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**GLOBALISATION, ETHNICITY AND
MIGRATION. THE COMPARISON OF FINLAND,
HUNGARY AND RUSSIA**

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1. Introduction

The main focus of our project was the comparative study of labour migration in a European Union country (Finland), an EU accessing country (Hungary) and a major non-EU country (Russia) in order to reveal and analyse the causes and the geographic and social mechanisms of labour migration into these countries. The main aim has been to deepen our understanding of the social embeddedness of migratory processes in the analysed region in the era of globalisation. The chosen countries are of different sizes and social and economic background, but their different positions in global processes and their similarities which do appear nevertheless make them perfect objects for comparative studies. In order to structure the analysis, focus will be on the following questions:

- How globalisation and the post-communist transition appear in the migration processes related to the three countries?
- What economic and social factors can be associated with the drive of migration inflow if we consider regional migration aspects?
- What is the role of ethnicity in migration?
- What lessons can be learned from the comparative analysis of legal mechanisms of entering the respective countries?

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2. Globalisation and Political Transitions: Historical Considerations

Hungary, Russia and Finland had different political histories in the 20th century, but in terms of economy and immigration it was possible to observe quite similar patterns more or less simultaneously. (Appendix 1.) 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. They can be compared especially with the European history of immigration as with two exceptions. 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 among others: Sassen 1999; Castles 2000, Part II.; Mittelman 2000).

**Period between
1850-2000: the
Rise and Fall of
Liberal and Non-
liberal Regimes in
Finland, Hungary
and Russia**

*Late 19th Century
and Early 20th
Century: the Rise
of Economic
Liberalism*

By the late 19th century, the three countries under discussion (Finland being an autonomous part of Russia, and Hungary a sovereign part of the Austro-Hungarian Monarchy between 1867–1918) were more or less liberal states. Industrialisation was in full swing which created a need for skilled labour and foreign investment, but as rural economies came into a crisis due to the advancement of world capitalism in all three countries, large segments of the population also became unemployed or impoverished. (Chayanov 1986; Livi-Bacci 1992). This created large scale emigration to core countries of world capitalism which were further advanced in the process of industrialisation. (Sassen 1999; Held et al. 1999, 284–297; Staring in: Kalb et al. 2000.) The common destination from all countries was North America – the United States and Canada. In the same period Russia also absorbed massive immigration in order to populate its own territory. The inflow came mostly from Germany, Korea and China. The total net migration to Russia between the beginning of the 19th century and 1916 was over 4 million persons. This has had a significant influence on the development of regions like Povolgie (Volga region), the South of Russia and the Far East.

*1918–1950:
Inward Looking
Nationalism
versus Socialism
and Forced
Migration*

Years between 1917–1918 had a massive impact on policies concerning foreign investment and migration, since the three analysed societies went through a rapid transformation. Previous states have been reorganised (Hungary, Soviet Russia) or like Finland sovereign states were born. This resulted in extremely restrictive state policies in all these countries, which put an end to foreign migration and investment almost completely. The project of building nation-state in Finland resulted in emigration waves as well as forced emigration. In Hungary there was a forced immigration from the successor states of the Austro-Hungarian Empire, while the building of socialism in the Soviet Union also led to such phenomena on different grounds (Tóth 1996, 1996a). In the Soviet period, Russia also experienced some waves of emigration. As a result, Russia lost a great part of its intellectual elite among other social groups who crossed the “iron curtain” erected after 1925.

Experiencing world economic crises, people in Finland and Hungary felt that a state-centred ideologies and/or nationalisms offered a solution for the social instability that liberal capitalism had created.¹ This is probably the key reason why liberal economies were rejected in Europe – the social consequences of economic liberalism were so severe that they were already leading towards severe instability.² The common factor was that in each country the state strengthened its role within the society, which led, for example, to foreign companies becoming nationalised and transferred into state ownership.

¹ The idea of a nation as a “glue” of the society emerged strong both in Finland and Hungary, whereas the Soviet Union relied on the socialist ideology which was based on the power of the workers.

² For example, the Finnish civil war in 1918 which killed 30 000 people. This has often been termed as *independence war* by right wing groups or, as *class war* by left wing groups. The events can simply be seen as a struggle of how to manage social problems, since the struggle took place between nationalists and socialists. It was a fight for power, but the fact that people were so eager to take part in the fighting, at least on the socialist side, was the fact that social instability was so great at the time. There was a factual clash of interests between work and capital. In Hungary there has never been a strong social democratic movement, nonetheless we could observe a rather strong reaction to the ongoing agrarian crises in the form of the movement of “populist” writers.

However, there was a flipside to the stabilising methods that were used. They resulted in massive forced migration, instances of what was called population exchange as well as to ethnic persecution, which had severe human consequences (like in the Soviet Union). At the most extreme in Europe, fights over the domination over Europe led to genocide and other forms of mass killings related to forced migration which were also supported in the end by non-German governments, including the Hungarian state.

In Finland and Hungary the extremist nationalism of the 1930's and the Second World War had little effect on the restrictive migration policies, since after the war all countries experienced new waves of ethnic migration, not very different compared to the processes that were seen in 1990's in the Balkans. 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 still considered as a threat.

*1950–1970: the
State over
Capital*

Interests of the state were still primary, and the international movement of capital and people was very restricted. Hungary was occupied by Soviet forces and between 1948 and 1956 it was almost completely sealed off from the surrounding world. In 1956 it experienced an exodus 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. For a short period of time Hungary also experienced a large exodus of people during and shortly after the 1956 revolution. Till the 1960's, both the Russian and the Hungarian state were mainly concerned about having a large enough labour force to supply the needs of centralised industrialisation 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.

The 1970's were marked by a gradual shift towards greater tolerance with regard to foreign investment and migration. In the Russian case industrial development needed labour, labour migration emerged within the socialist community and the socialist republics, 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 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.

*1970–1990:
Gradual
Change and
Emigration*

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 reasons.

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 had not had a socialist system, it had 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 new-comers into the society.³ 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 1990's. 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 the ownership of the state, and kept some restrictions on foreign investment. Foreign direct investment (FDI) flows remained small, and GDP dropped dramatically.⁴ After the collapse of the Soviet Union, interrepublic administrative boundaries assumed the status of international borders and the situation changed sharply. Over the period of 1992–2001 about 6.4 million persons arrived to Russia from ex-Soviet states. 70 per cent 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.

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

³ When there was no work for them due to skills mismatch, high overall unemployment and ethnic discrimination, they were integrated to the welfare state itself through its services and subsidies.

⁴ In the Russian case it seems, that the economic power of Soviet States was transmitted to domestic oligarchies and not to global capital.

mostly hooked up with foreign companies, forming many Nordic alliances in financing, media and the wood/paper industries.⁵

Finland joined the European Union in 1995. This meant an integration into the economic policy of the European Union, whereas 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.

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 trans-national 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, economic policies and taxation) 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,⁶ too. 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 industrialised 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.

Even though the two countries have different political histories, differences in the fields of capital and migration flows were quite similar between the First World War period and the period after the collapse of the Soviet regime in the early 1990's. What can be concluded, from this similarity, is that trends of migration and FDI in both Hungary and Finland have been strongly influenced by the collapse of the Soviet regime and the socialist system, as well as by the enlargement process of and membership in the European Union. These two processes more or less state the framework in which the relevant developments in legislation have taken place in both countries. We can state with even more certainty that while Russia remains a rather separate pole in the world economy, both Finland and Hungary have been influenced by a similar position in the world economy in the 20th century. It seems that their integration into the Western sphere follows the same line of development from a place of emigration toward a transitory status in terms of flow of capital and labour. This shows that the analysis should be shifted to a global level and in future research more is to be done on the liberal global systems re-emerging after 80 years of a non-liberal epoch (Mittelman 2000).

*2000–2003:
Capital over the
State*

**Historical Development
in Hungary and
Finland – How
Sovereign Can
European Small States
Be?**

⁵ The ITC company Nokia has been taking over the former role of e.g. oil trade with Soviet Union as a locomotive of the Finnish economy. As about 80 percent 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.

⁶ In the case of Finland this has taken place because of similar developments of decrease in FDI restrictions in neighbouring countries, mostly Sweden. Many companies are also looking towards potential of Asian and especially Chinese markets.

It is interesting that whereas the popular globalisation paradigm states that States are losing their sovereign positions in political and economic terms, the interpretation also includes that national economies are *liberated* from state regulation, which again was forced by the “political reality” of the Soviet and Cold War era. There are two perspectives to this process, and what looks like a loss of position from one (state regulation), appears as gaining positions from another (movement of economic capital). Whichever is the point of view, the fact seems to remain that no matter which geo-political context, European small states are less sovereign in their economic and immigration policies than they like to claim they are –whether this takes the form of hard restrictions or complete liberalisation. The crucial aspect seems to be the changing interplay between states and capital in global systems.

**Historical
Development of
Russia – Foreign
Direct
Investments and
Openness in
Economy and
Migration**

Owing to its large size, Russia has to be seen as a special participant in the world’s economic process. It is a large country in various senses: a large geographical size, a large population, and a capacious domestic market. All of these features – and not only these – affect the history and economic behaviour in Russia.

During the greatest part of its history, Soviet Russia was an absolutely closed country with strongly limited migration. The rate of direct foreign investment into the Russian economy was low. Under the pressure of the collapse of the communist ideology and under the conditions of social stress, participation of foreign firms and TNCs in the Russian privatisation program was restricted. The government and the domestic elite tended to protect the most effective and vital part of the industry from foreign investors. Such a situation was in a sharp contrast to that in Hungary which carried out a thorough privatisation policy, as the result of which foreign firms purchased state companies or parts of such firms on a large scale.

Historically in Russia the periods of intensive migration were connected to political and social convulsions. Wars, revolutions, changes in the political and economical framework were the main driving factors of large-scale immigration and emigration in Russia. Looking at the Russian economic history in relation to economic growth and immigration, the year of 1913 can be considered as the most effective period in Russian economic history. In this year foreign investments began to grow. FDI predominantly targeted Russia in this year. At this time, Russia was an active participant of the world migration process, serving as one of the main suppliers of cheap unskilled labour force for Europe and America. On the other hand, the Russian provinces attracted peasants and unskilled workers.

In small countries of Europe whose geo-political situations have led to the creation of open economies, various systems of attracting foreign investments and the development of innovation processes have been elaborated. The experience of European countries is crucial for Russia. Currently, the rate of foreign investments per capita in Russia is less by a factor of 5 compared to Hungary and less by a factor of 30 compared to Finland. The proportion of GNP per capita is also considerably less in Russia than in other countries involved in the present study.

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.

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 criticised in the modern literature on international migration issues. For instance, *Richmond* argues that “*Contrary to the view that economic growth will itself remove the need for migration, it must be recognised that the emerging global economic and social system is one in which population movements will continue to increase rather than declaim*”. (*Richmond* 1992, 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; *Staring* 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 to change 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 high 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 characterised as a highly open economic system. In the current economic situation, a mechanical understanding of interrelations

Historical Development of Foreign Direct Investment and International Migration

between investment and foreign labour migration processes is slowing down the effectiveness of the Russian immigration policy. The process of growing foreign investments has its own stages linked with 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 characterised 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 caused a bifurcation 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 repel natives and produce structural demand for immigrant workers. The bifurcation of the labour market is a specific feature of global cities (e.g. Moscow in Russia), 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 high-skill 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.

3. 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 hypothesised 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 at 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 the present investigators 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 hypothesise that labour migration and the number of foreign residents within a particular territory, used as indicators of migration processes, demonstrates different correlations with variables characterising the economic development of the region. We estimate that migration flows are directed to the most economically 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.

The analysis was carried out on three levels. First on the level of sub-regions (smaller regions within counties) we analysed pair correlations between demographic, developmental, social and economic variables (per 1,000 inhabitants) and the ratio of resident foreign population (persons holding a residence or immigration permit on January 1 of the analysed year). Secondly, 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 1,000 inhabitants. The three different analyses and the involvement of two groups (resident foreigners and labour permit holders) in some respects led to similar results, but in some other respects they contradicted each other. Nonetheless on the basis of regional variation we

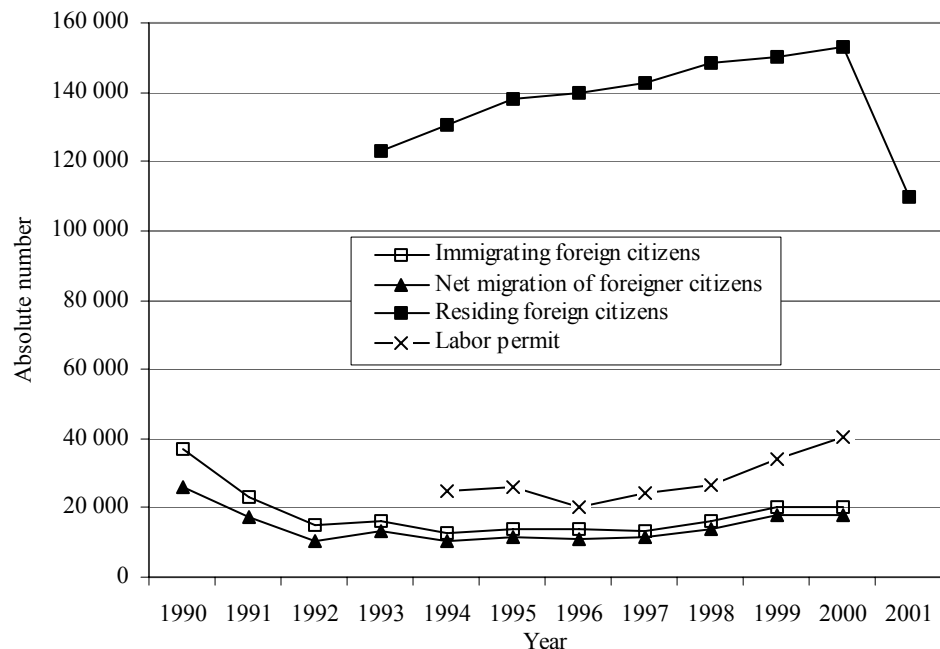
**Regional
Characteristics of
Migration and
Globalisation in
Hungary**

could clearly demarcate three different regions as characteristically involved in foreign investment and/or migration.

Data

The database we utilized is the regional database of the Central Statistical Office which we supplemented with the average number of issued labour permits 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 utilized regional database and the census of 2001 is revealing as the census showed an approximately 50 000 additional foreigners residing in the country.

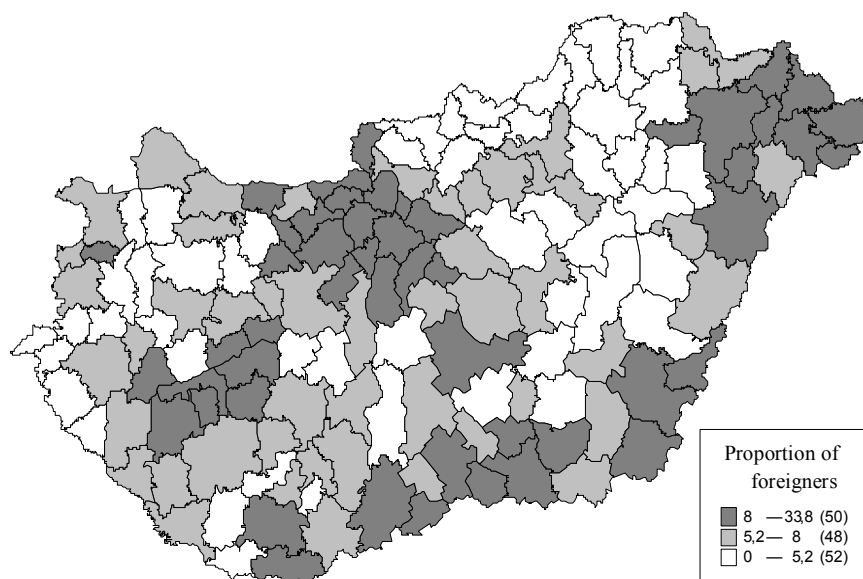
Figure 1
Immigration into Hungary between 1990–2001



Source: National Labour Office, Official release of data; Central Statistical Office: Time series of the international migration. 1990–2000. Budapest: HCSO 2003. Immigrating foreign citizen is a person receiving long term residence permit or immigration permit in the actual year. Residing foreign citizen has valid long term residence permit or immigration permit in the actual year and stayed in the country on January 1st of the actual year. Labour permit is the total number of issued labour permits in the analysed year.

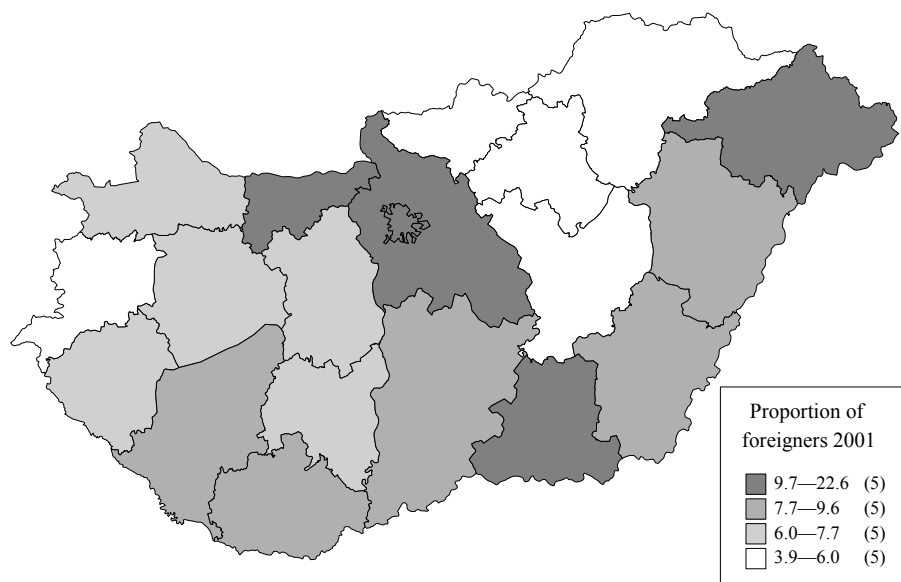
The maps below show a rather sharp regional variation with regard to residing foreign citizens on a subregional and county level and also in the case of issued labour permits on a county level. The great difference on the regional distribution of the two foreign populations is the North Eastern part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

Figure 2
Regional Distribution of Foreign Residents in Hungary in 2001 on a Subregional Level (per 1,000 people)



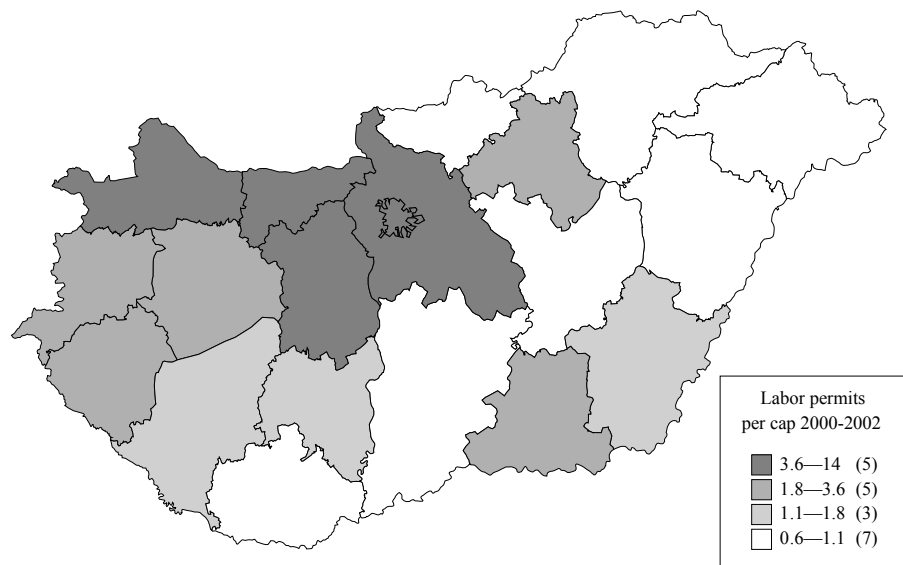
Source: Regional Database of the Central Statistical Office, 2001.

Figure 3
Regional Distribution of Foreign Residents in Hungary in 2001 on a County Level (per 1,000 people)



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

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)



Source: National Labour Office.

Demographic and Developmental Variables

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

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.

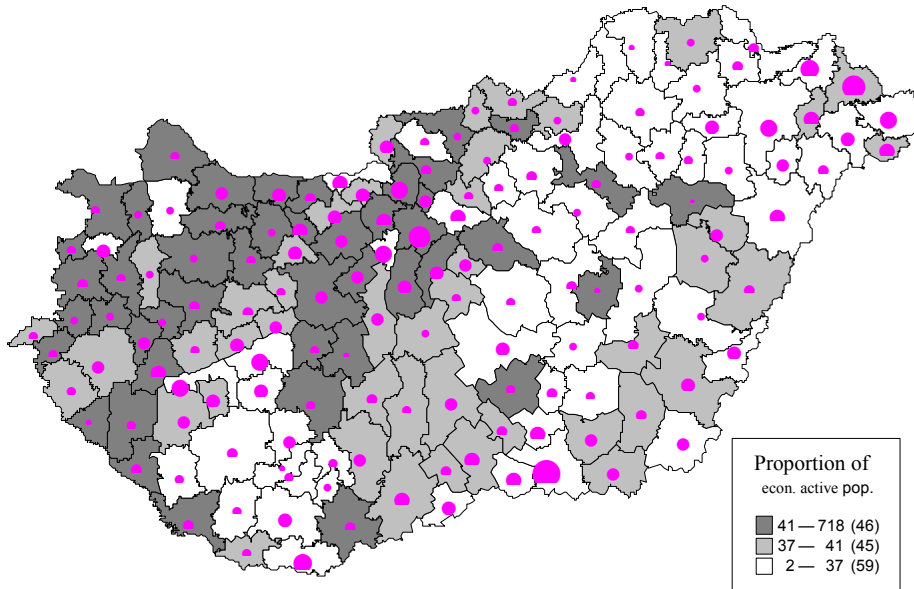
a) Resident Foreign Population – Subregional and County Level

On a subregional level there is no correlation with the proportion 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.

Figure 5

Regional Distribution of Economically Active Population and Foreign Residents in Hungary in 2001 on a Subregional Level (per 1,000 people)

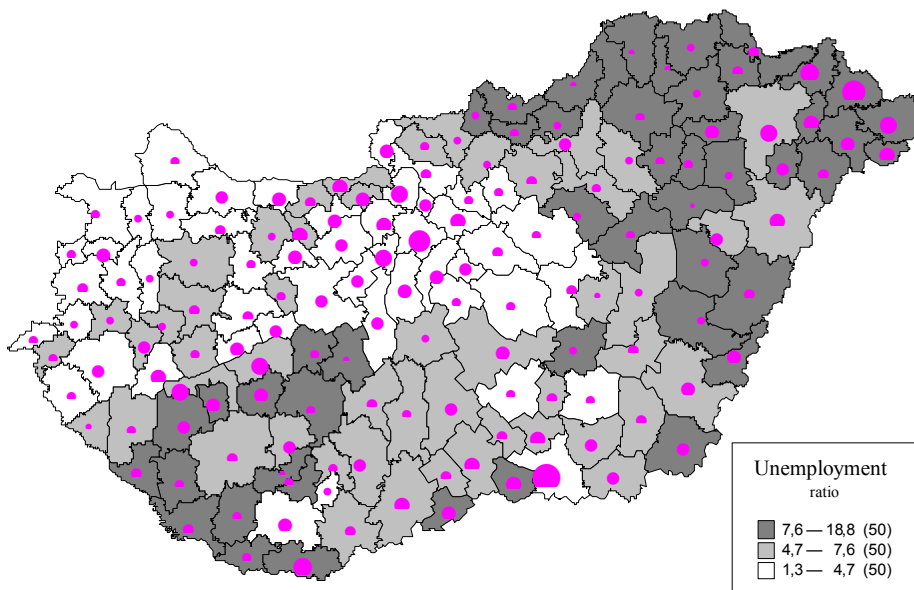


● Proportion of foreign residents.

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

Figure 6

Regional Distribution of the Unemployed Population and Foreign Residents in Hungary in 2001 on a Subregional Level (per 1,000 people)



● Proportion of foreign residents.

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

On the one hand this lack of correlation is due to the North-eastern and Southern sub-regions having a higher proportion of foreign residents, while the population is economically rather inactive. On the other hand, it is due to the North-western sub-regions 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 organised for the migrants.

A rather weak negative correlation appears in the case of the proportion of the unemployed within the economically active population. The North-eastern regions with a high unemployment ratio “welcome” foreign citizens in relatively large numbers, while the “developed” North-western 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 of 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 North-eastern regions with a relatively high ratio of foreign residents have low figures in terms of labour permits issued, while the North-western 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 North-eastern 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

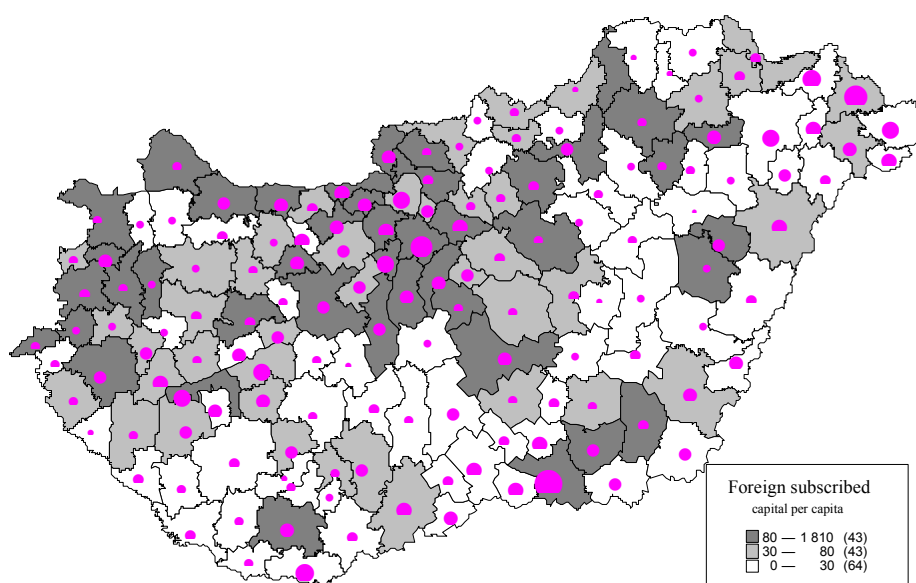
As a rule, we can argue that levels of economic development (functioning enterprises, foreign subscribed capital, small enterprises) show a rather strong connection with the residence of foreign citizens and an almost perfect correlation with the ratio of labour permits issued. With regard to foreign 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 sub-regions 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 might 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 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.

Figure 7

Regional Distribution of Foreign Subscribed Capital and Foreign Residents in Hungary in 2001 on a Subregional Level (per 1,000 people)



● Proportion of foreign residents.

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

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 (sub-regions, counties) can be classified into several major regions.

North-western 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-organised and socially exclusive, but also to the factor of geographic remoteness from major ‘Eastern’ neighbouring sending countries which struggle with relatively chaotic and depressed economies. This geographic remoteness is also strengthened by the lack of historic links with the ethnic Hungarian regions in the Eastern and Southern neighbouring countries.

*Conclusions
Regarding
Hungary*

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 primal focus for analysing the “effectiveness” of migration control, a topic highly popular in 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 hypothesise 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**

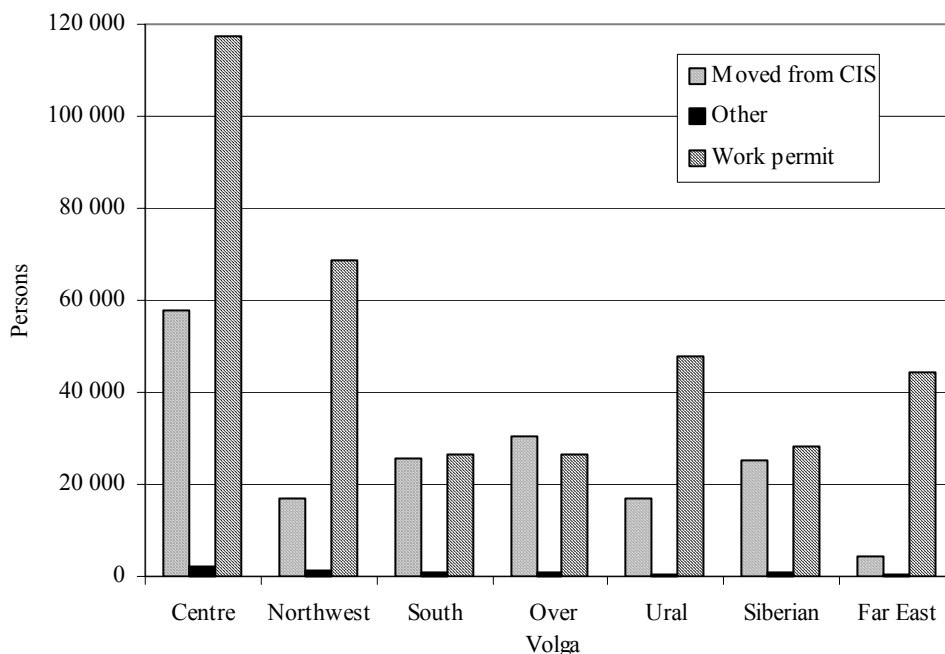
Data

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 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. Though the retrospective data on migration are 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 immigration size. 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.

Figure 8
Statistical Indicators of Immigration in Russia, 2002



Source: Database created for the project.

Estimates have been 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 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 Demography

*tion and
ur Market*

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

Our estimates were based on the region's gross production, indexed through purchasing capacity, 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 at the local labour market with the development of the Russian economy, i.e. possible self-employment, as migration size is well correlated with the number of small business enterprises in the concerned region. The regions with rapidly developing economies have better financial markets and estate markets.

Criminality and Migration

Our estimates in this respect were based on variables reflecting the number of economic and drug-related crimes. These data are closely related to the level of economic development in particular regions. It has been shown that the number of crimes correlates with migration size. It is suggestive of the fact that migrants go to economically developed, densely populated regions, in which the crime rate is high. Additional population produces additional burdens on legal institutions.

Conclusions Regarding Russia

Migration increases due to a number of social and economic reasons. Economic development serves as the major reason for migration. As a result, migrants mostly go to regions with a dense population, a high level of economic development and a high crime rate. Previous periods of migration development in the former Soviet Republics produced a considerable impact on the population's current migration.

One of the side effects of immigration policy is a resolution of demographic problems, which are not directly related to the inner mechanisms involved in the immigration process.

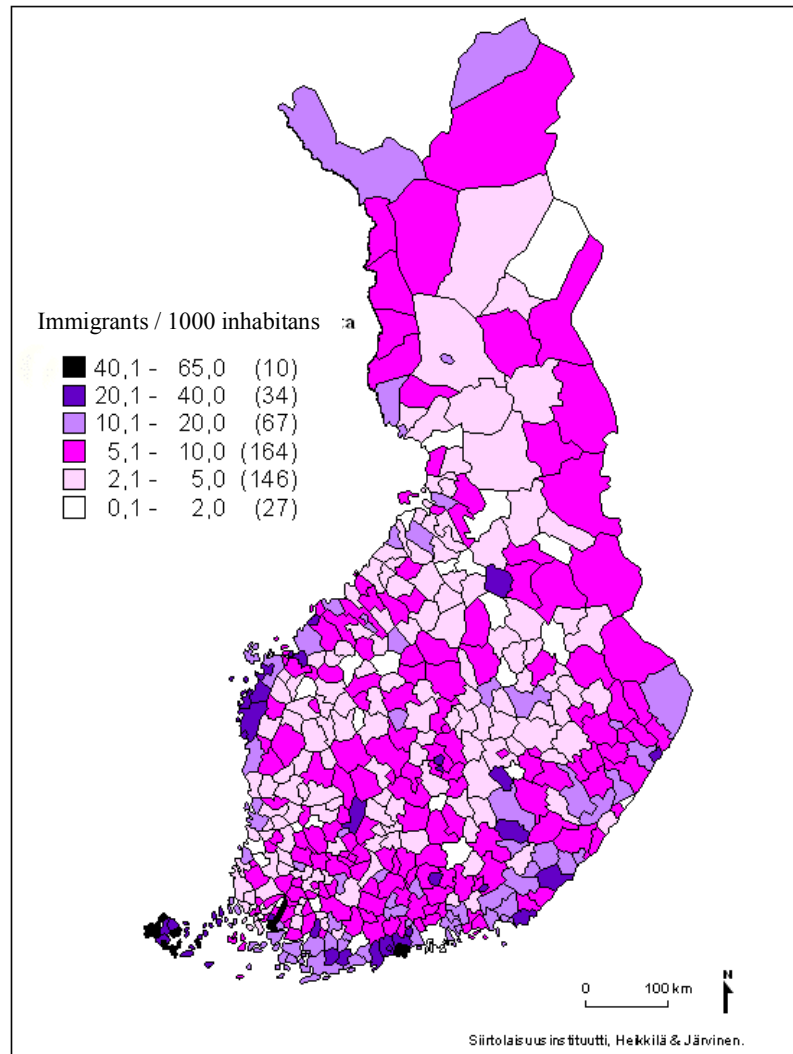
The existing migration flows do not produce serious tension at local labour markets. This is due to low unemployment rates in the host regions. The process of the economic development of the Russian Regions initiates processes of segmentation in labour markets, creates new jobs for immigrants in the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

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 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 from other fast developing cities as well⁷ (see figure below). Capital area attracts the highest rate of foreign direct investment, 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. Capital area also houses 60 percent of the Finnish foreign population and has 20–30 percent of all work permits of foreign nationals. It should be underlined that short permits for seasonal work form the largest share of all the work permits, and granted for agricultural work in rural areas. Holders of long term permits, are likely to work in highly globalized labour market segments, like ICT. (Ministry of labour statistics 2003, <http://www.mol.fi/tyolupa/til03.html>; Statistics Finland 2003.) When looking at the migration of foreign nationals within Finland, it can be noted that more than 60 percent 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 (ibid). 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 polarised and heterogeneous, some nationality groups and especially foreign women having 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.

⁷ 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.

Figure 9
Regional Distribution of Immigrants in Finland in 2001 on the Level of Municipalities (per 1,000 people. N=103 000)



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

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, direct foreign investments are 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 areas attract the greatest number of migrants of various statuses in both 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 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 case economic development, labour market situations and migration processes might be in severe disharmony.

4. The Role of Ethnicity in Foreign Labour Migration in the Three Countries

In Russia, the number of immigrants from the Asian CIS-countries and from the countries of South-East Asia has grown considerably over the last decade.

The major preconditions for the existence of the multiethnic communities of Russian regions are the common political past whose traditions have survived through the organisation of the Commonwealth of Independent States; traditions of social-economic and cultural mutual relations which were formed during the Soviet period and the existence of national diasporas and public national-cultural organisations all over Russia. However, mass migration in the last decade has produced an additional burden on the social-cultural infrastructures of the Russian regions and is leading to competitive relations in the public. Social-economic problems are perceived by the public through the prism of interethnic relations, which fact results in non-tolerant 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.

Ethnic Composition of Immigrants in Russia

The 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 characterised by a deficit in human resources and 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 social-economic status and ethnic-cultural composition determine public attitude towards immigrants, which is characterised 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 enclaves, and ethnicity related criminality. The restrictive character of ethnic corporations raises negative reactions in 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 Moscow and St. Petersburg, the Stavropol and Orenburg Regions and the Far East Territories. The situation in these areas can be characterised 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 tension hinder the elaboration of strategies of politically correct public behaviour. On the other hand, economic growth make the inflow of working power 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 intercultural 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 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.

The map of those areas and countries from which Hungary attracts residing foreign citizens also shows interesting characteristics (Tóth Pál 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 of foreigners arriving from EU countries and 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 and Vietnamese. North American citizens also play some role while African countries seem to catch up. Altogether it seems that Hungary is becoming a place of attraction 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 intermediary nature.

Concerning questions related to ethnomigration we rely on a Hungarian survey on 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 percent of them came from Romania, 18 percent from the Ukraine, 10 percent from the former Yugoslavia, 2 percent from Slovakia and a negligible percentage 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 18⁸.

Among people coming from Romania and Slovakia more than 90 percent have an exclusively Hungarian identity, but in the case of the Ukraine the relevant figure is only 78 percent. 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 percent) who have no Hungarian identity. 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 the 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 a new one 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 percent 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

⁸ Research project NKFP 5/0084/n.

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 Gødri 2003).

The Structure of Immigrant Population in Finland

The composition of Finland in terms of nationality is very homogenous: only 2 percent of the population (104 000 persons) had a nationality other than Finnish, and 2,9 percent (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 2
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 ⁹	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
Ukraine	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
All foreign nationals	26 255	68 566	73 754	80 600	85 060	87 680	91 074	98 577	103 682

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 percent of all immigration. However, the number of granted work permits has increased sharply under the last five years, and this development is expected to continue because of the structural changes in the labour market, and the retirement of 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 percent 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, citizens of India, China and Russia were the largest groups. (Ministry of Labour Statistics 2003, Statistics Finland 2003.)

Similarly 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 Finnish population to Ingria – now located on Russian territory – traces back to 17th century, grounds of calling Ingrian Finnish immigration as *return* migration can be questioned. Criteria for claiming ethnic Finnish ties have been made

⁹ Former Yugoslavia and Federal Republic.

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 are also launched in Hungary. In Finland, unlike in Hungary and Russia, ethnic “return” migration did not become a dominant feature characterising immigrant population. It is interesting to note, how ethnicity is understood in this context, since being and “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 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 have also 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 CEEC area on the latter ground.

5. Attitudes Toward Migrants and Foreign Capital

A research project on globalisation, migration and ethnicity naturally includes qualitative methods due to the nature of the phenomena studied and the lack of statistical information on certain crucial migrant groups and aspects of migration (illegal, domestic servants etc.). The most extensive qualitative research has been conducted in Hungary (interviews with different migrants, skilled and unskilled, case study on multinationals employing foreign labour) while with regard to the other countries we basically rely on a secondary analysis of research projects and studies carried out on migration attitudes. It is hard to make comparisons between the three countries on the basis of qualitative analyses. It is not only due to the scattered nature of such studies, but also to the level of abstraction to be reached if we are aiming at a cross-cultural comparative perspective. This is why we decided to present separate sections on Finland and Hungary and then to offer an overall conclusion at the end.

In Hungary it is challenging to establish time series on opinion polls regardless of efforts to collect all sources and surveys carried out during the 1990s and in the early years of the 21st century. There is only one repeated

¹⁰ This section is based on the background research of Tünde Turai.

analysis which concentrates on the xenophobia of Hungarians, containing question as to whether they would accept all refugees in Hungary or just some who fulfil certain criteria or none at all (Sik 1998). This attitude analysis only helps in showing that the Hungarian population has given up the completely liberal attitude of accepting all refugees appearing in Hungary, which demonstrates the formulation of new reactions to the changing role of Hungary in the system of international migration. This change in the public discourse has also been shown by other studies related to population development and migration. (Melegh 2003a, 2003b; Hegyesi–Melegh 2003)

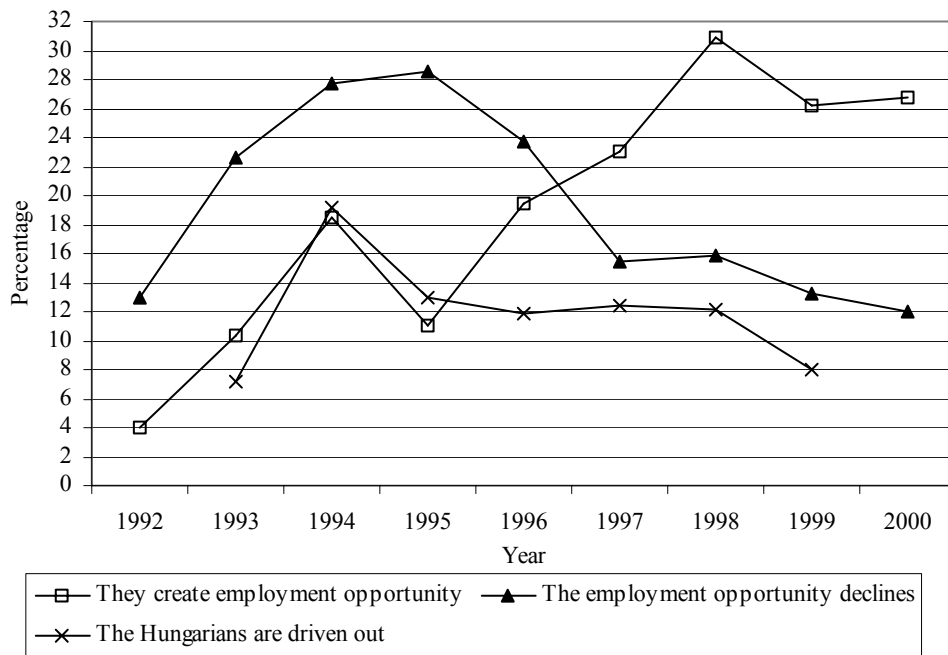
Most opinion polls show that Hungarians feel a growing distance with regard to migrants in general and especially toward non-Hungarians moving from neighbouring countries as well as toward Chinese, Arab and African migrants from more distant areas. But it is worth mentioning that in public discourses Hungarians coming from neighbouring countries are often mixed up with non-Hungarians.

We could not find comparable results concerning labour migration or specific groups, with the sole exception of attitudes toward Hungarian immigrants coming from Romania which is the most important sending country, and also, interestingly, toward global capital. Both of these surveys reveal interesting and relevant information for attitudes toward migration within the globalisation framework.

The first such analysis shows a very good fit between the changes of attitudes and the flow of the migrant group in question. The analysis of trends shows that the negative reaction toward immigrants in terms of “taking away jobs from Hungarians in Hungary” is tied in with the number of labour permit holders coming from Romania. The analysis also shows that the positive reaction of seeing them as sources for reversing the demographic decline as a major concern in Hungary is related to the stock of foreign residents with Romanian citizenship. (For the actual data see Melegh, 2003).

In tendency a rather “realistic” attitude and the adaptation to globalisation can also be revealed if we look at the time series on attitudes toward foreign capital. The time series demonstrates that by the mid 1990s when larger amounts of foreign capital arrived Hungarian citizens changed their opinion. In the first period they thought that foreign capital took away jobs and drove Hungarians out of the labour market, while in the later period they saw the creation of jobs. The critical view, namely that they take out profit from the country, gradually strengthened during the 1990s. This all shows that the Hungarian public followed the time lag effect of liberalisation in the capital market, first the collapse of the previous industry and later some improvement. It is to be noted that this time lag is one of the crucial issues with regard to migration as well which process has also been followed rather closely by Hungarian citizens (Stalker 2000).

Figure 10
Perception of Foreign Capital in Hungary with Regard to Labour Opportunities



Source: Duránszkai-Lengyel 2001.910-911.

Magdalena Jaakkola has conducted repeated attitude and racism surveys since 1987 (Jaakkola 1989; 1991; 1995; 1999). Surveys include information on longitudinal trends in attitudes, as well as correlation analysis on which factors are connected to different kinds of attitudes. This type of data is fruitful, since it helps to see whether there are correlations between economic and socio-economic factors and ethnic or immigration attitudes on the individual level. If certain kinds of correlations are found, then it is possible to explain changes and even try to forecast how attitudes are likely to develop in the future. Jaakkola's (1999) data is designed in such a way that it is possible to approach the findings from two main theoretical positions; contact theory and conflict theory.

**Attitudes
Toward
Immigrants
in Finland**

Table 3
Attitudes Toward Foreign Labour Migration: a Typology of Background Factors

Positive attitude	Negative attitude
High education	Low education
Lives in the capital area of Helsinki	Lives in the countryside
Knows immigrants personally	Does not know immigrants personally
White-collar or entrepreneur	Farmer, worker or unemployed
Votes for the Greens, the National Coalition (moderate right-wing), or Social Democrats	Votes for the Center party (moderate right-wing) or the Left Alliance

Source: Jaakkola 1999.

In Jaakkola's survey data, more than one third of Finns hold clearly racist attitudes.¹¹ There was a strong correlation between the immigration attitudes and the socio-economic background of the Finnish respondents. These relationships are mostly explained through the way in which the respondents considered labour immigration to cause a direct threat to their own socio-economic status. Obviously, there is also a process of creating scapegoats involved; immigrants are blamed for larger social problems (see for example Bauman 1996). The fact that people think that immigration is a threat to them does not mean that this is actually the case. It would be interesting to find out why people think so, because several economical studies show that a certain kind of immigration has almost zero effect or it might actually improve the labour market positions of the native workforce (for example, Bellettini–Ceroni 2003, and in Finland, Sarvimäki 2003).

This shows clearly that, what we see in the case of respondents, are attitudes and not well-informed evaluation. Men were more eager than women to think that labour immigration would add economic competition even though in Finland immigrants are mostly employed in branches where the majority of the native workforce is female. This again underlines the fact that the formation of these attitudes is based not on facts but on prejudice.

A further way of showing how arbitrary the formation of these attitudes is by considering the way in which the Finns rank different ethnic and nationality groups. Most favoured immigrant groups in the list of 24 groups includes *Norwegians, Ingrian Finns, English, Danish and Swedish*, whereas the five least favoured groups are *Somalians, Arabs, Russians, Kurdish and Turkish* people.

What is interesting in this table is that the rank of "Russians" and "Ingrian Finns" is extremely far from each other, the latter group facing a much warmer welcome. This shows how arbitrary formation of attitudes is, since most Russian immigrants in Finland are Ingrian Finns, and vice versa. The same phenomenon could be found in Hungary where attitudes towards Romanians and ethnic Hungarians from Romanian differentiated strongly even it is mostly question of same individuals. When asked, which reasons are most acceptable for immigration, the top six includes three professional groups but, surprisingly, the least favoured group are those who come 'for economic reasons'. Also these findings demonstrate the arbitrariness of the formation of these attitudes.

According to a survey by Jasinskaja-Lahti et al. (2002), 50 percent of immigrants have experienced racism when living in Finland. Somalians and people from North Africa and the Middle East had experienced most frequently racism, and Estonians and Russians the least. These findings are in line with the ethnic hierarchy that was produced by the Finnish respondents in Jaakkola's surveys, taking into account that the degree of racism experienced is also related to how "visible" the foreign background of the respondent is. Russians are an "invisible" minority in this sense, which explains that the negative attitudes of Finns are not reflected in experienced racism, as in the case of Somalians, for example. The public image of immigrants is two-fold. Asylum seekers are a quite stigmatised group, whereas immigrants who support themselves meet more positive

¹¹ The respondents were asked what do they think about the claim, that "People who belong to certain 'races', simply are not able to live in modern society", 42 percent agreed fully or partly.

attitudes from the part of Finns. On the other hand, since being unemployed is one factor which is connected to negative immigration attitudes, a conclusion could be made that Finns who live on welfare think that they have the right to do so, but immigrants who have their permanent residence in Finland, have not. It is typical of anti-immigration rhetoric to claim either that immigrants come to live on welfare, or to “take our jobs”. These false premises leave no room for immigration at all.

When looking at how these attitudes have changed during the 1990’s, we find that during the deep economic depression of the first half of the 1990’s, ethnic and immigration attitudes were stricter than after the revival of the economy began. However, the most positive levels of 1987 have not been reached since.

The amount of racist crime has increased after the depression, and then decreased again. The official statistics are based on the number of crimes reported by the police as having a racist motive. Unfortunately, the reliability of these statistics is not very good for several reasons, one of them being that 40 percent of Finnish police officers (in 1998) did not think that racist crimes should lead to judicial consequences. It is suggested that the racist attitudes of the population and in the media are reflected in the actions of the authorities, so that when attitudes get stricter, the authorities are likely to introduce stricter policies against asylum seekers (Makkonen 2000).¹²

Leaning on the correlations that were described in the table above, Jaakkola predicts that if the economy remains vital and the forecasted lack of labour becomes reality, ethnic and immigration attitudes can be expected to become more positive. This would be supported by the continuing urbanization, rise in the educational level (in this case though, the potential is not very high any more), and an increase in personal contact between immigrants and Finns (especially in working life). However, Jaakkola also predicts that since there are some population segments in which ethnic attitudes are very negative, there is a possibility that racist political agendas may include racist components in the future. In the 2003 Parliamentary elections this prediction became reality when a former heavyweight boxer with no previous political experience got a massive amount of votes from the eastern suburbs of Helsinki. These areas are quite deprived, and election turnout rates have been low; however, in this case the election turnout improved mostly because of this one candidate and his populist agenda.¹³

Regardless of the incompatibility of the qualitative analyses in the different countries we can observe interesting similarities in the cultural and social reactions given to the change in the position of the country in the analysed processes. Beside the fact of a growing concern over migration is

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¹² Many immigrants have reported in surveys, that the police does not report nor process these crimes in an appropriate manner; this concern has been shared for example by the Amnesty International and United Nation’s Committee against Racism and Discrimination (CERD), both in 2002. The problem is also caused by some legislative aspects, mainly the burden of proof which laid solely on the side of the victim until 2003, when the national implementation of EU’ racism and employment discrimination directives took place. This might help to produce more reliable statistics in the future.

¹³ His political future is at stake though, since soon after the elections, he got caught for holding amphetamine, drunk-driving, driving an unregistered vehicle, having an illegal military pistol, trying to shoot his wife, and immediately after these incidents he suffered a coma and brain damage due to an over-doze of drugs and alcohol.

interesting, a further point of interest is the shift toward a more cultural understanding of the integration of “aliens”. Co-ethnics living in neighbouring countries are partially exempted from this growing negative attitude and in one way clearly separated from other citizens of the neighbouring countries. Both in Finland and Hungary co-ethnics are seen as favoured groups while there is a refusal of “Russians” and “Romanians” who are basically co-ethnics. This ambiguity and the grouping of co-ethnics into different categories – one close and one far away in terms of attitudes – can be a major problem for future research and policies aiming at the integration of migrants.

It is also important to note that in both countries we found strong links toward changes in the economy and at least in Hungary with regard to the factual appearance of certain migrant groups. Despite these similarities it is important to stress that the level of organisation of the social welfare system can have a major impact on the anxiety of the local population concerning the possible loss of jobs due to immigration. Thus we have to maintain that cultural and social factors do have an independent role in shaping attitudes regardless of the existence of common reactions to the similar economic and migration processes. It seems that here we find a several social structural elements in our own societies which will hardly change within the existing framework.

6. Governmental Policies in Channelling Immigration

Attitudes towards immigration and immigrants are not an independent phenomenon, but are embedded to the social and economic development of a respective country as a part of an international community. In relation to foreigners – defined as those who are not citizens – state creates and reproduces hierarchy of rights and privileges, and on the other hand hierarchy of discrimination and marginalization. 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 *juridized* 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 reflect self-portrait of a nation state, nature of its nationalism and positioning in the global society, as it can be seen in our historical comparison of three countries above, and in the governmental immigration policies described in this chapter. Nature of each country’s nationalism takes its form in relation to *the others*: who are the included, and who are the excluded from the national entity? Those excluded are controlled, because their existence is considered to make up a threat to the national cohesion (Brubaker 1992; Janoski 1998).

Russia, Finland and Hungary have made substantial changes in their legislation on the admission, residence and employment of foreign citizens in the early years of the 21st century (see Appendix 3). This common effort might be interpreted as a reaction to the massive changes in the migration processes in all the three countries during the 1990s and also shows the growing alertness of states with regard to these issues. During the Soviet era emigration from the territory of Soviet Union was heavily restricted, and

similar restrictions took place also in former socialist countries like Hungary. This emigration control “helped” in loosening immigration control in potential (Western) destination countries. The fall of the state socialist regime led to the abolishment of the strict emigration control. Globally now there are only a few countries left which try to restrict emigration of its nationals – Cuba, North Korea and some Arab countries. Fall of emigration controls “pushed” destination countries to restrict immigration channels and border control while many of the former socialistic countries became transit countries for potential asylum seekers.

Finland and Hungary have made some changes in their regulation on immigration because of the EU-membership, but both legislations are still in a state of reformulation – in Finland the reform of the Aliens Act was introduced 2004. Hungary has finished harmonising the regulation on immigrants with the EU legislation, some of these laws had come into force in 2002¹⁴ with the new immigration act, and the residual changes came into force from the date of the EU-membership. To sum up, these two countries are reformulating their legislation especially for the purposes of ongoing harmonisation of EU migration policies. These changes extend the regulation of immigration and also receiving foreign workers in the territory of the countries. The legislation becomes simpler, but not concessive for the foreigners. Compared to the Finnish and the Hungarian legislation and the communication about the conditions of entering and working in the country we find that the Finnish legislation is more concrete than the Hungarian, and the government in Finland makes the procedure more transparent and clearer for foreigners than its Hungarian counterpart.

Russia has faced peculiar problems due to the collapse of the Soviet Union. This situation can be compared only to the fall of the Austro-Hungarian Monarchy after the First World War almost a hundred years ago. Namely the citizens of the former ‘empire’ had to make decisions whether they wanted to become citizens of the mother country. This process lasted for ten years but it seems that the Russian state still has not been able to solve the issue of “floating” Soviet citizens. Thus here the change of legislation was not the compliance with EU regulations, but the management of the collapse of the Soviet Union.¹⁵ Nonetheless it is to be stressed that an “imperial” past has also shaped legislation in Hungary, which can be demonstrated by the so-called Status Law mixing elements of ethnic policy and migration. This link will become clear when we look at the problem of preferred categories of migrants and legislation related to ethnic migration in all of the three countries.

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.

Once again, Finland seems to have the most transparent system; Hungary seems to have a very confused system in which migration is 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

Legal Hierarchy of Different Immigrant Groups

¹⁴ Act on Aliens XXXIX/2001, Hungary: Alien’s Act, Finland.

¹⁵ Act ‘On the Legal Status of Foreign Citizens in Russian Federation’ (2002); Change of the Act ‘On the Citizenship of Russian Federation’ (November 2003)

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), the citizens of the European Economic Space (EES), and those from other countries (third country nationals) (Hegyesi–Melegh 2003).

Thinking in the framework of the nation state both Finland and Hungary ensure favourable position for the 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,¹⁶ 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.

Conditions of Entering the Territory of the Country – Residence Permit Typology

Formally the analysed countries follow rather uniform policy measures 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 reside, 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 reside.¹⁷ In Finland there is a four-step scale (Group A–F) in residence statuses¹⁸ 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

¹⁶ Act LXII in 2001 in Hungary.

¹⁷ (For example there are tourist visa (F1), visa 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), visa 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)).

¹⁸ 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.

kinds of permission for entering the country¹⁹ in which the status of refugees and asylum seekers are treated by the Act on Refugees 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 based on 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 toward the "outside" world. Nevertheless it is to be noted that the 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 confused 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 case of refugees (Act on Refugees) differ from the policy criteria targeted for Hungarian minorities in neighbouring countries (so called 'Status Law'). 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 inheritors 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.

Similarly to the general conditions for entering the country, in 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 more 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 procedure. 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 deliberated seasonal workers with the work relation up to three months from the obligatory work permit .

Favoured Groups in Terms of Eligibility to Work Permit – Work Permit Typology

¹⁹ Visa, residence permit, settlement permit, certificate for temporary residence and there are also the status of refugees and, in an other category, of asylum seekers.

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 process. Finland and Hungary have developed special regulations to attract certain groups of highly skilled, 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 Finland²⁰. Nonetheless in the frame of Finnish policies more foreigners are allowed to work in the country without formal permission than in Hungary. For example, while 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. Hungary obligates such persons to apply for a work permit, although in a simplified procedure. There are several favoured groups in Hungary²¹ and in Finland²² whose work permit procedure is simplified by not demanding the monitoring of the labour market.

In addition, 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 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 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 for the basis of the need of their labour force, a so-called labourer's residence permit can be granted²³.

²⁰ In Finland work permit is not required for the following persons: self-employed persons, persons who carry out agriculture in 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 harbours, persons who work for a foreign employer in Finland, persons who temporarily visits Finland as lecturer, teacher, athlete or performing artist (etc.), persons who are working in tasks that are connected to bilateral or multilateral co-operation of states, persons who take part in international trainee-ship/other programs, and persons who have been in Finland three months as asylum seekers.

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

²¹ a) on the basis of international treaties b) key personnel c) employees employed by 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 (on the basis of the Act on Hungarians living in neighbouring countries

²² e.g. family members of work-related permit holders and special categories of highly skilled professionals

²³ This procedure was introduced in the renewed aliens act introduced 2004.

All three countries try to keep their domestic labour market balanced and attempt to forecast imbalances by monitoring the labour market needs and supply of the domestic or EU-based workforce. For instance, Hungary set a limit to the employment of foreigners by defining the maximum number of foreigners allowed to work 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 residence permit for three months, and even beyond this if the person seeks work and has reasonable odds for 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 employers. 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 employers side. We can suspect that it is the socialist past of the previous two countries – the inclusion of the companies into a centralised 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 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 be made exempt from the obligation to procure a work permit as such a permit is almost automatically granted for foreigners and in year 2003, more than one third of work permits were granted for seasonal agricultural work.

7. Conclusions

The main focus of our research was to describe how flows of people and capital were embedded socially and politically: 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.

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 Cold War, the argument of “political reality” was powerful when restrictions towards flows of capital and people had to be justified. 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 how states regulate immigration policies, and monetary policies of EU provide examples of this.

There are two perspectives to this process. On the one hand, what seems to be a loss in 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 which geo-political context, European small states are less sovereign in their economic and migration policies than they like to claim they are.

Our research shows that a growth in foreign direct investment 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 one. Thus, foreign direct investment 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 link between immigration on a 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 areas attract the greatest number of migrants of various statuses in all three countries. In this respect capital areas of all three countries follow the same trend: globalisation is a restructuring process in which the most urbanised regions become entangled in transnational social and economic networks. This, in turn, loosens the most urbanised regions from 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 revealed regional variety 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 and should concentrate on those areas where there are severe imbalances one way or another.

In terms of attitudes and institutionalised social practices an ethnic hierarchy of immigrants (shaped and reproduced by national legislation and administrative practices) appears in all three countries. In Finland, Hungary and Russia so called ethnic remigration takes place: in Hungary immigrants from neighbouring counties 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 hierarchy of immigrants on a basis of nationality even further: EU-nationals and so-called third country nationals

have different rights and obligations what comes to their status as immigrants. However, it should be noted that in Finland as well as in the 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 time regulations. In this respect Russian immigration policies can be seen more egalitarian in its formal regulations which treat all the 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 of developing an integrated system still struggles with the legacy of the dissolution of the Soviet Union.

All in all 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 define the “value” of their members in migratory processes and possibilities of “free” movement.

8. To the Future: Policy Recommendations and Research Needs

All countries need a more integrated migration policy framework, especially Hungary and Russia. In Hungary migration policy should be formulated of an integrated system of perspectives including economic and social policy and not overruled by ethnic ones. The Russian legislation differs considerably from legislations of the two other countries of the project in its mostly general characteristics and in its lack of individual approach. The Russian legal regulations do not take into account the situations in neighbouring countries and do not define particular rights of various groups of migrants. The Hungarian and Finnish legislation systems imply a detailed approach to immigration from different countries, e.g. special legal norms or initiatives in migration between Hungary and Hungarians in neighbouring countries, and between Russia and Finland. Legislations of these two countries imply ethnic-based preferences for certain migrant categories. In such a way, state policy and legislation take into account the immigration potential of the neighbouring countries.

All countries should look at the issues of migration on a world scale as all countries are severely controlled in terms of having sovereign policies. Demographic forecasts predict a worsening of the situation in all three countries in the nearest future. In Russia the estimated growth of the working-age population by 3% in the year 2010 will lead to an additional annual labour demand amounting to 750 thousand people. European

countries with “transitional” economies, as well as Russia, have undergone a process of demographic decline and they will face also the problem of an ageing population. The economies of various countries of the world compete for young and qualified labour resources. Under the conditions of globalisation, individual countries have to find their places in the labour world market not only as a supplier of young and/or highly skilled labour, but also as a country hosting labour migrants. The transitory status of all three countries (being a receiving and sending country at the same time) is definitely a great challenge in the era of globalisation.

Recent migration shows a very sharp regional variation and policy makers should aim at a joint analysis of labour markets, development factors and migration. The aim should be to specify those regions which show tensions in the above elements. Capital cities need also a special framework, being in the nod of international migration and foreign investment. It should be stressed that the migration situations in the capital areas do not reflect the countries in general. In this respect there is a great need to reconsider the possibilities and tasks of “national” policies and there might be a strong case for developing regional policies as the other side of increasing cross-border transactions and processes.

Ethnicity seems to be a structural factor and this is why it should not be mistaken as a reason for migration or as a special framework for handling migration. Ethnicity and socio-economic factors play a common role and this is the very reason for a need of an integrated policy. Also, policy makers should be aware of the resilient character of migration processes, which cannot be artificially started and stopped. Ethnicity and economic factors can combine in such a way that they start a long term, massive migration process, regardless of changes. An overall picture about and constant attention to international migration and its regional and transnational characteristics therefore seems to be an extremely important element of economic and social policy and not just an issue of administering “aliens”. Globalisation certainly ends the illusion that migration processes and migrants are at the “mercy” of national governments and their (among other things: ethnic) preferences.

Another point that needs special attention is the legal protection of (labour) migrants, which is also extremely vague at the moment. Many migrant groups related to globalisation remain hidden and therefore we need to make additional attempts to gain information about them. All three countries need a special policy for handling negative public attitude against those migrants who get integrated into the lower sections of the societies. Globalisation is a process which actively creates groups of this nature; therefore there is a strong need for counterbalancing their exclusion.

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Appendix

Table A1 Periods in the History of Migration and Foreign Investment in Finland, Russia and Hungary, 1850–

FINLAND				RUSSIA				HUNGARY			
Characteristics of foreign investment		Characteristics of migration		Characteristics of foreign investment		Characteristics of migration		Characteristics of foreign investment		Characteristics of migration	
Political and Institutional Framework	Investment Processes	Political and Institutional Framework	Migratory Processes	Political and Institutional Framework	Investment Processes	Political and Institutional Framework	Migratory Processes	Political and Institutional Framework	Investment Processes	Political and Institutional Framework	Migratory Processes
<i>Autonomy (late 1800s – 1917)</i>				<i>Russian Empire (late 1800s – 1917)</i>				<i>Austro-Hungarian Monarchy (1867-1918)</i>			
	<ul style="list-style-type: none"> Foreign entrepreneurs accelerated the rate of industrialisation and brought know-how Many of today's largest and well-known Finnish companies were founded during this period by foreigners; for example the brewery Sinebrychoff (Russian), the departments store Stockmann (German), and Enso-Gutzeit (Norwegian) in the forest industry, Fazer's (Austrian) bakery, cafeteria and chocolate business 	<ul style="list-style-type: none"> In 1888, all people entering the country had to have a valid passport Foreign entrepreneurs and artisans could immigrate to Finland; statutes, control over foreigners Residence and practicing trades were regulated by permits, also in the case of Russians Class divisions of the estate system also applied to foreigners: the treatment of foreigners was irregular and unequal. The Roma and Jews were under special control Nationals of other countries were seen as a national security risk 	Large-scale emigration mainly to North America		<p>Accelerating economic growth and liberalization till the 1st World War.</p> <p>Foreign investments begins to grow. The largest FDI figure in Russian economic history was in 1913.</p>	<p>During the second half of 18th century massive immigration started. Foreigners were invited to settle at the sparsely populated lands along Volga River. In 1763 the special government office was founded.</p>	<ul style="list-style-type: none"> The total net migration to Russia since the beginning 19th century till 1916 was slightly over 4 million persons; it significantly affected the development of certain regions – Povolgie, South of Russia, Far East. The main ethnic groups were: ethnic Germans (app. 1.8 million), Koreans, and Chinese. The proportion of immigrants in Russian Far East at the end of 19th century was around 15%.. Russia was an active participant of world migration process as one of the main suppliers of cheaper unskilled labour force for Europe 	<ul style="list-style-type: none"> Dualist structure; Hungary is basically sovereign, but it had a common monarch with Austria and some common affairs (like foreign affairs, military affairs and the financial aspects of the common affairs) 	<ul style="list-style-type: none"> The first period of liberal capitalism in Hungary. In terms of foreign investment Hungary was dependent on foreign investors in financing public debt (approximately 60% foreign). In terms of industrial companies dependence on foreign investment was much lower, not more than 26% percent. Austria was the main foreign investor, but Germany played an important and increasing role. The main targets of foreign investors were metallurgical industry, chemical industry and food industry. Metallurgical 	<ul style="list-style-type: none"> From 1869 regular national census follows foreign-born population. 1903-1909: In this period the Hungarian state started controlling of immigration and emigration. It regulated the residence of foreigners in Hungary, stipulated the registration of foreigners and their addresses. It also regulated the financial responsibilities for the emigrants and immigrants. These policies aimed at controlling lower class migration and its commercial aspects. 	<ul style="list-style-type: none"> Around one and half million Hungarian citizens left the Monarchy for North America between 1871-1913. Most of them were from ethnic minorities, and socially they were mainly from agrarian labouring classes. Immigration to the Monarchy and internal migration between the different parts of the Monarchy mainly to more “developed” parts.

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							and America. On the other hand Russia attracted peasants and unskilled workers from the provinces		industry was the most dependent on foreign investment.		
<i>First decades of independence (1918-1950)</i>				<i>Soviet period from 1917 till the 1970s</i>				<i>From 1918 till the communist takeover in 1948</i>			
In 1939, a law was passed to restrict the rights of foreign ownership: this law remained in effect for over 50 years	<ul style="list-style-type: none"> A majority of the most significant foreign-owned enterprises were transferred into Finnish ownership in the early years of independence 	<ul style="list-style-type: none"> In 1918, Tartars and Jews were granted citizenship and freedom of trade The Aliens' Act of 1938 created the foundation for rules in current legislation on controlling foreigners, and the statutes for preventing entry into the country and deportation The main motive was: "preventing the activities of revolutionary movements" Foreigners were monitored with the help of state police. Foreigners were regarded as a security risk 	<ul style="list-style-type: none"> As a result of the Russian revolution, 33 000 Karelian refugees and Russians entered Finland Most of them either continued to other countries or returned later to Russia Small-scale immigration Number of foreign nationals declined till the 1950s 	The establishment of a state-socialist system. State control over most aspects of social and economic life.	All foreign companies were nationalized	<ul style="list-style-type: none"> After 1925, when the "iron curtain" was erected, legal emigration from the USSR became impossible. Immigration policy became an object of ideological control. 	<ul style="list-style-type: none"> Russia experienced two waves of emigration. The first wave caused by World War 1, the 1917 February and October revolutions then civil war. Russia lost a great part of its previous intellectual and social elite. During the Second World War 4 million Russian citizens were taken away to Germany and other countries by force. About 620.000 of them did not wish to return to the USSR. 	<ul style="list-style-type: none"> Hungary became independent: Hungarian Kingdom was divided up and large territories were lost for Romania, Czechoslovakia and Yugoslavia. Huge problems emerged with regard to the citizenship and property of Hungarians in the so-called successor states. For a short period Hungary had a communist dictatorship limiting private ownership. From the early 1930's there was a change in economic policy from liberal principles to ideas favouring massive state intervention. From the late 1930's the state 	<ul style="list-style-type: none"> From the 1930's Germany played an increasing role in Hungarian foreign trade and later Germany became a major investor in the Hungarian economy. 	<ul style="list-style-type: none"> 1920: Trianon peace treaty regulated the citizenship of Hungarians living in the successor states of the Austro-Hungarian Monarchy. 1925: Legal control on foreigners was practiced by the Interior Ministry and significant aggravations were brought in. 1930: National Central Authority on Supervising Foreigners was established, which was responsible for the law enforcement on foreigners. 1939: Second anti-Jewish act did not provide Hungarian citizenship for foreign Jews including even 	<ul style="list-style-type: none"> 1920: Several hundred thousand Hungarians (max 10% of the Hungarians living on the "lost" territories) moved to Hungary from the successor states. Due to the US. Legislation of Quota of National Origin in 1924 emigration to the United States dropped to a minimum level. But emigration to other countries also decreased. In the Hungarian Holocaust more than 300 thousand Jews are deported outside Hungary. During the war Hungary received tens of

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								<p>intervened into the private economy and even it attempted to change the composition of entrepreneurial classes and ownership. First anti-Jewish legislation was introduced in 1920. Later Jewish property was taken away. Later at the end of the war Germans took away Hungarian and Jewish property. Afterwards German property was confiscated by the Soviets. Shortly after the war communists introduced measures to nationalise private property including foreign property. Even there were trials against foreign investors. By 1949 almost all companies were nationalised and foreign investment was basically ruled out.</p>		<p>those people, who lived in the successor states or in the re-annexed territories. 1944: The National Central Authority on Supervising Foreigners got under the control of Gestapo which persecuted Jewish, Polish refugees appearing in Hungary during the Second World War.</p> <ul style="list-style-type: none"> •After the Second World War, allegedly on the basis of collaborating with Nazis, the Hungarian government forced Hungarian citizens with Swabian-German origin to migrate to Germany. •Hungary also forced Hungarian citizens with Slovakian origin to migrate to Slovakia while Slovakia forced Hungarians to move to Hungary. •Hungarian prisoners of war 	<p>thousands of refugees from Poland and some countries directly affected by the war. The re-annexation of some pre-First World War Hungarian territories also led to a massive movement of people into and out of Hungary. After the Second World War more than 200 thousand Germans and 90 thousand Slovaks were deported from Hungary, while the country received several hundred thousand Hungarians from Slovakia and Romania. Beside these "population exchanges" there was also a massive flow migrants called displaced persons and in addition Hungarian prisoners of wars were also forcefully kept in the Soviet Union for several years.</p>
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										are kept in the Soviet Union for a longer period to work for the reconstruction of the Soviet economy.	
<i>1960s and early 1970s</i>								<i>1950s, 1960s and early 1970s</i>			
	<ul style="list-style-type: none"> • Foreign investments started increasing • Investments into labour-intensive sectors, such as textile and garment industry • Motives: low labour costs, entry into market 	<ul style="list-style-type: none"> • Little legal protection of foreigners • The acceptance of international human rights conventions created pressure to provide legislation on foreigners, but nothing happens until 1984 	<ul style="list-style-type: none"> • Small-scale, controlled immigration • High levels of Finnish emigration to Sweden. 					<ul style="list-style-type: none"> • The 1950s and early 1960s is a period of rigid central planning with severe control over production and trade. • From the mid 1960s Hungary was more and more involved in a continuous reform process for easing the central control over trade and production and imitating a market economy. From the late 1960s there was a growing support for private initiatives and some forms of controlled foreign investment. 	<ul style="list-style-type: none"> • In the first 15 years no foreign investment and foreign investments started increasing only in the late 1960s and early 1970s in the form of joint ventures • Investments into some spheres of producing consumer goods 	<ul style="list-style-type: none"> • After 1948 the country was almost sealed off by the “iron curtain” till 1953. • The opening of borders during and after the 1956 revolution. • Several attempts (between 1956-1963) to legalise the 1956 exodus and to invite emigrants back to Hungary • The setting up of a separate department in 1958 at the Ministry of Interior for “screening” “hostile” and “unworthy” Hungarian elements in order to control their immigration and emigration. The : National Central Authority on Supervising Foreigners was integrated into the Ministry of 	<ul style="list-style-type: none"> • Almost no migration till 1956. • In 1956 around 200 thousand Hungarian citizens left the country mainly for Austria, France and the United States. After 1956 there was a continuous illegal emigration, and a net emigration balance. But numbers were low and there was a net annual outmigration of several thousand.

FINLAND				RUSSIA				HUNGARY			
FDI		MIGRATION		FDI		MIGRATION		FDI		MIGRATION	
										Interior Affairs <ul style="list-style-type: none"> • Introduction of a policy of allowing emigration to “capitalist countries” only above the age of 55. • 1970: Gradual easing of control on migration. Every Hungarian citizen was given a right to get passport and to travel abroad. 	
<i>Late 1970s and 1980s</i>				<i>1970s and 1980s</i>				<i>Late 1970s and 1980s</i>			
	<ul style="list-style-type: none"> • From assembly lines to high skills. • Gradual growth of foreign-owned companies • Motive: desire to obtain special know-how from Finnish companies 	<ul style="list-style-type: none"> • In 1984, the first alien legislation in the history of Finland was passed, including permit statuses related entering and residing in the country, legal protection for foreigners in accordance with the obligations contained in international conventions 	<ul style="list-style-type: none"> • Most immigration occurred as a result of marriage; return migration of Swedish-Finns • The reception of refugees started: from 1973, Chilean refugees, and from 1979, the Vietnamese. Council of State ratified annual refugee quota starting in 1985 	Attempts to create a more integrated socialist international system within the framework of Comecon.	<ul style="list-style-type: none"> • Small-scale foreign investments from socialist community countries 	<ul style="list-style-type: none"> • Alleviation of immigration policy restrictions. • “Planned” migration within the socialist community and between socialist republics. • Outflow of emigrants who departed with Israeli visa started 	<ul style="list-style-type: none"> • By the beginning of the 1990s the number of foreign workers in Russia from Vietnam, Bulgaria, Cuba was over 200,000 persons • Migration flows to Russia started in inter-republics internal migration process. • 360,000 persons emigrated to Israel 	<ul style="list-style-type: none"> • Hungary became severely indebted internationally after the oil crisis. It had an impact on the economic policy, which was more and more market oriented. • Foreign investment was more and more encouraged. New forms of foreign investments were introduced. • At the end of the 1980s there was a radical move toward the total opening up of the 	<ul style="list-style-type: none"> • Some increase in volume of foreign direct investment, but it was rather low till 1990, when there was a radical shift. • Hungary had an increasing burden of debt services and there was a continuously huge negative balance of payments. The debt service ratio with regard to total export of services and goods was above 35 percent and sometimes it reached 70 	<ul style="list-style-type: none"> • From the early 1970s gradually a central office was created for policing foreigners (the registration of address within 24 hours, • Further liberalisation of the access to passports and opportunities of travelling • 1989: New act on emigration and immigration. • 1989 and 1990: Bilateral treaties with Germany on employment. 	<ul style="list-style-type: none"> • Till the late 1980s there was a continuous small-scale illegal emigration • In the mid 1970s Germany started a new policy of inviting labour force from Central and East European countries. Hungary participated in this.

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FINLAND		RUSSIA		HUNGARY						
FDI	MIGRATION	FDI	MIGRATION	FDI	MIGRATION					
				economy in all aspects (trade, investment, the increase of private ownership and the decomposition of the state socialist economy)	percent.					
1990s		1990s		1990s						
<ul style="list-style-type: none"> • The last restrictions on investments by foreign companies are eliminated in the beginning of 1990's, forced by the EEA treaty • Liberalization and globalisation of the economy • EU membership in 1995 	<ul style="list-style-type: none"> • The era of protectionism of national industry ends. • Foreign companies were increasingly interested in buying Finnish companies • Investments concentrate in industry and services • Finnish investments abroad grew rapidly 	<ul style="list-style-type: none"> • New Aliens' Act in 1991; reforms in asylum and legal protection • Continuous pressure to modify alien legislation; it soon became complex and incoherent. • Permit system in practicing trades was eliminated • Act on the Integration of foreign nationals and reception of asylum seekers came into force in 1999 • EU membership in 1995 eased the movement of labour inside the EU area 	<ul style="list-style-type: none"> • Ethnic return migration from the Soviet Union began in 1990 • Number of asylum seekers grew; a system for receiving them was established • Number of foreign nationals increased 	<ul style="list-style-type: none"> • According to statistics of Goskomstat, there were only 2533 foreign firms operating at the end of 1992 • Liberalization and criminalisation of the economy • Dramatically declining gross national product and domestic investments • Small –scale return investments which concentrated in extractive industry 	<ul style="list-style-type: none"> • Inter-republics migration became international migration. • “Transparent” borders, the territory of ex-Soviet Union was a united as a system, with a unified labour market. The unity was secured both by that fact that no visas were necessary to cross the borders, and by the absence of special restrictions in respect to the labour flows from different republics • Initiation of the new immigration status: forced migrants, for ex-Soviet Russian population Politically immigration from FSU was 	<ul style="list-style-type: none"> • Over the period of 1992-2001 about 6.4 million persons arrived to Russia from ex-Soviet states. Among them there were 70% of ethnic Russians. 	<ul style="list-style-type: none"> • The complete legislation for the free flow of capital and privatisation. • Subsidies for certain foreign investors • The take-over of EU legislation for the sake of EU integration. 	<ul style="list-style-type: none"> • Quick privatisation of state assets, within 8 years most of them were sold mainly to foreign investors. • Time lag between the collapse of state socialist industry and the appearance of foreign capital. • Huge increase in foreign direct investment till the end of the 1990s. Foreign subscribed capital increased by 6-7 times. In certain sectors (chemical, food, manufacturing, postal and telecommunication services) the ratio of foreign subscribed capital was well above 50 percent. In its export Hungary was extremely dependent on 	<ul style="list-style-type: none"> • Hungary developed a legislative framework for accepting larger number of immigrants, foreign labourers: employment act including employment of foreigners in Hungary; the gradual implementation of the Geneva Convention. • Hungary also entered into bilateral agreement with regard to Hungarian citizens working outside Hungary: From 1996 the country signed bilateral treaties on employment with some EU countries (like Austria, Holland, Ireland, Luxembourg, France) and 	<ul style="list-style-type: none"> • 1988: Almost thirteen thousand Romanian Hungarian immigrant nationality-migrated to Hungary. From 1989 their number was about 29 thousand annually until 1992 when it decreased to a level of four thousand and then their number started increasing again. • In the mid 1990's Hungary received around 50 thousand temporarily protected people from Bosnia. • The numbers of foreign workers with labour permit increased from 20 thousand to 40 thousand between 1994-

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						caused primarily by economic reasons			transnational corporations.	some non-EU countries (like Switzerland, Slovakia, Czech Republic, Romania).	2000.
2000-				1999-				2000-			
<ul style="list-style-type: none"> Taxes of foreign highly skilled labour force has been reduced by a tax reform The Ministry of Finance announced that national economic competitiveness required increasing immigration for both high- and low-skilled work 	<ul style="list-style-type: none"> Foreign investments and foreign-owned companies are concentrated in the Helsinki capital area Many Finnish-owned companies hook up with other Nordic companies; for example the forest industry company Enso-Gutzeit (see the period autonomy-1917 in this table), hooks up with the Swedish Stora; the Stora-Enso becomes one of the world's leading forest industry companies. Norwegian Kvaerner buys the Finnish Masa-Yards; two largest Finnish banks become a part of the Nordic Nordea bank. 	<ul style="list-style-type: none"> Labour permit policies are more liberal, recruitment of foreign labour force becomes a long-term political objective Transition periods for the movement of labour from new EU member states are introduced Governments' proposal for a new Aliens act turned down in the Parliament due to shortcomings in human rights issues; Ministry of the Interior faces strong criticism concerning treatment of foreign nationals, from e.g. the United Nations. The Ministry ignores all criticism. 	<ul style="list-style-type: none"> Number of foreign nationals continues to grow Seasonal labour from Northwest Russia and Estonia Foreign nationals are concentrated in cities and especially in the Helsinki capital area Roma asylum seekers from Central European transition countries 		<ul style="list-style-type: none"> Relatively low foreign investment level 	<ul style="list-style-type: none"> Adoption of new immigration law. Definition of foreigner status in Russia. The equal conditions for ex-Soviet migrants and for migrants from other countries Regulation of labour migration (work permit) 	<ul style="list-style-type: none"> Decline and stabilization immigration inflow from FSU countries Growth of non-Russian population in immigration inflow Majority of immigrants are labour immigrants 	<ul style="list-style-type: none"> The completion of EU-conform legislation The maintenance of subsidies toward large foreign investors. The country joins the EU in 2004 with some temporary restrictions on the free flow of labour. 	<ul style="list-style-type: none"> Relative slow down in the inflow of foreign capital Some labour intensive foreign investor (including IBM, Philips) leaves the country for other countries with cheaper labour force. Some huge Hungarian companies (including the Hungarian Oil Corporation) invest in neighbouring countries. 	<ul style="list-style-type: none"> 2000: Establishment of the Office of Immigration and Nationality, which has got national competence on law enforcement of foreigners. Hungary starts preparing the implementation of the Schengen Treaty. 	<ul style="list-style-type: none"> The number of foreign workers increases to 50 thousand. The number of refugees decreases.

Table A2 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 percent of region population	79	0.0013	0.0009
other%	number moved to Russia from other countries in 2000 year as the percent of region population	79	0.0001	0.0001
wp%	Number of labour permit as the percent 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 (thousands 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
unemployment	Unemployment rate (ILO standard)	79	10.2949	4.1387
FDI	Foreign direct investments inflow thousands dollars	79	1545.2222	4635.6667

Table A3 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
 Fulltime 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, 2001

Table A4 Permissions for entering the country

The title of the permission	FINLAND			HUNGARY		RUSSIA	
	status	The aim of entering the country	Validity period	The aim of entering the country	Validity period	The aim of entering the country	Validity period
Visa	Group F	<i>F1: tourist visa</i>	maximum 3 months	permission to enter, transit and leave the country with a specified aim and time period (A, B, C, D)	from the date of issue	for the citizens of FSU countries no permissions are needed for entering the country for a short-time period, but they need migration card, which he/she receives at the border.	
		<i>F2: persons representing business life, culture, science or arts</i>	maximum 3 months	<i>visa for airport transit (A)</i>			
		<i>F3: participants of international conferences</i>	maximum 3 months	<i>transit visa (B)</i>	single or multiple transit occasionally for not more than five days		
		<i>F4: persons taking part in entrance exams of educational institutions</i>	maximum 3 months	<i>visa for entering the country for a short-time period (C)</i>	within 6 months single or multiple entry but, with a stay not longer than 3 months		
		<i>F5: people who are exempted from work permit obligation</i>	maximum 3 months	<i>visa for residence in the country (D)</i>	single entry and multiple entry with staying longer than 3 months but not more than a one year period with a determinate aim There are 9 categories of visa for residence	for the date of issue	
		<i>F6: seasonal workers and others who are entering the country for a maximum time of 3 months.</i>	maximum 3 months	<i>visa for seasonal work (within the visa for residence in the country)</i>	for not longer than 6 months of continuous residence in Hungary within 12 month. This is within the third category of visa for residence regulating work by foreigners		

Residence permit	Group A, B	Finnish decent or other strong (family) tie; long-term skilled labour; asylum; other reason permanent residence; and family members of people with A-status.	after four years of residence in the country with A-status, a permanent residence permit can be granted.	for those foreigners who have valid visa for residence and he/she wants to prolong it.	for not longer than 2 years of residence in Hungary. It can be renewed occasionally for maximum two years	within one month a foreigner has to get temporary registration	for not longer than 3 month of residence in Russia. It can be prolonged under the same conditions
Settlement permit				this is a permit for residing in Hungary for an indeterminate period.	for an indeterminate period	permit for residing in Russia for 3 years. It's necessary to have good financial background	for 3 years
Special permissions and rules	Group D			certificate for temporary residence	valid for not longer than six months, and than it can be renewed .		

Table A5 Permissions for Employment

	FINLAND	HUNGARY	RUSSIA
	The tasks of the employer	The tasks of the employer	The tasks of the employer
Single permit	<p>Only single permits exist in Finland. The employee-to-be makes the actual application, referring to a particular job for which the permit is needed. The permit is given to the employee, when certain conditions are fulfilled: namely that there is no domestic labour (=resident labour force, incl. foreign residents) available for this particular job in Finland, and in the case of third-country nationals, that there is no such labour available for this particular job in the EU countries. Some aspects of national security and health risks are also taken into account. The procedure varies a bit, depending on whether the applicant resides in Finland, or not.</p>	<p>The employer should announce its demand for employees at the regional labour office/center. The office waits 60 days for a Hungarian employee, who has eligible qualification for that job. And if no applicant appears within 60 days the office opens the door also for foreign employees and the regional labour office issues the labour permit for the foreign employee.</p>	<p>The employer should announce its demand for employees at the regional labour office. For two weeks the office looks for a Russian employee having a proper qualification for that job. Then the request is sent to Moscow Federation Migration Office which is obliged to consider the request within three months. After positive answers from Moscow office, regional labour office issues the labour permit for the foreign employee.</p>
The validity of the single permit	<p>In administrative guidelines and official statements, usually the length of the work contract, usually 12 months</p>	<p>Valid maximum for 12 months and may be prolonged almost under the same conditions as the issue of a new permit</p>	<p>Valid maximum for 12 months and may be prolonged under the same conditions as the issue of a new permit</p>
	The employee should apply for the permit.		The employer should apply for the permit.

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