

Experiences of an emerging emigration country: Hungary

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Outline

Definitions

- ▶ The puzzle
- ▶ Economic framework: Emigration drives and emigration impediments
- ▶ Data sources and relevance

Trends, statistics

- ▶ Scale, dynamics and orientation of emigration

Explanation of characteristics of emigration

- ▶ Characteristics' of emigration
- ▶ Probability of emigration and return
- ▶ **Conclusions**



The puzzle

- ▶ Hungary has been a low emigration country for long
- ▶ Recent signs of emigration + economic and social deterioration called overreacted (?) attention

The puzzle:

- ▶ Migration is basically driven by expected wage gain and/or better employment prospect (Harris-Toderó)
- ▶ What were the impediment factors that kept Hungarian emigration low
- ▶ What has been changed recently that gave migration a strong impetus
- ▶ What are the short and long term prospects

Focus:

- ▶ on labour (economic) migration But migration is mostly labour migration (e.g study + work)
 - ▶ EU migration – free movement of labour since 2004 (gradually)
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Economic framework: Emigration drives and emigration impediments

Migration impediments

- ▶ GDP convergence, economic prospects and relatively high living standard
- ▶ Low unemployment - redundant labour channelled into early retirement, disability pension and generous child care benefit systems that reduced willingness to work and also to migrate (and resulted in low employment rate)
- Relatively high unemployment and social protection - push the migrant reservation wage up

In the 2000s - convergence and privileged economic position of Hungary was over – postponed effect on labour market and on real wages

- since 2007 severe economic restrictions and budget cuts (prior the financial crisis)
- + crisis came on the top of this
- & since 2011 strict cuts in benefit systems (anti-welfare policy)

Consequence: migration impediments faded away - migration drives increased

- ▶ the lack of previous benefits + lack of real wage increase + lack of convergence + lack of economic and social prospect elements of possible migration drive
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Data sources and relevance

Data sources of emigration research suffer from a lack of consistency, which has even been considered as a limitation of extended migration research (Bloom-Stark 1985)

We draw on two essential sources:

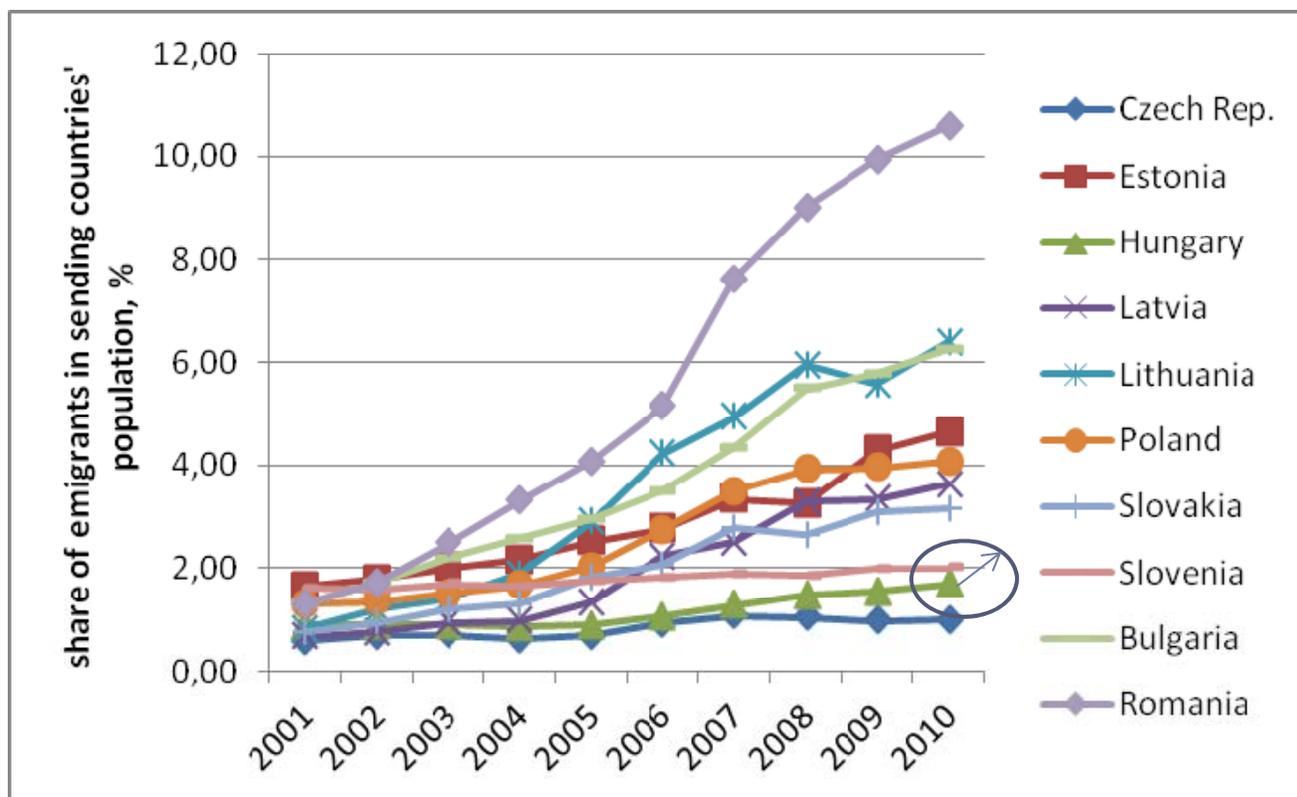
- ▶ **Mirror statistics** depicting main trends and the size of resident emigrant citizens, based on administrative registers of the receiving countries.
- ▶ **Labour Force Survey** (HU LFS) for detailed analysis of the structure of migration - the individual data suitable for labour emigration research, albeit with essential deficiencies (LFS question targeting those working abroad, does not cover those who study, or have emigrated with whole families or as individuals, underrepresented)



Scale, dynamics and orientation of emigration

According to all data sources Hungarian emigration still modest...

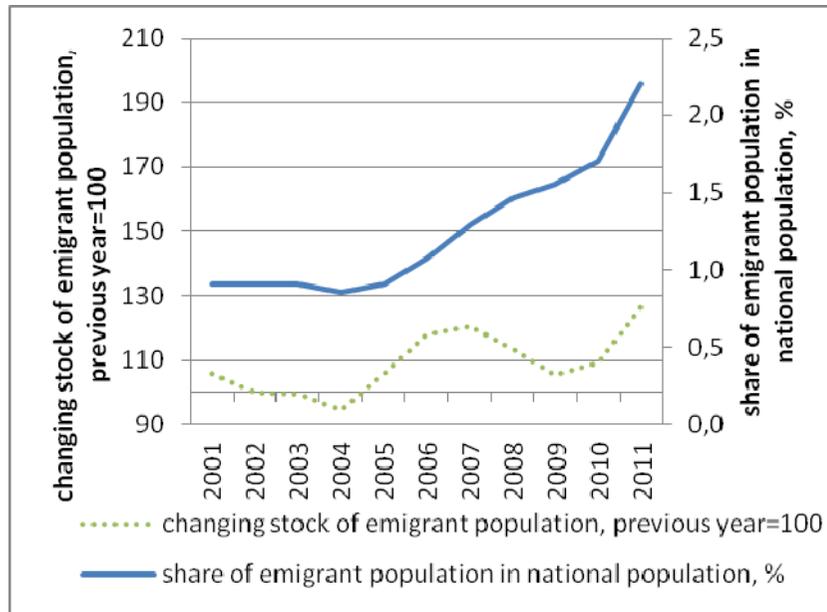
Share of EU emigration of EU8+2 in sending countries population



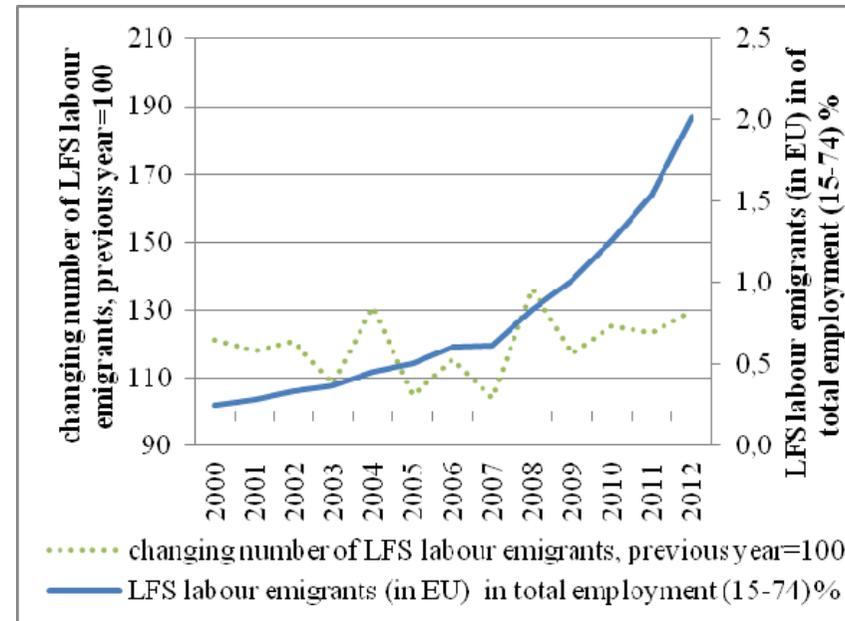
► Source: mirror statistics, Eurostat foreign population based data corrected by NIESR (1st Jan data refer to the previous years)

Scale, dynamics and orientation of emigration

Nationals residents abroad



Labour emigrants



Mirror statistics: the share of emigrant population in % of national population (left hand chart)

- Emigration of resident nationals increased in 2004-07; slowed down (crisis); a new impetus to increase since 2011

LFS: emigrant labour in % of 15-74 population (right hand chart)

- Labour emigration since 2007 and steady increase

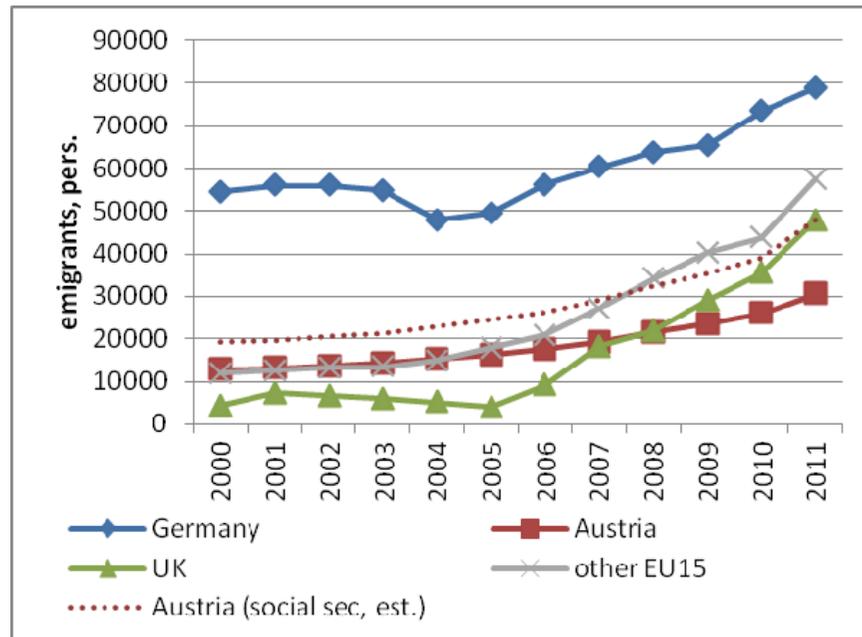
Share is still moderate – in comparison (mirror stat) & LFS 2% of employment rate

▶ Source: Eurostat online mirror statistics , (1st Jan data refer to the previous years), and HU LFS

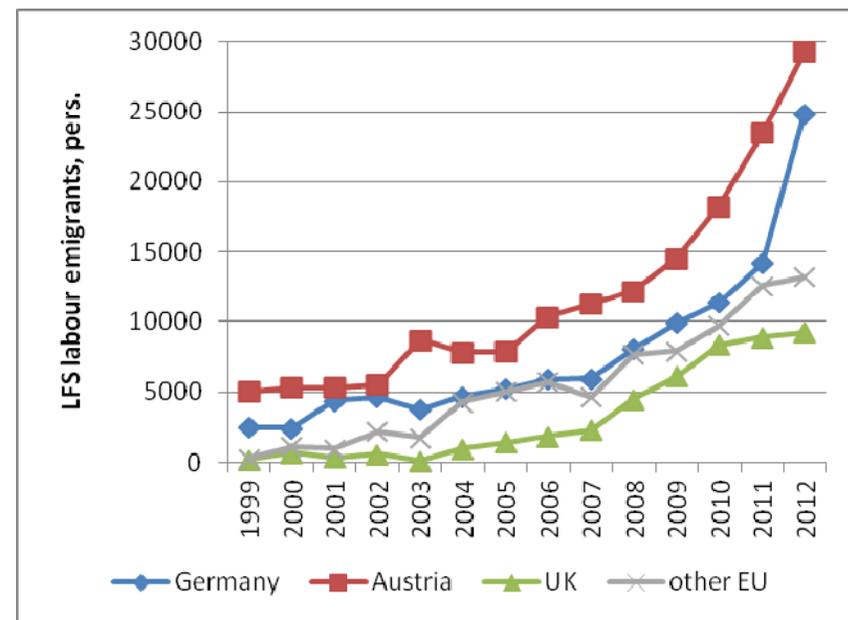
Scale, dynamics and orientation of emigration

Labour emigration by main destination countries

Nationals resident abroad



Labour emigrants



Mirror statistics: resident emigrants in Germany outnumber others, increase speeded up since 2010; Austria continuous increase (selective opening of Austrian labour market) & UK emigration since 2007

LFS: labour emigration in Austria outnumbers others, Austria & Germany is stable, no speed up to the UK

Source: mirror statistics, Eurostat foreign pop, corr. with NIESR, (1st Jan data refer to the previous years), HU LFS own calc.

Characteristics' of emigration – data considerations

In the following section: HU LFS individual data will be used

- ▶ Data refer to those working abroad at present or have worked abroad with no new job since being returned home
- ▶ No particular question on returnees or non labour emigrants, U abroad.
- ▶ Data by destination countries until 2010, more recent data anonymized (EU/non/EU).

Due to low level of emigration coverage of migrants in LFS is low: for special treatment: we arranged the LFS quarterly wave data into merged panels to increase the number of migrants. Arranged 'problem panels' have been defined by homogeneous phases of migration

- ▶ *pre-accession* until 1st May 2004
- ▶ *post accession* 1st May 2004 until the end of 2007

Hungarian economic imbalance accelerated in first budget cuts and turned into the depression of the great financial crisis.

- ▶ *crisis* 2008-2010
- ▶ *downturn* 2011- 2012 Q1 additional strong migration impetus with severe restrictions
▶ and economic insecurity (coinciding with lifting of transitional arrangements)

Characteristics' of emigration – selectivity

First question:

Who migrate – who are overrepresented among migrants?

To measure: selectivity index of migration (difference of share of various indicators in migrant versus employed national population divided by national share*)

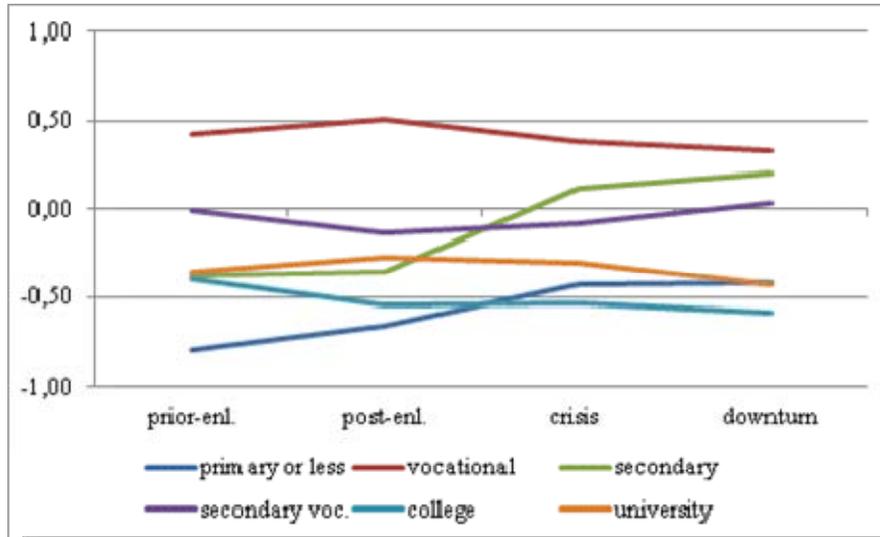
- ▶ stable selectivity for men (0.5) exception: UK (0,15)
- ▶ selectivity for young grown ups of 25-34 (0,4 with some increase)

sharp increase in selectivity of youth under 25 during the emerging emigration periods (from 0.0 up to 0.6 from post-enlargement to downturn phase)

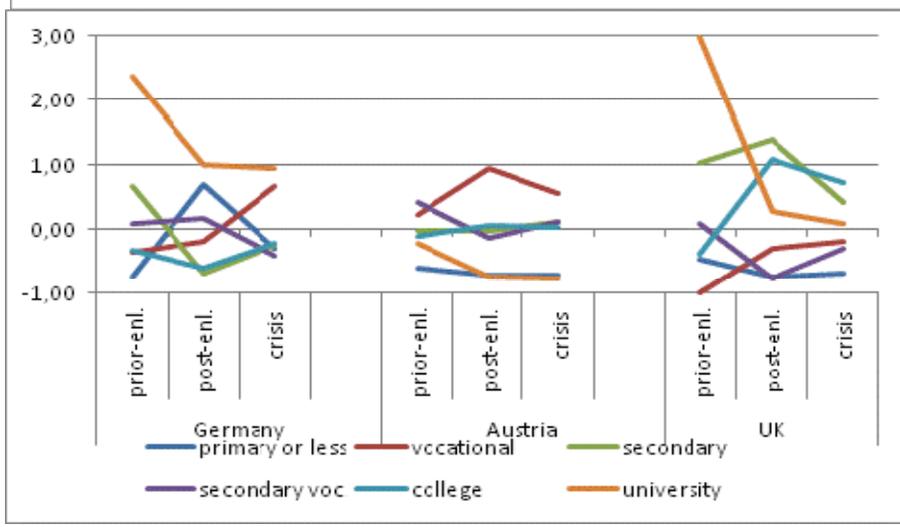
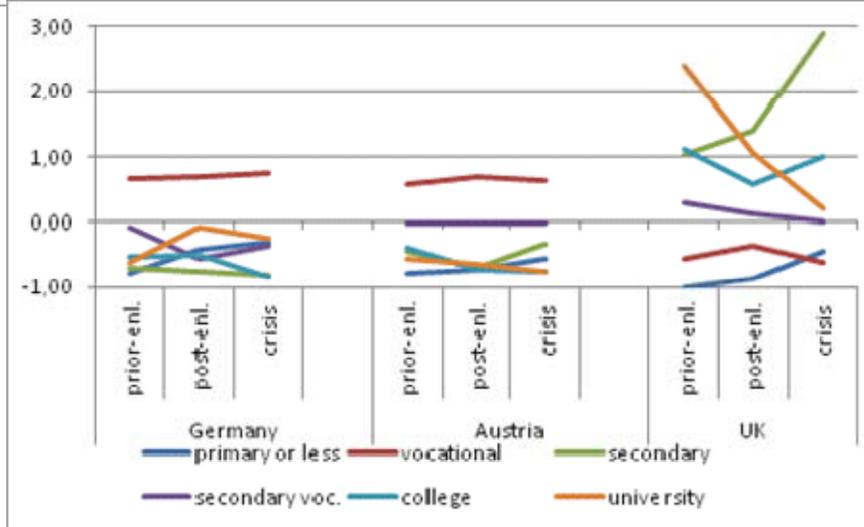
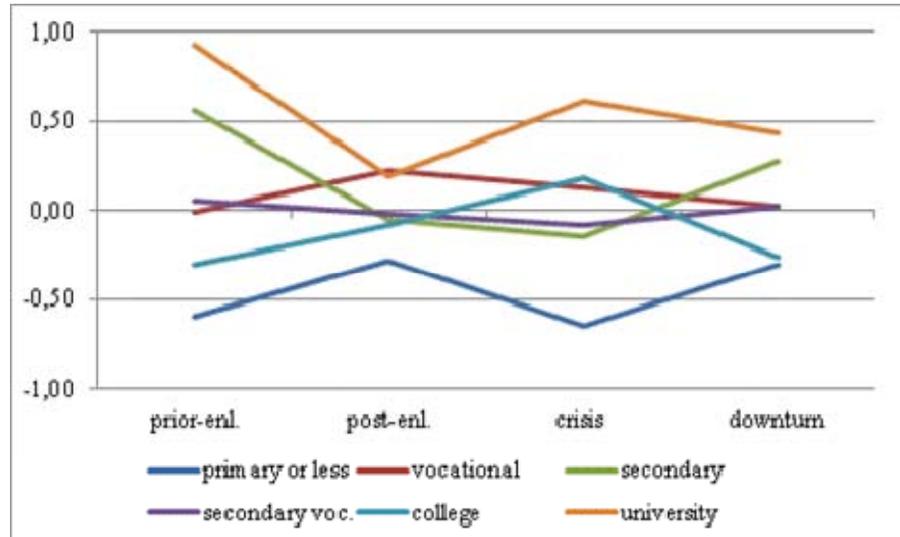
▶ * values vary from +1 to -1 with positive share being the selectivity for migrants, while negative value is selectivity against them.

Characteristics' of emigration – selectivity

men



women



* values vary from +1 to -1 with positive share being the selectivity for migrants, while negative value is selectivity against them.

Characteristics' of emigration – selectivity

Emigration confirms a strong regional concentration.

- ▶ first originated in regions with better economic conditions and lower unemployment. As long as Hungarian emigration drives were not strong and impediment factors were reasonable emigration was mainly short distance, with low opportunity cost while working abroad (mainly in Austria).
- ▶ emigration failed to emerge strongly in regions with poor economic circumstances and high unemployment with only gradually and lately involving these regions in emigration. Crowding out effect of emigration was hardly recognizable in regional labour markets so far.
- ▶ selectivity of emigration is extremely high for Western Transdanubia with gradually spreading to other regions. Northern Hungary was the most important sending region to Germany, with unemployment stubbornly high. Unemployment position of the regions seems to be hardly responsive to emigration.

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- ▶ * values vary from +1 to -1 with positive share being the selectivity for migrants, while negative value is selectivity against them.

Characteristics' of emigration – selectivity

Selectivity index by regions over emigration phases

	Regional emigration selectivity index				Difference to national unemployment, %point	
	prior-enlargement	post-enlargement	crisis	downturn	2007	2012
more developed regions with low unemployment						
Western Transdanubia	3,10	2,49	1,81	1,45	-2,4	-3,5
Central Transdanubia	0,52	0,09	-0,19	0,10	-2,4	-1,1
Central Hungary	-0,71	-0,49	-0,64	-0,60	-2,7	-1,7
less developed regions with high unemployment						
Northern Hungary	0,02	0,55	0,28	0,27	4,9	5,7
Northern Great Plain	-0,61	-0,78	0,06	-0,10	3,4	3,0
Southern Transdanubia	-0,29	-0,03	0,41	0,61	2,6	1,1
moderate regions with low unemployment						
Southern-Great Plain	-0,63	-0,51	-0,36	-0,39	-2,4	-3,5

* values vary from +1 to -1 with positive share being the selectivity for migrants, while negative value is selectivity against them.

Probability of emigration

Logistic regression models were developed (based on panels)

- ▶ dependent variable ‘working in the EU’, and
 - ▶ independent models by main destinations (AU, D, UK) and
 - ▶ return migration (of those rereturning during the 6 waves of LFS)
- odds of emigration considerable increased over periods particularly in the last downturn phase.
- ▶ odds of emigration (control: pre-enlargement phase) in contrast to ‘pre-enlargement phase’
 - ▶ emigration to the EU: 1.90, 3.54 and 6.86 respectively for the post-enlargement, crisis and downturn phases,
 - ▶ respectively, for post-enlargement and the crisis (no data for downturn)
 - ▶ to Germany 1.32 and 1.97,
 - ▶ to Austria 1.27 and 1.97 while
 - ▶ to the UK, 4.06 and 12.81.
 - ▶ As for the return model, odds were 2.01, 4.07 and 7.88 over periods



Probability of emigration

Log regression results:

- ▶ surprisingly, explanatory variables that were supposed to explain emigration – like previous labour market status including unemployment, number of family members and children – proved irrespective.
- ▶ **Age** profile seems to be rather stable while during the crisis the probability of emigration of younger emigrants of 25-34 increased in Austria and in the UK with no significance in Germany.
- ▶ **Husbands** are most likely involved in labour emigration .Again, the UK has remarkable different evidence with very high odds of emigration of children in the family (during the crisis). Importantly, all other models were not significant in this respect.
- ▶ Chance to emigrate with **basic education** is considerable lower as compared to any higher education with no change across emigration phases.
- ▶ **Tertiary educated** were the most responsive to enlargement (in the post-enlargement model, still a low emigration phase

Probability of emigration

Log regression results (con):

- ▶ **differences by destinations are characteristic:**
 - ▶ in **Germany** high odds of emigration with **vocational education** in the post-enlargement phase vanished with the crisis
 - ▶ in **Austrian** labour market the odds of migration with vocational and secondary and tertiary education remained high with a sharp increase of odds of emigration of university graduates during the crisis.
 - ▶ The **UK** has an essentially different migrant model with high odds of emigration of secondary educated (with no other qualification, possible including students) and emigrants with tertiary education.



Probability of emigration

Log regression results (con):

Regional character is important (corresponds to descriptive evidences)

- ▶ the chance of emigration from Western Transdanubia outnumbers any other Hungarian region while Northern Hungary seems to be pertinent with no other regions having any strong importance.
- ▶ Notably, Central Hungary including Budapest has significantly low and decreasing odds in emigration.
- ▶ Nevertheless, **the models by destination countries** are remarkable different with emigration to Germany having significantly and stubbornly the highest odds of emigration from Northern Hungary,
- ▶ to Austria having a regional effect with extremely high odds of emigrants form Western Transdanubia but also high odds from neighbouring regions.
- ▶ Remarkable, again, the emigration to the UK has different pattern with no regional preference, in fact.



Probability of emigration

Log regression results (con):

Labour market variables :

- ▶ employment in **temporary jobs** substantially increases the odds of emigration with farther increase during the crisis and decreasing again in the downturn phase.
- ▶ **any other** employment had significantly higher odds of emigration **than employment in non-manual jobs**
- ▶ employment in **industrial jobs and unskilled employment** having particularly high odds of emigration with not much change during the emigration phases.
- ▶ working hours and length of job tenure proved to be insignificant in emigration probability.
- ▶ destination country models are essentially different
 - ▶ definite and strongly increasing odds of emigration while employed in industry and construction in Germany. In Austria chance of emigration is stable with preference for manual jobs against non-manuals (post-enlargement vs. crisis).
 - ▶ The UK with different pattern, again, odds of emigration in service and particularly unskilled jobs are rather high in contrast to non-manual jobs (crisis)



Probability of return

- ▶ Return migration probability increased with increasing emigration, proving a circular character of emigration. (circular migrants and returnees together)
- ▶ gender characteristics correspond to emigrants characteristics with higher odds of men to return,
- ▶ Return by education largely corresponds to emigration: odds of vocational school and secondary school with vocational school graduated are high in contrast to basic education, proving again some circular character of migration.
- ▶ age profile proves to bias against older age group of 35-34 with increasingly higher odds to return, particularly in the downturn phase.
- ▶ Somewhat surprisingly, employment category was insignificant in returning while temporary job, length of job tenure and average working hours largely influence the odds of returning. Remarkable, these variables are indicators of quality of job. Considering the insignificance of the quality indicators in emigration model, return migration seems to be influenced with troublesome character of jobs strongly influencing return.
- ▶ With slightly significant evidence we recognize rather high odds of return of children in the recent period of downturn, referring also to a circular character of their migration.



Conclusions

- ▶ emerging emigration is still limited in size and immature in forms.
- ▶ Emigration has emerged strongly since 2007 following the first economic and social restrictions that has followed with successive measures and resulted in accelerating emigration since 2011.
- ▶ A segmented form of emigration has been identified with a stable and sizeable traditional emigrant labour market partly with regional character emigration from Western Hungary to Austria and also to Germany and a more diverse segment of emigration mainly to the UK.
- ▶ Although emigration failed to be strongly responsive to enlargement and emigration destinations and structure remained stable some structural reorientation is perceptible mostly in the UK emigration. Labour emigration has a reorientation in structure and a circular character. Recent robustly increasing emigration is coinciding with lifting of transitory arrangements in Germany and Austria and Hungary has extensively exploited the emigration possibilities of traditional destinations
- ▶ Hungarian emigration originated and concentrated in low unemployment regions; evidence of regional labour market impacts is recognizable. With worsening economic conditions emigration is gradually spreading to high unemployment regions. Still, being limited in size, emigration hardly affects overall labour market situation or level of unemployment.



Conclusions

- ▶ Inflow into labour emigration is coming mainly from employment with little inflow from outside employment.
- ▶ emigration proved increasingly selective for secondary education and big scale of emigration source is skilled labour while unskilled people scarcely feature in emigration, in spite of their high unemployment. Replacement effect is hardly recognizable the future development is still uncertain.
- ▶ Depending on economic, social and political developments, the emerging emigration potential and accelerating emigration may turn Hungary into a new country of emigration.
- ▶ emerging emigration is still an appropriate instrument to escape from the worsening economic, social and political changes. Consequently, present emigration could be interpreted following the relative deprivation or quality of life strand of literature (Stark 1984, Stark–Taylor 1989, Rappaport 2005) with somewhat indefinite drives of emigration. However, while the incentives to emigrate are increasing and impediments to emigration diminishing, there is no clear evidence thus far as to whether these are short- or long-term changes.



I. a: Outmigration models (Odds ratios) - Emigration to EU

Dependent variable: 'Emigrants in the EU'

	Migrants to the EU		
	post-enlargement phase	crisis phase	downturn phase
Education	(.000)	(.000)	(.000)
vocational	5.047 (.000)	3.139 (.000)	2.577 (.000)
secondary	1.734 (.175)	2.377 (.001)	2.528 (.003)
secondary vocational	3.921 (.000)	2.842 (.000)	2.655 (.000)
college	6.669 (.000)	4.040 (.000)	4.085 (.000)
university	10.234 (.000)	4.533 (.000)	4.741 (.000)
Age group	(.000)	(.000)	(.000)
25-34 years	1.891 (.001)	1.721 (.001)	1.702 (.010)
35-44 years	1.614 (.032)	1.508 (.021)	1.836 (.008)
45-54 years	1.043 (.860)	1.144 (.489)	1.028 (.914)
55 years or more	.955 (.876)	.702 (.167)	.538 (.061)
Family status	(.000)	(.000)	(.000)
wife	.059 (.000)	.146 (.000)	.153 (.000)
partner	.931 (.693)	.582 (.001)	.629 (.011)
one parent with child	.377 (.003)	.178 (.000)	.382 (.003)
child	1.244 (.156)	1.114 (.408)	1.183 (.313)
other	.395 (.007)	.571 (.022)	1.295 (.427)
single	.448 (.002)	.620 (.012)	.532 (.010)

Dependent variable: 'Emigrants in the EU' (cont)

Region	(.000)	(.000)	(.000)
Northern Great Plain	.183 (.000)	.605 (.002)	.918 (.664)
Southern Great Plain	.541 (.001)	.582 (.001)	.702 (.087)
Central Hungary	.261 (.000)	.372 (.000)	.251 (.000)
Central Transdanubia	.775 (.165)	.950 (.759)	1.056 (.788)
Western Transdanubia	1.827 (.000)	2.644 (.000)	1.787 (.003)
Southern Transdanubia	.991 (.961)	1.114 (.496)	.996 (.985)
Employment	(.000)	(.000)	(.000)
services	4.487 (.000)	3.121 (.000)	4.163 (.000)
agriculture	2.934 (.015)	3.089 (.000)	4.393 (.001)
industry & construction	6.510 (.000)	5.402 (.000)	8.750 (.000)
machine operator	2.641 (.000)	1.960 (.001)	2.780 (.000)
unskilled	5.023 (.000)	2.993 (.000)	5.049 (.000)
Non-Hungarian citizen	3.796 (.007)	5.612 (.000)	1.016 (.985)
Temporary job	3.267 (.000)	4.151 (.000)	2.148 (.000)
migrants in weighted cases	524	848	604
Nagelkerke R Square	0.330	0.335	0.358

Excluded variables: basic education, less than 25 years, husband, Northern Hungary, non-manual employment

Note: Log regression Chi-square 0.000 each case, currently employed migrants and employed population due to the noisy data of previously employed returnees.

I b: Outmigration models (Odds ratios)
Dependent variables ‘Emigrant to Germany’, ‘Emigrant to Austria’ ‘Emigrant to UK’

	Migrants in Germany		Migrants in Austria		Migrants in UK
	post-enlargement	crisis	post-enlargement	crisis	crisis
Education					
vocational	3.520 (.003)	1.435 (.184)	6.013 (.000)	5.323 (.000)	2.258 (.082)
secondary	.630 (.599)	.854 (.742)	3.183 (.086)	2.448 (.092)	6.195 (.000)
secondary vocational	1.897 (.179)	.900 (.741)	4.161 (.003)	5.518 (.000)	4.081 (.003)
college	2.201 (.233)	.761 (.594)	7.451 (.003)	4.345 (.002)	9.947 (.000)
university	2.580 (.204)	1.850 (.277)	.000 (.993)	9.258 (.000)	6.114 (.003)
Age group					
25-34 years					
35-44 years	2.523 (.008)	.760 (.276)	1.953 (.083)	2.026 (.013)	2.119 (.008)
45-54 years	1.492 (.321)	.637 (.115)	1.763 (.180)	1.916 (.039)	1.684 (.142)
55 years or more	1.396 (.432)	.668 (.183)	1.771 (.183)	1.726 (.099)	.106 (.022)
Family status					
wife	1.537 (.403)	.393 (.037)	1.048 (.928)	1.371 (.423)	.299 (.185)
partner					
one parent with child	.040 (.003)	.255 (.000)	.112 (.000)	.172 (.000)	.277 (.012)
child	1.375 (.269)	.703 (.169)	1.099 (.742)	.665 (.081)	.886 (.772)
other	.737 (.565)	.279 (.034)	.658 (.349)	.213 (.001)	.547 (.410)
single	1.552 (.085)	.780 (.265)	.698 (.169)	.727 (.116)	2.750 (.001)
	.861 (.773)	.475 (.091)	.550 (.259)	.600 (.171)	2.128 (.126)
	.781 (.564)	.667 (.237)	.524 (.108)	.824 (.487)	.620 (.419)

Dependent variables ‘Emigrant to Germany’, ‘Emigrant to Austria’ ‘Emigrant to UK’ (cont)

Region	(.000)	(.000)	(.000)	(.000)	(.015)
Northern Great Plain	.351 (.002)	.666 (.083)	.156 (.023)	.350 (.006)	1.091 (.790)
Southern Great Plain	.695 (.191)	.453 (.004)	.412 (.101)	.736 (.341)	1.220 (.553)
Central Hungary	.229 (.000)	.320 (.000)	.395 (.056)	.303 (.003)	.389 (.013)
Central Transdanubia	.266 (.001)	.648 (.105)	3.137 (.001)	2.068 (.008)	.826 (.611)
Western Transdanubia	.382 (.001)	.230 (.000)	11.791 (.000)	12.70 ₅ (.000)	.757 (.430)
Southern Transdanubia	1.008 (.975)	1.222 (.364)	2.035 (.052)	2.041 (.007)	.427 (.045)
Employment	(.000)	(.000)	(.000)	(.000)	(.000)
services	1.587 (.310)	2.701 (.011)	7.148 (.000)	4.877 (.000)	2.741 (.000)
agriculture	1.164 (.859)	2.938 (.083)	11.102 (.000)	5.945 (.000)	.000 (.997)
industry & construction	4.346 (.000)	8.052 (.000)	8.917 (.000)	6.005 (.000)	.855 (.695)
machine operator	1.268 (.626)	2.075 (.092)	2.983 (.025)	2.482 (.003)	1.522 (.327)
unskilled	2.255 (.105)	1.404 (.469)	4.929 (.003)	3.778 (.000)	5.186 (.000)
Non-Hungarian citizen	3.349 (.099)	1.696 (.568)	2.126 (.477)	.632 (.751)	5.459 (.021)
Temporary job	3.111 (.000)	3.785 (.000)	1.263 (.359)	2.462 (.000)	2.539 (.000)
migrants in weighted cases	146	218	194	338	128
Nagelkerke R Square	0.234	0.239	0.362	0.379	0.275

Excluded variables: basic education, less than 25 years, husband, Northern Hungary, non-manual employment

Note: Log regression Chi-square 0.000 each case, currently employed migrants and employed population due to the noisy data of previously employed returnees.

2: Return migration models (Odds ratios)

Dependent variable: 'Return migrants'

	Return migrants		
	post-enlargement phase	crisis phase	downturn phase
Women	.669 (.038)	.585 (.000)	.542 (.001)
Age group	(.003)	(.000)	(.000)
25-34 years	1.919 (.003)	1.763 (.001)	1.621 (.039)
35-44 years	1.806 (.019)	1.930 (.001)	2.118 (.004)
45-54 years	1.334 (.280)	1.444 (.078)	1.253 (.436)
55 years or more	1.138 (.695)	.902 (.713)	.651 (.268)
Region	(.000)	(.000)	(.000)
Northern Great Plain	.195 (.000)	.677 (.018)	.910 (.659)
Southern Great Plain	.460 (.000)	.542 (.000)	.762 (.227)
Central Hungary	.181 (.000)	.252 (.000)	.096 (.000)
Central Transdanubia	.713 (.086)	.736 (.091)	.709 (.137)
Western Transdanubia	1.596 (.005)	2.587 (.000)	1.899 (.002)
Southern Transdanubia	1.058 (.769)	1.148 (.406)	1.041 (.861)
Education	(.000)	(.000)	(.000)
vocational	5.751 (.000)	3.131 (.000)	2.964 (.000)
secondary	1.165 (.726)	1.592 (.088)	1.985 (.039)
secondary vocational	2.960 (.000)	2.066 (.000)	2.172 (.004)
college	2.246 (.017)	1.242 (.371)	1.726 (.077)
university	2.554 (.011)	1.702 (.045)	1.470 (.287)

2: Return migration models (Odds ratios)

Dependent variable: 'Return migrants'

Job tenure		(.001)	(.000)	(.000)		
6-12 months	.976	(.920)	.817	(.299)	.783	(.383)
12-18 months	1.268	(.409)	.745	(.205)	.431	(.006)
18-24 months	1.303	(.314)	.566	(.007)	.572	(.051)
24-36 months	.723	(.194)	.596	(.007)	1.092	(.741)
36-48 months	.625	(.094)	.702	(.098)	.407	(.002)
more than 4 years	.585	(.005)	.232	(.000)	.306	(.000)
temporary job status 1 year earlier	3.271	(.000)	3.408	(.000)	2.313	(.000)
maternity leave	.584	(.557)	.509	(.481)	.000	(.998)
unemployed	.789	(.355)	.391	(.000)	.812	(.446)
pension	1.672	(.529)	.000	(.998)	.000	(.999)
education, others	1.287	(.459)	.745	(.277)	1.238	(.563)
Family status		(.000)	(.000)	(.000)	(.000)	(.000)
wife	.059	(.000)	.152	(.000)	.177	(.000)
partner	.864	(.467)	.647	(.011)	.829	(.355)
one parent with child	.422	(.024)	.216	(.000)	.384	(.016)
child	1.246	(.194)	1.242	(.125)	1.523	(.025)
other	.374	(.011)	.547	(.021)	2.457	(.008)
single	.439	(.004)	.712	(.092)	.478	(.009)
Average working hours	1.050	(.000)	1.053	(.000)	1.088	(.000)
N weighted migrants	458		835		541	
Nagelkerke R Square	0.318		0.388		0.414	

----- Excluded variables: less than 25 years, Northern Hungary basic education maximum 6 month employed, husband, non-manual employment

Note: Log regression Chi-square 0.000 each case,