear proof of our original hypothesis linking globalisation and migration with regard to foreign residents, there is a relatively good correlation with foreign subscribed capital per capita, while in the case of labour permit ratios the correlation is amazingly high (above 0.9). This can be partially due to the nature of statistics, namely that subscribed foreign capital is registered at the place of the company and therefore Budapest as a major centre for foreign companies and for migrants has a major impact on this correlation. But this might also mean that in most regions frequented by foreign citizens, and especially by labour permit holders, there exists an economic space in which both small enterprises and foreign capital 'feel happy.' The most interesting exception from this harmony between the above variables is the Balaton region, as well as the border regions, which show a high number of smaller enterprises,

but not a correspondingly high level of foreign investment. This relationship is clear with regard to the variables of commercial, tourist, estate agency and other economic services. Therefore we can identify these regions as special cases.



Source: Regional database of the Central Statistical Office, 2001.

Figure 7  
*Regional distribution of foreign subscribed capital and foreign residents in Hungary in 2001 on a subregional level (per 1,000 people)*

#### Regional variation in Hungary

Migration is related to developmental and economic variables, especially those associated with globalisation. However, the country is definitely not homogenous in terms of these relationships. With regard to relationships between migration and developmental and economic variables, Hungarian regions (subregions, counties) can be classified into several major regions.

Northwestern Hungary is highly developed, has a relatively high labour force participation and a rather high level of foreign investment, but the number of resident foreigners is quite low. However, there are rather high ratios of labour permit holders. This may well be due to the fact that the society of this region is rather well-organized and socially exclusive, but also to the fact of geographic remoteness from major sending countries in the 'East' which struggle with relatively chaotic and depressed economies. This geographic remote-

ness is also strengthened by the lack of historic links with the ethnic Hungarian regions in the Eastern and Southern neighbouring countries.

Southern and Eastern border regions show a very different pattern. In comparison with other regions they are not well-developed, have a poor labour force participation rate, a lower level of foreign investment and a lower level of well-being. Foreign residents do appear in relatively high numbers in this region, but labour permit holders are very rare. It seems that for resident migrants coming from poorer neighbouring countries this level of well-being is satisfactory. This also raises a very interesting point for analysing legal regulations for the residence of foreign citizens whose living is 'guaranteed'. This can be a prime focus for analysing the "effectiveness" of migration control, a topic highly popular in the literature on globalisation (Melegh 2004). This is also a region for analysing tensions between migrants and a relatively depressed regional economy and society. Nonetheless we can also hypothesize a migration process behind these regional patterns. It might very well be that migrants first appear in the poorer border regions and then they move on to Central Hungary.

Central Hungary, including Budapest, is also relatively well-developed, has a very high labour force participation rate and a very high rate of foreign investment. This region seems to be very attractive for migrants, both foreign residents and labour permit holders. Here we can also observe the "harmony" between migration, foreign investment and a relatively large number of smaller enterprises. This makes the region a showcase of globalisation and migration. Budapest and the surrounding region is in many ways dissociated from the national economy and society, forming a far more globalised social and economic space. With this pattern, Budapest and the surrounding region serve as the link between globalisation and migration, supporting the theory of *Global Cities* by Saskia Sassen (Sassen 2001; Staring 2000).

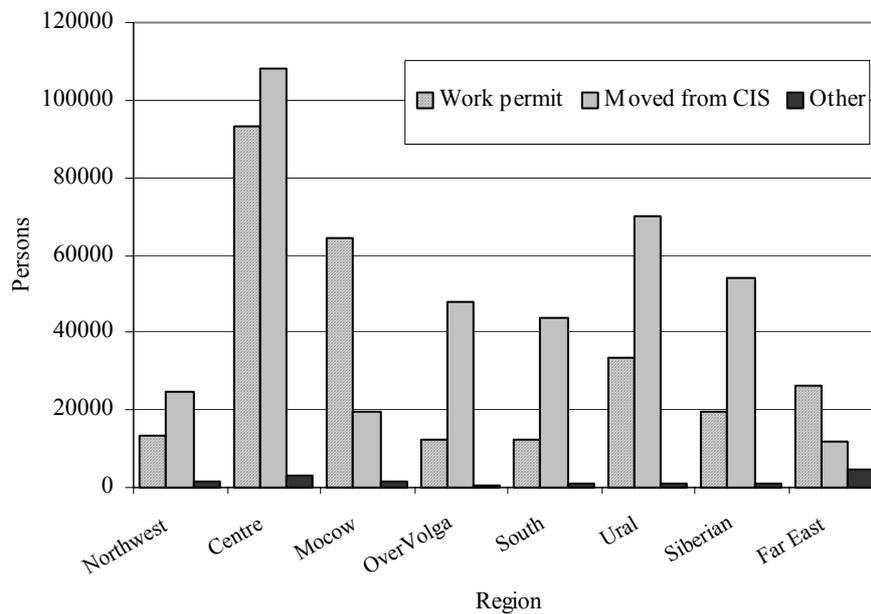
#### *Regional characteristics of migration and globalisation in Russia*

##### Data for Russia

Recently some new statistical methods have been elaborated for recording foreign migration. Hence at the present time we cannot evaluate the dynamics of the immigration process, because until the year 2000 the legal status of migrants was not identified. After the adoption of new laws, the statuses of the former Soviet citizens presently residing in Russia, new residents, and labour migrants have now been established. Starting from 2000, researchers have gained access to information on foreign labour demand, which is evaluated through the analysis of statistical records on the number of labour permits issued. Russia is a huge country, and its regions differ considerably in various

senses. Although retrospective data on migration is not available, we are still able to analyse regional data on migration and draw conclusions on the qualitative characteristics of internal migration.

We have based our analysis on data for 2000 regarding all the Russian regions, excluding data on national autonomous regions (Figure 8). We can establish three categories of migrants: 1) migrants from the CIS countries and Baltic States; 2) migrants from other countries with a residence permit; and 3) migrants from other countries with a labour permit. The proportions of these three categories vary from region to region. The number of labour permits depends on labour demand from the side of Russian enterprises. An enterprise submits an application to the Federal Migration Service at the Ministry of Home Affairs and gets a labour permit. Migrants seeking residence permits come to Russia through formal invitations from their relatives and friends, or else come as tourists and students. In Moscow and in the Far Eastern Federal Region, foreign labour demand exceeds the total immigration. The correlation matrix is given in Appendix 2. The matrix shows that these indices are correlated, however, the migration size from the CIS countries is less correlated with the foreign labour demand.



Source: Database created for the project.

Figure 8  
Statistical indicators of immigration in Russia, 2002

### Demographic variables and migration in Russia

Estimates have been made based on information regarding natural population growth, the proportion of the working-age population and the density of population in 79 Russian Administration Regions. Analyses have been carried out on the data of the year 2000 from all these regions excluding the data from the National Autonomous Regions. These three indices of migration flows have not shown a close interrelationship with changes in population growth. Thus, immigration does not provide a simple mechanical resolution for the depopulation problem. It should be noted that compensation for population loss through immigration can be regarded as only a side effect of the process of the mass migration of the population over the post-Soviet territory. No significant correlations have been noted between natural population growth and the number of migrants in a particular territory. Similarly, no correlations have been noted between the working age population and the number of immigrants. An inverse correlation has been noted between population density and the extent of migration. Migration flows are directed to the densely populated urban areas.

### Migration and labour market in Russia

Estimates have been based on the data regarding wages and unemployment in various Russian regions. A direct correlation has been noted between migration size and wage rates, while the ratio between migration size and unemployment rate is inverse. The aggregated data on the mean wage rate through regions provided by the Statistical Committee do not reflect the real wage rates, so the practice of illegal wages is widely spread in Russia. The ILO (International Labour Organization) unemployment indices provide more adequate information. Our analysis based on these two categories support the migration theory which is related to the segmentation and transformation of labour markets in the course of economic development. Migrants enter developing labour markets in response to labour demand from the side of employers. Competition for jobs takes place at those labour markets where new segments of labour demand are formed and new jobs are created.

### Migration and economic development in Russia

Our estimates were based on the region's gross production (indexed by purchasing power), direct foreign investments, and the number of small business enterprises in regions of Russia.

These indices are mutually related and indicate the level of economic development of Russian regions. These indices are directly related to migration. It allows us to infer that presently all forms of immigration are in fact economic processes. Economic benefits of migration include an expected wage rate, probability of being employed, and other institutional possibilities that appear in the local labour market, like self-employment.

#### Regional variation in Russia

Migration is related to a number of social and economic factors. Economic development serves as the major factor behind migration. As a result, migrants mostly go to regions with a dense population, a high level of economic development. Previous periods of migration development in the former Soviet Republics produced a considerable impact on the population's current migration. It is also to be noted that migration partially solves demographic problems, but such concerns are not directly related to the inner mechanisms of the immigration process.

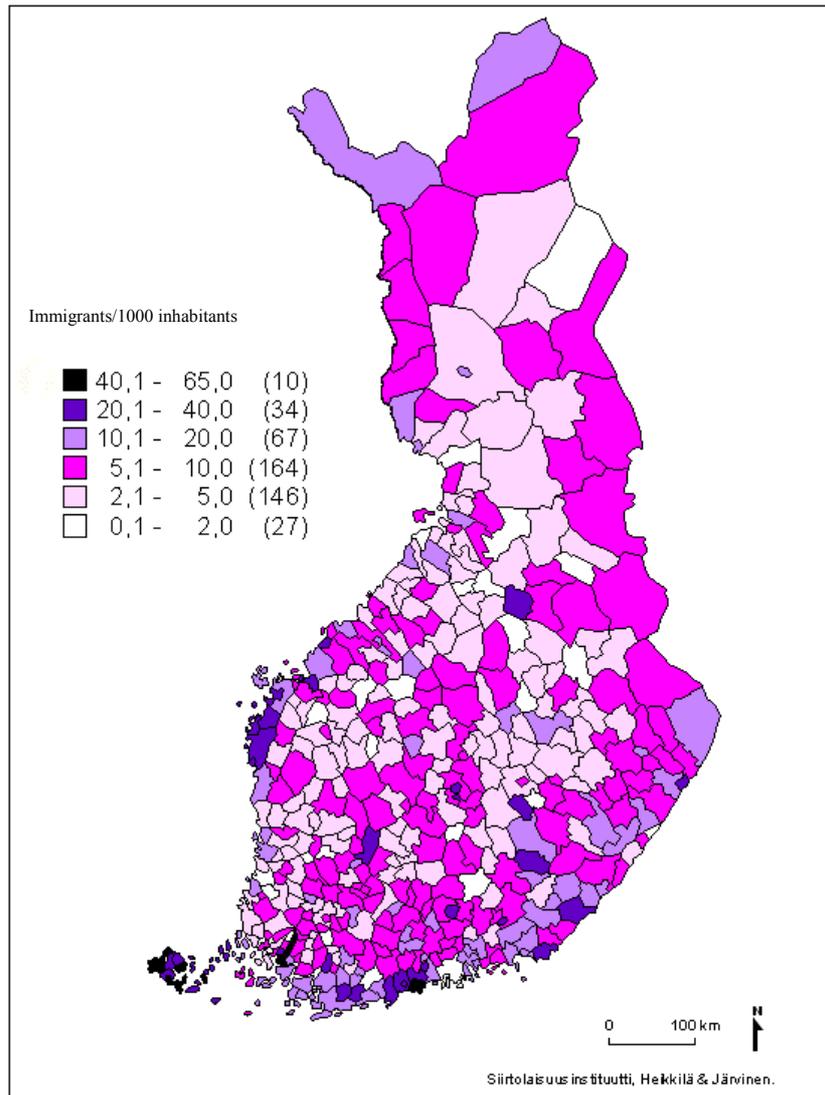
The existing migration flows do not produce serious tension in local labour markets. This is due to low unemployment rates in the host regions. The economic development of Russian regions increases segmentation in the labour markets, creates new jobs for immigrants in the service sphere, in agriculture, and in housing construction (Piore 1979).

#### *Regional characteristics of migration and globalisation in Finland*

In the Finnish case, we did not carry out the kind of statistical analysis that was done in Russia and Hungary. However, secondary sources imply that there are major similarities in several respects. Firstly, the capital city area of Helsinki which is the home of almost one-fifth of the total population in Finland. However, small concentrations of immigrants can be found in other fast developing cities as well<sup>15</sup> (see figure below). The capital city area attracts the highest rate of FDI, the highest number of foreign enterprises, highest number of people working in foreign-owned enterprises, and is the leading economic area in Finland with large ICT and service industries, and an unemployment rate below the Finnish average. The capital city area also houses 60% of the Finnish foreign population and has 20–30% of all work permits of foreign nationals. It should be emphasized that short term permits for seasonal work form the larg-

<sup>15</sup> Note that in some small municipalities the share of foreign citizens of the total populations can be rather high, occasionally, due to the governmental policies to resettle refugees in the rural areas as described above.

est share of all work permits, and are granted for agricultural work in rural areas. Holders of long-term permits are likely to work in highly globalized labour market segments, like ICT. When looking at the migration of foreign nationals within Finland, it can be noted that more than 60% of refugees, who are largely placed in rural areas by the government, move to cities and especially to the Helsinki region as soon as they are allowed to do so. Ethnic attitudes in the area are also more positive than in the rest of the country (Jaakkola 1999). However, the labour market position of foreign nationals is polarized and heterogeneous. Some nationality groups and especially foreign women have low labour force participation rates and high unemployment (Forsander 2001). To sum up the Finnish case, there are obvious correlations that fit in with the findings in Russia and Hungary, but the lack of statistical analysis makes us unable to identify precisely the connections and reasons behind these correlations in Finland.



Source: Institute of Migration. <http://www.migrationinstitute.fi/db/stat/img/mamu4.gif>

Figure 9  
Regional distribution of immigrants in Finland in 2001 on the level of municipalities (per 1,000 people. N=103 000)

*Comparative analysis of the regional characteristics of migration and globalisation in the analysed three countries*

Both in Russia and in Hungary, immigration is linked basically to variables of economic development. Secondary references let us claim that this is the case also in Finland. Economically developed or more affluent regions are more attractive to immigrants. This correlation is stronger in the case of labour permits issued. Economically developed regions show a better situation regarding the labour market and the number of small enterprises. In Hungary, FDI is also regarded as a significant factor of economic development. Thus, globalisation and economic growth stimulate migration flows not only on national levels, but also on regional ones. The link in the case of labour permits is direct, while in the case resident foreigners it is more indirect, and foreign investment and economic factors only create the structural background.

The correlation with labour market variables is much more complex, which partially goes against our original hypothesis. This is especially true in the case of Hungary and with regard to the resident foreign population. This regional variety serves as a warning that we cannot take it for granted that a better labour market situation implies a relatively higher number of migrants or that migrants avoid regions with severe labour problems. It seems then that policy makers should have a closer look at both processes and should concentrate on those areas where there are severe imbalances one way or another. It also has to be noted that both in Russia and in Hungary foreigners with residence permits were spread out more evenly in both countries, than foreigners with work permits, which seem to be the case also in Finland. Capital city areas attract the greatest number of migrants of various statuses in all three countries.

Altogether we can say that after the early 1990's regional planners and regional policies should take into account the factor of immigration closely linked to regional economic development. Immigration also seems to be a regionally highly "imbalanced" phenomenon, in which process capital city areas play an enormous role. Behind this we can clearly see globalisation as a restructuring process whereby central regions become disconnected from the rest of the country in the sense that they become more transnational in their social and economic relationships. This nonetheless does not mean that certain other regions may not develop strong transnational links across borders, although in this latter case, economic development, labour market situations and migration processes might be in severe disharmony.

## THE ROLE OF ETHNICITY

*Ethnic composition of immigrants in Russia*

Table 2  
*Foreign citizens in Russia, in 2002 Population Census Resume*

citizenship, 2002	thousands	%
<i>Russian citizens</i>	142440.2	
<i>Persons without citizenship</i>	429.9	
<i>Citizenship not stated</i>	1268.9	
<i>Foreign citizens</i>	1025.4	100
Ukraine	230.5	22
Azerbaijan	154.9	15
Armenia	136.8	13
Uzbekistan	70.9	7
Kazakhstan	69.5	7
Tajikistan	64.2	6
Georgia	52.9	5
Moldova	51.0	5
Byelorussia	40.3	4
China	30.6	3
Kyrgyzstan	28.8	3
Vietnam	22.5	2
Latvia, Lithuania, Estonia	8.5	1
Afghanistan	8.2	1
Turkmenistan	6.4	1
Turkey	5.0	1
Other	44.4	4

Source : <http://www.perepis2002.ru>

In Russia, the number of immigrants from the Asian CIS-countries and from the countries of Southeast Asia has grown considerably over the last decade. The major precondition for the existence of the multiethnic communities are the common political past re-emerging in the frame of the organization of the Commonwealth of Independent States, the survival of socio-economic and cultural relations formed during the Soviet period and the existence of national diasporas and public national-cultural organizations all over Russia. However, mass migration in the last decade has produced an additional burden on the socio-cultural institutions of the Russian regions and has lead to competitive relations in the public sphere. Socio-economic problems are perceived by the public through the prism of interethnic relations, and therefore they are linked to migration, which results in intolerant behaviour.

The different types of immigration and the adaptation of migrants vary according to the hosting region. Three types of hosting regions have been identified: the Russian territories bordering CIS and other countries, inner Russian territories and large cities.

Border regions both on the Russian territories and abroad have similar social and economic structures and maintain mutual social-cultural communications. These features foster excellent adaptation on behalf of immigrants and enhance genuine competition in local labour markets and in the social sphere. The geographical closeness of the territories stimulates mass migration and creates the preconditions for forming ethnic enclaves. This situation is perceived as a threat by the local population and provokes inter-ethnic conflicts.

The inner regions are situated far from the state borders and inhabited mostly by an ethnically homogeneous population. Immigrants are dispersed over these regions. The inner regions are characterized by a lack of suitable human resources and a segmented labour market like in Siberia.

The majority of immigrants are attracted by the large cities. The high level of social competition in major cities, the considerable size of the migrant population and the differentiation of immigrants according to their socio-economic status and ethnic-cultural composition determine public attitudes towards immigrants, which are characterized by growing inter-ethnic tension and xenophobia, especially among young people.

Several variants of ethnic-social stratification and segregation can be identified as so-called ethnic slavery and trafficking, ethnic corporative unions, ethnic enclave. Such ethnic organizations are seen in a negative way by the hosting community. Public hostility towards temporal migrants has been transferred onto other ethnic population groups, which have inhabited these regions since long ago.

Migration processes lead to the transformation of existing patterns of inter-ethnic behaviour and create ethnic-cultural instability. In general, the situation in the sphere of interethnic relations in Russia remains within the standards of civic behaviour. However, it is still possible to identify several zones of potential conflicts: large Russian cities like Moscow and St. Petersburg, the Stavropol and Orenburg Regions and the Far East Territories. The situation in these areas can be characterized by growing social tension, the development of ethnic phobias together with the growing autonomy of the migrant population.

The above noted tendencies towards the aggravation of interethnic tensions hinder the elaboration of strategies of politically correct public behaviour. On the other hand, economic growth makes the inflow of labour necessary. Migration will play its important role in the formation of economic and labour potential in the Russian regions under the conditions of the problematic demographical situation. Hence the strategies of inter-cultural communications have to be developed.

*Ethnicity as a structural factor in Hungary*

In terms of citizenship, Romania is by far the most important country of origin for labour permit holders in Hungary: almost half of the total foreign labourer population is of Romanian origin (HCSO 2003). Also the other neighbouring countries, Slovakia and former Yugoslavia, and the former Soviet Union, mainly Ukraine are important countries of origin. In addition China and EU-countries play significant roles in the transnational movement of labour migration. Most of the people from neighbouring countries are of Hungarian ethnic origin. It is important to note that previous links between state socialist countries have broken down or have been reconfigured, which can be exemplified by the decline in the number of Polish industrial workers.

Table 3  
*Foreign citizens residing in Hungary by citizenship*

Country (citizenship)	Year of residing <sup>a</sup>						
	1995	1996	1997	1998	1999	2000	2001
<i>Europe</i>							
Austria	616	694	872	1 031	990	1 053	694
Belgium	113	143	174	196	214	221	113
Denmark	41	62	77	82	100	104	41
Finland	100	134	187	224	253	303	243
France	364	443	611	771	956	1 036	511
Greece	1 362	1 588	1 810	1 972	1 925	1 903	710
Netherlands	191	264	374	472	568	585	324
Ireland	22	37	61	77	92	97	38
Luxembourg	3	5	6	8	7	7	5
Great Britain	631	760	955	1 140	1 317	1 378	624
Germany	2 289	3 087	3 505	8 985	9 396	9 631	7 493
Italy	514	568	655	734	752	793	542
Portugal	28	31	39	40	45	50	22
Spain	54	79	96	106	112	119	64
Sweden	319	383	469	530	604	627	299
<i>European Union</i>	<i>6 647</i>	<i>8 278</i>	<i>9 891</i>	<i>16 368</i>	<i>17 331</i>	<i>17 907</i>	<i>11 723</i>
Croatia	305	532	688	995	1 069	1 162	917
Yugoslavia	6 213	15 492	14 884	14 116	9 916	10 943	8 623
Poland	4 628	4 521	4 297	4 471	4 386	4 144	2 279
Norway	77	172	310	411	521	573	607
Russia	277	1 124	1 708	2 624	2 809	3 002	1 893
Rumania	68 439	65 705	61 579	62 130	57 357	57 343	41 561
Switzerland	186	211	265	306	373	422	330
Slovakia	231	461	600	1 110	1 571	1 717	1 576
Turkey	483	560	660	760	791	820	455
Ukraine	3 501	4 432	5 625	7 733	9 898	11 016	8 947
Other European	31 930	20 923	20 051	12 927	18 062	16 735	14 286
<i>Together</i>	<i>122 917</i>	<i>122 411</i>	<i>120 558</i>	<i>123 951</i>	<i>124 084</i>	<i>125 784</i>	<i>93 197</i>

Country (citizenship)	Year of residing <sup>a</sup>						
	1995	1996	1997	1998	1999	2000	2001
<i>Asia</i>							
Israel	518	619	890	1 030	1 177	1 186	781
Japan	314	394	479	547	656	706	431
China	3 469	4 276	6 639	7 809	8 306	8 861	5 819
Mongolia	528	562	700	864	1 071	1 227	738
Syria	679	703	821	894	909	906	583
Vietnam	1 276	1 323	1 596	1 839	2 193	2 447	1 893
Other Asian	2 851	3 542	3 879	3 731	3 931	3 993	2 358
<i>Together</i>	<i>9 635</i>	<i>11 419</i>	<i>15 004</i>	<i>16 714</i>	<i>18 243</i>	<i>19 326</i>	<i>12 603</i>
<i>America</i>							
United States	1 700	2 008	2 420	2 835	3 132	3 261	1 636
Canada	277	329	390	452	475	507	235
Other American	918	860	912	923	905	909	617
<i>Together</i>	<i>2 895</i>	<i>3 197</i>	<i>3 722</i>	<i>4 210</i>	<i>4 512</i>	<i>4 677</i>	<i>2 488</i>
<i>Africa</i>							
Libya	402	484	654	720	721	694	204
Other African	1 679	1 726	1 834	1 939	1 873	1 865	1 029
<i>Together</i>	<i>2 081</i>	<i>2 210</i>	<i>2 488</i>	<i>2 659</i>	<i>2 594</i>	<i>2 559</i>	<i>1 233</i>
Other and unknown	573	717	734	729	812	779	507
<i>Total</i>	<i>138 101</i>	<i>139 954</i>	<i>142 506</i>	<i>148 263</i>	<i>150 245</i>	<i>153 125</i>	<i>110 028</i>

<sup>a</sup> 1 January.

Source: Central Statistical Office: Time series of the international migration. 1990–2001.

The map of those areas and countries from which Hungary attracts residing foreign citizens also shows interesting characteristics (Tóth 1996; HCSO 2003; Illés 2004). Together with the actual numbers we can see that the “Eastern” neighbouring states are the prime sources of immigrants, like in the case of labour permits. On the “Western” side, Germany plays an important role while there is Russia and Poland which countries serve as a kind of secondary background. The end of the 1990’s was a peak period for foreigners arriving from EU countries especially Germany. Now there is a relative decline, but due to the EU accession immigration might rise again. Beside the European citizens there is another significant group, namely the Chinese (more than 5,000) and Vietnamese (above 1,500). North American citizens also play some role while African countries seem play a similar role. Altogether it seems that Hungary is becoming an attractive place outside its closest region, although it is still just a regional focus point, which shows that the global position of the country is of an intermediate nature.

Concerning questions related to ethnomigration we rely on a Hungarian survey of immigrants carried out by Irén Gödri and her colleagues in 2002 (Poplar

2003). According to data released by the Home Office in 2001, 7000 people from neighbouring countries gained immigrant status in Hungary in 2001. 69% of them came from Romania, 18% from the Ukraine, 10% from the successor states to the former Yugoslavia, 2% from Slovakia and a negligible % age from Croatia and Austria. This survey, carried out among this immigrant population in the summer of 2002, was based on data from a representative sample of 1,015 people over the age of 18<sup>16</sup>.

Among people coming from Romania and Slovakia more than 90% have a (self-reported) exclusively Hungarian identity, but in the case of the Ukraine the relevant figure is only 78%. The ratio of immigrants lacking Hungarian identity or not speaking Hungarian is low with regard to Slovakia and Romania. But in the case of the Ukraine and Yugoslavia there is significant group (8 and 15%) who have no Hungarian identity at all. Therefore we can assume some challenges in the social integration of people not having Hungarian cultural background. In the case of refugees coming from non-European countries or in the case of foreign citizens coming from the EU or China we can assume the same problem.

The data described above show that the co-ethnic element is very strong in migration to Hungary. The question of ethnomigration can also be raised from the point of view of the motives of migration. In this respect the motivation to use the mother tongue or experiences of ethnic discrimination in the country of origin play a rather minor and decreasing, but still not insignificant role among migrants coming from neighbouring countries. In the early 1990's and in the mid 1990's these factors were rather important and it is hard to deny that the massive movement of people with a Hungarian identity was largely due to this factor. This could start the social institutionalisation of migration in which process later clear economic reasons and the motive of family reunification could take over the dominant role. At this point the time lag between the collapse of old industries and the appearance of new ones comes into the picture, in which time lag ethnicity could be a lynchpin of movement by building networks for the sake of the transnational movement (Stalker 2000; Staring 2000). The survey has revealed that more than 50% of the immigrants had a family member who settled down before the arrival of the respondent, and this ratio is significantly higher among immigrants with a Hungarian identity. Therefore ethnic identity, the attraction of the "mother country", the experience of some ethnic discrimination and the existence of networks which smoothes the way of the movement are all interlinked factors via which "structure" ethnicity facilitates the migration in an era of globalisation when old industries collapse quickly and new ones appear only later. Ethnicity and economic inequalities together can construct a self-generating process (see also Gödri 2003, 2005).

<sup>16</sup> Research project NKFP 5/0084/n.

*The structure of immigrant population in Finland*

The composition of Finland in terms of nationality is very homogenous: only 2% of the population (104 000 persons) had a nationality other than Finnish, and 2,9% (152 000) were foreign born in 2002 (Statistics Finland 2003). Ethnic composition is slightly more varied because of a language minority of Swedish Finns, small traditional ethnic minorities, and a small indigenous people in the north, the Sámi.

Table 4  
*Major groups of foreign citizens in Finland 1990–2002*

Citizenship	1990	1995	1996	1997	1998	1999	2000	2001	2002
Russia	.	9 720	11 810	14 316	16 861	18 575	20 552	22 724	24 336
Estonia	.	8 446	9 038	9 689	10 340	10 652	10 839	11 662	12 428
Sweden	6 051	7 014	7 291	7 507	7 756	7 809	7 887	7 999	8 037
Somalia	44	4 044	4 555	5 238	5 371	4 410	4 190	4 355	4 537
Yugoslavia <sup>17</sup>	75	2 407	2 624	2 755	2 935	3 392	3 575	4 240	4 224
Iraq	107	1 341	1 855	2 435	2 670	2 960	3 102	3 222	3 420
Ukraina	1 365	1 865	1 803	1 907	2 058	2 170	2 207	2 352	2 535
Germany	1 568	1 748	1 836	1 961	2 072	2 162	2 201	2 327	2 461
Iran	336	1 275	1 397	1 681	1 706	1 868	1 941	2 166	2 363
USA	1 475	1 844	1 833	1 905	2 001	2 063	2 010	2 110	2 146
<i>Total</i>	<i>26 255</i>	<i>68 566</i>	<i>73 754</i>	<i>80 600</i>	<i>85 060</i>	<i>87 680</i>	<i>91 074</i>	<i>98 577</i>	<i>103 682</i>

*Source:* Statistics Finland 2003.

The most common reasons for immigration to Finland have been marriage or other close family ties. Employment as a primary reason for migration covers only approximately five % of all immigration. However, the number of granted work permits has increased sharply over the last five years, and this development is expected to continue because of the structural changes in the labour market, and the retirement of the working population. The largest groups of foreign citizens come from the neighbouring countries – Russia, Estonia and Sweden, and from Somalia – whereas most labour permits, over 60% were issued to citizens of Russia and Estonia. These permits were mostly short-term, issued for the time of the harvest and for other seasonal work. Concerning high-skilled permits, such as ICT-related branches of industry, citizens of India, China and Russia were the largest groups (Ministry of Labour Statistics 2003, Statistics Finland 2003).

Similar to Hungary and Russia, Finland has also been a recipient of so-called ethnic “return” migration from the 1990’s onwards. When first launched in the early 1990’s, return migration policy targeted Ingrian Finns, who have Finnish family ties. However, since immigration of a Finnish population to

<sup>17</sup> Former Yugoslavia and Federal Republic.

Ingria – now located within Russian territory – traces back to 17<sup>th</sup> century, the grounds for calling Ingrian Finnish immigration as *return* migration can be questioned. Criteria for claiming ethnic Finnish ties have been made stricter and a requirement of competency in the Finnish language has also been added during the 1990s. As described above, similar governmental efforts to reduce ethnic immigration were also launched in Hungary. In Finland, unlike in Hungary and Russia, ethnic “return” migration did not become a dominant feature characterising immigrant populations. It is interesting to note how ethnicity is understood in this context, since being an “ethnic Finn” in administrative or political terms is defined through biology, not through culture. The recent shift towards required competency in the Finnish language balances the definition slightly, but still the definition of ethnicity is strongly defined in terms of *jus sanguinis* (descent), not in terms of *jus soil* (culture, language and factual country of residence) (Lepola 1998).

Ethnicity does play a role however, through immigrant communities and chain migration patterns. So far these have also been fairly limited, since Finland has not been a country of immigration, and immigrant communities are still quite small. However, within Finland, ethnic communities seem to attract the migration of co-ethnics; for example a vast majority of ethnic Somalis live in the capital area of Helsinki.

In the 1990’s an emerging chain migration of the Roma started from several Central and Eastern European (CEEC) countries, but since this took place via the asylum system, the Finnish authorities stopped the process in a quite drastic manner by restricting asylum legislation and the processing of applications. In Finland, this movement was generally thought to take place because of the economic interests of the would-be immigrants, but there might also have been push factors in the countries of departure, which were related to discrimination. Several EU countries have given asylum or residence permits to the Roma from the CEEC area on the latter ground.

## CONCLUSIONS

The focus of our research was to describe how flows of people and capital are embedded in socio-political development: the collapse of the Soviet regime and the socialist system, as well as enlargement and membership in the European Union have had a major impact on migrations and flows of foreign capital both in Hungary and Finland. Migrations and flows of foreign capital do not just happen, but political, social and economic circumstances shape national attitudes towards transnational processes, which are also embedded in frameworks of legislation and national policies.

The popular globalisation paradigm claims that states are losing their sovereign positions in shaping national social and economic policies. Globalisation is seen as a process where national economies are deliberated from state regulation, where capital was constrained in the name of “political reality”. During the Soviet regime and in, circumstances of the Cold War, the argument of “political reality” was powerful when restrictions towards flows of capital and people had to be justified. The popular globalisation paradigm has created argumentation of its own: in the name of “economic reality” state regulations constraining flows of capital and labour have to be demolished. However, there seems to be evidence that globalisation is not destroying national sovereignty. Regulatory power of states still exists, but it has taken new forms in a new context. The way that states regulate immigration policies, and monetary policies of EU provide examples of this.

There are two perspectives on this process. On the one hand, what seems to be a loss for state regulation, is a gain in the movement of capital. The investment regime defines the labour market segments which are attractive for immigrants. The degree of involvement in the global investment process in turn influences migration policy. Whichever is the point of view, the fact seems to remain that no matter what the geo-political context, European small states are less sovereign in their economic and immigration policies than they like to claim they are.

Our research shows that a growth in FDI and overall economic development correlates with the growth of immigration. Globalisation of capital and economic growth stimulate migration flows not only on national but also on regional levels. Thus, FDI is a factor channelling migration on a regional level. Economically well-developed or better-off regions are more attractive to migrant labour, foreign investments and also to new companies, which is an important argument in showing that foreign investment in itself does not reduce international migration (Stalker 2000). It should be noted, while a link between immigration on the basis of labour market needs, and foreign direct investment is direct; this is not the case in immigration as a whole. Evidence from Hungary and Russia, indicate that the link between the amount of resident foreigners and foreign investment is more of an indirect one. In Russia, Hungary and Finland, foreigners immigrated on other grounds than solely the need of their labour and populated the target country more evenly than migrant labourers. However, capital city areas attract the greatest number of migrants of various statuses in all three countries. In this respect capital city areas of all three countries follow the same trend: globalisation is a restructuring process in which the most urbanized regions become entangled in transnational social and economic networks. This, in turn, loosens the most urbanized regions from the realities of the other regions of a respective country.

It is also to be noted that correlations between, labour market and economic variables are much more complex, which goes partially against our original

hypothesis. The regional variety revealed warns us: we cannot take it for granted that there are relatively more migrants in places where the labour market situation is relatively good or that migrants avoid regions with severe labour problems. It seems then that policy makers should have a closer look at both processes. They should concentrate on those areas where there are severe imbalances one way or another.

In terms of attitudes and institutionalised social practices toward immigrants ethnic hierarchies of immigrants, shaped and reproduced by national legislation and administrative practices, seem to follow the same pattern in all the countries studied. In Finland, Hungary and Russia, so called ethnic remigration takes place: in Hungary immigrants from neighbouring countries of Hungarian origin, in Finland immigrants from Russia of Finnish origin and in Russia immigrants from CIS-states of Russian origin have privileged status in immigration policies. In Hungary and Finland, EU-membership shapes the hierarchy of immigrants on a basis of nationality even further: EU-nationals and so-called third country nationals have different rights and obligations that comes to their status as immigrants. However, it should be noted that in Finland as well as in most of the so-called “old” EU-countries transition periods have also been introduced for the nationals of the “new” EU-countries in relation to their right to migrate to the “old” countries. Therefore it can be stated that new hierarchies between different EU-nationalities are created through transition period regulations. In this respect Russian immigration policies can be seen as more egalitarian in its formal regulations which provides formal privileges to CIS residents but treats all nationalities on the same grounds.

The political and legal frameworks developed by the individual countries have a lot of common elements, but we can observe clear differences. Finland has developed a rather exclusive and sophisticated system which aims at protecting the individuality and cohesion of the Finnish Welfare State, while Hungary has developed an institutional system in which different aspects, including ethnic ones are combined without a coherent framework. Russia being on the way to developing an integrated system still struggles with the legacy of the dissolution of the Soviet Union.

Altogether it is clear that globalisation does not lead to a more open and egalitarian international system of transnational movements of people, but reproduces new economic, ethnic and national hierarchies with severe implications on the movement of individuals or migrant groups. This evidently means that in our new order of world economy different groups and nations have very different access to human and capital resources which in turn defines the “value” of their members in migratory processes and possibilities of “free” movement.

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## APPENDIX

Table 1  
*Variables used in the regional analysis of Russia*

Variables	Description	N	Mean	St. Dev.
cis	Number moved to Russia from CIS in 2000 year	79	2405.3544	2417.8367
other	Number moved to Russia from other countries in 2000 year	79	92.0380	166.9569
workper	Number of labour permit	79	3571.4937	9904.0986
cis%	Number moved to Russia from CIS in 2000 year as the % of region population	79	0.0013	0.0009
other%	Number moved to Russia from other countries in 2000 year as the % of region population	79	0.0001	0.0001
wp%	Number of labour permit as the % of region population	79	0.0021	0.0038
employable	The share of labour force	79	60.7608	3.4290
smallent	Small enterprises number (thousands)	79	10.7139	22.3929
naturalincr	Natural increase or decrease of population	79	-5.9165	4.8665
denisty	Density of population in Russian regions	77	26.9912	24.3806
crimeec	Number of economic crimes	78	3845.8961	3443.5964
crimedrug	Number of drug related crimes	78	2867.7179	2995.3859
wage	Average wages by regions (thousand rubles)	70	1.7815	0.6807
PPI	Proxy for PPI, average wage divided by poverty line	70	47.0300	78.7303
FDI %	Foreign direct investments as % of gross regional product	75	0.0150	0.0400
unemploy- ment	Unemployment rate ( ILO standard)	79	10.2949	4.1387
FDI	Foreign direct investments inflow(thousand dollars)	79	1545.2222	4635.6667

Table 2  
*Variables used in the regional analysis of Hungary*

Settlements total, 1 January 2001.  
 Area, square km, 31 December 2001.  
 Immigrating foreign citizens, 1996–2000, total per 1,000 inhabitants  
 Emigrating foreign citizens, 1996–2000, total no per 1,000 inhabitants  
 Resident foreigners, 2001, total no. per 1,000 inhabitants  
 Resident foreigners aged 0–14, 2001, total no. per 1,000 inhabitants  
 Resident foreigners aged 15–24, 2001, total no. per 1,000 inhabitants  
 Resident foreigners aged 25–39, 2001, total no. per 1,000 inhabitants  
 Resident foreigners aged 40–64, 2001, total no. per 1,000 inhabitants  
 Resident foreigners aged 55–64, 2001, total no. per 1,000 inhabitants  
 Resident, 2001 aged 65 and over per 1,000 inhabitants  
 Resident population, 31 December, 2001.  
 Proportion of 0–19 age group, 31 December 2001.  
 Proportion of 20–29 age group, 31 December 2001.  
 Proportion of 30–39 age group, 31 December 2001.  
 Proportion of 40–54 age group, 31 December 2001.  
 Proportion of 55–64 age group, 31 December 2001.  
 Proportion 65+ age group, 31 December 2001.  
 Resident population as a % of the value for 1990, 31 December 2001.  
 Urban population, 31 December 2001.  
 Proportion of urban population, 31 December 2001.  
 Average population of settlements, 31 December 2001.  
 Population density, person/square km, 31 December 2001  
 Proportion of population living in settlements with a density above 120%, 31 December 2001.  
 Live birth per 1,000 inhabitants, 2001  
 Death per 1,000 inhabitants, 2001  
 Natural increase per 1,000 inhabitants  
 Internal migration per 1,000 inhabitants, 2001  
 Proportion of economically active, %, 2001  
 Inactive and dependent per 100 economically active, 2001  
 Share of employees in agriculture and forestry %, 1 February 2001  
 Share of employees in industry and building industry %, 1 February 2001.  
 Share of employees in service sector %, 1 February 2001.  
 Unemployment ratio, %, 20 December, 2001.  
 Long term unemployment ratio (above 180 days), % 20 December, 2001.  
 Long term unemployment ratio (above 180 days), % 20 December, 1996.  
 Unemployed with social support per 1,000 inhabitants, 2001  
 Total export per capita, 2000  
 Share of foreign owned enterprises in export, %, 2000  
 Foreign subscribed capital in foreign owned companies per capita, 2000  
 Earnings per employee, HUF/month, 2001  
 Number of taxpayers per 1,000 inhabitants, 2001  
 Personal income tax base per permanent resident, HUF, 2001

Personal income tax per permanent resident, HUF, 2001  
Stock of dwellings, January 2001.  
Total constructed dwelling, 2001  
Average size of constructed dwelling, square meter, 2001  
Annual number of dwellings constructed between 1990 and 2000 as a % of the 2001 stock  
Full-time students in higher education per 1,000 inhabitants, 2001  
Average no. of finished classes (semesters) in the population above the age 7, 1 February, 2001.  
Total no. of functioning enterprises per 1,000 inhabitants, 2001  
Total no. of functioning companies per 1,000 inhabitants, 2001  
Share of companies employing 0–19 people per 1,000 inhabitants, 2001  
Share of companies employing 20–49 people per 1,000 inhabitants, 2001  
Share of companies employing 50–249 people per 1,000 inhabitants, 2001,  
Share of companies employing 250 or more people per 1,000 inhabitants, 2001,  
Share of companies in agriculture, forestry and fishing per 1,000 inhabitants, 2001  
Share of companies in industry and building industry per 1,000 inhabitants, 2001  
Share of companies in commerce and repair per 1,000 inhabitants, 2000  
Share of companies in catering, service and accommodation per 1,000 inhabitants, 2001  
Share of companies in estate business and economic service per 1,000 inhabitants, 2001  
Individual company per 1,000 inhabitants, 2001  
Small-scale shop per 1,000 inhabitants, 2001  
Restaurants per 1,000 inhabitants, 2001  
Commercial places of accommodation per 1,000 inhabitants, 2001  
Capacity of commercial accommodation per 1,000 inhabitants, 2001  
Guest nights per 1,000 inhabitants, 2001  
Cars per 1,000 inhabitants, 2001  
Developmental index FACT1\_2012