

# **Budapest in the eyes of creative foreigners**

The view of transnational migrants

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# **Budapest in the eyes of creative foreigners**

The view of transnational migrants

**ACRE report [No 7.4]**

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Accommodating Creative Knowledge – Competitiveness of European Metropolitan  
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## ACRE

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## 0 Executive summary

After the change of regime in 1989-90 a deep and comprehensive transition process started in the Hungarian economy. The most important outcomes of the transition were: the creation of an economic structure based on private property (privatisation), the internationalization of the Hungarian economy driven by foreign capital investments, the transformation of public administration and planning system, and growing social and spatial polarisation processes within the society.

The traditional branches of economy mainly i.e. agriculture and industry kept declining in Hungary after 1990, while there was a rapid shift towards services. Due to the spectacular growth in commerce, tourism, business and financial activities the economic turn was especially radical in Budapest, where the ratio of services on the labour market increased from 62 to 78 percent between 1990 and 2006.

The socio-economic transition has brought about substantial changes in the spatial pattern of the country. New dynamic regions as well as depressed areas appeared on the map of Hungary after 1990. Economically prosperous regions with a higher economic activity and lower unemployment rates are Central Hungary with Budapest and Western Transdanubia, less developed regions include North-Eastern Hungary and generally the eastern Plain regions with higher ratios of unskilled and unemployed population.

Budapest, the capital city of Hungary is the principal political, cultural, commercial and transport centre of the country. Due to its central location and the high concentration of development potentials (including the highly skilled labour), all branches of the economy, education and transport show a mono-centric pattern in Hungary, with strong dominance of the Budapest Metropolitan Region (BMR). The BMR is the economically most advanced area of the country, in 2004 44.5 percent of the national GDP was produced in the Central Hungary Region, 35 percent in Budapest itself.

After the change of regime in 1989-1990 the structure of economy changed profoundly. In Budapest nearly 80 percent of the value added is produced by services, which is outstanding even by EU standards. Within the service sector the branches of real estate and economic services take the leading role. Other innovation oriented economic branches in Budapest include info-communication technologies, life- and physical sciences (medicine production, bio- and nano-technology), creative branches and cultural economy.

Hungary is a transit, source and destination country for both regular and irregular migration, however, due to the relatively low level of wages and the well-known language barriers the country has remained more or less homogeneous regarding the ethnic composition of its population. Currently, immigrants represent less than 2 percent of the total population. Due to the emerging negative impacts of the global economic crisis Hungary will probably appear as a transit country between the Eastern and Western European countries in the global migration processes.

The issue of legal regulation of international migration came to the fore in Hungary in the second half of the 1980s. A decree of free travel of Hungarian citizens abroad was adopted in 1989, and new acts on Hungarian citizenship and on the stay of foreign citizens in Hungary came into force in 1992–1993. In the second half of the 1990s refugee affairs became regulated and in the first years of the new millennium laws on immigration were harmonized

with the EU. The system of transnational migration and border controls were modified thoroughly by Hungary's accession to the Schengen Agreement in December 2007.

After World War II the processes of migration in Hungary and immigration policy were greatly influenced by ethnic Hungarians arriving in the country from the neighbouring countries. Over the past 25 years more than 80 percent of the migrants arriving to Hungary were ethnic Hungarians. The change of political regime and Hungary's accession to the EU did not involve essential changes in migration processes: massive influx of Hungarians was not registered; on the other hand, the open economy has promoted an inflow of highly qualified workforce from abroad.

The presence of foreign labour force in the Hungarian labour market is not significant. Estimated share of labour migrants is below 2 percent of the population. This proportion is rather low compared to the level of European Union and is similar to other Central-European countries (e.g. Czech Republic, Poland). According to work permit data, the presence of foreign labour affected mostly the construction, agriculture, textile, clothing, retail, catering, and entertainment sectors. The majority of the employees are citizens from Romania and Ukraine (predominantly Hungarians), and more recently China. As for the sectoral division of workers in 2000 the majority of foreign workers were employed the industry (53.3 percent) and services (41.5 percent). Services prevailed among foreign workers arriving from other EU countries and the USA (68 percent).

Regarding international (transnational) migration temporary migration for the purpose of studying is becoming more and more important. Beside the traditional migration for working and settling in a foreign country the 'studentification' process became also important by now, and it has direct effects on the creative industries. The integration of Budapest to the European mainstream of student exchange contributes substantially to the growth of creative industries boosting especially the sphere of arts, science and research and development.

In Hungary 3.2 percent of the people holding higher educational diploma were transnational migrants in 2005. The rate is the highest in Budapest with 4.6 percent and in the surrounding Pest county with 3.6 percent. A significant share of transnational migrants lives in Budapest and its immediate surroundings, while secondary concentrations can be recorded in regions along the national boundaries. Migrants from the EU15 clearly prefer Budapest and its surroundings as well as Győr-Ménfőcsanak-Sopron and Somogy counties in the West. Budapest and its region is the only area in the country that is equally important to all groups of transnational migrants with no respect to their national origin.

At present no domestic migration policy and measures controlling migration within the country and more specifically in the Budapest Metropolitan Region exist. It means that directly no law or decree influences the movement of people within the boundaries of the country or city and no measures restrict or favour the move of any group of people by sex, age or nationality. In 2000 the Hungarian Government established the Office of Immigration and Nationality (OIN) and its regional branches, the so-called Regional Directorates. Besides the OIN, there are 13 NGOs registered in the field of migration, most of them operating in Budapest, the capital city.

The objective of the current phase of research was to recognise and investigate the drivers behind the decisions of the transnational migrants (ex-pats) to settle at a certain location and at the same time to estimate the relative importance of the location factors that played a role in their decision making process. Altogether 28 in-depth interviews were carried out among transnational migrants and 4 in-depth interviews were additionally conducted with local experts. Thus, in the frame of current workpackage (WP7) a total of 32 interviews were accomplished in Budapest and its metropolitan region.

From these interviews it became clear that personal trajectories and family ties should be handled separately from the hard and soft factors during our analysis. The research showed

that personal and family reasons dominated so much the motivation of people to move into the Budapest metropolitan region that any other hard or soft factors were hardly considered. Analysis of the personal (trajectory), hard and soft factors as motivation factors revealed that in many cases decision of the interviewees is not determined by one particular group of factors.

The largest part of transnational migrants was attracted to Budapest by hard factors (work and education). A considerable part of them came to the city due to personal or family reasons (e.g. following their partners). Those attracted mainly and exclusively by soft factors were very much underrepresented in our sample.

More detailed examination of the results showed that hard factors were mentioned more frequently in interviews with the creative workers whereas personal reasons dominated the answers of those belonging to the knowledge intensive sector. Among hard factors work opportunities offered by the metropolitan region played an eminent part. Seeking and finding job were mentioned in the first place when making decisions about migrating to Budapest. Of other hard factors living and housing conditions were also often mentioned by interviewees.

Personal trajectories play nearly as important role in attracting highly qualified creatives and knowledge intensive intellectuals to Hungary as hard factors. Among personal factors the intention to join the companion (mostly Hungarian boy- or girlfriend, husband or wife) was the first priority.

Our survey as a whole testifies to a subordinate role of soft factors among the motivation triggers. For the transnational migrants to Hungary the individual soft factors are difficult to separate and identify. It is not typical that the movement here can be motivated by one single factor, it is rather the joint and multiple effects of soft factors that often play an indirect role in the migration to Hungary.

Based on our interviews it became clear that hard factors play an important role rather in *attracting* creative transnational migrants to the city, while soft factors are decisive in the decision about *staying* in the metropolitan region on the long run.

During the research detailed information could be obtained through the interviews about the assessment of hard and soft factors in Budapest by the interviewees.

Perhaps the eminent offers of Budapest are housing conditions and price of housing. The diversity of neighbourhoods, the composition of housing stock and new investments provide favourable conditions for transnational migrants to move and settle here. Housing prices are lower than in the other large cities of the region not to mention West European metropolises. Transnational migrants prefer the elite districts (2<sup>nd</sup> and 12<sup>th</sup> districts on the Buda side), and the newly developed, fashionable residential quarters (13<sup>th</sup> and 14<sup>th</sup> districts on the Pest side) as places of residence.

Highly qualified foreigners in Budapest work under very comfortable circumstances as the infrastructure provision of the workplaces is generally above the Hungarian average. Safety and stability are the strongest points of the Hungarian system of employment. The greatest problems for the foreigners are the low wages in international comparison and high taxes and contributions imposed on incomes. The system of taxation which has to be reformed exerts a negative impact upon employment and economic performance of the country and Budapest. Among others these circumstances are to be blamed for the general conclusion by the interviewees: in Hungary (and Budapest) living conditions are good in international comparison, but price of living is too high relative to the average wages in Hungary.

With regard to technical infrastructure, public transport was highly appreciated by transnational migrants, but they also expressed criticism about the limited extension of the network of cyclist tracks. Concerning social infrastructure the system of child care and kindergarten were evaluated as developed enough, but services of high standard were assessed

as rather expensive and a sharp competition for the limited number of places in these establishments was mentioned unequivocally.

Both positive and negative opinions were expressed about the system of education. One of the main shortcomings of the Hungarian education system was described its less practice oriented character while the high theoretical level has been admitted. The average standard of higher education is very high in international comparison but the system as a whole is rather unstructured and not flexible enough.

Of the soft factors the attractive architecture and attractive residential environment are to be mentioned in the first place. These factors were emphasized by the interviewees as the main attractions of Budapest. Cultural services, thermal spas and wellness opportunities and in the sphere of gastronomy Hungarian cuisine and wine culture are highly popular among the foreigners. A richness of the built environment and its monuments of architecture, a diversity and multi-faceted character of the residential quarters might contribute to the positive decision of transnational migrants about settling here. Similar positive opinion was expressed on the geographical setting and quality of environment. Besides the location of the city (Danube and the panorama with the bridges and the nearby hills with green spaces) a great advantage of Budapest is its compactness and limited spatial extension securing a rapid accessibility of the agglomeration with the lifestyle and feeling of the countryside. At the same time a boasting dynamism of the city couples with calmer and safer conditions of living compared to other West European cities. A relatively lower ratio of green spaces, high intensity of traffic with all the negative consequences and a less environment conscious lifestyle were mentioned as the main shortcomings.

All in all, Budapest provides favourable conditions of living for highly qualified transnational migrants arriving here. Cultural services and entertainment opportunities together with the high standard of catering (Hungarian cuisine and drinks) are important from the aspect of quality of life. At the same time the interviewees did not seem to be impressed by the advancement of consumer and plaza culture in Budapest.

As far as the social network is regarded, foreigners living in Budapest are facing similar problems as those residing in other metropolises. Perhaps the main issue is the language barrier which is hard to hurdle because the poor command of languages among the Hungarian population compared to West European migrants. On the other hand, the lack of knowledge of Hungarian language among foreigners and difficulties to absorb it are a hindrance to social network building and a drawback in communication at the workplaces.

Earlier findings of ACRE testified that tolerance and acceptance of diversity are less typical for Hungarian society. This statement was equally supported by the questionnaire survey and interviews conducted among Hungarian creatives and foreigner transnational migrants. A higher level of intolerance among Hungarian can be detected towards the Gypsy population. By some respondents there is a highly developed sexism within the Hungarian society. The status and place of women in the society is not clear; major political parties do not promote the improvement of their position. Inevitably a low level of tolerance and acceptance of diversity are the issues that need to be solved by politics and society in the near future.

The last chapters of this report summarize the everyday experiences of transnational migrants amongst Hungarians. Interesting information can be read about attitudes and stereotypes towards Hungarians and Hungary, about experiences and results of interacts with Hungarian people and about the mentality and behaviour of Hungarians as well. In the interviews transnational migrants formulated, on the one hand, important recommendations for decision-makers how to make the city more attractive for foreigners, and, on the other hand, they also provided advices for other transnational migrants planning to move to Hungary in the future.

# 1 Introduction

The ACRE project started in October 2006 can be subdivided into 4 main research stages. In the first, preparatory stage, between October 2006 and March 2007 the researchers delivered a literature review on the theory of creative and knowledge-based industries (WP1), the consortium partners analyzed current paths of creative knowledge regions and presented them as local reports with a similar structure (WP2) and on the basis of these reports a comparative study could be produced, making conclusions about similarities and differences between the selected city regions (WP3).

The second and still running stage commenced in April 2007. It could be labelled as the empirical phase of investigations as the research teams have attempted to reveal the part played and position occupied by the creative knowledge sector within the studied metropolitan regions applying quantitative and qualitative methods (questionnaire survey, in-depth interviewing). Altogether three target groups of experts within the creative knowledge sector are being involved in the survey and interviewing: i) highly qualified specialists and workers with university degree in creative knowledge sector; ii) managers occupying leading positions in creative and knowledge-based firms and iii) highly skilled transnational migrants.

Between June and November 2007 a questionnaire survey among Graduates and Workers as target groups engaged in the creative and knowledge intensive sector was carried out in order to investigate their opinion about local conditions. Main results of this survey were summarized in the WP5 ACRE report. In the following period of the project between December 2007 and June 2008 professional interviews were conducted with leaders of firms (managers, managing directors) which were involved in the creative and knowledge-based sectors. The aim of interviewing was to understand the drivers behind the decisions of the managers of selected knowledge intensive and creative industries to settle at a certain location in the metropolitan region and to estimate the relative importance of the location factors that played a role in their decision making process.

The third and last empirical phase of ACRE research project started in November 2008 and could be finished in February 2009. The object of this research period was to recognise and to investigate the drivers behind the decisions of the transnational migrants (ex-pats) to settle at a certain location and at the same time to estimate the relative importance of the location factors that played a role in their decision making process. For better understanding of the behaviour and decision making process of ex-pats in-depth interviews were carried out amongst transnational migrants living and working in Budapest. Qualitative interviewing is a refined and more suitable method for deeper investigating of subjective opinions of the persons interviewed and also for obtaining auxiliary information that could not be provided by statistical analyses of the results gained by quantitative surveys.

The current report (WP7) presents the most important results of the in-depth interviews mentioned above. The report can be subdivided into eight main parts. After a short introduction the second chapter provides a detailed theoretical overview about relevant migration theories. The third chapter deals with current economic development trends in Hungary and Budapest. Chapter 4 and Chapter 5 summarise current migration processes in Hungary and Budapest focusing on the situation of highly skilled transnational migrants. The sixth chapter is composed of the summary of research design and methodology with an insight into the elaboration and application of the interview guide and the sampling process.

The most relevant results of the survey – with special emphasis on the opinion of migrants – is introduced and discussed by the seventh chapter. At the end of the report a short concluding chapter can be read.

## 2 Theories of Migration: the case of highly skilled migrants

For a better understanding of transnational migration in creative and knowledge intensive industries in the city region of Budapest Metropolitan Region (BMR) it is important to have a look on recent international migration research and its theories. Migration to Europe in the past 20 to 25 years differs in form and consequences from earlier population movements across national borders. New types of migration and new forms of transnational migration can be observed in most countries in the EU, including Hungary. Older approaches of migration research do not seem to describe current migration processes properly. Especially the migration of highly skilled workers shows specific characteristics which require new descriptions.

There is no consistent theory of migration; on the contrary, migration research is characterized by a wide range of theories. Classical approaches basically deal with economic factors to explain migration processes on the macro-level or decisions to migrate on the micro-level. But the changes of migration processes since the 1990s cannot be described appropriately by classical theories. Hence new approaches try to explain contemporary migration structures. They point out the embeddedness of migrants in social networks and try to focus on the meso-level of migration in form of exchange processes between social spaces. In this chapter classical approaches of migration research and new theories will be described which focus on labour migration in general. Afterwards there will be a description of approaches which deal with migration of highly skilled in particular. This also includes Florida's account of the 'creative class'. His perception of this 'class' as being 'hyper-mobile' is one of the most contested elements of his creative class thesis. Finally it will be discussed which approaches are appropriate to describe the movement of highly skilled migrants to Budapest.

### *2.1.1 Classical theories of labour migration*

Classical theories of migration interpret migration processes which are seen as unidirectional with definite countries of origin and destination areas. Migration processes are explained as a consequence of economic disparities and adverse conditions on which individuals react and decide to migrate.

### *2.1.2 Push-pull-model*

The emergence of international migration can be explained by correlations between countries of origin and host societies. Everett (see Lee, 1972), worked out a push-pull-model which states that there are push-factors in the regions of origin and pull-factors in the destination area, which encourage migration. There are also intervening factors like spatial distance or migration laws and personal facts which influence decisions to migrate. This approach considers not only economic factors like economic disparities but also social factors like conflicts or the attempt to escape from danger (Bürkner & Heller, 2008, p. 38; Haug, 2000, p. 8; Kneer, 1996).

### *2.1.3 Neoclassical theories*

Neoclassical theories are based on the push-pull-model. Macro-economic approaches focus on economic factors like economic growth (see Lewis, 1954, see Todaro, 1976). It is assumed that disparities between places of production and labour markets – namely disparities of wage level as well as labour supply and demand for labour – lead to migration. Migration is seen as the attempt to reach a macro-economic equilibrium. Countries with work intensive sectors are characterized by low wages and countries with capital intensive sectors by high wages. These wage differentials cause migration to the areas where the income level is higher. Thus the labour supply lowers and wages increase in ‘poorer’ countries while labour supply increases and therefore wages lower in ‘richer’ countries. At the same time economic and human capital flows towards the ‘poorer’ regions, which are beginning to develop capital intensive sectors. Migration abates when economic disparities vanish. This disregards that there are other factors like the establishment of migrant communities in host societies which may encourage further migration (Haug, 2000, p. 2f, 11f; Bürkner & Heller, 2008, p. 38f).

Macro-economic theory has its counterpart in micro-economic approaches. Here the focus is on the individual migrant. As individuals they opt for migration by rational cost-benefit calculations. Migration is interpreted as investment in order to maximise economic utilities. Individual features, social conditions or technologies which lower the costs of migration enhance the probability of migration. The amount of the expected benefits determines the extent of migration flows. The higher the income level in the destination area in comparison to the earning in the home region, the lower the costs of migration, and/or the longer the remaining years in professional life, the higher the probability of migration. This implicates that there is a higher incentive to migrate for workers with less human capital if the expected income level is low. By contrast high skilled workers are encouraged to migrate if the expected income is high. Otherwise they tend to stay because they can take advantage of their human capital in their home country as well (Massey et al., 1993, p. 456; Haug, 2000, p. 5f, 13f).

But neoclassical theory disregards international political and economic contexts and decisions as well as social boundaries. Furthermore the implicated assumption of homogeneous professional abilities in countries of origin and destination areas as well as the assumed trend to global macro-economic equilibrium is controversial.

### *2.1.4 New migration economy*

The new migration economy approach also focuses on an economic factor: the income. But it also considers the social embeddedness of individuals in households. Individuals are interpreted as acting collectively. Hence the approach focuses on families and households. According to this approach households try to maximise the expected income and to minimise risks for their economic wealth. The job migration of a household member is a form of reassurance because the migrant is independent of local economic conditions of the household. Furthermore international migration and the associated money transfer from abroad can be used as capital for an increase in productivity of the household. Usually it is a matter of temporary migration. It is claimed that adjustment of wages does not stop international migration. Even if there is no strong incentive, households try to diversify their economic risk by migration of family members. Migration is seen as a risk lowering strategy (Haug, 2000, p. 7f).

### *2.1.5 Dual labour market theory*

Neoclassical migration theory as well as new migration economy assumes that migration is a result of rational decisions of individuals or families. In contrast the Dual labour market theory suggests that migration is an effect of political and socioeconomic constellations. The

reasons for labour migration are not seen in a trend to a labour market equilibrium but in the segmentation of the labour market. Advanced industrial societies develop a dual economy with a capital-intensive primary segment and a labour-intensive secondary segment. The latter is characterised by insecurity and low wages. Native workers usually do not have any motivation to accept these jobs, which also mean less prestige and low promotion prospects (Lebhart, 2002, p. 13 f). Hence advanced economies demand foreign workers for the secondary segment. This causes migration (Haug, 2000, p. 3f; Lebhart, 2002, p. 13ff).

### *2.1.6 World system theory*

This migration approach deals with the idea of the clash between capitalistic industrial- and developing nations. It is assumed that the origin of migration lies in institutional and sectoral disparities which are evoked by the integration of nations into the worldwide capitalist system. This approach divides the world into three zones: core, semi-periphery and periphery. To explain the patterns of migration the reciprocal dependency of these zones as well as direction and constitution of flows of capital and goods are analysed. It is presumed that international labour migration follows the international flows of capital and goods in the opposite direction. This intends that first of all migration is detectable in Global Cities, which attract migrants from the periphery and not industrialised societies.

Therefore migration is seen as a logic consequence of the globalisation of the economy which causes the emergence of the capitalistic market in developing countries. This implicates that international migration primarily appears between former colonial powers and its colonies because of already existing relations in economy, transport, administration, culture and language (Lebhart, 2002, p. 16ff; Haug, 2000, p. 4f; Bürkner & Heller, 2008, p. 40f).

## **2.2 New theories of labour migration**

The 1990s confronted the migration research with new migration forms which cannot be described as unidirectional processes with definite countries of origin and definite destination areas. The classical micro- and macro-analytic migration theories failed to apply to these forms. There was a missing link: the connection between individuals and society. New approaches in migration research pointing out the importance of social networks as the missing link were required.

### *2.2.1 Theory of migration systems*

The theory of migration systems assumes that the intensive exchange of information, goods, services, capital, ideas and persons between specific countries causes a stable system. Migration is one of these exchange processes. Thereby several countries of emigration can be connected with one region of immigration, just like one emigration country can be characterised by migration flows to several destination areas (multi-polarity). Migration systems are variable social arrangements (formal and informal) including individuals and institutions of both countries. The participation of social ethnic networks, multinational firms, educational institutions or other corporations - as mediations between macrostructures and individuals as well as between the different countries - in shaping the migration system plays a crucial role. Therefore this approach concentrates on macro-, meso- and micro-structures. It considers the economic, political, social, demographical and historical context of migration systems and focuses on both ends of the migration flow, on disparities and interdependencies. But it does not say much about the genesis of migration systems.

In contrast to other theories the relevance of spatial proximity is denied. Instead it points out the influence of political and economic relations on migration systems. As political,

economic and communication relations are adjusted by feedback and modulation mechanisms, migration systems, although stable, are not static but dynamic. The processes in and between countries change. New migration systems emerge, countries drop out or join a system, interdependencies transform and migration flows alter in shape (Haug, 2000, p. 17ff; Bürkner & Heller, 2008, p. 44f; Lebhart, 2002, p. 29 ff; Fawcett, 1989, p. 671ff).

### *2.2.2 Theory of migrant networks*

As seen the migration system approach points out the very relevance of ethnic networks built by migrants and their family and friends. In contrast to old micro- and macro-analytic approaches, new migration theories focus on the meso-level of migration. The social network approach also stresses the influence of social networks on migration. Migration networks shape social and spatial paths of migration provide new migrants with information and resources and therefore facilitate their migration. In short, they lower the costs and risks of migration. On the other hand they smooth the process of keeping in touch with the home region and influence the integration process of the new migrants into the host societies.

Therefore it is assumed that personal relationships which connect migrants, former migrants and non-migrants in the home countries and host societies increase the probability of international migration and can lead to chain migration and sustained migration flows. That means there is no strong correlation between migration flows and wage and employment disparities because of the positive effects of migrant networks. These networks develop an own dynamic which can hardly be regulated.

The effects of social networks on migration are not clear yet. Surely, social relationships influence the decision to migrate by providing information and support or the opposite. Strong social ties in the home countries can inhibit migration. Less social ties can promote the movement. Migrant networks can produce security but also dependency, liability, little integration in the host society and therefore less freedom. This could frighten people. Thus respective contexts have to be considered in order to correctly interpret the relationships between social networks and migration (Haug, 2000, p. 20ff; Lebhart, 2002, p. 20ff; Bürkner & Heller, 2008, p. 42ff).

### *2.2.3 Theory of social capital*

The network perspective can be specified by the term social capital. As already mentioned, personal contacts to friends, relatives and compatriots facilitate migrants to find jobs and housing and can offer financial support. The motives for providing resources might vary. While some act simply by ethical reasons (value orientated) or feel a group identity and therefore act by solidarity (bounded solidarity); others act strategic (reciprocal transfer) or in awareness of their position in the group (status orientated) (Haug, 2000, p. 22ff; Bürkner & Heller, 2008, p. 45f).

That means that besides the benefits of social capital there are also restrictions like conformity pressure, obligation to share and limitation of contact with other persons which do not belong to the social network. Making contacts outside of the community could be seen as an assault to the group identity and cause punishment. So individual getting ahead could be inhibited.

In consequence it depends on the community in which the migrant is situated and its openness if social capital is next to economic capital a beneficial element in the migration process.

### *2.2.4 Transnational migration*

Migration systems and processes have changed since the 1980s. They can be described as circular movements with specific social structures and mobile lifestyles. This new patterns are

called transnational migration as a special form of international migration. New forms of communities emerge, producing specific social spaces by the socio-cultural practice of transnational migrants. These spaces are neither bounded in the home country of the migrants nor in the host society but between and therefore are interpreted as being transnational social spaces.

“[...] transnational social spaces are pluri-local frames of reference which structure everyday practices, social positions, employment trajectories and biographies, and human identities, and simultaneously exist *above and beyond* the social contexts of national societies” (Pries, 2001, p. 65).

Transnational migration is characterised by spatial movements that can be nomadic and pluri-local, but these movements are not de-territorialized. This leads to hybrid identities and practices. Transnational migrants can benefit from opportunities of their home countries as well as of their current domicile. They are able to create flexible strategies of sojourn. The possibility of gaining power in their country of origin by i.e. transferring economic capital to their country of origin and simultaneously gaining more power in the host society as political actors, as “voices for the minorities”, is a specific feature of transnational migrants (Bürkner, 2000, p. 302).<sup>1</sup>

Transnationalism is explained by the process of globalisation and its linked modern communication, transport and labour forms. But as Bürkner points out, there were migration forms in history which showed transnational characteristics before globalisation began.<sup>2</sup> Furthermore economic and socio-cultural processes of globalisation as well as processes of transformation on a national level appear to be not more than framing conditions for a collectivisation around an individual or a little group. The relevance of economy for the emergence of transnational spaces is disregarded (Bürkner & Heller, 2008, p. 46f; Bürkner, 2005, p. 113-122; Haug, 2000, p. 16ff; Pries, 2007, p. 20-22).

## 2.3 Theories of highly skilled migration

Besides old and new migration theories which try to explain labour migration in general (see 2.1. and 2.2.) there are new approaches which focus on migration of highly skilled workers in particular. Besides the concept of Brain Drain where movement of highly skilled is interpreted as unidirectional, other theories think this migration form as circular and oscillating and connect them with the new shaping of capitalism.

### 2.3.1 Brain drain

The brain drain approach normally is applied on migration of highly skilled workers between different countries. Country of origin and destination area are seen as clearly defined containers with separated social systems.<sup>3</sup> The embeddedness of migration processes into flows of capital, goods, communication and information is only of marginal interest.

The concept of brain drain assumes a unidirectional and permanent migration between ‘more’ and ‘less’ developed countries. Again economic factors like the higher income level in the destination area are claimed to be the main reason for migration. Seen from the

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<sup>1</sup> Glick Schiller et al. (1992) showed the phenomena of transnationalism in the case of the migration of workers from Central America to the US.

<sup>2</sup> Bürkner refers to the early shaping of migration paths by ethnic communities in the USA at the beginning of the 20<sup>th</sup> century (Bürkner 2000, p. 302).

<sup>3</sup> It is also possible to use this concept for different regions in one country. This is the case when migration processes between the old West German and the newly-formed German states are focused. There are not two separated social systems but yet the different history causes different economic and social conditions.

perspective of dependency theory<sup>4</sup> developing regions are characterised by a loss of human capital while highly industrialised societies benefit. In consequence it is said that the emigration of highly skilled obstructs the economic progress in developing regions and as a result keeps them in economic dependence (Meusburger, 2008, p. 31; Meusburger, 2008, p. 51f, Pethe, 2006, p. 5f). But this approach does not consider that emigrated highly skilled workers might return to their home countries. This would be brain gain since highly skilled workers improved their qualifications abroad and therefore could push the development in their home countries. Instead of speaking about brain drain, it is more likely that there is brain circulation (Pethe, 2006, p. 9). We will now discuss the gradual shift in migration literature from 'brain drain' to 'brain circulation' and the possible negative and positive impacts on the countries of origin in some more detail.

In the social science literature, three approaches are prominent which discuss the mobility of the highly skilled professionals. In the 1960s, the issue of brain drain discussed the negative outcomes of the emigration of talent of third world countries to industrialised countries. Often graduates originating from developing countries took advantage from the large income differences and better working conditions in Western states (Schipulle 1973; Adams 1968). Although many European countries refused to give labour permits to third world graduates, the US became the favourite destination for this group of mobile highly skilled migrants. As a result, more than 40 percent of the highly skilled persons in all OECD countries who are resident outside their home country lives in the US. Although the brain drain perspective is still present in the political arena, it lost its prominence.

Firstly, the geographical pattern of mobility changed in the 1980s due the increasing transnationalisation of the companies and the economy (Findlay, 1988; Salt, 1988; Findlay and Gould, 1989; Beaverstock, 1990; Findlay and Garrick, 1990). Secondly, researchers like Annalee Saxenian pointed out that the emigration of highly skilled can lead to a return migration of highly skilled after several decades, which has a positive impact on the economies of the developing countries. In her book 'Silicon Valley's new immigrant entrepreneurs' (1999), she explained how India, Taiwan and China profited from the economic activities of their 'diaspora'. In her latest book 'The New Argonauts' (2006) she describes also the positive effects of international mobility of highly skilled migrants for the regional development. She has observed the impact of foreign talent and entrepreneurs in Silicon Valley in the last decades also points out the openness to foreign creative talent is also one of the key factors for the success of Silicon Valley and in the home countries of the migrants. Saxenian proposes that the successful development of the ICT industry in Israel, Taiwan and to a lesser extent in China and India is caused by the mobile talent who stimulates innovation, investment and trade between the countries. The exchange of knowledge, she concludes is that the foreign experts 'welcome the openness, diversity and initiative that have built Silicon Valley'. The connection which is constructed by the mobile ICT engineers is the basis of the economic success of these industries in their home and host countries. Thirdly, country and regions in industrialised countries have become aware that highly skilled home nationals are also increasingly mobile and migrate to foreign destinations. Some of the earlier mentioned studies, like the work of Beaverstock, address expatriate communities from advanced capitalist countries to other advanced capitalist countries or to rapidly developing countries, like the British communities in New York City and Singapore. In our own empirical analysis we will also demonstrate that a significant part of the highly skilled migrants coming to European city-regions are coming from other European city-regions, and

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<sup>4</sup> Dependency Theory assumes a stratification of countries in an international system and resulting power and dependency relations between dominant societies and countries in a lower position. Here migration is seen as a specific form of interaction between states, which is caused by structural disparities in dependent societies and provides a benefit to dominant countries (Bürkner & Heller 2008, p. 39).

that they are often either on the move to yet another European city-region or plan to return to their city-region of origin. This is again an example of ‘brain circulation’, a form of circular migration we will discuss in more detail now.

### 2.3.2 ‘Brain circulation’: circular migration

Since the 1980s labour migration changed. As empirical studies showed (i.e. Wolter, 1997) an increasing movement of highly skilled workers has emerged. Often this migration is temporary and can be described as circulation<sup>5</sup> between industrialised societies as well as a migration from ‘more’ to ‘less’ developed countries. Circular migration implicates the return of the migrants to their home regions after one or more migration steps and is linked to transnationalism (Vertovec, 2007, p. 3f).<sup>6</sup> Even though the region of origin firstly suffers a brain drain by losing highly skilled workers there is also a brain gain by foreign highly skilled or a brain re-gain by returning highly skilled, who might have improved their qualities. So it we could speak of brain exchange between the different regions (Schultz, 2008, p. 52f; Pethe, 2006, p. 7ff).

This new form of migration of highly skilled is attributed to internationalisation and economic interdependences. Therefore the perspective of research focuses primarily on the meso-level like firms and institutions. In the 1980s, the international financial market was deregulated and many industrial producers moved their production units outside their home markets. The world economy began to internationalise. Many transnational production and service companies developed which lead to the ‘brain exchange’ of highly skilled professionals within these large international organisations. The expertise of the highly skilled employees was needed to control and supervise the new sales offices, production units and bank branches abroad (Boyle et al. 1994, Findlay 1995). These so called expats were typically seconded to a foreign branch for two to five years. Although they were privileged compared to those professionals who came from third world countries a decade earlier, and they were compensated for their international assignment with relocation service and a salary above the home level, the seconded professionals had little choice to select their country of destination. They were are part of the international stream of investments and trade which was allocated due to the outcomes of international investment opportunities. I.e. the expats accompanied the foreign international direct investments streams and, in the case of newly erected production units, the trade of foreign goods and services. Wolter (1997) showed the interrelation between investment and international migration for the case of the European Union in the 1980s.

Beaverstock, who investigated the mobility of these professionals in the financial service sectors over two decades, points out that the geography of their mobility is often related to the geography of the global cities (Beaverstock 1994, 1996, 2002). Global cities are metropolitan regions with a large concentration of high range services and international headquarters which command and control international investment streams (cf. Friedman 1986; Sassen 1996). The Globalization and World Cities Research Network in Loughborough mapped out the position of cities in this international urban system by looking at the connectivity of the international organisation in the urban regions ([www.lboro.ac.uk/gawc](http://www.lboro.ac.uk/gawc)). In addition to the circular movement within the industrialised countries, Beaverstock and others also describe a movement from the North to the South. Compared to the previous mobility which was described as brain drain, the brain exchange connected industrialised countries more strongly or describes mobility from industrialised countries to less industrialised

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<sup>5</sup> It has to be pointed out that circular migration is not only a phenomenon which describes the movements of highly skilled. It also applies to less or unskilled workers (Smith & Guarnizo 1998, p. 18).

<sup>6</sup> As Fassmann points out that the distinction between circular and transnational migration is problematic, if migrants keep up their social and functional relations to their home society on a large scale (Fassmann 2008, p. 23).

countries. Due to its strong economic embeddedness, the brain exchange is influenced by economic circles with a large increase of international mobility in the period of economic upturn and a decrease of international migration in the period of the economic downturn.

The brain exchange perspective was criticised recently for approaching the international migration of the highly skilled mainly from an economic perspective and neglecting the agency of the individuals (Scott 2006). Before the role of the individual migrants will be discussed below, it should be mentioned that the economy has also changed in the last decade, and the organisation has also influence on intra-company mobility of employees. Large vertically integrated companies were typical for the Fordist age. These differentiated units did not only comprise various production and administrative units, they also began to allocate each function at the most suitable location. Due to the internationalisation of their organisations, highly skilled migrants were seconded between the different parts of the companies. Typically they were sent from the head quarter to peripheral locations. Due to the reorganisation of transnational companies in post-fordism (Cormode, 1994; Koser and Salt, 1997; Wolter, 1999), hierarchies were reduced and activities were outsourced. Not only is the size of the companies reduced, but also the expensive international career opportunities for employees. The companies in the creative knowledge industries tend to be very small. A large share has less than 5 employees. On the one hand, this particular structure of the sector makes it less likely that intra-company mobility is a common feature in the creative knowledge sectors. On the other hand, the technological progress enabled small actors to be mobile internationally, because the international communication and transport become cheaper and easily available. Instead of being seconded within a large company, it appears to be more likely that highly skilled individual change between small and medium companies now on their own steam.

#### **2.4 Florida's conception of the international mobile creative class**

“Regional economic growth is powered by creative people, who prefer places that are diverse, tolerant and open to new ideas”, writes Richard Florida in his book “The rise of the creative class” . The attractiveness of cities, its quality of life and its diversity of cities are pivotal for the future development of cities. A good people climate will draw new creative people to those places and will lever the economic success of regions. Using this imagination Florida describes conditions which are strongly related to the inward mobility of creative talent as a precondition and an effect for regional economic success of metropolitan regions. Diversity which is described as heterogeneity in terms of ethnicity, sexuality and lifestyles is seen as a precondition for the inflow of new talent. People from various backgrounds will be attracted to these spaces which will again lead to an even larger diversity of people. In the first texts, Florida does not distinguish between national or international migrants, but his later book ‘The flight of the creative class’ uses examples which indicate that he does not only have national migration, but also international migration in mind.

Florida mainly focuses on the ability of places to attract foreign creative, when he writes: “Today, the terms of competition revolve around a central axis: a nation’s ability to mobilize, attract, and retain human creative talent” . The attractiveness of regions is important, because the economic success will increase with the inflow of talent. This is the most important formula which Florida uses. A detailed description in which ways foreign migrants contribute to the host economy is difficult to decipher in his work. Several hints can be found: foreign creatives “help build our scientific enterprises” (p. 95), account for “a disproportionate share of most influential scientists” (p. 101), relieve the “looming talent shortage” (p. 103), “take American ideas and American relationships back home” (p. 110) and contribute to the entertainment industry (p. 125).

Florida has a very broad conception of the creative class which comprises 30 percent of the American work force. Again it is unclear in which aspects the mobility of the creative class is different from other highly skilled persons. But not only Florida lacks a clear definition of what is meant by the mobility of the highly skilled. Scholars which want to investigate the international mobility of the highly skilled see themselves facing a jungle of definitions. The definition of their qualification and their migrant status can vary enormously. For instance, the term 'highly skilled' can indicate a formal educational credential, but 'skill' can also be defined as the ability to solve certain task whether those ability was acquired with a 'learning by doing'-approach or a formal education. The status as migrant can be related to certain forms of work permits for foreign employees, the status as a seconded employee within an international companies or simply mean non-national. In addition to that, Florida gives an account about the creative class which does not necessarily mean that other occupations such as doctors or are not internationally mobile (cf. OECD, 2002), whereas other creative knowledge workers are certainly limited to perform their activity in different countries. One prominent example are lawyers whose main professional reference is national laws. International law firms have only developed recently and mostly they are limited to certain field like international mergers and acquisitions. Although differences between the creative knowledge occupations seem to exist, their scope is still unclear and also how do they contribute to the different national economies?

Florida's ideas might be one of the most prominent accounts of social scientists which emphasise the importance of the international migration for regional economies. In the political arena, the issue has been more strongly articulated since the labour shortages in several sectors appeared in industrialised countries (OECD). Since the creation of a common market, the individual member of the countries of the European Union received the right to move freely within the common space even earlier. At the time, the creation of a common space was not so much motivated by the attraction of foreign talent, but by the reduction of economic disparities between the various regions of the member states. Although several limitations exist, for examples for citizens of the new European member states, the member states and the European commission try to reduce the barriers, introduce a common migration policy and even support the mobility of certain groups actively. The Lisbon agenda, the agreement of a common migration policy in Tampere and the establishment of the student exchange programmes such as Socrates and Erasmus are examples which aim to promote the international mobility within Europe. The goal is to increase the competitiveness of the member states of the European Union by stimulating their ability for innovation and knowledge transfer. In other political arenas, other motivations to support the international mobility of highly skilled professionals are articulated. For example, on a global level, governments find mechanism to deregulate short term international mobility which is related to the international trade of goods and services (OECD, WTO). Apart from the attraction of talent, the reduction of disparities, the decrease of labour shortage, the stimulation of innovativeness and the lubrication of economic globalisation, various national statistical offices in central and eastern Europe point at the continuous decrease of their work force in the coming five decades. The political initiatives in Europe and the US are increasingly perceived as an international 'war for talent'. Florida addresses in his recent book the increasing danger that the US American cities loose this ability to attract and to retain foreign talent. European countries are becoming increasingly successful competitors for creative talent, in his view .

All accounts use imaginations of international migrations which expect positive outcomes. This is a recent development. Since the oil crisis in the early 1970s, immigration was stopped in most European states, because the incoming labour was seen as a competitor for the home nationals. In many countries only transferees of transnational companies were

successfully able to apply for a labour permit. Although those negative threats are less articulated in the public now, the mechanism of the international migration of highly skilled are not fully analysed. Who is internationally mobile? Why are transnational migrations engaged in certain industries? How long do they typically stay? What effects does their presence have on the region, in particular on the economy and the housing market? Which cities and regions are attractive and what are the drivers behind their success?

## **2.5 The upcoming paradigm**

The firm related perspective has been central in the study of international migration of the highly skilled, because many researchers assumed that this migration flow was largely demand driven. Apart from labour migration, other motives exist. Personal motives like family unification and marriage are the most prominent. Another important factor is education. But asylum seekers and refugees start a new life in other countries, too. In addition to that, an increasing number of cases are reported, when highly skilled migrants decide to live in a country because of the interesting cultural environment and the offered amenities as it was described by Florida too. Then, immigrants settle in the country first, and look for work later. In other words, the variety of reasons to settle in a certain country might be larger than the reasons which are found in the immigration legacy of the country in question.

In the Netherlands, for example, about one third of the immigrants entered the country due to employment related reasons, another third because of family related reasons and one sixth started with their studies in the Netherlands. Of course, these numbers needed to be treated with caution, because they are strongly related to the immigration categories which exist in the Dutch law. Firstly, immigrants use and tend to be classified in categories which gives them the best access to the host country. Research (Kanjapan 1995) shows that immigrants tend to switch between the categories to a large extent. Secondly, important motives such as large differences in the house prices in border regions which are not relevant in the legal framework are not mentioned in the legal framework.

The heterogeneity of expats increases. Apart from the seconded transferees who work in large companies, an increasing share comes on their own steam. Due to the removal of immigration barriers for labour migration within the EU and the stronger support of student mobility in the EU, but also internationally, the socio-economic background and the motives of transnational migrants diversify (Conradson and Latham, 2005; Scott, 2006a; Scott, 2006b). According to Scott, the group of expats is diversified. Young professionals who come in their early career or stay on as graduates, international Bohemians who enjoy the cultural amenities and assimilation-settlers who marry a partner in the host country are new groups that have not gained enough attention. An overview of the nationality of foreign highly skilled immigrants in the Netherlands shows that the immigration of highly skilled persons cannot always be related to economic linkages between the countries. Nearly 50 percent of the highly skilled foreign nationals who lived 2000 in the Netherlands come from countries which either had strong colonial ties to the Netherlands such as Indonesia or Suriname, or were the recruiting countries of the former guest workers such as Turkey and Morocco or where the home countries of a larger highly skilled refugee population such as Iraq, Iran or Afghanistan. Less than one third of the foreign highly skilled in the Netherlands, however, derive from Western OECD countries. Using the nationality as an indicator of the migration motivation is, of course, problematic too. Firstly, this approach assumes that persons with a similar nationality share the same motive. Secondly, these immigrants are formally highly educated, but it is unclear, if they can use their educational credentials in their job. In addition to that, many foreign nationals are born in the Netherlands, although they hold a foreign passport. They cannot be considered as migrants.

The new heterogeneity of the skilled migrants leads also to a larger diversity of residential choice between the foreign highly skilled. The former orientation on the higher segments of the housing market in the suburban areas fades in favour of the increasingly popular and therewith more expensive inner city on the one hand, and lower priced flats on the other. Due to the strong urban orientation of creative workers, the overall preference for inner city location might also be emphasised by foreign creative workers. Furthermore, the duration of the stay appears to change to. Expats which typically live between two to five years abroad are accompanied by transnational migrants who settle for a longer time frame or even permanent in the foreign country. In addition to that, the possibilities to access the labour market of creative knowledge workers might also vary with their demographic background. Kibbelaar (2007) points out that those foreign migrants who are not part of the classic expat population in the Netherlands often struggle to find positions in the creative knowledge industries on the one hand. On the other hand, they are less likely to choose a creative knowledge profession, because they consider those occupations as less prestigious and economically less rewarding .

Therefore, an analysis which identifies how many persons work in the creative knowledge economy and are of foreign descent might give a more accurate number about the real inflow foreign creative knowledge workers than an approach which only identifies the formal education of immigrants. A comparison between the results of both approaches identifies the scope of the brain waste of immigrant human capital, because it will identify the scope of access of foreign highly qualified workers to these industries.

## **2.6 Settling and staying: highly skilled migrants in the host society**

While the transnational mobility of highly skilled migrants receives increasing interest and attention from academic researchers and policy-makers, much less attention has been given so far to their experiences after their move and their preferences in terms of residence, amenities and relations with the host society. Integration in the host society, for example, is generally hardly considered a problem since most highly skilled migrants are expected to stay a few years at most and since they are expected to have a well-paid job. Another generalizing assumption often made is that highly skilled migrants most often come from societies that are very close to the host society in terms of norms, values and behaviour, so they would hardly have adaptation problems. These assumptions might apply to most expatriates, but as we have seen in the sections above and will see again in our empirical analysis, this group is actually only a small part of the highly skilled migrants coming to and travelling within Europe. Highly skilled migrants quite often stay for more than a few years, they do not always come with the guarantee of a job, their job is not always well-paid, and they also come from non-Western developing countries. While this heterogeneity in the broad category of highly skilled migrants is gradually acknowledged, we hardly find evidence of this in the international academic debate so far. As far as matters of settling and staying of highly skilled migrants are discussed, mostly the focus is strongly on the sub-category of expatriates, and most attention is given to the housing and real estate market.

Expatriates are often merely seen as affluent corporate movers that can rely on relocation services. Because of this view, they are often discussed in terms of dualization of world cities. Several studies (Freund, 1998; Glebe, 1986; White, 1998; White and Hurdley, 2003) show that immigrants from OECD countries differ in their housing preferences strongly from other, often lower skilled migrant population. The residential pattern is often very similar to home nationals with the same socio-economic status. “[T]he settlement of migrants from North America, Australasia and other parts of Europe has tended to occur most strongly in those parts of London with the highest occupational status”, observes White. This pattern

varies between different OECD nationals. Japanese corporate transferees and their families show the strongest segregation of all national groups in London, in Düsseldorf and Frankfurt/Main. They live more often in suburban locations, and share less often similar housing patterns with similar status groups. The high concentration is often ascribed to the activities of relocation services and Japanese real estate agencies, the importance of public transport access to work, security of the residential environment, quality of the dwelling (cleanliness of kitchen) and proximity to school and other community institutions (Glebe, 1986; Glebe, 1997; White, 1998; White and Hurdley, 2003). In particular the proximity to schools is often stated as a pivotal point for all OECD nationals too, although this view is also contested. Generally, expatriates rent more often than home nationals due to their temporary status, although the rental sector is with some 10 percent of the dwellings relatively small in some of the investigated cities such as London. Rarely the flats of the transferees are owned by their companies. Instead White and Hurdley observe that other ethnic entrepreneurs who hold these flats as property investment let these high-priced dwellings to Japanese in London. This untypical demand in the rented sector leads to a rise of rent prices in those residential neighbourhoods. A similar connection between the rise of housing prices and immigration is described for Vancouver. This is properly the most prominent and extreme example which illustrates how activities of affluent immigrants lead to a significant increase of housing prices (Brosseau et al., 1996; Hiebert, 2000, 31ff; Ley and Tutchener, 2001; Olds, 1998; Olds and Yeung, 1999). Because of the transfer of Hong Kong to the People's Republic China, wealthy Chinese immigrants and entrepreneurs fled to Canada. They acquired the Canadian citizenship by doing large investments. Often they spent large amounts of money in the regional housing market and transformed the suburban residential landscape, because they constructed houses which were conceived as monster-houses by the older population of English descent. Due to their acquisition of large suburban properties the prices in the higher housing market segment rose. In addition, entrepreneurs built malls and developed larger inner city housing projects (Ley and Tutchener, 2001; Olds, 1998; Olds, 2001).

The examples from London and Vancouver, however, show how the effects are firstly related to global flows which are linked to each city. Secondly, they show that the aims of the incoming educated population from the industrialized countries and the effects of their inflow can vary considerably. Recently, Scott underlined that an increasing heterogeneity of highly skilled immigrants stream into European cities. Apart from the typical expatriate population, overstaying students, family migrants and international bohemians live in the metropolitan regions. Also Conradson and Latham point at the 'middeling transnationalism' in large European cities such as London which comprises an increasing number of mobile middle class individuals. Compared with the typical expat population, the residential preferences differ. They are more oriented towards inner city neighbourhoods. Due to their lower income, they are not able to afford a rented dwelling in the upper housing segments. Since they travel more often individually, they can also not rely on relocation services to find accommodation. On contrary, they are more likely to compete with the local middle class. In other words, the chances of transnational migrants and expats to access the labour market and the effects of their presence are as much related to their socio-demographic background as to the local and national regulations.

## 3 Economic Development in Hungary and Budapest

### 3.1 Short historical preview and current trends in Hungary

In Hungary, the economic transition started earlier than the radical transformation of political institutions in 1989-90. Considering economic policy three distinct periods can be defined in the economic development of the country during state-socialism: - 1945-1968: the dominance of the Soviet model; - 1968-1982: the emergence of a unique Hungarian model (the so-called goulash communism); - 1982-89: a deepening economic and political crisis.

The first period of state-socialism could be characterised by forced industrialisation and orientation towards the heavy industry. Industrial production was the engine of regional economic development. Construction of so-called „socialist cities” took place, at the same time development of the infrastructure and services was neglected. As a result, the economic position of Budapest and other industrial centres strengthened, while villages declined not just economically but demographically and socially as well.

In the second period the rigid plan-directive system was replaced by indirect economic regulations which were accompanied by a civil liberalisation process. The first economic reform dates back to 1968, when the New Economic Mechanism was introduced. The general trend of the 1960s and 1970s was the levelling of economic development and social conditions among the major regions, counties and main settlements types. An important reform was the Local Government Act of 1971, which overhauled the 'council act'. Hungary joined the GATT in 1972 and the IMF in 1974, being the first country in East-Central Europe to do so. Due to market reforms Hungary was called as the „happiest barrack” in the former Eastern Bloc.

The third period of the 1980s brought about a twofold change in the economy: the expansion of the main industrial branches came to a halt and many large industrial plants formerly considered flagships of the state economy simply lost their importance; simultaneously new types of semi-private small enterprises were formed following comprehensive governmental decrees. Generally, the entire country got into deep economic depression after 1982.

With the change of political system in 1989-90 a deep and comprehensive transition process started in Hungary. One of the most important outcomes of the transition was the creation of an economic structure based on private property. Privatisation affected the banking sector<sup>7</sup>, food industry, retail and service enterprises, the building industry, manufacturing and machinery right at the beginning. Strategic economic sectors like energy, and public services had not been affected until 1995.

The transition brought about sharp changes in the economic structure of the country in the 1990s. The most significant trend was the increasing weight of services. In 1990, 46.6 percent of the active earners were employed in the tertiary sector, which increased to 60 percent by 2006. Due to the spectacular growth in commerce, tourism, business and financial activities the change was especially strong in Budapest, where the ratio of services increased

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<sup>7</sup> The privatisation of banks already started in the 1980s and continued during the 1990s. By the end of the 1990s the foreign share in the banking system was as high as 60 percent, while the share of the Hungarian state shrank to 21 percent. The rest was in the hands of Hungarian private investors.

from 62 to 78 percent between 1990 and 2006. On the other hand, the role of industry and agriculture declined continuously until now.

One of the consequences of the political and economic transformation was economic recession in Hungary. The year of 1991 was the deepest point of recession, when GDP declined nearly by 12 percent (Table 3.1). On the other hand the ratio of unemployment culminated only in July 1993, the number of registered unemployed persons reached nearly 700.000. Economic recession caused a drastic drop in employment, the socialist embourgeoisement was interrupted and the middle class shrank. At the same time social inequalities and polarisation within the society rapidly increased. The drastic fall in economic output stopped by 1994. Due to the fiscal stabilisation package and reforms undertaken in the enterprise, banking and public sector, after a short stagnation the economy of the country started to grow dynamically from 1997. The annual GDP growth amounted to 4-5 percent and the country got a real impetus and achieved remarkable results in competitiveness. After 2000 economic growth continued but its intensity slowed down (3-4 percent on average). By 2004 Hungary slipped back to the sixth place among the eight new East-Central European EU countries regarding growth dynamics, however, with regards the GDP per capita it could retain its favourable position behind Slovenia and the Czech Republic.

**Table 3.1 Changes of GDP in Hungary**

		<i>(percent)</i>	
1990	-3.5	2000	5.2
1991	-11.9	2001	4.1
1992	-3.1	2002	4.1
1993	-0.6	2003	4.2
1994	2.9	2004	4.8
1995	1.5	2005	4.0
1996	1.3	2006	4.1
1997	4.6	2007	1.1
1998	4.9	2008*	1.7
1999	4.2	2009*	0.7

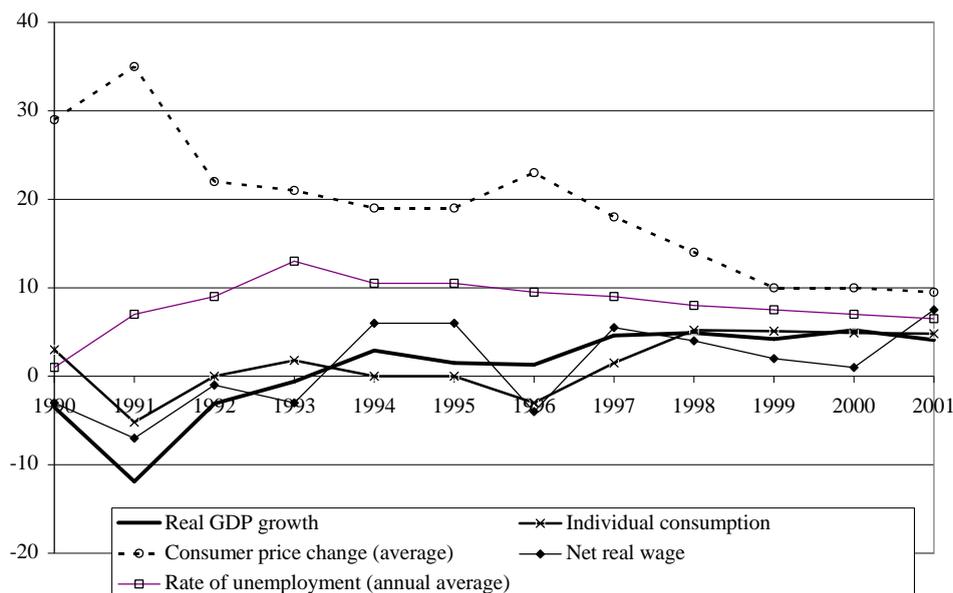
*Source: Statistical yearbooks CSO Hungary and EUROSTAT (\* - Estimated values)*

The macro economic conditions of the country stabilised by 2000 and at the turn of the century Hungary was in a very promising position regarding its economic growth. Due to the stabilisation policy GDP grew by 25 percent in 5 years (1996-2001), unemployment reduced below 6 percent, national debt shrank to one-third. The spatial disparities however did not diminish i.e. in Budapest and the Metropolitan Region the intensity of economic growth compared to the national average became even more dynamic after the macro-economic stabilisation of the country (Figure 3.1).

The rapid deregulation of foreign direct investment (FDI) has played a very important role in the modernisation and internationalisation of the Hungarian economy. The first wave of FDI flowed into the automobile industry, packaging materials, telecommunications, financial services, banking and the construction sector. Electronic and computer industries and the retail sector have also been popular targets. Budapest has captured the highest share (more than 50 percent) of foreign capital invested in Hungary. Two-thirds of greenfield investments with foreign capital have been carried out in Northern Transdanubia (lying close to the Austrian border) and another 20-25 percent in the Western part of the Budapest agglomeration (Meusburger, 2001). Due to the liberalisation of economy by the end of the

1990s, almost three quarters of total exports were being produced by foreign multinationals, and 73 percent of Hungary's export was directed towards the European Union<sup>8</sup>.

**Figure 3.1 Macro-economic indicators of Hungary between 1990 and 2001**  
(in percentage of the previous year)



Source: CSO Hungary, 2003.

The socio-economic transition in Hungary has brought about substantial changes in the internal structure of the country. New dynamic regions as well as depressed areas appeared on the map of Hungary after 1990. The dynamic regions showed both rapid economic development, attracting new well-paid jobs, and societal development, attracting immigrants from other parts of the country. The technical infrastructure in these regions has also gone through rapid modernisation. To this group belongs North-western Hungary along the Budapest-Vienna growth axis, the Lake Balaton region, and the agglomeration zones of major cities, primarily of Budapest. Regions that were heavily industrialized during communism suffered the biggest loss during the transition and they kept declining even afterwards up to now (Northern Hungary Region and several areas of the Central Transdanubian Region). Regions, mostly agricultural in character, kept their low position in economic competitiveness or their situation became even worse (regions of the Great Plain).

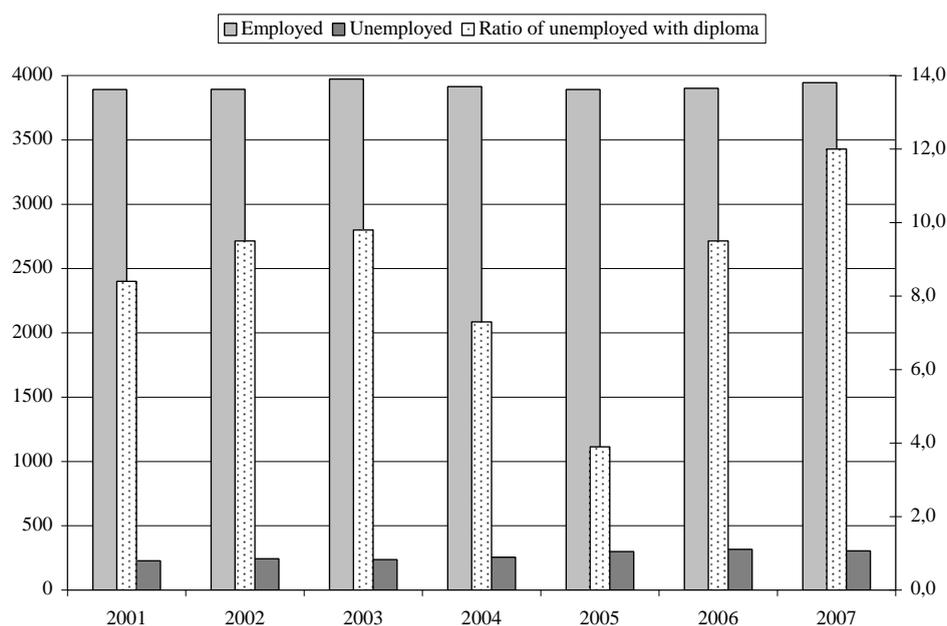
The level of economic activity also showed substantial changes over the last decades. After 1989, the level of employment has dramatically decreased. On the eve of the collapse of communism 5,5 million people were actively working in Hungary, due to the early retirement, the emerging grey economy and the withdrawal of women to household occupations this figure declined to 3,5 million by the mid-1990s. The geographical pattern of economic activity shows significant east-west disparities. In the economically prosperous western regions, the level of economic activity and employment is much higher than in the east (Nemes Nagy 2003). For instance 56.4 percent of the household-heads was actively employed in Győr-Ménfőcsanak-Sopron county (North-West) in 2006, whereas only 40.0 percent in Szabolcs-Szatmár-Bereg county (North-East). Budapest and the smaller villages show lower

<sup>8</sup> Germany and Austria were the most important foreign trade partners of Hungary: in 1998, 36.5 percent of total Hungarian exports went to Germany and 10.1 percent to Austria.

employment rates, whereas towns – especially those with 20-50 thousand inhabitants – exhibit the highest employment rates within the country.

Spatial patterns of unemployment also confirm this picture. Unemployment was not officially registered during communism, therefore unemployment rates rocketed in Hungary immediately after the change of regime. Between the autumn of 1990 and summer 1993 the number of registered unemployed rose from 50,000 to more than 700,000, and made up 13 percent of that active age within the society. Following the peak it started to decrease in response to the slow recovery of the Hungarian economy and by 2006 the number of unemployed reduced to 240,000 and thus, the rate of unemployment lowered to 5.2 percent (Figure 3.2). Regions with high rates of unemployment constitute a compact belt in North-eastern Hungary and to less extent in Southern Transdanubia, while low unemployment rates are concentrated in Budapest and the western border region. Regions with traditional heavy industries and/or weak agriculture located in the north-eastern part of the country have been hard hit by economic restructuring under the new market conditions.

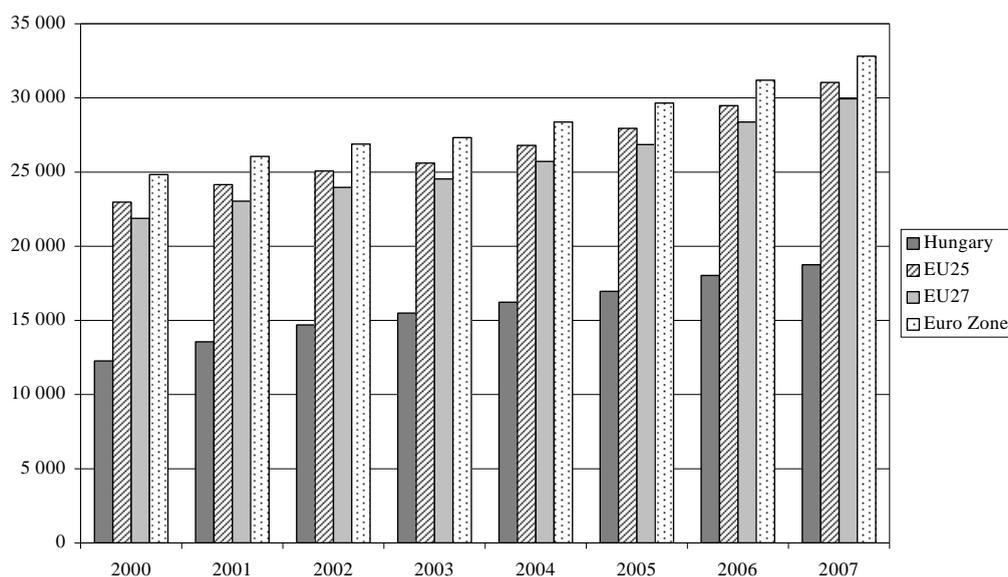
**Figure 3.2 Labour market indicators of Hungary (2001-2007)**



Source: CSO Hungary 2008

After the change of political system Hungary started with socio-economic transition from a more favourable position in comparison to other countries of the former eastern bloc. This is due to a more flexible socialist system and processes of transformation having launched previously. This advantage however had gradually vanished even prior to Hungary's accession to the EU. By 2006 Hungary got into the last third of the new EU member states with only 4.4 percent GDP growth. The forecast of the World Bank was even worse for 2007 with only 2.2 percent, this is half of the value of the second least promising Slovenia (Figure 3.3).

**Figure 3.3 GDP per capita in Hungary compared to EU25-27 and member states of the Euro zone (EUR)**



Source: EUROSTAT, 2009

This position loss is explainable with the postponement of the reform of the major redistribution systems (those of taxation and social insurance) which, having coupled with the emerging structural and financing problems in health care and education, led to a dramatic decline of the country's economic performance. Economic problems were exacerbated further as the governance was unable to launch major reforms until spring 2009. An erroneous economic policy practiced from the start of the millennium had resulted in a serious financial indebtedness of the country. The "Maastricht" state debt (gross, consolidated, calculated at par) exceeded 19,300 billion HUF (approx. 64,000 million EUR) at the end of 2008 equalling 73 percent of the GDP. At this moment the country was hit by the global economic crisis of 2008–2009; as a result 30,000 jobs became lost by the end of 2008. Owing to a considerable weakening of the Hungarian currency a loan crisis has unfolded among the population. It could be difficult to predict the ultimate effects of the global crisis but the fact is that it found Hungarian economy in a weakened condition.

### 3.2 Budapest as engine of the Hungarian economy

The Budapest Metropolitan Region is the economically most advanced area of the country. In 2004 44.5 percent of the national GDP was produced in the Central Hungary Region, 35 percent in Budapest itself. The per capita GDP produced in the Central Hungary Region was 159 percent, in Budapest 205 percent and in Pest county 89 percent of the national average (Table 3.2 and 3.3).

In the past six years the Budapest Metropolitan Region managed to keep its leading position in the country in most respects. Industry is still important but in a transformed structure and with a gradually reducing share. The five most important branches are: chemical industry, machine industry, food processing, woodworking and press. As for services the financial sector is still developing the most intensely. The structure of economy has shown a further marked shift from industry towards the services. In the capital city nearly 80 percent

of the value added was produced in the service sector, which is outstanding even by EU standards.

**Table 3.2 GDP per capita at current market prices** (EUR, in PPS)

	2000	2001	2002	2003	2004	2005	2006
EU15	21890	22656	23326	23506	24441	25246	-
EU25	19941	20674	21347	21582	22513	23318	-
EU27	19100	19800	20500	20700	21600	22500	23600
Hungary	10700	11600	12600	13100	13700	14200	15000
<b>Central Hungary</b>	<b>16400</b>	<b>18300</b>	<b>20400</b>	<b>20700</b>	<b>21600</b>	<b>23200</b>	<b>24900</b>
Central Transdanubia	10400	11000	11100	12200	13000	13400	13600
Western Transdanubia	12200	12300	13100	14300	14300	14100	15100
Southern Transdanubia	8000	8700	9300	9500	9800	9900	10100
Northern Hungary	6900	7500	8000	8500	9100	9400	9600
Northern Great Plain	6900	7800	8200	8700	9000	9000	9500
Southern Great Plain	7800	8300	8900	9100	9600	9600	9900

Source: EUROSTAT, 2009

**Table 3.3 GDP per capita in percentage of the EU average** (PPS, EU=100 %)

	2000	2001	2002	2003	2004	2005	2006
Hungary	56.1	58.8	61.3	63.2	63.1	63.2	63.6
<b>Central Hungary</b>	<b>86.2</b>	<b>92.5</b>	<b>99.5</b>	<b>99.9</b>	<b>99.6</b>	<b>103.0</b>	<b>105.5</b>
Central Transdanubia	54.5	55.5	54.3	58.9	60.1	59.4	57.6
Western Transdanubia	64.0	62.3	63.9	68.8	66.0	62.7	63.8
Southern Transdanubia	42.1	44.0	45.2	45.7	45.2	43.8	42.9
Northern Hungary	36.1	38.1	39.2	40.9	42.1	41.6	40.7
Northern Great Plain	36.3	39.4	40.1	42.0	41.6	40.2	40.1
Southern Great Plain	41.1	42.1	43.3	44.0	44.3	42.9	42.1

Source: EUROSTAT, 2009

Economic specialisation of the BMR reflects the general trends of specialisation in the metropolitan regions of the East-Central European countries. The intensity of growth in the sectors related to the new economy reflects how huge the gap was between the standard and productivity of commerce, logistics, business services and tourism in the advanced capitalist states and the post-socialist countries. The traditional branches of economy mainly in agriculture and in industrial production kept declining, while economy has shown a further marked shift towards the services. The most important growing economic sectors are logistics, banking, R&D, tourism in close relation with cultural economy and innovative branches like info-communication technologies and life-sciences. The sector of the highest importance in the economy of Budapest is real estate – economic services, while the second most significant is processing industry. On the third place commerce is producing such pace of growth that – keeping its dynamism – it soon will catch up with processing and will take its position (Egedy and Kovács, 2008).

The increasing importance of the innovative sector has been obvious in the past 15 years yet, it has become a real player in the game recently (Ságvári and Lengyel, 2008). Innovative economic branches in Budapest include info-communication technologies, life- and physical sciences (medicine production, bio- and nano-technology), creative branches and cultural economy. Supporting activities of the innovative sector are firstly the R+D, secondly services and production of the supplying companies and outsourcing companies and lastly the infrastructure (logistics, technological parks human infrastructure). The settlement of the

European Institute of Innovation and Technology in the Hungarian capital is an important achievement for the future development of R&D sector.

Being the specific cluster of the metropolitan regions cultural economy – in close relation with leisure and tourism – is one of the most dynamically developing elements of the economy of the Budapest Metropolitan Region. Besides the other innovative branches cultural economy also has its greatest stronghold in Budapest in Hungary. The increasing importance and productivity of cultural economy in Budapest is a result of the macro-economic stabilisation the strengthening and multifaceted demand that is why its weight became significant in the past 10 years.

One of the infrastructural related activities that have grown in importance recently in the Budapest Metropolitan Region is logistics. The strategic relative location of Hungary and the capital city in the crossroads of traffic and transportation routs even enhanced the significance of this activity. Logistics as an economic activity became a predominant target of investment. This affects the whole Metropolitan Region and even more the Agglomeration Zone than the actual city. International experts are aware of the high potential of Budapest in this activity but still – due to the incomplete infrastructural background – it lags behind its possibilities. Even under these circumstances BMR is the base of the largest inter-modal logistic business in East-Central Europe.

Between 2001 and 2004 the share of the Central Hungarian Region (including Budapest Metropolitan Region) from the value performed by investments was 38 percent. Within the CHR Budapest remained the main target of investors but the share of Pest County – mainly with target areas in the agglomeration zone of Budapest – grew from 26 percent to 31 percent by 2004 reducing the share of the capital city. The largest share of investments (22.1 percent) went into transportation, logistics and postal service, 21 percent still went into industry, the third most important target was real estate and economic services (13 percent) almost equalling with commerce and repair (12.2 percent). Due to the alarming trends of the Hungarian economy the intensity of foreign capital investments has also been reduced between 2001 and 2003. In three years their share from the total investments reduced from 36 to 28 percent in Budapest. The reduction was more marked in Pest county (including the agglomeration zone), where it fell from 58 percent to 36 percent.

A decisive share of investments concentrated in the service sector: 77 percent of the total investments and 75 percent of the foreign capital investments flowed into the service and public service sector. In Budapest the share of services from the value added reached 80 percent, which is a significant share even by EU standards. In the economy of Budapest within service sector the activity of real estate and economic services takes the leading position with respect to productivity. It is followed by processing industry keeping its original position. Within economic services banking has taken over the primary position, the financial transactions having produced a 140 percent growth in the local tax revenues. The increasing significance of financial transactions in the local economy is indicative of the fact that with strengthening monetary controlling functions Budapest is following the structural transformation trend prevailing in the European metropolitan regions (Tosics, 2007).

After 2001 negative tendencies could be detected in the economic development of Hungary, which resulted in alarming national debt, weakening competitiveness, shrinking savings and shaking investors' trust towards Hungary. The worsening economic situation of the country influenced the further development of the BMR as well. Although a high share of investments went into transportation, logistics, postal, real estate and economic services, the intensity of foreign capital investments in Budapest unambiguously reduced and the share of Pest county grew. The economic and spatial changes of the Budapest Metropolitan Region were at their most intense on the metropolitan periphery. Not only did the existing functional areas change in the process of transition but new areas of economic growth with novel

functional specialisations emerged. According to empirical evidences three new economic poles arose as a result of the restructuring process: Gödöllő town and its surroundings at the North-eastern part of the agglomeration, Szigetszentmiklós-Dunaharaszti-Soroksár in the South and Budaörs-Törökbálint in the West (Kovács et al, 2007).

In 2005 the number of registered enterprises in Budapest was 354.000, which meant a 7 percent growth compared to 1995. The number of enterprises per 1,000 inhabitants in Budapest was double the national average. The entrepreneurship based in the capital city represented 29 percent of the national figure. It is typical of Central Hungary that the number of medium-sized enterprises is below the national average. The majority of the enterprises, however, are small-enterprises with 0-9 employees. In 2005 enterprises were established in greatest number in real estate and economic services (with a share of 46.3 percent), which was followed by commerce and repair (18 percent), other individual and public services (8 percent), industry (6.6 percent) and construction (6.0 percent). In Hungary the number of enterprises with foreign ownership per 1,000 inhabitants is 2,5, while in Budapest the same figure is 8.

### ***Summary Box 1***

- The change of political regime in 1989-90 brought about a social and economic shock in the life of Hungary and generated sharpening spatial and social polarisation processes.
- Restructuring of the economy (e.g. fast growth of services), the privatisation and deregulation of foreign direct investment (e.g. appearance of multi-national companies), played a very important role in the modernisation and internationalisation of the Hungarian economy after 1990.
- Since the turn of new millennium Hungarian economy has started to loose its former relatively good position among Eastern European countries and because of the postponement of reforms in the economy and society by early 2009 deep economic, political and social crisis could be detected.
- Budapest and its agglomeration is the most advanced region in Hungary in economic sense, the city functions as an engine for the whole Hungarian economy. Economic and financial services and logistics play an outstanding role in the local economy of the city.
- The most important innovative and creative industries of Hungary are located in the Budapest Metropolitan Region.

## 4 Migration processes in Hungary

### 4.1 Migration policy in Hungary

Hungary is a transit, source and destination country for both regular and irregular migration, which means that Hungary has immigration, emigration and transmigration in process at the same time. Despite all aspects of migration are present in the country it has remained basically homogeneous regarding composition of its population by nationality/citizenship.

Among others the reason is hidden in the language and culture: Hungarian people do not speak languages and Hungarian language is difficult to learn – this might be the reason that even the little share of immigrants in the country are native Hungarians with citizenship in the neighbouring countries especially Romania.

Citizens of other countries may stay in Hungary in the following statuses:

- Foreign citizens with short-term temporary residence permit, which is valid for maximum of 1 year (seasonal workers, businessman, visitors etc.)
- Foreign citizens with long-term residence permit valid for more than 1 year (students, regular employees etc.)
- Immigrants with open-ended residence permit
- Refugees
- Illegal migrants (without valid residence permit or with no registration)

In the past twenty years, Hungary's legal framework regulating migration has gone through significant transformation and has developed according to the needs generated by international political and economic events. The events of historical importance at the end of the 1980s (the change of political regime) generated the need to establish a new administrative and legislative system to cope with migration.

This resulted in a series of legislative measures:

- In 1989, a law was passed on emigration that removed all administrative obstacles from the right of Hungarians to enter and leave the country freely;
- In 1991, strict rules were put into force to regulate the employment of foreigners.
- In 1993–1994, two immigration regulation acts entered into force: the Act on Hungarian Citizenship and the Act on the Entry, Stay, and Immigration of Foreigners in Hungary. Both Acts made regulations governing immigration tighter. The Citizenship Act stipulates that eight-year-long residence in Hungary is a necessary precondition for initiating the process of acquiring citizenship. The second act, known as the Aliens Act, requires the individual to spend a minimum of three years working and living in Hungary with a residence permit before obtaining the immigrant status.
- In 1997, the issue of illegal border crossing was extensively addressed by the Act on Borders and the Border Guards having given the force for the protection of borders more power and resources.
- The next migration "package" – regulation of the refugee issue – came out in March 1998 (Act on Asylum). This measure was rooted in the events of 1989, when Hungary

joined the 1951 Geneva Convention relating to the Status of Refugees, but with a geographic reservation limiting its application to European events. The Act on Asylum established three categories for refugees, with different procedures and rights. Besides the traditional category of "convention" refugee (which entails basically the same rights as citizens), the act allows the entry and stay of "asylees" and "refugees given shelter/accepted refugee."

- In 2002, a new legislative package entered into force, aimed primarily at harmonizing Hungarian regulations with those of the European Union. A minimum of three years working and living in Hungary with a residence permit became necessary to obtain a settlement permit; which is the immigrant status. A period of eight years as resident was a necessary prerequisite for naturalization. However, there were (as there still are) exceptions to the rule and groups that receive preferences. Naturalization and acquiring a settlement permit became easier for ethnic Hungarians, in whose cases citizenship derives from a parent's Hungarian citizenship under the principle of "jus sanguinis" and also for those born in Hungary. Furthermore, former Hungarian citizens can re-obtain their citizenship on request, without a waiting period.
- Having joined the EU (2004) as a member state part of Hungary's border became the external border for the whole European Community. One of the key priorities for the government in border management was to fulfil the Schengen acquis and join the Schengen area in 2007. Stricter immigration rules strengthened border management, and tighter regulations of the employment of foreign workers have been developed and are in use presently than ever before.

In terms of migration and visa policy, the present situation in Hungary is quite typical among the East-Central European countries, nevertheless it also has several unique features. Using the fundamentally liberal entry and residence regulations, which came to an end around the early 2000s, many transnational migrants had legal or illegal work in Hungary or used the country as a "transit hall" in the doorway to Western Europe. While Hungary was preparing for the EU accession, the country was facing to sensitive issues regarding migration policy-making: on the one hand the government needed to harmonize its migration and visa system with those of the EU, on the other hand it also claimed its intention to maintain its preferences towards Hungarian minorities living in neighbouring countries.

- In 2007 and 2008 Hungary again reviewed the institutional background responsible for migration control, introducing new transnational migrant policing and refugee law. On the 21<sup>st</sup> December 2007 the accession to the Schengen zone was finally realized.

Although now Hungary could have the possibility to advance step by step towards transforming from a transit country into a destination target – which, among the unfavourable demographic trends is almost openly declared policy issue – the difficult language, the poor legislation for integrating foreigners and refugees, and the current (2008-2009) unfavourable economic situation tend to push immigrants further to the West.

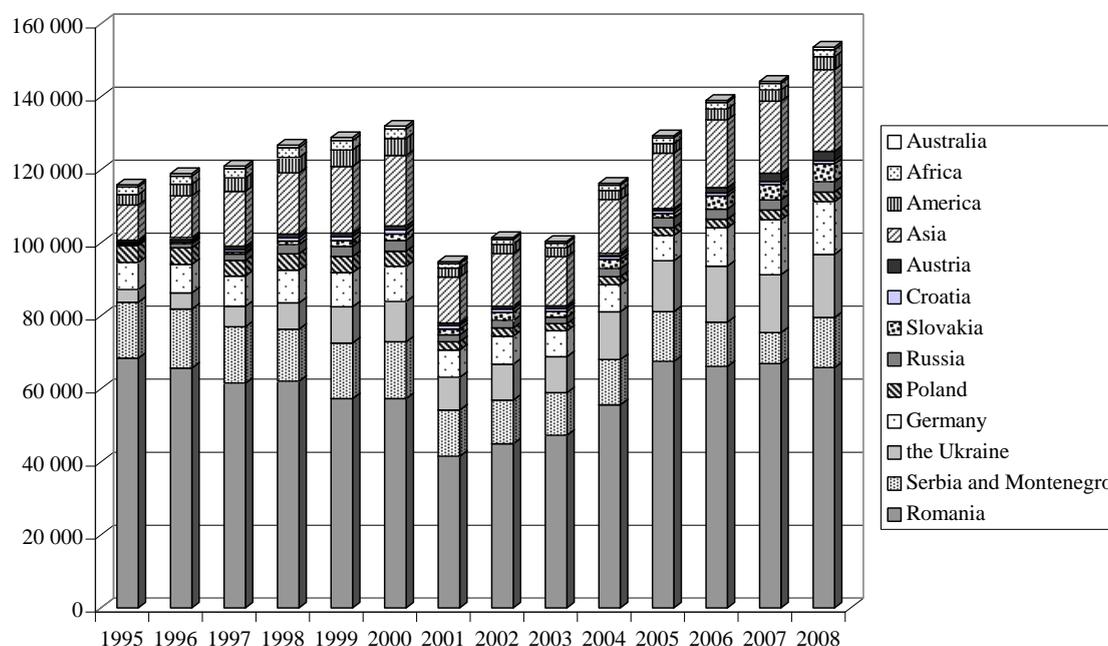
#### **4.2 Balance of migration – Labour migration in Hungary**

According to the estimation of migration potentials Hungary belongs to the low mobility countries by international standards regarding transnational migration. Only 0.8-1.3 percent of the population show intention to leave the country. Hungarian citizens living in the EU

member states accounted for around 80 000 at the very end of the 1990s and remained steady ever since then. Meanwhile the EU nationals moving to Hungary increased gradually.

The number of transnational migrants staying over 3 months in Hungary has been fluctuating substantially in the past one and a half decades, yet the tendency of growth is striking (Figure 4.1) (the sharp decline after 2000 is due to the 2001 Census making data more precise). The migrants with residence permit exceeded 140 000 first in 2007.

**Figure 4.1 Absolute number of transnational migrants staying in Hungary and the share of the sender countries**



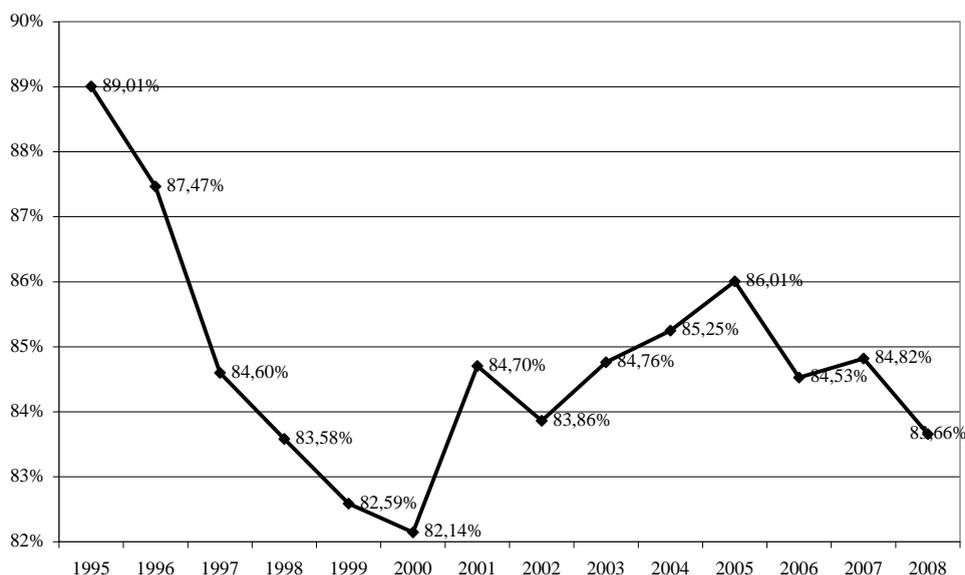
Source: Central Statistical Office, 2008

As for the composition by nationality European migrants far lead (Figure 4.2). The old continent's share has varied from almost 90 percent to 82 percent since 1995. In 2008 it was 84 percent. From Europe still Romania has the highest representation (though decreasing) followed by the Ukraine, Germany and Serbia and Montenegro. Asia's representation slowly but steadily increases.

After the communist takeover in 1947, the national borders of Hungary were shut and almost hermetically locked. Except for few cases the state practically put a ban on cross-border migration. Leaving the country illegally and not returning home from abroad were both considered as crime. Around the 1956 Uprising (1956 October 23.) the borders opened up for a few months. Over a period of just three months, nearly 200 thousand people fled from Hungary.

In the four decades that followed, emigration was only allowed in exceptional cases. Immigration was also strictly regulated, and was limited to almost only family reunification, intergovernmental agreements and admissions based on political decisions. The latter involved cases such as workers from Cuba and students from the allied countries of the Eastern Bloc. The few cases of admission of asylum seekers – for example, those fleeing the Greek civil war or the 1973 US-backed coup in Chile – were given little publicity.

**Figure 4.2 Representation of European transnational migrants in Hungary**  
(in percentage of the total number of migrants)



Source: Central Statistical Office, 2008

The strictly guarded borders, stringent visa requirements, readmission agreements, and travel restrictions in surrounding countries meant that Hungary was not even a transit country for migrants in this period. Since the radical political and social transformation of Eastern Europe around 1990, the extent and character of population movements into and through Hungarian territory has changed. In 1990 arrived altogether 40,000 immigrants to Hungary and it was rather a destination country for immigrants. Later by the mid-1990s the country had become a transit country to the West.

In the late 1980s a growing number of people arrived from the neighbouring countries. The overwhelming majority of them were ethnic Hungarians fleeing from communist Romania in hope of finding work and new home in the mother country. While ethnic Germans scattered around different areas further from Germany, ethnic Hungarians are concentrated in the states neighbouring Hungary. Their mother tongue is Hungarian. There are an estimated 5 million ethnic Hungarians living across the borders. In the past 20-25 years over 80 per cent of migrants have been ethnic Hungarians (see later in Chapter 5) – this fact has highly determined the characteristics and discourse of migration in Hungary. The second large inflow was the direct impact of the war in former Yugoslavia.

In the 1990s the mass arrival of migrants from Romania and the former-Yugoslavia found Hungary legally and institutionally unprepared for properly receiving them, consequently many of these people returned to their countries or left for a third state. Accession to the European Union – in opposition to some expectations – has not caused a significant increase in the number of migrants arriving in the country. In the new member states neither experts nor policy-makers find it necessary to introduce restrictions. Low employment and unemployment rates may attract labour force into certain fields and professions, but the relatively low level of minimal wages and language barriers are likely to “prevent” Hungary from mass immigration (Table 4.1).

According to the data of the Hungarian Central Statistics Office, presently 1.7 percent of the people residing in Hungary are migrants with foreign citizenship which is a low ratio in international comparison. 43 percent of them reside in Budapest (Figure 4.3).

**Table 4.1 Migration processes of foreign citizens in Hungary**

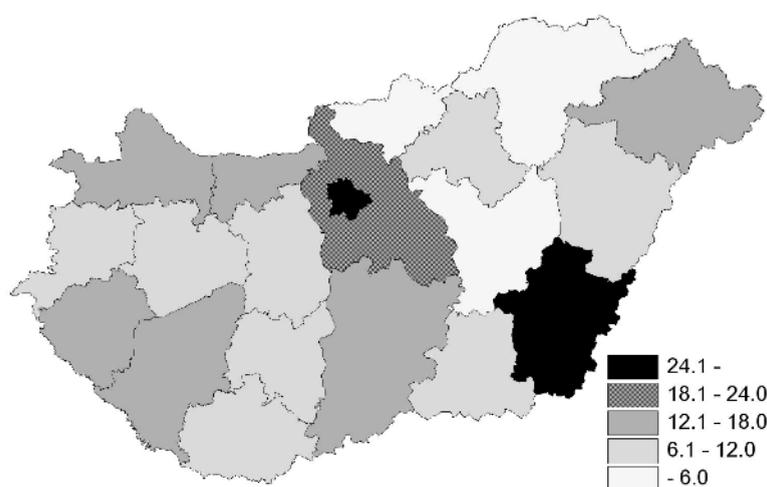
*(Thousand people)*

Year	Immigrants		Emigrants		Migration balance	
	number	annual average	number	annual average	number	annual average
1995-1999	77	15	12	2	65	13
2000-2004	100	20	13	3	87	17
2005-2007	72	24	11	4	60	20
<b>1995-2007</b>	<b>249</b>	<b>19</b>	<b>36</b>	<b>3</b>	<b>213</b>	<b>16</b>

Source: CSO Hungary 2008

**Figure 4.3 Regional distribution of foreign citizens in the country in 2008**

*(Persons per 1000 inhabitants)*



Source: <http://portal.ksh.hu/pls/ksh/docs/hun/xftp/stattukor/nemzvand.pdf>

Immigrants arrive mainly from a few countries to Hungary and it has not changed much over times (Annex I). The composition of migrant population is quite homogeneous and stable. It can be stated that the trend is still dominated by the Romanian citizens' migration. Number of Romanian citizens outnumbers all other nationalities, and their number is still increasing. There is a slight increase in the number of Chinese and Ukrainian citizens arriving to the country.

At the beginning of the 1990s a new Chinese immigrant community arrived. In the changing economic and political circumstances there were no visa obligations between Hungary and China. In spite of the early signs of an emerging Chinese immigration, the number of Chinese migrants remained moderate. In 2008 the ratio of immigrants from Asia reached 13 percent, most of them arrived from China and Vietnam. At present 84 percent of the Chinese minority resides in Budapest.

The average age (around 30 years) of migrants is lower than the average age of the Hungarian population. 45 percent of the migrants are aged between 20 and 39 years. Among the migrants males (55 percent) outnumber the females (45 percent). This is due to the fact that most migrants arrive with the purpose of work. A certain proportion of migrants from the neighbouring countries are students. Foreign citizens residing in Hungary were mostly born

abroad. The second generation immigrant population with foreign citizenship who were born in the country is marginal.

Table 4.2 shows the number of long-term foreign residents by the type of their permit.

**Table 4.2 Number of migrants in Hungary staying over three months by type of permit (30 June 2008)**

Status	Number
Immigration permit	48 195
Permanent residence permit	30 245
Residence permit (short-term)	15 967
EEA residence permit	31 067
Registration certificate	36 901
Permanent residence card (EEA)	4 420
Third-country national family member of a Hungarian citizen	3 277
Third-country national family member of an EEA citizen	241
EC permanent residence permit	78
National permanent residence permit	986
Interim permanent residence permit	1
<b>Total</b>	<b>171 378</b>

Source: Office of Immigration and Nationality, <http://www.bmbah.hu/statisztikak.php>

### 4.3 Brain drain and brain gain in Hungary

#### 4.3.1 Brain drain

There have been major migration waves from Hungary, mainly due to economic and political calamities of the country in the past century. The first dated back to the post-First World War period, and later to the 1930s. The migration wave after the communist takeover between 1945 and 1949 was far exceeded by the one in 1956 and 1957. Another greater emigration flow started in the 1970s which continued all through the 1980s. In the years of the 1990s emigration decreased temporarily only to start growing again at the end of the decade.

Educated and qualified people were always highly represented among the ones leaving the country all the way. There were lots of personal reasons behind the decisions to emigrate but a common point was that people with greater ambitions and good educational background could not find the hope for a better living and the environment for their talent to evolve was not found satisfactory. One would think that these barriers have been pulled down in the new market economy and democracy. Yet, as indicated above there have been a new wave of people leaving the country recently. There are lots of causes for the strengthening trend, which is partly manifested in a massive brain drain by the still more promising OECD countries.

The emigration rate counts as medium among the people with higher educational diploma in Hungary (14 percent) compared to the global statistics. This position is also the same among the East-Central European countries, where brain drain reaches the highest intensity in the Balkan countries. In these states (Croatia, Macedonia, and Bosnia) one-fourth of people with higher educational diploma emigrated in the past 20 years.

The problem is that the professions (qualification) of the highly qualified people leaving Hungary are in short in the country (physicists, mathematicians, researchers, IT experts, engineers, people in the medical service etc.). This causes damage to the labour market of Hungary. The “lost brains” are substituted via the Hungarian-Hungarian brain gain,

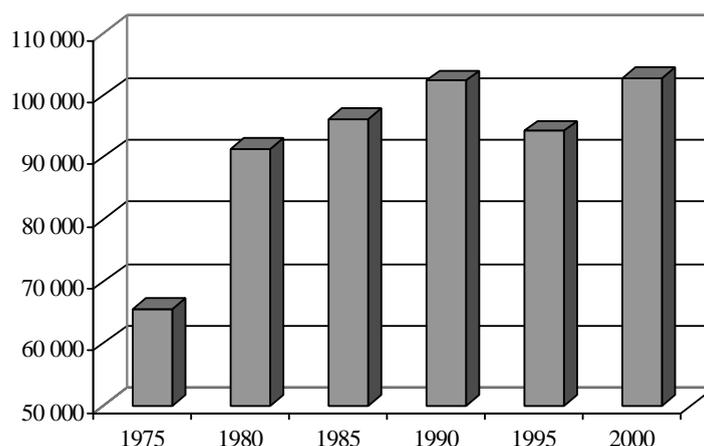
which means receiving and employing highly skilled ethnic Hungarian immigrants from the neighbouring countries. This has been typical in the medical service so far.

A research conducted in 2008 concluded, that emigration of highly qualified Hungarians was continuous between 1989 (change of system) and 2004 (Hungary joining the EU). However, the intensity of outflow suddenly increased in the years of the two events in a regular manner.

The main motivations of leaving the country have always been the better wages and salaries, the more fertile professional milieu, and the changeable and unpredictable social climate in Hungary. Most of the highly qualified emigrants have a diploma in natural sciences, law or economics, while people with art and medical diploma are not that highly represented. According to the research outcomes one-third of the emigrants plan no returning to Hungary, the others are either unsure or predict staying at least 10 years abroad before coming home.

The number of highly qualified emigrants between 1990 and 2000 was estimated to 15-20 000. Around 83 percent of these emigrants were staying in 6 OECD countries (Figure 4.4).

**Figure 4.4 Hungarian emigrants with higher educational diploma in the six most important receiver countries (USA, Canada, Germany, United Kingdom, France)**



Source: <http://www.hier.iif.hu/hu/konf/muvelt.ppt>

The reasons behind the relative high rate brain drain is complex and to be sought for within the socio-economic environment of Hungary. Higher education is not in harmony with the expectations of the labour market. There is no proper information flow between the two levels. Except for a few cases there is no institutionalized co-operation.

Another cause is that the budget of research and development in Hungary is low. This is not a new phenomenon, in the past 40 years most of the Hungarian scientists have been convinced that – independently from the field of science – the necessary conditions, means and the motivating milieu together are only accessible abroad.

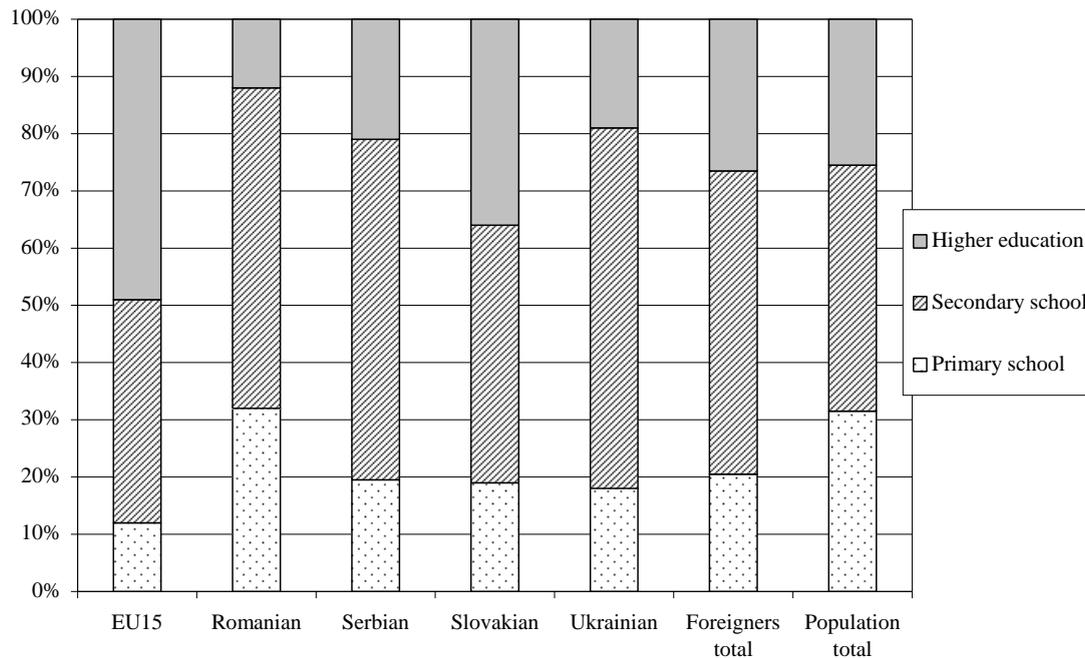
Recently, Hungary does have the potential break out points in a number of scientific fields, the efficient support of which could keep lots of talented, highly qualified labour here, such field is biotechnology. Yet, no visible governmental intention can be seen with a long term vision of catching up with the countries in leading position.

### 4.3.2 Brain gain

Educational background is the most deterministic with respect to the way transnational migrants can integrate into and contribute to the labour market of the new country. The last set of data collected on this issue by the Central Statistical Office is from 2005.

In Hungary 3.2 percent of the people with higher educational diploma is transnational migrant. The rate is the highest in Budapest 4.6 percent and in Pest county 3.6 percent. (counties, such as Szabolcs-Szatmár in the east, Somogy in the south-west, and Nógrád in the north have a similar share). It is important to note that except for the migrants from Romania, the migrants from the surrounding countries have higher level of education on average than that of the local population. It is the most striking in the case of migrants from the EU15 countries. From this group almost half of the people over 18 have at least one university or college diploma (Figure 4.5). This share is highly exceeded in Budapest (67 percent) and Gy r-Moson-Sopron county (65 percent). It seems that the migrants from the western countries (EU15) have higher educational diploma in a greater frequency than the average of the transnational migrants. They also seem to prefer the third (service) sector to other economic sectors.

**Figure 4.5 Residents of Hungary over 18 by citizenship and educational background**



Source: Rédei and Kincses, 2008

In Rédei's research the indexes of discrepancy<sup>9</sup> are the highest for the comparison between people with higher educational diploma in the control local population and among the EU15 citizens. This index for all the migrants with higher educational diploma is 1.7, with secondary school degree is 1.0 and with elementary education is 0.7. *This is indicative of the fact that Hungary gained considerable human capital via transnational migrations.* It is not

<sup>9</sup> Its value is 1 as long as the migrants' educational background is the same as that of the local people. When it is higher 1 it means that the rate of people with higher educational diploma is higher than in the local population.

the same everywhere in the developed Europe. For comparison: in France, Germany it is far below 1 for migrants with higher educational background and between 2 and 3 for the ones with only elementary education.

#### **4.4 Importance of different groups**

##### *4.4.1 Labour migrants*

Authors of most studies and analysis of recent years agree that presence of foreign labour force in the Hungarian labour market is not significant. Due to the lack of labour force and adequate statistics of migrants, experts can only estimate the actual number and distribution of foreigners working in Hungary. Estimated number of labour migrants range between 1 and 1.4 per cent of the population. This proportion compared to the European Union is rather low and is similar to the one of other Central-European countries.

Already in 2003 about 100,000 foreigners worked legally in Hungary. Immigrants with permanent residence permits can take up employment under almost the same conditions as Hungarian nationals, with a few exceptions such as jobs in the civil service. No exact statistics show the number of employed permanent residents, but considering their age composition and the overall employment rate, over 40,000 is a fair estimate.

Temporary immigrants, apart from some exceptions, can take up legal employment only if they hold a work permit. The most important exception is that senior executives of foreign companies do not need a permit. Many small family-run enterprises and a considerable number of self-employed foreigners fall into this category, because establishing a company to facilitate living and working in Hungary is often easier than obtaining a work permit. Based on the residence permit data, about 5,000 foreigners belong in this category. The number of temporary work permits – valid for up to one year – is limited. The quota was 81,320 in 2002, in line with the number of vacancies. The quota was far from filled up. The number of valid work permits was 42,000 in 2002.

According to work permit data, foreign labour affected the construction, agriculture, textile, clothing, retail, catering, and entertainment sectors. The majority of the employees are Romanian citizens. Many come from the former Soviet Union, mainly from the Ukraine. Since 1997, the Chinese have formed the third-largest group.

Examination of the demographic composition of migrants in Hungary suggests that those in the active age are over-represented; about 2 per cent of the active age population is foreigner. As shown in Table 4.3, resident permits were given at an increasing share for labour purpose in addition to family union purposes and study purposes. In recent years entrepreneurship as a purpose of migration seems to be getting rather marginal.

Temporary migrants often work illegally, mostly in the construction, agriculture, catering, entertainment, and clothing and textiles sectors. The chances of temporary immigrants obtaining regular, formal employment are scarce. An employer must obtain a work permit for the immigrant through a complicated and lengthy procedure. There are no reliable data on the scale and extent of this type of work. However, most analysts are convinced that illegally employed foreign workers greatly outnumber those with work permits. In the high season, many experts estimate that the number of illegal foreign workers may be double that of foreign workers with permits.

In recent years, there have been considerable changes in the scale, forms, and organization of the illegal work of foreign nationals. The supply and demand for such workers is now more balanced, and recruitment is mostly organized through various go-betweens. One category of legally and illegally employed foreign workers that is rarely mentioned consists of

professionals, language teachers, experts, and self-employed intellectuals such as journalists from industrialized countries.

In contrast with the stereotypes, foreign residents with long-term permits on average have higher occupational status than Hungarian citizens, and permanent residents (who are mostly returning "ethnic" Hungarians) are less qualified than temporary immigrants. This is reflected primarily in the proportion of highly qualified individuals, which makes up one-third of the total immigrant population and more than 40 percent of temporary migrants. The proportion of non-manual workers is around 50 percent of the active foreign population (Juhász, 2003).

**Table 4.3 Resident permits issued and extended by purpose 2002-2007 (percent)**

Purpose of stay	2002	2003	2004	2005	2006	Jan–June 2007
Labor	49.0	51.4	55.9	64.2	57.4	46.8
Study	14.6	14.1	10.9	10.1	11.4	17.0
Family union	13.1	14.6	14.6	16.9	18.2	23.1
Entrepreneurship	11.6	8.1	5.0	1.4	1.0	1.8
Visitor	4.0	3.5	4.3	4.1	3.1	2.5
Official	0.6	0.5	0.2	0.2	0.2	0.7
Medical treatment	0.1	0.1	0.1	0.1	0.1	0.1
Other	7.1	7.7	9.0	3.0	8.6	8.1
Total	100.0	100.0	100.0	100.0	100.0	100.0
Residence permits (number)	37 151	39 564	44 532	46 666	46 587	11 045

Source: Office of Immigration and Nationality, <http://www.bmbah.hu/statisztikak.php>

#### 4.4.2 Repatriates and other groups

Repatriates are people settling back to their mother country after a shorter or longer period of staying away. The literature calls this *return migration* and considers it a counter-flow of previous emigration. This can be investigated by analysing register-based data on migration flows, stocks and citizenship statistics. An accelerating nature of the process have been detected recently in Hungary and is mainly related to the more and more intensified international elderly migration (IEM).

The flow of return migration in the recent years has been the consequence of the post-World War II migration, especially the illegal and tourist migration of the period after 1956. After 1956 an estimated 400 000 Hungarian people left the country. Elderly return migration commenced right after the change of system. The main source was Germany, which was the main receiver of the post 1956 emigration. Another source has been the USA.

Amenity seekers also belong to the elderly migrants but they are not Hungarian by origin. As Illés (2006) defines it: "Amenity seeking elderly migration is nothing else than environment preferences and life style led elderly migration with former tourist experiences in the destination area." The major destination areas of this type of migration are Budapest and Lake Balaton, and remote secluded farmhouses (called "tanya") in the Hungarian Great Plain.

Illés (2006) also defines the "Pension seeking" migration, which is one very distinctive feature of IEM and is in many ways a legacy of the state socialism period. Therefore, its emergence on such a large scale is the result of the transformation period. Pension-hunting type migration is considered to be temporary in nature, the source is mainly Romania, Russia the Ukraine.

#### 4.4.3 Humanitarian migrants

“Hungary is a transit country” – this is what most experts state when talking about the asylum issues. Analyzing immigration and asylum statistics it can be stated that a great proportion of refugees arriving and obtaining status in Hungary continue their journey to Western countries. This can be explained by the country’s relatively disadvantaged social and labour market position compared to old EU member states. Experiences of social workers show that sometimes even those refugees who intended to stay in Hungary are bound to leave after having stayed for a number of years.

The basis of the Hungarian asylum system was formulated in the 1990s when dozens of thousands of asylum-seekers arrived in Hungary. Hungary joined the 1951 Convention on the Status of Refugees in 1989. By the time the convention entered into force, more than 30,000 Romanian citizens were staying in Hungary on the basis of temporary residence permits. The vast majority of these people were ethnic Hungarians. Most of them settled in Hungary permanently. Another wave came from a different direction, from the former-Yugoslavian states during the South-Slav War in the 1990s. The waves that rose and fell in rhythm with various armed conflicts. However the UN Geneva Convention of 1951 regulating the situation of refugees was ratified by the Republic of Hungary, the Asylum Act came into force only in 1998. With 1 January, 2008 the new Asylum Law was ratified in harmonization with the European-level regulations.

Very small proportion of asylum-seekers is granted refugee status even today. This status provides nearly the same rights and obligations as the Hungarian citizenship. More applicants receive the so-called humanitarian status, which is more limited in rights than the mentioned refugee status. Due to the lack of institutionalized integration system, it is rather difficult to obtain residence permit and citizenship.

Tables 4.4 and 4.5 show the number of asylum applicants and the number of recognitions in recent years. Recognition rate is about 5 per cent.

**Table 4.4 Number of asylum-seekers arriving to Hungary (2003-2007)**

Year	Registered asylum-seekers	From Europe		From outside Europe	
	number	number	percent	number	percent
2003	2 401	659	27.45	1 742	75.55
2004	1 600	503	31.44	1 097	68.56
2005	1 609	548	36.29	1 025	63.71
2006	2 117	847	40.01	1 270	59.99
2007	3 419	1162	33.98	2 257	66.01

Source: Office of Immigration and Nationality, <http://www.bmbah.hu/statisztikak.php>

**Table 4.5 Number of recognized refugees in Hungary by citizenship (2003-2007)**

Citizenship	2003	2004	2005	2006	2007
Iraqi	33	13	5	15	64
Afghan	28	19	7	5	2
Serbia-Montenegro	19	18	7	0	2
Palestine	2	12	1	1	1
Irani	9	20	10	6	4
Other	87	67	67	72	96
<b>Total</b>	<b>178</b>	<b>149</b>	<b>97</b>	<b>99</b>	<b>169</b>

Source: Office of Immigration and Nationality, <http://www.bmbah.hu/statisztikak.php>

Until 1997, Hungary had refugees almost exclusively from European countries. Right after rising the limits, nearly half of the asylum applications were handed in by non-European

citizens (mainly from Afghanistan, Bangladesh, and Iraq). Another 50 percent arrived from Yugoslavs escaping from the crisis in Kosovo. In 1999, there were 11,500 applications (5,100 submitted by Yugoslavians and 6,000 by non-European citizens). Since then, there have been hardly any European applications. In 2002 these represented only seven percent of all the applications.

Hungary used to be primarily a transit country for asylum seekers before the country joined the EU. The not that favourable economic situation was only part of the explanation for this tendency. Equally important factors involved lengthy asylum procedures, low chances for long-term and effective protection, and scarce opportunities for integration. For these reasons, asylum seekers generally sought protection elsewhere, mainly in member countries of the European Union. Even now – as Hungary has been an EU member for almost 5 years – the situation and judgement of the country hardly changed as getting to other EU member states from Hungary is still not that easy. Between 2000 and 2007 arrived altogether 34,913 asylum seekers to Hungary. In the beginning of the decade mostly of them arrived from Afghanistan (9,400), Iraq (4,500), Bangladesh (3,700), the former Yugoslavia (Serbia and Montenegro – 2,800), Somalia and Nigeria (1,700) and later predominantly from Vietnam, China and Georgia.

#### *4.4.4 Illegal migration*

Between 1990 and 2003 the border guards recorded 152,000 cases of foreigners attempting to enter illegally, and 80,000 efforts to leave Hungary illegally. This difference can be explained by the visa regime: migrants from Romania, the successor states of Yugoslavia, and the former Soviet Union could legally enter Hungary, but not the western European countries. In 2002, when Romanians were first allowed to enter the EU without a visa, the number of illegal entries and exits were about the same in number (around 6,000). These figures indicate Hungary's transit role in illegal migration.

Hungarian border guards foiled a total of 18,294 illegal immigration attempts in 2005, 40 percent more as compared to the previous year. The attempts accounted for 44 percent of all illegal border violations in the previous year. Of the attempts, 35 percent were committed at Hungary's border with Romania and 30 percent in the area bordering Austria. Of the detained illegal immigrants, 96 percent entered Hungary with legal documents but attempted to leave for Western Europe with counterfeit passports, visas and residence permits, he added.

According to border guard officials, 75 percent of those trying to leave the country are former inhabitants of refugee camps who wanted to leave the country for the West with the help of smugglers. Since 1990, migrants have been assisted in illegal border crossings in 43,000 cases. As the assistance remains mostly undetected, these figures highly underestimate the role of smugglers.

From among the wide range variety of human trafficking, the most visible and frequently discussed is that of women. In Hungary, there are mafia-like organizations that recruit women for prostitution, taking them to France, Austria, and other destinations. They also “import” women to Hungary from Romania, Moldova, Slovakia, and the Ukraine. The real scale of the phenomenon is unknown.

#### *4.4.5 Student migration*

Regarding international (transnational) migration temporary migration for the purpose of studying is becoming a more and more topical issue. A whole industry has been settled on the provision of services for the students arriving in Hungary in the recent years. The rate of students coming from foreign countries was 2.6 percent of the total number in 1998 and has

been increasing in share ever since ten. According to the OECD data this share was 3.4 percent in 2001.

Beside the traditional migration for working and settling in a foreign country the *studentification* process is also important for the viewpoint of the creative industries. Presently there are 15 500 students in higher educational institutions in Hungary altogether. The majority of these students are concentrated in the Budapest Metropolitan Region. Budapest's joining the European main stream of students exchange contributes substantially to the creative industries fertilizing especially the sphere of arts, sciences and research as basis of economic dynamism.

### ***Summary Box 2***

- Due to the language barriers, the poor legislation of integrating foreigners and the deepening economic crisis Hungary will probably remain a transit country in the near future.
- Immigrants represent a very low ratio within the Hungarian society, most of them reside in the Budapest Metropolitan Region.
- Immigrants arrive mainly from the neighbouring countries to Hungary (Romania, Ukraine), however, in the last decade Chinese citizens arrive also in greater numbers.
- The emigration rate counts as medium among the people with higher educational diploma in Hungary, however professions of the highly qualified people leaving Hungary are in short in the country. “Lost brains” are substituted predominantly via highly skilled ethnic Hungarian immigrants coming from the neighbouring countries.
- Immigrants and transnational migrants arriving to Hungary can be characterised by a more favourable demographic profile (age, educational level) on the whole compared to local society.
- Regarding transnational migration temporary migration for the purpose of studying is becoming a more and more topical issue.

## 5 Migration processes in the Budapest Metropolitan Region

### 5.1 Migration Policy and Institutions for Migrants in the Budapest Metropolitan Region

Countries with longer history of intense transnational migration and larger territorial expansion have already developed area /region specific migration policies especially for the larger metropolitan regions. The East-Central European countries have also developed their national migration policy in an attempt to adjust to the policy directions of the European Union. Nevertheless, no clear direct territorial differentiation has been expressed in these policies. The policy measures are of general relevance and no bonuses or restrictions go with any of the location preferences within the individual countries.

At present direct inland *migration policy* and measures controlling migration within the Budapest Metropolitan Region exist neither for the Hungarians nor for migrants from other countries. It means that directly no law or decree influences the free movement of people within the boundaries of the country and no measures ban out or favour any group of people by sex, age or nationality.

It was not always so, however. Going only back to the socialist period the urban basic functions (living and working) could not always be realised in Budapest in a combined way. The masses of labour were leaving the countryside and agricultural sector for the city during socialist industrialisation, with a hope to find work in industry. As in the early 1960s all the resources of the country were concentrated on industrialisation, housing was only a marginal issue to deal with. This caused a lot of tensions in the housing sector. Finally, to limit migration, a ban on settling down within the city limits was introduced. It was also an indirect means of banning out politically suspicious or dangerous people from the city. It did not mean that people could not settle at all but one had to prove at least 5 years of employment in Budapest or 5 years of temporary residence in the capital city to become registered as a permanent resident.

Masses of workers and their families were practically forced to settle in the agglomeration for a shorter or longer period. The flow of people in the 1960s and 1970s practically targeting Budapest appeared in the present suburban area. This was also considered as the first wave of sub-urbanisation, a socialist type as it was based on a migration movement from the countryside to the agglomeration and not from Budapest to the agglomeration. This regulation was withdrawn only in the 1970s and the population of Budapest reached its peak in 1980 with 1 999 064 inhabitants.

Recently there are only indirect means to control migration but even these are not intentional ones. Socio-economic processes regulate who and where will and can find home in the Budapest Metropolitan Region. This equally affects Hungarian households and transnational migrants. For the migrants housing market is the most deterministic, while other factors such as standard of living, life-style, and community bounds also determine where and in what concentration foreign migrants appear.

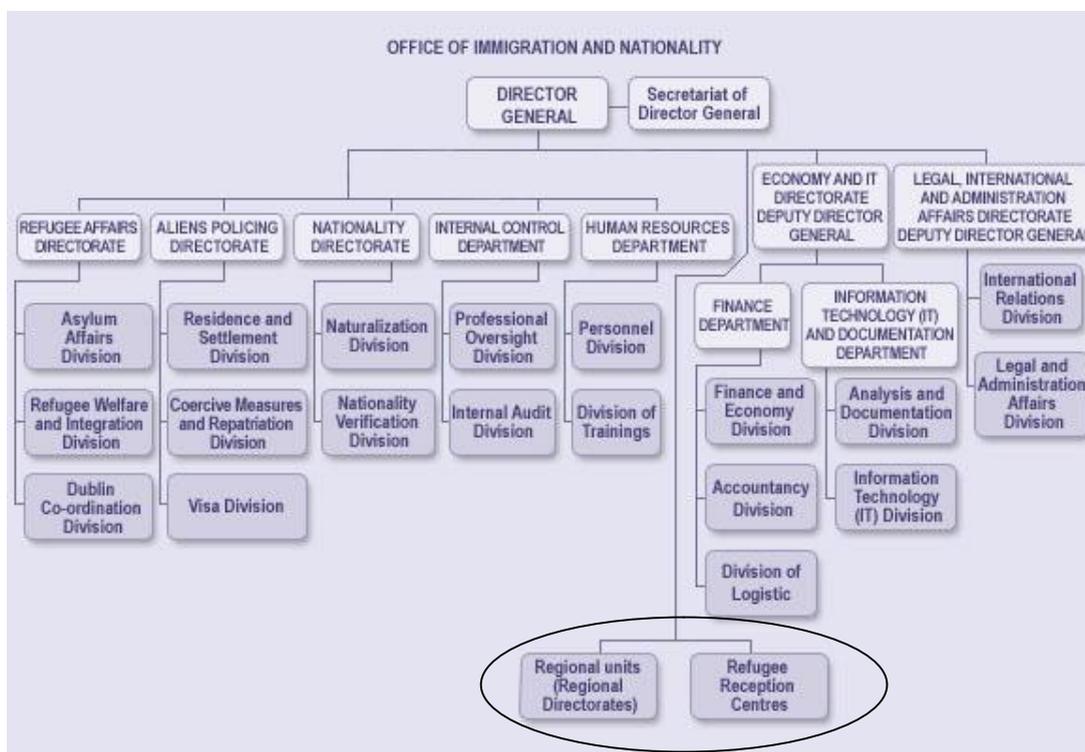
The *institutions* securing the administrative background of the transnational migrants in Budapest and the Metropolitan Region are exactly the same as that of the country. As there is no law or decree controlling Budapest-bound migration there is no need and reason for institutionalising the process specifically for the Metropolitan Region. The institutions based

in Budapest are of national competence and of regional (Budapest and Pest county) competence – the last having the same duties and responsibilities as the other region-level directorates (see below).

Transnational migrants are to register at the local authorities in exactly the same way as the Hungarian citizens if they wish to be residents of a settlement. In Budapest these are the district authorities, where – after the general registration process with the immigration office – migrants need go through an awful lot of paperwork.

The official institutional background of Hungary-bound transnational migration is shaped as presented in Figure 5.1.

**Figure 5.1 Organisational structure of the Office of Immigration and Nationality**



Source: [http://www.bmbah.hu/szervezeti\\_egysegek.php](http://www.bmbah.hu/szervezeti_egysegek.php)

As part of the inception phase of developing an integrated migration organization the Hungarian Government established the *Office of Immigration and Nationality* in 2000. The OIN – based on the Government Decree No. 162/1999 (XI. 19.) – is an independent central authority. For Hungary just as for the other new member states (2004) legal harmonisation and institutional development were part and parcel of the preparation for the EU accession. In order to achieve these goals in May, 2001 the Hungarian Parliament adopted a new Act regulating the entry and stay of foreigners in Hungary and also amended the Act CXXXIX of 1997 on Asylum. This removed the legislative barriers from the way of developing a unified migration organisation. The amendment to the Government Decree 162/1999 (XI. 19.) on the Office of Immigration and Nationality enabled the Government to set up the OIN's regional branches, the so-called *Regional Directorates*. Subsequent to the dissolution of the Ministry of the Interior, the Office acts under the direction of the Ministry of Justice and Law

Enforcement according to Act LV of 2006 on the specification of the ministries of the Republic of Hungary that entered into force on 9 June 2006.

The OIN with a national competence is responsible for discharging all the duties related to nationality falling in the line of duty of the Minister of the Justice and Law Enforcement, all the tasks related to the home registration activity, carrying out all the transnational migrants policy making tasks in the capacity of a central transnational migrants policy making authority and finally executing all the tasks related to the administration of refugees in the capacity of a refugee authority.

In addition to the major responsibilities the Office also looks after executing tasks related to migration arising from international conventions, co-operating with international organisations, Hungarian governmental and non-governmental organisations, managing and operating the reception centres, temporary accommodations and community shelters. The OIN is an independent budgetary organisation. Its budget is shown separated within the budget of the Ministry of Justice and Law Enforcement. The Director General, supervised by the Minister of Justice and Law Enforcement, directs the Office. The OIN consists of central and regional – 7 Regional Directorates - organisational units.

In the Budapest Metropolitan Region the *Regional Directorate of Budapest and Pest county* is the institutional centre. There are seven customer service offices at four locations in the capital city: there are two locations in the 11<sup>th</sup> district, one in the 10<sup>th</sup> and one in the 8<sup>th</sup> district, where there are more offices at one location, the clientele is different. The clientele can be:

- Foreigners with accommodation in the territory of Budapest and Pest County;
- Foreigners with accommodation or residency in the territory of Budapest and Pest County and Hungarian citizens, foreigners or representatives of corporate bodies with accommodation.

The procedures they deal with:

- Residence affairs (prolongation of resident permits too);
- Report of accommodation;
- Authority's approval of the letter of invitation;
- Procedure for official statement of the fact of no home country

Other offices of regional importance within the institutional framework of OIN are (these exist in all the other six EU regions of Hungary):

- Refugees' Department
- Migration Law Enforcement Authorities

Other offices of national importance within the institutional framework of OIN are:

- Directorate OIN Nationality
- Directorate of Refugees' Affairs
- Directorate of Migration Law enforcement, Department of Relocation

The relative weight of Budapest and the Central Hungarian Region in transnational migration is indicated by the fact that while in Budapest there are seven customer service offices, in each other region there is one office per county besides the regional directorate based in the regional centres.

Besides the state-run Office of Immigration and Nationality, there are several *non-governmental and informal organizations*, which aim at improving the social integration of migrants; most of them operate in the capital city. The most significant organization is Menedék – Hungarian Association for Migrants –, which was founded in 1995 to support transnational migrants, especially disadvantaged groups (refugees, asylum-seekers, etc.). This professional NGO has numerous projects and great experience in dealing with migrants from education, labour market integration programs, social work, and research to media campaigns. All services of the association are free of charge. They operate four offices: one in Budapest and three in reception centres (Bicske, Békéscsaba, Debrecen); therefore large proportion of their clients are refugees.

Besides Menedék, there are several smaller NGOs in the field, some funded by migrants or refugees themselves, some by locals. These organizations usually aim to help vulnerable and disadvantaged migrants and refugees. Their counselling services are for free of charge. They are also active in organizing social and cultural events. Several other NGOs, besides focusing on their main target group, provide help for migrants and refugees as well. Oltalom Charitable Organization operates a hostel for refugees (for 24 persons) in Budapest, and a special home for unaccompanied minor refugees in Békéscsaba (for 20 persons).

In a manual entitled “*Who’s Who in the Hungarian Asylum System*”<sup>10</sup>, 13 NGOs working in the field of migration were collected. Half of these organizations used to deal with refugees and migrants before, but mostly in the framework of a project funded by grants. NGOs in the field of migration are highly dependent on domestic or/and international grants. It seems that the need for migrant and refugee supporting facilities and services is decreasing. For instance, the Refugee and Disaster Preparedness-Disaster Response Service of the Hungarian Red Cross and its Shelter Centre simply do not exist or operate any more.

Ethnic Hungarians from neighbouring countries form the overwhelming majority of immigrants; therefore organizations supporting ethnic Hungarians can be found in a large number, especially in Budapest. They are usually funded by ethnic Hungarians themselves who migrated to Hungary from the neighbour countries. The mission of these organizations is to support people “back there” in a certain geographical area across the border, and also those who migrated to Hungary from there. This social network is the strongest of all communities. One of their main targets is preserving the language and culture in the country of origin.

Considering immigration rates by citizenship, Chinese have formed the second largest group of immigrants in Hungary in the last decade. According to research, finding and contacting Chinese organizations, obtaining information on integration however, has proved to be rather difficult.<sup>11</sup> Migrants from the old member states of the European Union and overseas seem to have created a different way of supporting themselves, than disadvantaged migrants. Trade and cultural association of nations are flourishing in Budapest, supported by the communities. Informal communities are closely related to cultural and language centres (for instance French Institute, Cervantes, etc.).

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<sup>10</sup> Who’s Who in the Hungarian Asylum System, DEMNET, Budapest, 2003.

<sup>11</sup> Summary report on the main findings of the need assessment of the project entitled „*Integrating Migrants into the European Union: Perspectives from Selected Member States*” INTI- project (May, 2005- April, 2006.) Budapest October, 2005.

## 5.2 Brain drain and brain gain in the Budapest region

### 5.2.1 History of migration in the Budapest region

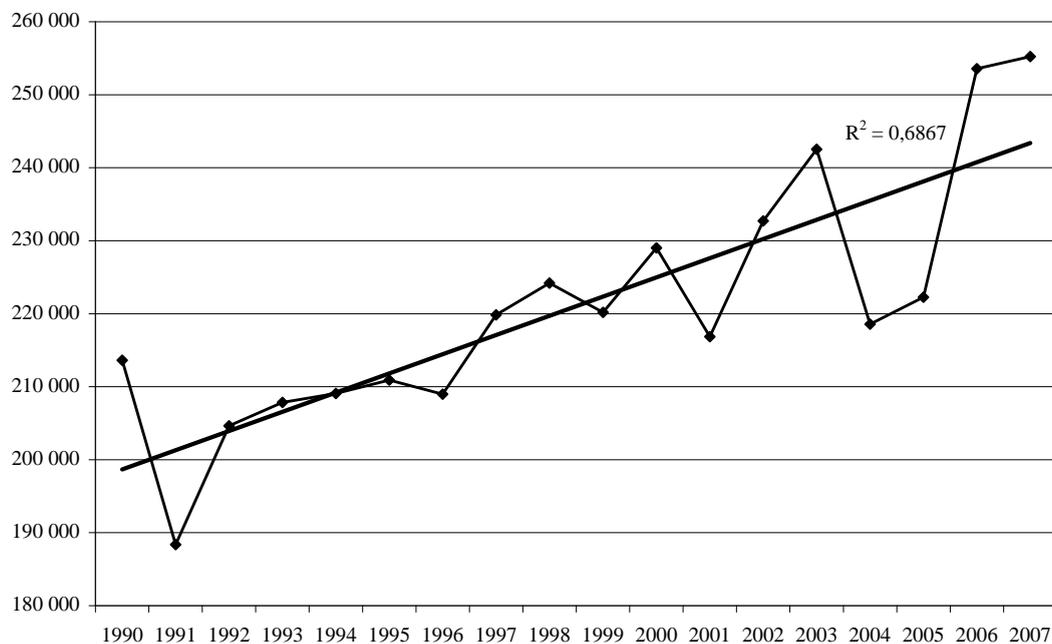
According to the universal laws migration and the flow of people – the re-structuralisation of population – has always been in close connection with the changes in the economic macro-structures and their spatial arrangements. Migration (household relocation) – both temporary and permanent – is the result of a series of personal decisions, which is made under the impact of personal aspirations, needs and most of all possibilities offered by potential migration destinations (the search areas).

Generally speaking in the post-war period the intensity of migration was gradually diminishing in Hungary – which totally fitted in the European general trends. In contrast with what was expected, this tendency went on at an enhanced pace immediately after the socio-economic turn of 1989. On a national level the absolute volume of migration sharply declined. In spite of the immense transformation concerning the socio-economic context the total sum of spatial mobility got lower as if nothing had been happening. Mobility ceased to be an indicator of the changes in macro structures as it was before on the national level.

Academics and researchers expected that transformation would induce massive spatial movements as everybody was expected to search for the place to make a better living. This mobility however, remained localised and movements happened within the local societies “in the social space”. Geographical mobility instead of increasing was going downwards sharply.

This parallelized state regarding mobility started to be spectacularly resolved only in the middle of the 1990s (Figure 5.2).

**Figure 5.2 Migrants in total in Hungary between 1990 and 2007**



Source: Central Statistical Office, 2008.

It was first after 1994 when promising changes could be detected in the mobility statistics. The synthetic indicator of migration was 3.0 in 1994, 3.6 in 1998, 3.8 in 2002. This means that one person moves only four times in its lifetime in between the Hungarian settlements. Within the total sum of spatial mobility the rate of internal moves within settlements is increasing. It was only 50 percent of the moves in total in the 1960s and by the second half of the 1980s it far exceeded this share, while in the late 1980s and early 1990s it took a sharp turn and started to decline. A new impetus was given to the internal migration within settlements in the late 1990s.

Budapest and the Metropolitan Region has been always the engine of economic dynamism therefore the most spectacular changes with respect to migration flows have taken place here. The intensity of migration in the past 50 years would have been the greatest during the socialist industrialisation in the 1960s, – had it not been for the regulation described above. It was the population of the immediate surroundings of Budapest which was swelling rather than the city itself. It was due to the intense population natural growth and migration gains. In the socialist era (especially in the 1960s and 1970s) a specific migration trend developed putting a large stress on today's agglomeration zone. The source of people – as it has been referred to it above – settling in the outskirts was not the central city but the countryside. People were attracted by the new job opportunities created during the socialist industrial boom in the city.

However, as Table 5.1 shows, the intensity of the migration flow between Budapest (with Pest county) and the rest of the country has decreased significantly in the past 40 years reflecting the general national trends.

**Table 5.1 Matrix of permanent migration for Budapest and Pest county**

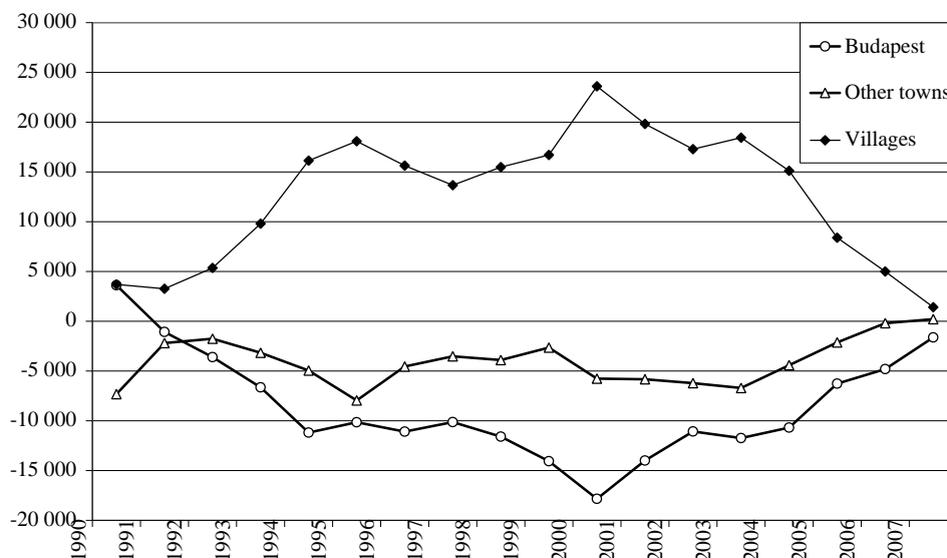
<b>To \ From</b>	<b>Budapest</b>	<b>Pest County</b>	<b>Other</b>
	Annual average values (1960-1964) <sup>12</sup>		
<i>Budapest</i>	-	3.9 (6.5)	8.2 (13.8)
<i>Pest County</i>	11.7 (8.5)	-	23.8 (17.3)
<i>Other</i>	4.5 (29.9)	3.6 (24.0)	-
	Annual average values (1975-1978)		
<i>Budapest</i>	-	2.8 (8.5)	3.5 (10.6)
<i>Pest County</i>	6.8 (10.0)	-	15.5 (21.9)
<i>Other</i>	2.0 (21.9)	2.5 (27.5)	-
	Annual average values (1985-1990)		
<i>Budapest</i>	-	4.4 (4.1)	4.4 (4.2)
<i>Pest County</i>	9.7 (4.3)	-	13.8 (6.2)
<i>Other</i>	2.2 (7.4)	2.2 (7.5)	-
	Annual average values (1990-1995)		
<i>Budapest</i>	-	7.7 (7.4)	6.3 (6.1)
<i>Pest County</i>	9.0 (4.3)	-	13.7 (6.5)
<i>Other</i>	1.7 (6.1)	2.1 (7.4)	-

Source: Daróczy, 1999.

<sup>12</sup> First values show the ratio of out-migration per thousand inhabitants residing in the area. Values in brackets show the ratio of migrants in percentage of the total permanent migration in Hungary.

This means a slowing pace of spatial concentration of the population on the national level from the late 1960s to the 1990s. While in the 1960s and 1970s the migration to Budapest and Pest county counted for 20-30 percent of the internal migration, by the 1980s and 1990s it has reduced to 6-8 percent. The intensity of migration to Budapest proper was already extremely low in the 1980s and this further diminished equalling almost zero in the 1990s. The national level tendencies of permanent migration in the post 1990 period are shown in the Figure 5.3 according to form of settlements.

**Figure 5.3 Balance of migration in Budapest, other Hungarian towns and in the villages (1990-2007)**



Source: Central Statistical Office, 2008.

In the second half of the 1980s the frequency to move from the immediate surroundings of Budapest (Pest county) to the city was increasing, while later it started to stagnate and even to diminish. This was indicative of the trend that Budapest was no longer able to attract massive number of people neither from the countryside nor from its immediate surroundings.

Meanwhile permanent migration between Budapest and Pest county showed a significant change having turned into the reverse direction. While in Hungary in the late 1980s and early 1990s the number of moves in general stagnated and even decreased, the number of migrants from Budapest heading for Pest county intensely grew.

The people of Budapest leaving the city equally preferred Pest country and the rest of the country up until 1991. The two trends separated in 1992 and Pest county became the main destination of migration flows. This trend was already a proof of that western type of *suburbanisation* started (Daróczi, 1999).

All in all the classic western type suburbanisation commenced in the initial years of post-modern economic transformation in the 1980's, but could fully evolve after the change of system. It is only since 1987 that the urban ring has grown faster than the urban core due to the outward migration of people from the city (Kok and Kovács, 1999). The accelerated economic and residential suburbanisation was the result of the socio-economic re-

structuralisation, mobilised foreign and domestic capital investments, the evolving new upper middle class life-style, and besides some other not that universally typical mobility pattern of the lower classes. The continuous movement of the population towards the agglomeration and beyond resulted in the increase of the number of settlements with more than 10 000 inhabitants, the growing number of places with town status, and in general the increasing degree of urbanisation. The Budapest agglomeration presently consists of 81 settlements including the city itself. The number of administrative units is more than that as Budapest is considered to be “23 in one” due to the special administrative division.

In the Budapest Metropolitan Region there has been a marked spatial rearrangement of people. Comparing the relevant demographic data it was found that the population of BMR showed a far more significant decrease than the national average. From 1990 the population of Budapest diminished by almost a quarter of a million (244 000). The suburban-bound massive population move affected the areas over the agglomeration zone as well, especially the settlements along the main traffic routes (railway lines and highways), which all joined the commuting zone of the capital city.

As hinted above the population loss of Budapest is the outcome of suburbanisation and the natural decrease together, while the increase in the agglomeration was due to the fact that the massive population inflow (from the capital and to a lesser degree from the countryside) outweighed the otherwise also characteristic natural decrease. The first recognisable signs of classic sub-urbanisation appeared at the beginning of the 1980s however, it required even more thorough socio-economic changes to evolve.

**Table 5.2 Comparative data of the Budapest Metropolitan Region 1990 and 2001**

<b>Zone of the</b>	<b>Population 1990</b>	<b>Population 2001</b>	<b>Change between 1990 and 2001</b>	<b>Rate of change percent</b>
City	124 247	88 385	-35 862	-28.8
old tenements	493 006	401 771	-91 235	-18.5
brown field	95 143	87 991	-7 152	-7.5
housing estates	729 444	618 068	111 376	-15.2
garden city	441 154	448 149	6 995	1.5
Buda villa quarter	126 631	120 575	-6 056	-4.7
<i>BUDAPEST</i>	<i>2 009 625</i>	<i>1 764 939</i>	<i>-244 686</i>	<i>-12.1</i>
Agglomeration	566 861	674 401	107 540	18.9
<i>BUDAPEST+Agglomeration</i>	<i>2 576 486</i>	<i>2 439 340</i>	<i>-137 146</i>	<i>-5.3</i>

*Source: Kovács, 2005 and CSO Hungary 2001*

The inner districts of Budapest statistically showed a slow population decrease in the period between 1980 and 1989 (-6.9/1000) while the outer districts still had a population increase of +6.5/1000. It was partly due to the younger age structure of the housing estates and in 30 percent to the *positive migration balance* (CSO, 1999).

Following the liberalisation of the housing market even the outer districts of the city started to show a little loss, which for the period between 1990 and 1996 was 0.9/1000 inhabitants. For the same period the loss in the inner districts was as high as 14.9/1000. Considering the whole city 60 percent of the loss was due to the negative population increase and 40 percent to *sub-urban-bound migration* (Novotnyé Pletscher, 1998). While between 1990 and 2001 the

population of Budapest decreased by 14.3 percent that of the agglomeration grew by 18 percent. The share of the population in the agglomeration was 22 percent in 1990 and 27.6 percent in 2001. The suburban movement of people rearranged the spatial structure of the housing market not only the population of the urban region. The housing units of the agglomeration grew by 21 percent in 11 years (Kovács, 2005).

Beluszky (1999) attributed people's motivation to move to the sub-urban areas simply to their wish for better housing and living circumstances. Csanádi and Csizmady (2005) partly revising Beluszky's view went further by claiming that the sub-urban movement in Budapest does not only mean the outward movement of the middle class but also that of the lower classes. Kok and Kovács (1999) also insisted that the suburbanisation of Budapest is a highly segregated process meaning that the higher-status and the lower status people – having distinct motivations in adapting the housing and neighbourhood situations to the aspirations of the household – have different destinations. Besides, they tend to cluster in homogeneous areas just as they do in the city.

The demographic trends of the 1990s basically proceeded after 2001 with slight micro-level changes. The total population of Budapest Metropolitan Region kept decreasing by further 1 percent between 2001 and 2005. The population of the agglomeration increased by almost 10 percent, while Budapest lost 5 percent of its inhabitants compared to 2001.

In the past 25 years it was the year of 2006 when the population of Budapest did not decrease compared to the previous year. The increase was minimal – below 1000 persons – and according to analysts it was not due to real population gain but the increasing number of people officially registered but not living in the Hungarian capital (many of them foreigners). Within Budapest the loss of population between 2001 and 2005 remained between 5-7 percent by districts but there were some extreme cases and surprising turns according to the statistics. The classic CBD of Budapest decreased by more than 50 percent by 2005, while some inner city districts, which earlier showed massive population loss started to gain population. According to the statistics the 6th, the 7th and the 8th districts experienced over 20 percent increase in the population.

The natural increase of the agglomeration zone turned positive in 2004 and 2005 after a continuous improvement. Even in Budapest the annual loss of people via natural processes went below 8,000 by 2005, which shows an improving demographic trend. The migration balance shows an equalizing process i.e. while the migration gain of the agglomeration has been decreasing since 2003, Budapest started to show a marked trend of decreasing loss. The figure went down from almost 15,000 a year in 2001 below 5,000 people in 2005.

Between 1990 and 2005 Budapest lost 105 000 inhabitants while the agglomeration gained 155,000 by migration. In Budapest the migration loss was the greatest between 1995 and 2000, cca. 60 percent of the loss was realised in these 5 years. After 2000 this became a lot more moderate. The migration gain in the agglomeration zone kept growing year by year. The gain of the period 2000-2004 (65,000 inhabitants) was double the period of 1990-1994.

As for the total change of population the agglomeration zone increased by 158 000 in 15 years and half of this increase was produced in the period between 2000 and 2005. Nearly 70 percent of the total increase was realised in the southern and the north-western sectors of the agglomeration zone (33 percent on average), while the northern zone experienced the smallest increase of 16 percent by 2005.

By 2005 in nearly one-third of the settlements (3 towns and 27 villages) the population increase exceeded 40 percent.

The population of the BMR was 2,44 million on the 1st of January 2006. 70 percent lived in Budapest while the rest in 23 towns and 57 villages. 31.6 percent of the inhabitants of the agglomeration zone were the inhabitants of settlements with population over 10,000 but below 20,000 (12 towns and 4 villages). The only town with over 60,000 inhabitants was Érd in the south-western sector of the agglomeration zone.

The most recent statistics indicate that the massive rearrangement of population within the Budapest Metropolitan Region has slowed down and even terminated in 2008. It is also indicated by the facts that it was the turn of 2007 and 2008 when the population of Budapest started to grow again after almost 20 years of massive decline and the loss of approx. 300 000 inhabitants. The sub-urban bound flows have not ceased to exist, but there is also a detectable counter-flow of people, a kind of backward movement to the city. The reason is complex, but it definitely has a lot to do with the increasing costs of living related to suburban living and the improper traffic infrastructure which makes commuting extremely time consuming and inconvenient.

Meanwhile settlements over the BMR but still in Pest county have become more and more preferable for households with limited means.

All in all it can be concluded that Budapest Metropolitan Region has always had a special situation within Hungary regarding the mobility patterns, while with the main trends followed the national trends. BMR pioneered the classic western suburbanisation process in Hungary – then other regional centres followed – but after a very intense period of outward migration by now the intensity of flow diminished markedly and the population of Budapest have stopped to decline.

### 5.2.2 *Brain gain of BMR*

The brain drain-brain gain dichotomy is relevant not only in international respect – as detailed above – but also within the country. Internal migration brings about the re-arrangement of the labour and intellectual potentials of the country.

In spite of the fact that internal migration in Hungary basically causes a higher mobility of labour it has a dramatically harmful effect on the socio-economic prospects of the country as a whole due to the immense imbalance of labour and intellectual power. As detailed above internal mobility is slightly increasing year by year. According to the statistics in 2007 the number of internal moves (i.e. intra-settlement or longer distance) was 529 thousand. This exceeds the total of the previous year by 8 percent and the number the year before by 22 percent. The reason is the increasing socio-economic disparity within the country. One of the main drives is the growing unemployment in the east and south-east of the country. The pull areas are the west of the country and the Central-Hungarian Region with better prospects of better working and living conditions. Table 5.3 shows those counties, where every 6<sup>th</sup> migrant finds its new home in the Central Hungarian Region.

Brain gain of the Central-Hungarian Region with the Budapest Metropolitan Region is indicated by the fact that in the north-eastern counties the migration potential has started to run out, as especially the young and better educated segment of the population has already left for this area or abroad. The migrants partaking in internal mobility is dominated by the age group of 15-34. It can be stated – as it is already visible and detectable in the statistics – that the disadvantaged areas demographically face rapid aging and a consequential depopulation. Due to the migration of the dynamic segment of the population the educational level of this area decreases to the advantage of the BMR and the western counties where people take steps

even further and leave for abroad with aspiration of the same nature but at an advanced level as the young educated migrants arriving from the disadvantaged areas.

**Table 5.3 Share of people moving to the Central-Hungarian Region**  
(in the ratio of the total number of people moving)

County	percent
Bács-Kiskun	16.0
Békés	15.2
Borsod-Abaúj Zemplén	15.0
Fejér	17.7
Heves	17.3
Jász-Nagykun-Szolnok	21.9
Komárom-Esztergom	16.6
Nógrád	25.0
Szabolcs-Szatmár-Bereg	15.3

Source: Central Statistical Office, 2005.

### 5.2.3 The territorial pattern and flows of transnational migrants within Hungary and in the Budapest Metropolitan Region

The spatial arrangement of trans-nation migrants follows a global pattern. A significant share of the transnational migrants resides in Budapest and in its immediate surroundings, while other concentrations are the small regions (micro-regions) by the national boundaries. At present altogether 43 percent of foreigners can be found in Budapest.

Migrants from the EU15 clearly prefer Budapest and its surroundings as well as Győr-Moson-Sopron and Somogy counties. 42 percent of migrants from the European Union are concentrated in the Central Hungarian Region, 34 percent of them resides in Budapest. Romanian migrants are concentrated to the smallest degree, but they appear in great representation at the Romanian border, in Budapest and also in the western counties.

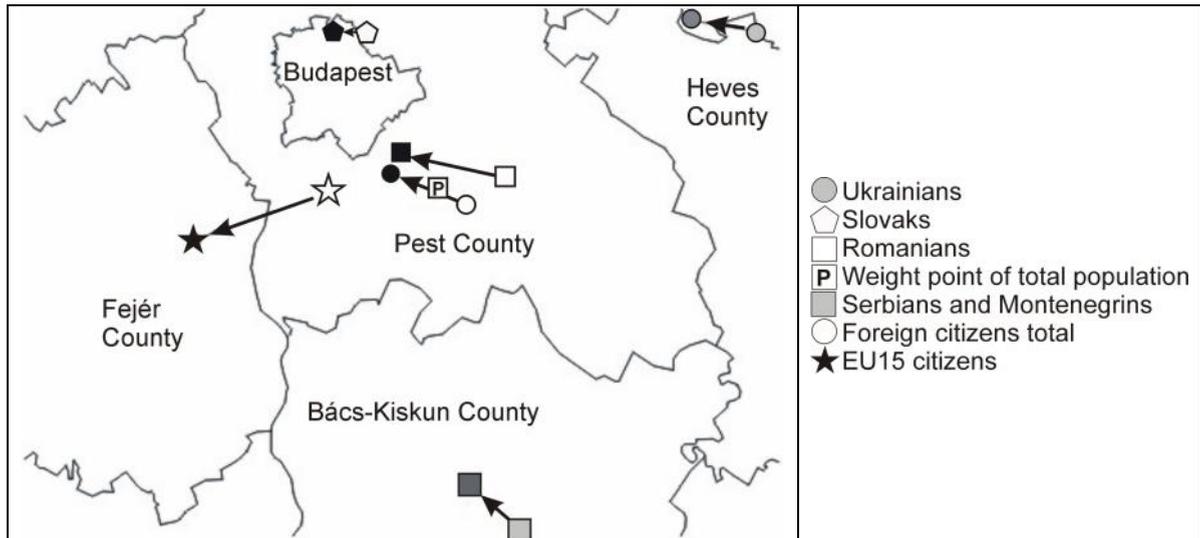
Migrants from Serbia-Montenegro tend to settle in the area stretching between Budapest and the southern border of Hungary. Slovakian migrants can be found in great concentrations along the northern border, while the Ukrainians in the east close to and by the border of their country. Naturally, they all also prefer Budapest (Rédei and Kincses, 2008). Besides the static analyses of the location of migrants it is worth presenting a dynamic approach. The map below shows the shift of the gravity centre of transnational migrants by their citizenship between 1995 and 2007. The appeal of Budapest is definitely striking (Figure 5.4). The starting point of arrows representing the direction of shift always head towards the sender countries, while all the heads show a western direction of shift.

This indicates a general westward displacement of the gravity centre independently of the migrants' sender countries. Besides it also suggests that the spatial distribution of migrants – no matter where they are from – is becoming increasingly even.

Relying on the research outcomes of Rédei it can be stated that the distribution of the total population among the micro-regions is a lot more even than that of the transnational migrants. For them the choice regarding the target area of migration seems to be conscious and this way a more centralized arrangement can be detected.

Among the migrant groups by citizenship the ones coming from Slovakia, Serbia-Montenegro are the most spatially concentrated in the micro-regions, then come the Ukrainians and Romanians, and finally migrants from the EU 15.

**Figure 5.4 Shift of weight points of migrants by citizenship in Hungary between 1995 and 2007**



Source: Rédei and Kincses, 2008

Regarding the Budapest Metropolitan Region as a migration destination it can be concluded that it is the one and only area in the country that is equally important to all the transnational migrant groups with no respect to their national origin (Figure 5.5).

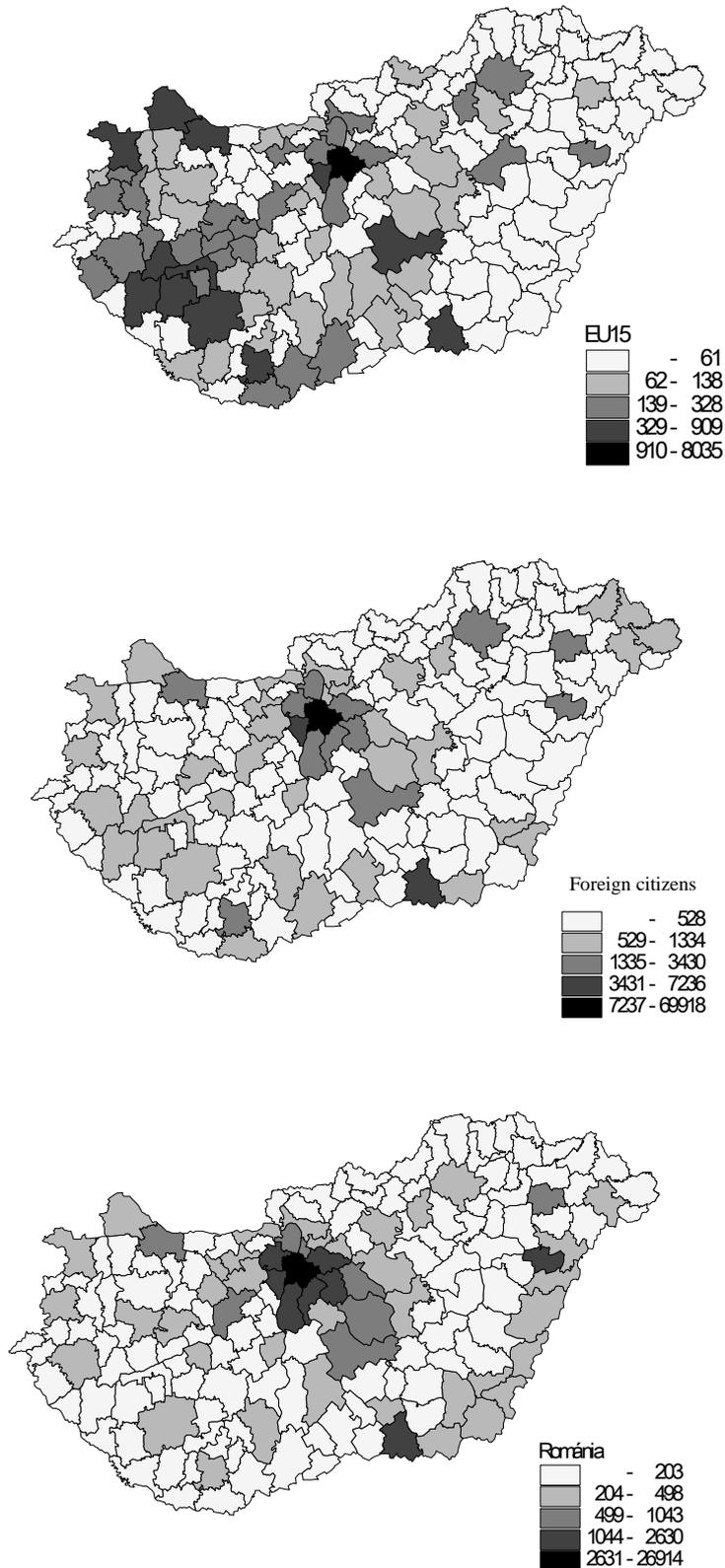
The spatial arrangement of migrants gains more meaning if we consider their composition by different features. Migration as an age-specific process affects the age composition of the receiving country in a positive way i.e. makes the population younger. The migrants from the surrounding countries are younger than the original population. It is the most marked in the case of migrants from Romania and Slovakia. The rate of children (0-14 years) among the migrants however is always lower than in the original population. It is the lowest in the group of the EU15 (8.5 percent), while the rate of people over 60 is a lot higher.

The rate of migrants aged between 20 and 49 almost reaches 7 percent of the total population in the relevant age group of Budapest. Other two counties with relatively high share of this group are Csongrád and Pest counties, the last largely overlapping with the Budapest Metropolitan Region.

The high rate is caused by the Romanian and Serbian migrants, while in Pest county by the Romanians and the EU 15 citizens. 63 percent of the EU15 citizens under 14 years and 40 percent between 15-19 years reside in Budapest.

**Figure 5.5 Foreign citizens in Hungary by their citizenship, January 2007**

Source: Rédei and Kincses, 2008



#### 5.2.4 Highly skilled transnational migrants in the creative knowledge economy

Working in Hungary in the case of transnational migrants with the necessary permits is regulated through the Decree 8/1999 (XI.10) of the Ministry of Social and Family Affairs. According to the Decree the migrants gain the right to be employed or be self-employed in the possession of a work permit. The Hungarian employer is to initiate the authorisation and to declare the demand previously with the Local Labour Centre. The process is long and bureaucratic and there are number of exemptions. In the spheres absorbing most of the workers arriving from the EU member states the law allows for a more simple procedure.

The National Labour Research and Methodological Centre collects statistical data on work permits issued to foreign citizens. However due to the above already mentioned exemptions not all the foreigners working in Hungary are registered in this data base. Considering these incomplete data and focusing on the type of employment it can be stated that within the registered foreign workers a major growth in the number and proportion of the manual workers could be detected between 1995 and 2000. Non-manual workers also decreased in the same period of time (Illés, 2004). It was only the group of countries including EU members and America in which the number of non-manual workers was higher than that of the manual workers. As for the sectoral division of workers in 2000 the majority of the foreign workers were in industry (53.3 percent) and services (41.5 percent). Services predominated in the group foreign workers from the countries of the EU and the US (68 percent).

The rate of foreign (transnational migrant) taxpayers reach the highest shares in Budapest (4.08 percent), Komárom-Esztergom (4.34 percent) and Pest (2.01 percent) counties. In Budapest all nationalities represent themselves with a great number while in Pest county Romanians stand out with their numbers. It is also important from the point of research that Budapest and Pest county together holds 61 percent of the foreign taxpayers, while Budapest alone represents 53 percent.

Table 5.4 indicates that those counties lead in the number of foreign taxpayers, where the tax base per taxpayer is also high.

**Table 5.4 Foreign taxpayers in Hungary, 2005**

county	Number of taxpayers	taxbase per taxpayer	foreign taxpayers						foreigner/ total (%)
			EU15	Romania	Slovakia	Ukraine	Serbia	Total	
Budapest	744 555	2 023 517	2160	13865	1036	2730	837	30409	4,08
Baranya	162 884	1 280 084	93	249	19	60	106	1227	0,75
Bács-K	220 327	1 167 609	89	615	14	115	290	1755	0,80
Békés	158 987	1 129 109	39	627	12	55	78	1186	0,75
Borsod-A-Z	266 986	1 336 201	78	225	163	135	12	1225	0,46
Csongrád	179 398	1 266 877	70	1186	19	77	870	3174	1,77
Fejér	198 961	1 458 270	97	950	121	85	99	1967	0,99
Győr-Ménfőcsanak	204 634	1 404 099	259	798	1356	131	55	3119	1,52
Hajdú-Bihar	217 287	1 248 726	54	712	24	198	26	1612	0,74
Heves	132 200	1 347 219	79	511	26	102	9	1101	0,83
Komárom-Esztergom	143 957	1 437 881	60	900	4646	90	16	6247	4,34
Nógrád	85 832	1 262 036	24	163	249	29	0	632	0,74
Pest	468 026	1 588 620	301	5852	505	839	138	9425	2,01
Somogy	132 235	1 187 155	79	276	8	42	53	840	0,64
Szabolcs-Szatmár-Bereg	204 452	1 170 681	46	357	17	748	2	1981	0,97
Jász-Nagykun-Szolnok	164 230	1 248 951	52	308	53	86	15	874	0,53
Tolna	102 427	1 266 218	52	266	4	31	48	786	0,77
Vas	127 665	1 338 272	134	319	21	40	24	761	0,60
Veszprém	170 092	1 301 978	106	581	35	70	19	1119	0,66
Zala	133 265	1 284 721	151	370	12	143	72	1004	0,75
<b>Total</b>	<b>4 218 400</b>	<b>1 449 911</b>	<b>4023</b>	<b>29130</b>	<b>8340</b>	<b>5806</b>	<b>2769</b>	<b>70444</b>	<b>1,67</b>

Source: Central Statistical Office

There is no data on the representation of foreign workers in the sectors of creative economy –as used in the research program – neither as taxpayers nor as simple employees with permits. One can only draw conclusions from studies, and simple articles which are methodologically less firmly based and less supported with statistical data. Creative industries– especially business and less the arts – were the most affected in the 1990’s by the highly skilled ex-pat sent over by their mother companies. The circle of top and second line managers of the branches established by multinational firms in Hungary has been concentrated in Budapest and the Metropolitan Region just as the companies themselves. Typically this special “privileged” group of ex-pats have had no inclination to integrate in the local society. They socialise within their circles and live a cosmopolitan life, though making home here for a relatively longer period of time (3-5 years). After 20 years of capitalist transformation this group is more and more restricted to the sphere of top managers. The position of the second line managers are prone to be filled up with and taken over by talented local managers educated and prepared by the companies themselves.

### ***Summary Box 3***

- At present no migration policy exists for the Budapest Metropolitan Region, there are only indirect means to control the migration processes.
- Due to the lack of strict regulations predominantly socio-economic processes driven by the labour and housing markets influence migration processes.
- The institutional background for regulation issues is well-defined in Hungary and Budapest as well.
- There are lots of non-governmental and informal organisations supporting transnational migrants in the Budapest Metropolitan Region.
- The Budapest Metropolitan Region is the only geographical unit in the country that is equally important to all groups of transnational migrants with no respect to their national origin.
- Migration within the metropolitan region has been strongly influenced by the suburbanisation process around Budapest.

## 6 Research design and Methodology

### 6.1 Characteristics of qualitative methods and short methodological background

The results of the present (WP7) report originate from the analyses of qualitative in-depth interviews. This part of the survey is not aimed at drawing statistical conclusions for a large entity of people through the investigations into a smaller sample. In comparison with the quantitative questionnaire the basic difference is that qualitative interviewing puts a strong emphasis on getting familiar with the subject of the interview as an individual, his/her emotions, motivations, scale of values; the subjective individual comes to the fore. Information can be obtained those generally unavailable by quantitative queries. Naturally this type of survey is much more time consuming and requires personal interviewing therefore its technique also differs from that used in quantitative questionnaires. This method is not based on a random representative sampling and it could not even be deployed because it could not lead to finding the necessary target group.

There is a well defined procedure of conducting qualitative in-depth interviewing, which can be subdivided into the following phases:

- i) *Defining the target group* – to decide about who should be the persons to be interviewed and in what form;
- ii) *Elaboration of the topics* – keeping in mind the objectives of the interview in relation to the target group the topics to be tackled are to be determined in the first step. Then the list of questions within the topics is to be organised i.e. those to be asked of the subjects (the selection of topics). The groups of questions and the questions will form a sequence fixed in advance or be varied during the interviews.
- iii) *Sampling process* – After the selection of the target group and elaboration of the list of topics and questions, the spheres need to be determined (both in economic and geographical sense) from which the representatives of the target groups could be chosen and the number of interviews to be conducted should be fixed. In the course of these operations the number and citizenship of (transnational) migrants within the metropolitan is to be duly taken into account. The sampling process as a rule is preceded by statistical analysis, then after defining the number of interviewees the list of addresses of the interviewees is compiled by an overview of databases by sectors.
- iv) *Preparation for the interview and its performance* – the next step is to establish contact with the tentative interviewees by telephone, alternatively by e-mail. After the date is fixed the interview is preformed, which usually is sound recording to ease the work of the inquirer and to promote the subsequent analysis.
- v) *Summary and evaluation of the results* – Eventually the results of the interviews are summarised and evaluated in a written form, with the previously put aims and topics kept in mind.

## **6.2 Process of interviewing in the Budapest Metropolitan Region**

In the previous chapter the theoretical principles of in-depth interviews were tackled whereas in the present one the most important procedures of practical implementation within the BMR are reported briefly.

### *6.2.1 Defining the target group and elaboration of topics of the interviews*

As in was mentioned in the introductory chapter, in the present phase of ACRE project it was the transnational migrants acting in the creative knowledge sector who composed the target group of the survey. Only highly skilled persons actively working in the creative knowledge sector could be selected for interviewing.

The topics of the interviews contained 7 large clusters of questions (Annex II). After a short introduction of ACRE project the first of them functioned as a warming-up section for the interview. The second group inquired about the education and professional career of interviewee. The third cluster contained the most important group of questions relating to selection of the metropolitan region and its key factors. A special emphasis was put on the motivations of site selection, the relevance of hard and soft factors, advantages and inconveniences of the city. The fourth cluster formed a survey on the social networks and family background of migrants. The following group of questions dealt with actual living and working situation. The sixth cluster inquired about previous experiences of interviewee in the metropolitan region and about his/her future perspectives. The closing section contained questions about the personal background of migrants.

The ACRE consortium applied the so-called semi-structured topic of interview which means that the topics (groups of questions) chosen could be varied by the interviewer freely or the prepared list of questions could be completed with new ones if he/she felt it indispensable for obtaining the necessary information.

### *6.2.2 Sampling process*

The national and regional statistics available on migrants were monitored in the course of the preparatory phase of the sampling process. It was stipulated that the sample should consist of highly qualified persons working in creative sector with continuous stay in Hungary and in the Budapest Metropolitan Region for at least 6 months. For the sake of identifying motivations and locations factors it was necessary to involve persons who after spending considerable time had got to know the country and the city quite well, created a well-defined image of Budapest and they formed a firm opinion about the study area.

Although the method of deep interviewing is not suitable for drawing far-reaching statistical conclusions, right in the beginning of the sampling process an attempt was made to follow the instructions about the main statistical parameters about migrants (number of foreigners, their distribution by nationality). This attempt failed however, because the sampling according to these requirements would have been highly difficult and time consuming. Other partners of the ACRE consortium also indicated that creation of a sample according to a priori sectoral and statistical parameters and find transnational migrants fitting into this sample is not an easy task. Therefore the research team decided to keep to the principle “who is found is to be interviewed” in this phase of research. Nevertheless it had been acknowledged that the gender balance was to be maintained (females to be involved) and both creative and knowledge based sectors were to be represented. The selection of interviewees began from the acquaintances of the researchers and followed with the snowball method (the interviewees proposed to invite persons who might have been involved). This method was suitable to perform the required number of interviews to meet the criteria.

The composition of the sample is summarized in Table 6.1 and 6.2:

**Table 6.1 Number of interviewees by sectors and gender**

	Male	Female	Total
<b>Creative industries</b>	<b>6</b>	<b>2</b>	<b>8</b>
<b>Knowledge intensive industries</b>	<b>13</b>	<b>7</b>	<b>20</b>
<b>Total</b>	<b>19</b>	<b>9</b>	<b>28</b>

**Table 6.2 Number of interviewees by country of origin**

<b>European countries</b>	<b>19</b>
EU25	18
Non-EU countries	1
Neighbouring countries	2
<b>Non-European countries</b>	<b>9</b>
Amerika	5
Asia	3
Afrika	1

### 6.2.3 Preparatory work, carrying out the interviews and analysis of results

After completing the sampling process, a search for the interviewees started. The searching process based predominantly on the acquaintances of the researchers conducting the survey (using contacts and network capital). When the list of addresses became completed the interviewees were contacted by phone or e-mail. In the case of a positive response another e-mail was sent out with the brief description of the project. It contained necessary information on the purposes and circumstances of the professional interview and simultaneously the list of topics and questions was forwarded to the interviewee. The latter is a well accepted practice in Hungary to gain the confidence of the interviewee, to promote his/her preparation for the interview and to accelerate its performance.

In spite of a relative low ratio of the rejected requests a search for interviewees, the establishment of contact with them and fixing a date hadn't proven a highly time and energy consuming undertaking.

After fixing a convenient date the professional interview proceeded. Its length varied widely (from 30 to 120 minutes) with an average of 45–50 minutes. The duration and success of the interview were largely influenced by the attitude of the asked person, his/her empathy and willingness to communicate. All the interviews have been taped which highly promoted the subsequent analyses and was instrumental in writing the final report (with built-in citations). The interviewees were allowed not to answer the inconvenient questions.

As it had been planned earlier 28 interviews were conducted amongst transnational migrants and 4 in-depth interviews were additionally conducted with local experts. Thus in the frame of workpackage a total of 32 interviews were accomplished in the BMR.

Supported by sound recordings each interview was resumed in Hungarian on 3–4 pages making much easier the evaluation of the results and the compilation of the report. In the course of the latter the relevant and most interesting statements were cited.

### **Summary Box 5**

- At this empirical stage of project semi-structured qualitative in-depth interviews were carried out among transnational migrants.
- This method is not based on a random representative sampling and therefore it is not suitable for statistical analysis.
- Altogether 28 transnational migrants (19 European and 9 of Non-European countries) were involved in the survey. In addition, 4 interviews were carried out with local professionals and experts.

## 7 Analysis and main results of the in-depth interviews

### 7.1 Introduction of interviewees

Following chapter summarises the most important information about transnational migrants selected for in-depth interviewing. Origin and family status, study and short career of interviewees are described very shortly and current work and position, housing conditions and future perspectives are touched as well (Summary table see in Annex III).

#### *Interviewees selected of the creative industries:*

##### **R1**

A 43 years old American photographer and video maker. She was graduated at the Faculty of Fine Arts, University of Chicago then switched to teaching. First she dealt with children at a disadvantage from Mexico and Latin America, and then taught creative writing at a university. Arrived in Budapest with a half-year scholarship obtained at a tender in arts in 2005. The city appealed to her, also she succeeded in perfecting her purposes. Presently she rents an apartment in the 5th district, functioning as workplace at the same time. She loves Budapest and feels comfortably in Hungary therefore she does not contemplate to leave Hungary.

##### **R2**

A 21 year old single female, ballet dancer with American–British citizenship. Born in a small town of south England from an American–English father and Cuban–American mother, she started to learn ballet at a boarding school in London at the age of 14, from where graduated at 18. Then she finished a course of contemporary ballet and obtained a diploma of training in classic ballet. When looking for a job she participated at castings all over Europe. She wanted to become acquainted with the ballet culture of the continent and was seeking for a company where contemporary ballet is danced by artists of classical education. So she found a Spanish ballet company and spent there two years. After the expiration of the contract she was looking for a job again and found a Hungarian troupe where she received a half-year contract in the summer 2008. For a couple of month after her arrival she stayed in a room of a large apartment of friends, at present with Hungarian lady partner together they rent a smaller flat in the 8<sup>th</sup> district, in Central Józsefváros. She is preparing consciously for the life after finishing career in dancing; she is interested in foreign languages and later would be willingly involved in interpreting, translating, organizational work. She is very fond of travelling in the world and will leave Hungary very probably.

##### **R3**

A 47 years old French male widow, who gave up high school studies and started to work. He had taken up all kinds of professions (factory worker, stage designer, car driver etc). He got married at the age of 24, and has a child. Previously he also lived in Africa, and then returned to France to rise up the child. After his wife passed away he pursued a globetrotter's life (Australia, Ireland, Russia, Japan). In August 2008 arrived in Budapest to visit brother, took a liking to the city and since then he has been living in a downtown flat, in the 5<sup>th</sup> district. For the time being he deals with aircraft design and construction of one-man planes. He likes Budapest but does not know how long he is going to stay in Hungary.

**R4**

A 28 years old Vietnamese single male, who has been living in Hungary since 1987. His father was sent to Hungary by the enterprise where he was employed and the family also moved to. He is spending seventh year studying fashion design at Hungarian University of Crafts and Art and simultaneously works. As a fashion designer he employs photographers, models, dressmakers, sales agents and has an own manager. He managed to establish himself in a professional circle and now is about to form a clientele. He lives in the 7<sup>th</sup> of Budapest, part of the apartment is remodelled for a studio. It is just the work why he is making plans for the future in Hungary as residence.

**R5**

A 32 years old English sculptor, married. He grew up in Yorkshire then studied fine arts in London, simultaneously undertaking physical work to earn living. He visited Hungary first in 1992 on the occasion of an exhibition of alternatives and here made acquaintance with his future wife who is also an artist. For the enlargement of scope and knowledge in art he pays visits to London relatively frequently, where undertakes ad hoc jobs in art galleries. Besides classical sculptures he makes ones for sale depicting English sausages. It is basically the inspiring professional environment and realization of artistic concepts that make him staying in Hungary. The couple lives in the 8<sup>th</sup> district of Budapest, Central Józsefváros. He anticipates a long-term stay because it is viable from both the financial and artistic stances.

**R6**

A 47 years old man from Japan, divorcee, artist and painter. He has lived long time in England, Austria, Denmark, and in 1992 arrived in Hungary to study art because classical education in arts is still practiced here. He spent a year in London when studying painting as a student. After receiving university diploma he got married on his Hungarian-born lady friend. From this marriage a child was born, but they divorced two years later. Now he lives alone in a tenement dwelling in the 13<sup>th</sup> district. He is likely to stay in Hungary over the years to come but did not decide to settle down finally.

**R7**

A 36 year old Hungarian male of Serbian citizenship from Voivodina, sociologist, journalist and publicist. He grew up in a small village in Voivodina. As a holder of a scholarship he studied media-sociology at a university of Budapest between 1993 and 1998. During the Balkan wars he stayed in Hungary as a refugee. His writings have been published in well-known Hungarian and Serbian daily newspapers and journals since 1995 and he has been a reporter of a Serbian radio station representing opposition since 1998. He worked for National Geographic in 2006; in the same year he accepted a job offered by the Hungarian Radio and has been leader of a section since October 2008. He writes analyses and reviews on broadcasting programmes, and elaborates methodologies and guidelines of editing. He has been renting a 70 square metre apartment in the 6<sup>th</sup> district with his girlfriend since November 2008. He is going to stay in Hungary in a long perspective though pays frequent visits to homeland.

**R8**

A 26 years old Italian male who studies culture in Piza. The young man openly assuming homosexual identity arrived in Hungary in January 2007 to undertake voluntary service for the European Union basically to obtain professional experience and practice. His main field of interest is the dimensions of racism, prejudices and negative discrimination, national and

sexual specificities, and Budapest seemed an ideal terrain to study these phenomena. After finishing voluntary work he was offered a well paid job but he chose an independent life instead, and now teaches Italian language as a black occupation. He lives on the Pest side, in the 8<sup>th</sup> district; together with three friends (foreign citizens) they rent a four-roomed apartment. He probably will stay in Budapest and Hungary for several years to come, though being uncertain as far as the distant future is concerned.

*Interviewees selected of the knowledge intensive industries:*

**R9**

A married English female 36 years of age. Born in East Anglia, she was graduated from Oxford in German and French languages. Then she continued studies in Germany (one year) and France (two years). After that she worked in France as a teacher of English and translator, but owing to the lack of creative activities and limited job opportunities returned to London. She had lived there for 10 years giving lessons at a university. Making use of a post-gradual training she obtained a teacher's diploma and MA degree of tourism management. She is going to defend her PhD thesis on cultural tourism at the University of Greenwich. She visited Hungary first in 1990 as a tourist then returned here each 2–3 years. Made acquainted with future Hungarian husband in Poland and they exchanged visits during one year. She came to Budapest in September 2005, partly to join his partner, partly to conduct her half-year scholarship. First she was visiting lecturer in international programmes, later got a permanent job at Corvinus University and now works there as a scientific researcher. With her family they live in an owner-occupied apartment in a developing neighbourhood of the 14<sup>th</sup> district. She is to stay in Hungary for another 4–5 years definitely, but does not plan for the distant future.

**R10**

A 33-year-old German single. She graduated in law at the University of Halle, then was awarded MA in Glasgow, Scotland and returned to alma mater to pursue PhD studies. After final examination in law she worked in Berlin and afterwards was employed in a lawyer's office. She arrived in Budapest in September 2007, after having won her job at an international tender. She was determined to change lifestyle, so she chose Hungary instead of working at a ministry in Germany. Basically it was the job opportunity that attracted her to Budapest; it was much easier to get it here than anywhere else. Another strong motivation was the free atmosphere of academic life, and research activities. In the framework of a 4 years' contract she conducts education oriented activities working for the Public Policy Department at the CEU, she teaches students at the faculty of media and information communication in 4 courses per year. Besides she also does research, organizes workshops, trainings and writes publications. Prior to her current stay she visited Budapest as a tourist several times and had very positive impressions and pleasant reminiscences. Upon arrival she was searching for a dwelling on the Buda side and now rents an apartment in a detached house in the 2<sup>nd</sup> district, Németvölgy. She is planning to buy a dwelling. At present she does not think about the time "after Budapest"; for the time being this is the place where she lives and works. If not this job or she gets a more favourable offer, she would leave Hungary.

**R11**

A 35-year-old Englishwoman raising her child on her own. She received higher education in England and was awarded a diploma in teaching. Then she was engaged in appetizing for 10 years, in teaching for 3 years and worked as an assistant of a lawyer. In 1994 she came to work in Hungary not upon her own will, but was sent by the firm. She had not known

anything about Hungary before. After the expiration of her contract she decided to stay. In the meantime returned to the UK for a couple of years, then came back to Hungary with her little child for better conditions of habitation and cheaper life. For 3 years she has been working in an international kindergarten as a headmaster of children of 2–7 years (from 17 countries, altogether 60 children); found this job by internet advertising. She is satisfied with her job and do not plan to quit. She lived in 13 places all over Buda as well as Pest. At present together with son of 5 years they live in a tenement dwelling in the 12<sup>th</sup> district. She would leave Hungary willingly but son wanted to stay so they remained.

#### **R12**

A 47 year old Swedish female, with Finnish parents, but she was born and grown up in Sweden. Her highest educational qualification is secondary (final examination); besides she has learned languages and was qualified as international secretary. By means of her husband spent 6 years in Greece and also worked one year in Australia as assistant administrator. She has worked altogether 16 years in the banking sector, where moved up along the career ladder due to her perseverance. She had applied for EU jobs indicating several target countries and came to Hungary (though not by own accord) with a two years' contract. Works in the Budapest office of the European Commission in an administration position (press conferences, information provision, preparation for visits to the EU). Presently she lives in a brand new apartment in the 7<sup>th</sup> district. Though she likes Hungary and admits that Budapest is a very beautiful city, after the expiration of the contract she is going to leave the country and even started to apply for EU jobs in West Europe.

#### **R13**

A 28-year-old Austrian female, unmarried, born in Hungary and raised here until he was 8. As the family moved to Austria, she acquired citizenship there and lost the Hungarian one. She has many relatives and friends living in Hungary and Budapest. Attended university in Innsbruck and graduated in international economics (foreign relations) and economic sciences. She is managing director of an ecumenical non-profit organization, and was sent to Budapest in January 2008. The trigger basically was her mission but actually she returned to his homeland. Involved in long-term exchange of volunteers, communication actions and lobbying, in the organization of various events. For her (of traditional Reformed Church affiliation) it should be important that Hungary is a favourable environment to worship and her companion is a Hungarian citizen. He leads a double life spending weekends in a quiet detached house of parents to be found in the green belt (22<sup>nd</sup> district) whereas on days of work lives in the flat of her partner located close to the place of work. She has not yet made a choice about settling down finally in Hungary or in Austria. Though being attached to Hungary by work and liaison perhaps she will return to Austria for financial reasons.

#### **R14**

A 28-year-old Bulgarian female, divorcee. She was brought up in Bulgaria, awarded diploma in economic sciences at the University of Sofia. Upon finishing university studies moved to Budapest in 1991, primarily for family reasons: her husband was admitted to the Budapest Technical University and received higher education there. There were triggers related to employment as well: at that time the systemic change in Bulgaria was under way and opportunities to find jobs were very limited. In the meantime their daughter was born and she stayed at home with her for 3 years while her well positioned and paid husband sustained the family. Being fluent in some languages she was administrator at a French firm, afterwards taught at a language school. Then became employed at Michelin Hungary Ltd. as responsible for contacts with Bulgaria, and that was followed by a one-year work for a Bulgarian

company. Since 2008 she is part of a book publisher as Bulgarian co-ordinator and fulfils marketing tasks. She has always lived in 11<sup>th</sup> district, first as a tenant and then as owner-occupier, and also stayed there after divorce. She will probably leave for Bulgaria with new life's companion for financial reasons.

#### **R15**

A 23-year-old French woman, single. She was a university student in France for two years, was awarded a diploma in business economy, then left for the UK and completed studies obtaining degrees of BSc and MA. In the meantime she spent one term in the Netherlands and became Master of International Business and Management and MBA. Then she returned to France and worked for an insurance company for some months. She arrived in Budapest in November 2007 basically to join her Hungarian partner, but the decision was enhanced by finding a job at the Hungarian subsidiary of IBM. This is her first employment actually, in the beginning along HR line, then switched to IBM Global Financing, Department for Leasing, where she handles a portfolio for French clientele and is involved in accountancy. She lives with her companion in a flat of block house in the 3<sup>rd</sup> district (north of Buda). They contemplate about buying an apartment in downtown on credit. She is attached to Budapest by her contract for the forthcoming two years, still did not decided where to settle down. Due to her liaison and work it is might be Hungary but she has not yet thought it over.

#### **R16**

A 34 years old Korean male of Canadian citizenship, programmer and designer, who studied in Italy at a school of design. In summer 2005 arrived in Hungary as a tourist with friends and it was then that he made acquainted with his current lady friend. They exchanged visits in Canada and Hungary then he decided to move to Budapest to her. Since spring 2006 he has been living here for her sake. Until July 2008 he worked for various firms all over the world as an independent programmer and held communication by internet. For the time being he is occupied at an office of a Holland software development firm in Budapest and also has projects of his own. Lives in the 7<sup>th</sup> district in a tenement flat (Pest side, close to the downtown). He is very likely to leave Hungary within a couple of years as company of his friends is in Canada, family lives in South Korea and he plans to spend some time in Afrika.

#### **R17**

A single Englishman aged 56 years, teaches English and also engaged in translation. He pursued studies in human resources in London but he dropped it after three years and started to work in this domain. Later he finished a course of English teaching and got a teacher's diploma. The only place he had been offered was Budapest therefore he came here in 1987, for a stable occupation and living. He was working for British Council then taught English at a school. At present he pursues private tuition applying individual method and occasionally is engaged in language schools. He lives in the 13<sup>th</sup> district of the capital in a rented block apartment. He is likely to stay in Hungary for he feels his job is granted here.

#### **R18**

A 35 years old American male raised in the USA, married. He got a diploma of Social Arts at the University of Michigan and later studied geography in Minnesota. MA and PhD degrees he obtained at Bristol (UK). His main field of research is energy management and energy policy in Eastern Central Europe. Previously he taught English, now works as project manager in a Budapest office of an American firm. His first visit to Hungary dates back to 1994 when he arrived in Hungary as a tourist. He came again in 1996 and 1998 when he spent some weeks at Budapest; then he decided to stay. He married his Hungarian girlfriend in

2000, spent four years in England, returned to Hungary in 2004 and since then they have been living here. He lives in an owner-occupied apartment with his family. As there are little children, he is going to stay in Hungary very probably and does not intend to move from the country.

### **R19**

This unmarried Englishman aged 33 is a researcher and university reader. He was grown up in Wales and pursued studies in geology and environmental protection at the University of Cardiff. He obtained MA and PhD degrees in Budapest, in the meantime attending a course in environmental management in the framework of an international program organized by the University of San Francisco, also in Budapest. At present he is a scientific researcher at Corvinus University. For the first time he visited Hungary in 2002; he had never been in East Europe before but showed an eager interest towards the countries formerly beyond the iron curtain as early as a university student. He was looking for a place in the world where he could live. Also he wanted to teach English and as there was an opportunity to attend a course granting a teacher's diploma, his choice fell on Budapest. Presently he lives with his lady friend in the flat of the latter in the 7<sup>th</sup> district and in Göd (Budapest Agglomeration). He is fond of living and working in Hungary and will stay here for 4–5 years definitely and perhaps even longer.

### **R20**

A Japanese male of 30 years, who gained his diploma in international communication in Tokyo. Then he pursued studies in English, history and religion and started teaching English. The latter had lasted for one year, then he became an engineer at Yahoo Japan. His relations with Hungarians date back to 2002 in Tokyo where he organized an exhibition together with our artists. Then he visited Budapest as a tourist in 2005 and 2006 and the city appealed to him immediately. He is a resident of Budapest since 2007; arrived with a student's visa, attended a language school to learn Hungarian, then he found a job in mid-2008 and now works for the Japanese–Hungarian Business Office as an office manager. Upon his arrival he stayed at a youth hostel for one month, then with the help of a Hungarian friend now he lives in lodgings in the 8<sup>th</sup> district and commutes to Buda to work. He is hoping to find a calmer and more balanced lifestyle in Hungary. His plans envisage university studies aimed at a profession of interpreter and translator in Hungary.

### **R21**

A 28 year old man from Mexico, where he grew up, studied communication and graduated from the university. Then he was engaged in radio broadcasting and worked for different newspapers. Also he was engaged in a tourist information bureau and as a tour operator. He had got acquainted with a Hungarian girl also in Mexico whom he married subsequently. His first appearance in Hungary was that of a tourist to see his girlfriend and he has been living at Budapest since 2004. He decided to stay here, but his efforts to find any job were fruitless in a lack of a visa. Studied Hungarian at a language school for one year and a half then worked a year for the helpdesk section of General Electric. Since 2007 he is part of the firm Diageo (a global company trading alcoholic drink) where he is responsible for maintaining contacts with the Spanish speaking clientele. His wife comes from a well-to-do family and they live in one of the apartments in the 2<sup>nd</sup> district (Rózsadomb). They are to stay in Hungary for the forthcoming 3–4 years but he is uncertain about the distant future.

**R22**

A 32 year old unmarried Frenchman, who spent his childhood in a small village between Bordeaux and Toulouse. He obtained a diploma in electric engineering, but never practiced his profession. After graduation he was working in Oxford for 4 years then decided to leave England. His first visit as that of a tourist dates back to 2002, which was followed by another three or four occasions before he decided to settle down. His migration was also motivated by the intention to work as a teacher of English which was welcome here. In the beginning he lived in a youth hostel for several months and went to work from there. In the meantime he obtained a language teacher's diploma and a tourist guide's license. In 2007 he found a job at a headquarters of a British firm in Budapest where he is occupied at the IT consumer service maintaining contacts with British and French clients. He has an own enterprise in language teaching. Now he lives in the 9<sup>th</sup> district of Budapest in the city centre, near the place where he works. He moved to his present flat found through acquaintances at the end of 2008. Though now he feels all right in Budapest, he is unsure about the future.

**R23**

A 34 year old man from Uganda, where he was born. Stemming from the diplomatic mission of his father he spent 5 years in Japan, 5 years in the USA, then lived in Kenya and stayed for 11 years in Germany with the family; there started university studies in chemistry. He got acquainted with a Hungarian girl whom he married later. In 2002 they decided to marry and to move to Hungary. He taught English for some years then attended International Business School from where graduated in 2008. He started to work for IBM in 2006 as assistant and after lifting along the professional ladder now he is the communication manager of the Budapest subsidiary of the firm. With his wife they live in the 6<sup>th</sup> district, close to the downtown. He considers the step to settle in Hungary a right one and feels comfortable here but certainly will leave the country because he is very curious about Asia and the firm offers mobility opportunities.

**R24**

Unmarried Italian male aged 29. He graduated from the university in Milan, where received a graphic designer's diploma. His first appearance was dated to 2000 when he attended Sziget Festival as a tourist. Here he got acquainted with his girlfriend and they lived 3 years together in Milan. According to their joint decision they moved to Hungary and have been living in Budapest since 2007. He was seeking a job at Budapest from Milan but there had been only one offer. For a couple of months he worked for a consulting company then switched to the Doxa Group. His employment at a well-known public opinion poll and consulting agency started in 2008. In the meantime he launched a studio of his own. He still lives in a prestigious neighbourhood in the 3<sup>rd</sup> district but now he is about to move because of the wreckage of the liaison. He is looking for a residence in the same district, close to the place of work or on the Pest side near downtown. He is planning to stay in Hungary for he likes his work and has built up a venture of own.

**R25**

An Englishman aged 30, teacher of his native tongue, married, childless. He spent his childhood in Scotland, started university studies twice but had not completed them. Then learned catering at a college in England and attended a teacher's course in Hungary. After the two unsuccessful attempts he left Scotland and worked long in Germany, Netherlands and Denmark as a chef, and also on ships, because he likes sailing. After extensive voyages he started to seek for a country where he would be able to live. Hungary seemed suitable for this purpose and is located relatively near his homeland. In the meantime he married a Hungarian

lady in England. The first visit to Hungary was planned for a half of a year (visa expired), but was extended by another half year. He had found a very good job, gave up cooking and started to teach. He has been teaching English in a multinational language school of Italian foundation for 6 years and also in a primary school, from the beginners up to advanced pupils. He could find employment at a language school for he missed a certificate necessary for teaching at an ordinary school. First he lived on the Pest side in the 14<sup>th</sup> district in various places. Then with his wife moved to Dunavarsány, where they had bought a big house with garden. He feels in Hungary and Budapest fantastically, very satisfied, he would left the country by no means, plans his stay for a long perspective.

## **R26**

An Englishman of 49 years, married. Does not have higher educational qualification for he had quitted studies to play soccer in a professional team. Played football for 2 years and after a serious physical trauma he gave up and went to work in motor industry (Audi, VW) where he spent 30 years. Started as cleaner and rose to a position of business manager. He has tended to learn because has always had a thirst for knowledge inherited from parents. 9 years ago he decided to change his life and started to teach. First visit to Budapest dates back to 2001, when he took his daughter, a premature infant with problems to walk who has been treated in the International Pet Institute of Budapest. For 3–4 years he led a double life: partly in London with wife and partly in Budapest with daughter. Then a decision was taken that all the family should move to Budapest, and here they have been staying for 4 years. First they bought an apartment in the 13<sup>th</sup> district in a central location near Westend City Center with favourable price and size and large enough. For the time being they have an apartment of their own in the 7<sup>th</sup> district. A centrally located dwelling has always been first priority. Previously he taught children between 5 and 7 years of age at an international school of languages. He enjoyed it very much, but later became frustrated by the circumstances and quitted his job. Now he practices private tuition, and is uncertain about the term they will stay in Hungary and Budapest.

## **R27**

A 27-year-old German bachelor. He attended university in Germany, and was awarded MA degree in the UK. After finishing studies he was working for the media for 2 years in London, then returned to Germany and was employed by a firm providing internet services. Some years later started PhD studies because research challenged him as well. During PhD activities he got acquainted with colleagues from Edinburgh and London and became project manager in a centre for media research. An idea has been raised to create a similar institution at Budapest. He came to the Hungarian capital to organize and launch the institute. Presently he works at the Centre for Media and Communication Studies (CMCS) at the CEU. He arrived in Budapest in 2007 to a project of 3 months duration, then spent a fellowship of one year. At present he has a contract for 4 years (this is a general term), and is a member of the staff. His primary tasks include managing the centre in general and projects in particular, planning and development of long-term programmes, administration, and, besides all these he teaches too. First he came to Budapest in 2005 to participate at a conference, found the city attractive and the opportunity to return here and live for a while interesting. He has always been living in the 7th district, even if changing residence several times. Eventually he found a new apartment with modern interior in an old building at a reasonable price, where he lives to date. He is tied to Budapest by work exclusively and he plans to move on; perhaps he would go to the UK or to the USA.

## **R28**

A 48-year-old English bachelor. He was born in a small settlement near Manchester and attended primary school there. He did not have the opportunity to study at university; instead he started to work at the age of 17. Received training in electronics at an evening school. After receiving certification he became employed at a governmental agency as a physicist. After designing and constructing electronic instruments he switched to software industry which requires more flexibility and openness and worked as a freelance. After some years he rose to engineer recruitment occupation and worked in this sphere. He arrived in Hungary for personal reasons: he came only because his child was born here. His first visit in 1998 was motivated by this event. Previously she was employed in Germany by an engineering recruitment service as a freelance; for another two years he conducted the German project work from Hungary. He has made an attempt to find a job in a Hungarian firm using acquaintance but failed for administrative reasons. Two years ago he founded an engineering recruitment company as a freelance; this is a form of occupation that really fits him. Upon arrival he rented a detached house in the 22<sup>nd</sup> district of Budapest, in a quiet neighbourhood. Then he moved twice and now he dwells in an apartment in the 12<sup>th</sup> district. He has not made plans about settling down finally here.

### ***Local experts and professionals selected for interviewing:***

#### **EXP1**

The interviewee is deputy managing director of a Holland–Hungarian agency of head-hunting and mediating labour. Graduated in law in Amsterdam in 1998 and moved to Hungary to live together with her Hungarian-born wife. In the beginning he was working at a bank as a lawyer for 2 years. He met his future wife at that time and (as he had Hungarian roots himself) came to Hungary in 2001. After 4 years and a half of employment at ING Bank as sales manager he changed work and became a head-hunter. At his present firm primarily deals with mediating labour in finances and law. The firm belongs to the top agencies in its category by the number of employees, revenues and by the number of lendings and mediations. They deal exclusively with mediation of highly qualified persons, from entrants to the uppermost level. The agency is also involved in international affairs and it seeks jobs for entrant applicants too. They provide help for those dismissed from work; the clientele includes several hundred Hungarian enterprises and transnational firms as consigners and 60 thousand applicants of very different nationals (75–80 percent foreigners). An office of the firm was opened in Bucharest but the domestic market remains the primary target. They are considering a further expansion in the region.

#### **EXP2**

The interviewee is general manager of a consulting agency for highly skilled transnational labourforce. The consulting agency was founded by young experts on the model of foreign companies those having spent a longer time abroad. Similar service can be provided by other firms, but they as a rule are organized around transnational enterprises. The positive characteristic is flexibility and openness to individual requirements. Besides the permanent staff they have 4–5 assistants from outside according to necessity. Main services: administration of residence permits and registration cards, solution of tasks relating to residence (search for lodging, composition of tenancy contract), mediating in ordering services (pipe break in the flat, glazing), assistance in foundation of a business or in everyday life (enrolment of children at school or kindergarten), in seeking for job. Clientele comprises ca 300 persons, mainly young and middle-aged foreign citizens, generally well situated entrepreneurs and businessmen from the UK, USA, Spain, Germany and France and lately

those in a growing number from Asia and Africa. The majority find them by internet or is advised by previous clients. The office is to be found in a part of the 9<sup>th</sup> district, close to the downtown. They envisage widening of the circle of services and clientele and expanding towards Romania and Slovakia.

### EXP3

The interviewee is a professor and head of Department of Social Geography at the Eötvös Loránd University in Budapest. Her main research activities are in the fields of international mobility, migration of skilled labour, international student exchange processes. She is especially interested in the brain drain and brain gain processes in Hungary.

### EXP4

The interviewee is a senior research fellow at the Demographic Research Institute of the Hungarian Central Statistical Office and assistant professor at the Kodolányi János College in Budapest. He is a professional expert of Hungarian mobility and migration processes and at the same time he has long run experiences in researching demographic tendencies and changes in Hungary.

## 7.2 Motivations to come to Hungary and Budapest

The survey and analysis of the pulling factors made it clear that motivation of the highly qualified transnational migrants coming to Budapest and BMR have a relatively narrower range than it has been assumed by the ARCE consortium. From the results of deep interviews it has become clear that personal and family ties should be handled separately from the hard and soft factors. The analyses showed that personal and family reasons prove to be such a strong motivation to move into a metropolitan region (in our case to Budapest and environs) that any other hard or soft factors are neglected by the migrant.

Studies on the personal, hard and soft factors as motivation factors revealed that in many cases decision of the interviewees is not determined by one particular group of factors (Table 7.1). This is supported by the results: in 8 cases of the 28 interviews the combination of two groups of factors from the three was decisive in making a choice to move to Budapest. Even at these interviewees, however, there could be recognized a stronger influence of a certain factor upon the decision.

**Table 7.1 Motivations to come to Budapest by sectors and gender**

	Pure motivation			Mixed motivation			Total
	H	P	S	Hs	Sp	PH	
<b>Creatives</b>	4	1	1	1	1	0	<b>8</b>
<b>Knowledge</b>	6	7	1	2	2	2	<b>20</b>
<b>Male</b>	5	7	2	2	3	0	<b>19</b>
<b>Female</b>	5	1	0	1	0	2	<b>9</b>
<b>Total</b>	<b>10</b>	<b>8</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>28</b>

H= Hard factors, P=Personal trajectories, S= Soft factors

The answers show that the interviewees can be subdivided into two well defined groups: the motivation of the overwhelming majority (20 persons) can be characterized by one single group of factors and described simply whereas there is an other part (8 persons)

who weighed some more aspects (group of factors) when they were considering to move to Budapest.

As demonstrated by Table 7.1 a larger part of the transnational migrants were attracted to Budapest by hard factors (work and studies). A considerable part of them came here for personal or family reasons (following their partners or for some other reasons). Those attracted exclusively by soft factors were rather underrepresented. In the case of mixed motivation all the three combinations featuring two factors were represented by nearly the same weight.

Examination of the results obtained in the survey by economic sectors and sex composition points to some differences. On the one hand hard factors exclusively are more frequent among the motivations in interviews with the creatives (50 percent) whereas in the answers of those belonging to the knowledge intensive sector it is the personal reasons that seem to dominate. On the other hand with ca half of the male interviewees personal and family reasons appear what is less typical of the female respondents (37.5 percent). It seems that males tend to make their choice on emotional basis and follow their partner, what means that in voluntary international migration it is more frequent that they follow companion. In contrast, female transnational migrants have a tendency to choose their place of living with hard factors such as study and work opportunities increasingly and consciously taken into account (50 percent).

Below an overview follows about the main motivation factors (ranked by importance: hard, personal and soft factors) that played a primary part in the movements of the migrants.

### *7.2.1 The role of hard factors*

Altogether 15 interviewees claimed that hard factors attracted them to Hungary and Budapest. For 10 of them these were the primary criteria in their choice. So it can be stated that for transnational migrants hard factors are crucial when making decision.

The range of factors met during deep interviewing is relatively narrow and well defined. 3 interviewees came to Budapest to pursue studies in higher education. R1 win a scholarship in art at a tender in France to Hungary; in her case soft factors have played a certain role because the city appealed to her and she found the atmosphere and environment highly inspiring. R6 completed studies in fine arts, and R7 did in media-sociology in Budapest. The rest interviewees came to work; stages of their career before were mentioned in the previous chapter. So the work opportunities offered play an eminent part. Seeking and finding job are in the first place when making decisions, other factors come only after. R19 and R16 should especially be mentioned, they were basically attracted by job opportunities but soft factors in both cases had played certain but subordinate role.

*„I arrived in Budapest in January. The city seemed to be quite depressing, gray, black snow, the buildings seemed to be run-down, but I still liked it a lot, it was interesting and challenging, I liked the people I first met here. I liked it, it was definitely positive. I haven't planned to stay for more than 3-6 months, but than spring came and I loved spring in Hungary. I really like the city.” R19*

*„It was my firm intention to teach English. My friends told me it was possible in Hungary, that's why I had come. I obtained qualification to teach as I taught English and French. Then I completed a course of a tourist guide. Besides I found it a big challenge to live in a country I don't speak the language of and where things and*

*different but I felt I had some chances. Moreover this stay guarantee a quality of life I could have never had either in France or in England.” R16*

Hard factors had played a limited role to attract R9 and R15 to Budapest as well but in their cases for personal reasons were stronger. R7 arrived in Hungary to study but later returned repeatedly as a political refugee. It was a specific interference of free and forced migration.

Of other hard factors Living and housing conditions were mentioned. R11 had been living in Budapest for several years, then left Hungary for some years. Second time she returned definitely because better housing conditions were available and a life was cheaper in Budapest. Other hard factors as accessibility of Budapest, public social infrastructure, technical infrastructure or taxation etc. have not appeared at all as motivation factors meaning that they have not played any role in the attraction of transnational migrants.

### *7.2.2 The role of personal trajectories*

Personal ties have nearly as an important part in attracting highly qualified creatives and knowledge intensive intellectuals to Hungary as hard factors. For 13 interviewees personal and family reasons had played some role in one way or another in moving to Budapest and 8 of them they were the only triggers. of personal ties the intention to join the Hungarian companion (boy- or girlfriend, husband or wife) was the first priority. In 6 cases of the mentioned 8 this motivation was determining. To follow the partner was typical of males (e.g. R16, R21, R24). In the case of 5 interviewees with combined motivations this meant to join the girlfriend and for married couples a decision to move together made unanimously. In these cases personal tie supported the intention to move and was a strong migration drive contributing to an eventual settling down of the interviewee.

*„I arrived in Budapest in November 2007. In fact I came to follow my friend but my decision was positively influenced by the fact that I had managed to find a job at the local subsidiary of IBM. Probably I would not have come to Hungary and remained here had I not found a job.” R15*

Among the other factors there are specific reasons: R4 and R26 are exceptions within the group of those attracted by personal ties: the former came as a little child with the family (he had no other choice), the latter arrived to have his daughter cured at a medical institution of international reputation.

*„First I came to Budapest with my daughter because she had problems with walking. The International Pet Institute is here and she was treated there. For 3 or 4 years I lived a double life partly in London with wife and in Hungary with daughter. Then a decision was made to move to Budapest and we bought an apartment.” R26*

The existence of family and personal ties in Hungary (R7, R13) cannot range among motivation factors strongly promoting resettlement though both of the interviewees mentioned relatives living in Hungary and this personal tie played some role in decision making.

*„I came to Hungary to work, but my decision was a sort of influenced by having roots here anyway. I was born in Budapest and I was eight when we left for Austria. I am an Austrian citizen, the Hungarian one was lost, but I have a lot of relatives and friends*

*here. It is good to live in Hungarian environment surrounded by relatives and friends; my companion is also here, he is also Hungarian.” R13*

### 7.2.3 The role of soft factors

Our survey as a whole testifies to a subordinate role of soft factors among the motivation triggers. Altogether two interviewees have argued for coming to Budapest due to soft factors exclusively (R3, R20). In their case the concrete motivations and triggers within the given group of factors to choose Hungary could not be stated unambiguously. Their decision was a resultant of positive experiences and impressions.

*„My wife died seven years ago, and I started for a tour around the world. I have been in Australia, Ireland, Russia, Japan and in some European countries, taking up casual labour. I went to Austria upon the invitation of my friend and came over to visit my brother who lived here with his Hungarian family. I fell in love with the city at once and settled down here.” R3*

It should be mentioned that soft factors are to play a certain role in the subconscious role in the case of those who came to Hungary to work or to study (R1).

*„I was contemplating for long to leave the USA because I had wished to discover and explore new worlds and had problems in family life. I felt I could not be free enough in Chicago and I hated to see the troubled and weary face of people in the metro. I came to Hungary with a half-year fellowship and Budapest appealed to me immediately. I passed through happy and liberating experiences here.” R1*

Most of the interviewees had not had any information about Hungary and Budapest before. It is not infrequent, however, that decision to undertake a job or to join one's partner had been made on the basis of positive experience and impressions gained earlier (e.g. R18, R19, R22).

*„I visited Hungary for the first time as a tourist in 1994, during the summer holiday when I studied in Sweden. I wanted to get to know an East European country. Then I returned two years later in 1996, again as a tourist and enjoyed it very much. At the invitation of my friend I spent a couple of weeks in 1998 and decided to stay here. I fell in love with the city, was teaching English and earned some money in this way. I got acquainted with a girl in December 1998 and we got married in the summer of 2000.” R18*

*„First I came to Hungary in 2002 when I was a student. I was interested in countries beyond the iron curtain, but I had not been in Eastern Europe previously. I wanted to visit a capital city I had heard about before and to stay there but not as a tourist because I was looking for a place where I could live. I wanted to teach English; here the chance was provided to complete a course of teachers and made a choice upon Budapest.” R19*

To sum up: for the transnational migrants to Hungary the individual soft factors are difficult to separate and identify. It is not typical that the movement here can be motivated by one single factor, it is rather the joint and multiple effects of soft factors that often play an indirect role in the migration to Hungary.

### 7.3 Assessment of localisation factors by transnational migrants

Based on the interviews a relatively narrow circle of motivation factors could be identified that were most influential upon the decisions about moving to Hungary and Budapest. Besides the motivation factors the interviewees expressed their opinion about hard and soft factors in detail, which still make an impact upon their life. The following chapter is a summary of their positive remarks and criticism.

#### 7.3.1 Opinion of foreigners about hard factors

##### Education, schools and universities

During their stay most of the interviewees have established contacts with the Hungarian system of education. The process basically acquired three forms: a) the interviewee has attended some course and/or received training (R17, R20, R21, R22, R23); b) the migrant have worked or works at a language school as a teacher (R18, R22, R23); c) the interviewee has worked or works at some level of the system of education (e.g. in primary school or at university; R9, R10, R17, R18, R19, R25). Our information is based on the interviews with the representatives belonging to the third group as they have been (or are) involved in the Hungarian educational system so their opinion is rather authentic. Quite logically the research focused on the characteristic features showing differences from those in the west European countries, problems raised by the interviewees and on conditions they considered to be changed.

R26 spent a relatively long time in public education, but later he became dissatisfied with the institutional system and circumstances and now he is involved in private tuition. In his opinion what is really wrong in the Hungarian system that children start learning in primary school too late, at the age of 6–7 years, what makes teaching difficult. On the other hand education is increasingly theoretical and not too much knowledge and skills are conveyed that could be usefully implemented in everyday life.

*„Hungary is a wonderful country with a lot of theoretical learning, but knowledge that could be applied in practice is frequently missing. The problem with the system of education is that the children study for 12 years and then they cannot find any job because their knowledge is not market compatible and nobody cares about how many skilled workers by different professions are needed.” R26*

Public education is aimed at a direct conveyance of knowledge instead of raising interest in children and youth, to make them open-eyed and apt to think. A high level of intolerance in Hungary also calls attention to the deficiencies in education. Within the whole school system there are serious problems with teaching languages and with the command of everyday language among teachers. The best of them are missing from the lower branch, they are not even employed in public education where they are absolutely necessary, but go to teach in language schools instead in a search for a higher payment.

*„A big problem is that the young folks are not taught to behave according to legal requirements. While in the West the respect for the law is evidence, in Hungary the youth is convinced that one can get along simply and easily with fudge and swindle. Also education can be blamed for a high degree of intolerance. Intolerant people are frequently unskilled and less educated.” R25*

Since the change of regime there has been a considerable structural change in public education followed by further attempts of reform over the past 10 years (revision of the subject-matter, change in the system of final examination) but all these are subject to vivid professional debates.

According to a unanimous opinion of R9 and R19 on the university sphere a statement can be made that generally there is a high-level education providing stable professional background (Table 7.2).

**Table 7.2 Students in tertiary undergraduate (BSc) and postgraduate (Master) training by permanent place of residence in full-time education**

	2001	2002	2003	2004	2005	2006	2007
<i>Budapest</i>	36 180	38 548	38 493	38 857	39 687	40 664	41 368
Pest	14 176	14 855	16 828	18 772	19 306	21 499	21 934
<i>Central Hungary</i>	50 356	53 403	55 321	57 629	58 993	62 163	63 302
Central Transdanubia	18 659	19 979	20 527	21 290	21 768	22 554	22 673
Western Transdanubia	17 393	18 455	19 847	20 681	21 119	21 456	25 205
Southern Transdanubia	15 598	17 275	18 236	19 230	19 463	19 887	19 632
Northern Hungary	22 222	23 076	24 921	25 089	25 313	26 353	26 619
Northern Great Plain	27 141	28 642	31 214	32 227	33 073	33 816	30 453
Southern Great Plain	22 437	24 141	25 964	26 844	27 444	28 516	28 681
<i>Foreigners</i>	8 088	8 184	8 880	9 302	10 072	9 871	10 553
<b>Total</b>	<b>184 071</b>	<b>193 155</b>	<b>204 910</b>	<b>212 292</b>	<b>217 245</b>	<b>224 616</b>	<b>227 118</b>

Source: CSO Hungary, 2008

There are friendly collectives, the colleagues as a rule are kind and helpful. For the staff their workplace provides friendly atmosphere and proper infrastructure. In international comparison the Hungarian universities are more conservative, less dynamic and flexible than their west European or Anglo-Saxon counterparts. University environment in Hungary seems to be unstructured in many respects, what is stimulating for creativity but negative for the younger researchers and lecturers because they should find their ways themselves. It would be useful if these young people enjoyed a higher degree of guidance and direction. There is a dire necessity of higher dynamism, more active international cooperation in research, an extensive collaboration between the researchers and fields of studies; these activities should be given an emphasized interdisciplinarity. Young lecturers and researchers arriving from the Anglo-Saxon world have voiced unanimously that feedback of quality control is missing from the Hungarian higher education, especially over research activities and strategy, there is no feedback of evaluation, classification, of students' assessment about education either and this is a big difference in comparison with the international education programs.

*„One of the real problems is that nothing is being changed, everything is being the same for long years. The system is inflexible; there is a lack of dynamics and the management is also responsible for the lack of development. As feedback is missing, nothing could really be changed because no information is available about what should be changed actually?” R9*

Interviewees called attention to a real problem with human resources management in the Hungarian public sphere including Hungarian universities and research institutes notably that part of the colleagues (in the subjective opinion of our interviewee half of them) does not conduct any effective work. It is the younger part of the staff that is active; the lion's part of

the work is performed by them. At the same time the superannuated older colleagues are also at present and receive payment. They block the jobs preventing the employment of the young, energetic and enthusiastic specialists. This way ‘employment on social grounds’ has survived in the public sphere.

For the transnational migrants it might be problematic that while a university diploma can be naturalized in Hungary relatively easily, it is not the case with the documents testifying to professional qualification. It frequently occurs that special examinations should be passed and this is quite a serious hindrance to the employment of the foreigners in the given profession.

### Employment and actual working conditions

Earlier, when motivation factors were discussed in detail it was mentioned that hard factors had been decisive in moving to Hungary and Budapest, and among them a prominent role belonged to working conditions and job opportunities (Table 7.3).

**Table 7.3 Employment and unemployment rate in Hungary in regional comparison (percent)**

	Employment rate				Unemployment rate			
	2005	2006	2007	2008	2005	2006	2007	2008
<b>Budapest</b>	<b>58.2</b>	<b>57.1</b>	<b>57.0</b>	<b>57.0</b>	<b>4.7</b>	<b>4.8</b>	<b>4.9</b>	<b>4.3</b>
Pest	54.2	54.8	55.1	54.2	5.9	5.6	4.6	5.1
Central Hungary	56.6	56.2	56.2	55.9	5.2	5.1	4.7	4.6
Central Transdanubia	53.6	54.6	54.7	53.7	6.3	6.1	5.0	5.8
Western Transdanubia	54.8	55.3	55.8	54.9	5.9	5.7	5.0	4.9
Southern Transdanubia	47.1	47.1	45.1	45.1	8.8	9.0	10.0	10.3
Northern Hungary	43.6	44.3	44.7	43.7	10.6	11.0	12.3	13.4
Northern Great Plain	44.7	45.8	45.3	44.8	9.1	10.9	10.8	12.0
Southern Great Plain	47.4	47.7	48.4	47.9	8.2	7.8	7.9	8.7
<b>Total</b>	<b>50.5</b>	<b>50.9</b>	<b>50.9</b>	<b>50.3</b>	<b>7.2</b>	<b>7.5</b>	<b>7.4</b>	<b>7.8</b>

Source: CSO Hungary 2009

Of all interviewees there was only one (R19) who has not had any chance to choose and came to Hungary not by own accord. In this subchapter it is not the background of motivations that is tackled but the positive and negative experience of interviewees relating to the conditions of employment and work are summarized.

*“I can imagine that in the long run the Hungarian labour market could be attractive for highly qualified foreigners as well. I was surprised that one of my former mates of course from Innsbruck University has lately come to work to Budapest with a transnational firm.” R13*

*„There are better opportunities for a foreigner on the labour market in Budapest than e.g. in Bonn. In Germany it would have been inconceivable to capture my present position and here I walked in right from the street and the day after worked already. Naturally the wages are much lower and life is not so cheap as it used to be but job opportunities are still better.” R23*

Based on the statements of the interviewees a conclusion can be drawn that generally the highly qualified manpower in Hungary works in a more favourable infrastructural

environment than the domestic colleagues do. Accordingly, the interviewees remain highly satisfied with the background infrastructure provided by their workplace; they enjoy good conditions in comparison with the average situation in Hungary and Budapest. As a whole respondents are content with their work and they as a rule do not want to quit.

Partly this is due to a kind of social security and stability provided by the Hungarian labour market compared to the international one. The interviewees have pointed to some of the components: a) contracts are signed for a longer period (4 years when 2 years are accepted in the West) providing a sort of security because after the employee established himself he/she is not has to be bothered to look after job within 2 years; b) besides their job transnational migrants have the right to maintain ventures of their own; c) the employee is granted full payment for the period of probation.

*„I am highly satisfied with my present position, I like my work I have been doing for one year. It is good that I have saved my venture so I undertake also teaching languages if I have time enough.” R22*

*“There has been a common practice in Italy for the past years that one gets one’s job for 3–6 months and is trained by somebody else who became employed some months earlier. Then he is fired and you get into a position to train others. But soon your time elapses either. It is needless to say that for this period of 3–6 months you get only a minor portion of an ordinary salary. When I began to work in my first place in Hungary I could hardly believe that even for the starting months I am entitled full salary. Though it was not entirely fair: part of my payment was received legally and the other part in pocket.” R24*

This statement points to the presence of „gray” economy in Hungary, elimination of which has lately been a priority in governmental policy even though a vain effort predominantly.

Of the remarks concerning conditions at workplaces it might be mentioned the flexible and versatile working environment, and opportunities offered for self-realization and personal liberty in the creative and knowledge intensive professions (e.g. universities, research institutes).

*„My impression is that in Western Europe all things are pre-structured, quiet and finished, already completed, and you have to fit into these certain boxes and you have to do what is expected to you or what was done before you. Here is a lot of freedom to develop what you want.” R27*

*„I feel fine in my job, where I can realize my own projects too. So I became increasingly committed to my present workplace.” R22*

The language of communication is a key factor at the place of work as Hungarian is a language very difficult to learn. Consequently, jobs and occupations are favoured with a foreign language of communication or work (presumably English). An important aspect for creatives (e.g. painters, sculptors, designers) is an easy availability of a studio. The Hungarian capital has grown to an attractive place for artists, because studio apartments meeting all personal and professional requirements can be leased or purchased in Budapest. Besides the positive circumstances the negative ones have also been mentioned. The latter are mainly associated with the low wages and salaries. It is typical that payments in Hungary are lagging far behind those in Western Europe and USA.

*„When I started to seek for job it was not easy to accept the condition that in case I would stay in Hungary, I was going to get a minor portion of the payment I could earn in Japan. Soon it became clear that I would not be able to spare any money here. I faced a decision: if I remain in Hungary to work I would never be in a position to have a house and family in Japan. You may earn a lot of money, you can make a career; all this is in vain if you are unable to live a decent life.” R20*

Wages often do not commensurate with the work performed. The highly skilled workforce is not appreciated and paid sufficiently. It occurs frequently that some tasks should be fulfilled free that would be chargeable as expensive services in the West. Not only the Hungarian wages are very low but personal purchase quality is also extremely weak in international comparison.

*„Wages are terrible in Hungary. If I got work in an English programme for a higher payment I would surely give up my present job. For me it is very frustrating that for the same activity I would get three times more in London. I guess it is general in Hungary that wages do not cover the costs of living. Higher payment probably would prompt me to resettle from the country.” R9*

It is well known that the load of taxes and appurtenance upon wages and salaries and of the contributions to be paid by the employers is among the heaviest in Europe, which curbs the economy and has a negative impact upon legal employment.

*„I was appointed to my job with a rather 'Hungarian' wages. It was shocking that I can take home about two-fifth of my payment in Hungary.” R13*

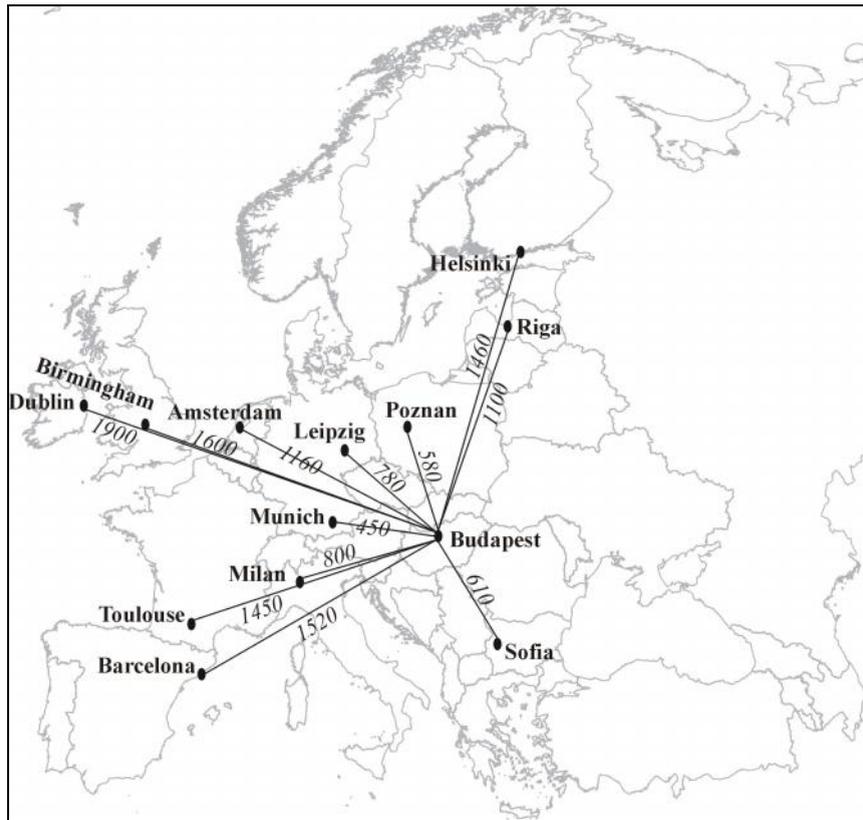
Concerning the payment, difference should be made between foreign citizen employees settled down in Hungary (getting 'Hungarian' wages) and those performing temporary work for a transnational firm and enjoying payment of similar amount as colleagues in a western country. The latter are rather well-off, but sometimes they also have troubles in maintaining lifestyle and paying for dwelling. Another problem is the overwhelming administration associated with employment. A lot of paper work should be done (especially in the university sphere), sometimes redundantly, because administration is not properly organized. Others voiced that the state did not pay enough attention to a more efficient use and integration of human capital to be found in Hungary and sometimes a highly qualified transnational migrant employed in the creative sector hardly had any relation with Hungarian economy.

#### International accessibility of Budapest

As it was mentioned earlier, international accessibility of Budapest was virtually neutral as to their decision about moving to Hungary. After the settlement, however, the accessibility of „home” and relatives abroad as a rule is to have an increased importance. In this respect Budapest has a favourable transport position due to its location in between West and East Europe (Figure 7.1). In a unanimous opinion of interviewees international links have been developed and accessibility improved over the past years. Airlines confining to Budapest are reliable but lately flights and destinations have become less. The prices were also up in the past 2 years so many foreigners cannot visit homeland regularly. Accessibility of the

Hungarian capital by road and rail is equally good but these ways are used by transnational migrants less frequently.

**Figure 7.1 Distance of ACRE partner cities from Budapest (km)**



### Technical infrastructure

Technical infrastructure has not figured among the motivation factors to come to Hungary. By technical infrastructure traffic conditions and public transport were meant virtually and only they were evaluated when answering this question. At the same time the standard of traffic and public transport have a strong impact upon everyday life and quality of life.

In a unanimous opinion of interviewees public transport in Budapest is excellent in international comparison. It seems to be surprising to acknowledge that in earlier phases of the survey the Hungarian respondents expressed an overwhelmingly negative attitude towards public transport.

*„I am completely satisfied with prices of public transport in a sense that it is easy and takes only a short time to get from one place to another. Different places are easily accessible within the city. There are no crowd in the buses and people are much polite and kind than in Chicago where I come from. I know that Hungarians complain a lot about BKV (Budapest Transport Company)...” R1*

*“It is strange to me that local people in Budapest complain about public transport all the time. In my opinion the BKV does an excellent job, generally the services follow the timetable exactly and there are night services as well.” R24*

Several interviewees mentioned that in comparison with most of the west European cities a well integrated system of public transport operates in Budapest with regard to relations and the network so they do not understand the complaints from the Hungarians. This criticism is partly due to the fact that the local people do not aware in the conditions outside the country so they cannot be objective. The foreigners found problematic that the ticketing system earlier was not proper and when changing the line one had to compost another ticket. A step forward was made in January 2009 when validity became confined to the duration of travel, independent of changing line.

Opinions about urban road transport were far from being so positive and laudative. It is general with the foreigners that they do not like driving in Budapest and negative experiences prevail. The streets are jam-packed for there is high motor vehicle traffic, problems with parking are common (parking lots are not enough, cars are parked on sidewalk, public zones are occupied etc.). The sharpest issue is considered a persistence conflict situation between the drivers and other participants of traffic on the roads. Motorists often neglect cyclists also tending to leave pedestrians out of consideration (manoeuvres endangering cyclists, parking block the way of pedestrians, not stopping at pedestrians' crossing to give way). In 2008 a step was made forward by modifying traffic regulations which favour cyclists and pedestrians (e.g. mandatory stop before zebras when there are people intending to cross).

One of the greatest deficiencies mentioned were the few cyclist tracks. Besides the danger posed by motor vehicle traffic, in many places there is a sore need in built-up cyclist tracks. This is an element of infrastructure that the young and emerging generations need so much therefore the Hungarian capital must be made more biker-friendly.

Interviewees had but little experience with railway and inter-urban bus traffic. They use railway more frequently, and impressions are rather negative. Trains are slow, uncomfortable and they are generally dirty.

### Social infrastructure

From the interviews relatively scarce information could be derived about social infrastructure. Those who had children presented their evaluation basically on child care, kindergarten provision and on the situation with primary schools. Altogether they were satisfied with the above elements of social infrastructure. Child care and kindergartens are institutions providing better service, than it had been expected by the interviewees before. Concerning the places in kindergartens, however, there might emerge problems because there is a lack of them and a kind of competition between the applicants. It is especially difficult to find places in similar institutions offering services of high standard. The system of au pair girls is not very common in Hungary and it is difficult to find them or they are very expensive.

*„There is a highly developed system of child care and kindergartens. There are much more opportunities than it was thought before, this is one of the great advantages of this city. In the first year it was problematic because she had a full-time contract and it had been difficult to find a baby-sitter, but then it became solved with the kindergarten. But there was a sharp competition, and sometimes too many children (30) are crowded in the premises. Lately many young couples with children have moved to the apartments in the newly built condominiums. The social infrastructure and institutions are meagre.”*  
R9

The infrastructure of primary education includes international schools where the children can be enrolled; generally these are available institutions with high standard teaching.

Technical and social infrastructure was portrayed by interviewees in a positive light, but infrastructural development of various directions does not form an organic whole:

*„About technical and social infrastructure it can be said that Budapest is a dynamically progressing big city in a sense that there are important investments in the sector (metro construction, new tramway lines). The problem is that they are not always harmonized and consistent, and an urban development concept is lacking sorely. It seems the city has focused on the development of consumer culture and huge shopping centres are mushrooming.” R18*

*„Global thinking is missing from the development of the city as well as from the thinking of the local people.” R4*

#### Living conditions, price of living

It can be stated that the price of living in Hungary is somewhat more favourable, i.e. it remains lower than the west European standard. In the opinion of the interviewees, however, it is double faceted: there are some aspects with favourable price of living but in other respects Hungary is an expensive country. Prices of dwelling and transport are cheap in international comparison. Energy and food prices are at the similar level than in the West, perhaps they are even lower. In contrast, consumer goods, apparel, technical equipment, computer devices and electronics are more expensive. It should be remembered that wages and salaries are very low in Hungary and personal purchasing quality is also weak. This is why price of living for Hungarians is high and they have been an ever increasing burden for the households. Due to the low level of payment Hungary is an overtly expensive country.

*„When I came to Hungary for the first time I had English pounds and everything seemed very cheap but now I get the average Hungarian payment for my work and I see how expensive the life is here. I do not even imagine how people can make ends meet from wages lower than mine? And life in the countryside does not seem cheaper either.” R9*

Owing to the unfavourable international macroeconomic trends at the end of 2008 and at the beginning of 2009 it is not to be expected that the number of foreign citizens living in Hungary is going to rise, at least not upon economic considerations.

#### Housing conditions, price of housing

The composition of housing stock and price of housing in Budapest show a favourable picture in international comparison (Table 7.4).

It is evidenced by the fact that over the past 10 years the city has been a favourite target of Irish, Dutch, and Spanish realtors and speculants. Real estate development and investments in the sector also have shown an upward trend during this period. As a result many new houses were built in the BMR. A wide variety of the new quarters, composition of the housing stock and new investments create favourable conditions for transnational migrants to move and settle here. For this reason the interviewees were able to choose and find apartments and in general they are satisfied with prices of housing. The latter are very comfortable for those who work for a transnational enterprise and have incomes of western standard. Favourable price of housing have appeared as one of the motivation factors:

**Table 7.4 Dwelling stock and inhabitants per hundred dwellings in regional comparison**

	Dwelling stock		Inhabitants per 100 dwellings	
	2007	2008	2007	2008
<b>Budapest</b>	<b>863 330</b>	<b>872 177</b>	<b>196</b>	<b>195</b>
Pest	428 953	435 455	274	274
Central Hungary	1 292 283	1 307 632	222	222
Central Transdanubia	435 845	438 721	254	252
Western Transdanubia	408 370	412 178	245	242
Southern Transdanubia	396 704	398 983	244	241
Northern Hungary	507 124	508 956	247	243
Northern Great Plain	608 180	611 934	251	247
Southern Great Plain	589 946	592 093	228	225
<b>Country total</b>	<b>4 238 452</b>	<b>4 270 497</b>	<b>237</b>	<b>235</b>

Source: CSO Hungary, 2009

*„Price of housing has played certain role in my decision in a sense that it is lower in Budapest then in Germany where I come from.” R10*

*„Expenses and price of housing are good. For instance one has to pay one fifth of the price in London for an apartment of a similar size. It is a high sum in terms of Hungarian wages but really cheap with English standards.” R9*

When looking for a dwelling, besides the suitability of quality parameters other soft criteria came to the fore such as the character of the neighbourhood or quarter, accessibility of green spaces, distance from the place of work, shopping opportunities and places of entertainment. These aspects are well expressed by one of the interviewees:

*„In the course of seeking for the apartment I came to a conclusion that dwellings represent a much higher quality standard here than in Greece. An important criterion was that I did not want to live in a house with circular gallery and to have people walking before our flat. Another requirement was a reasonable price of leasing. Further it should not have been in a run-down obsolete quarter and I did not have to be afraid when going home in the evening. The apartment had to be close to my place of work and possibly accessible without using public transport.” R12*

When looking for a dwelling foreigners have preferred two parts of the city: districts on the Buda side those rich in green space (2<sup>nd</sup> and 12<sup>th</sup> districts) or the quarters located close to the downtown on the Pest side. Price of housing is much higher on the Buda side whereas there is a considerable difference in prices of the downtown apartments and of dwellings located farther. This is why the less affluent foreigners are eager to choose the newly developed quarters (13<sup>th</sup> and 14<sup>th</sup> districts). It should be noted that real property prices are much higher within the administrative boundaries of the capital than in the agglomeration. In spite of this the highly qualified foreigner creatives rarely purchase or lease dwellings in the agglomeration.

To lease a flat is not too problematic in Budapest (though rental prices are high in comparison to other places in the country) there might be complications with a purchase. It is not so simple for a foreigner with a family who needs to take mortgage loan:

*“I would like to buy an apartment in Budapest, but the situation is rather depressing. We are going to buy an apartment of 100 square metres which would suit us, not necessarily close to the downtown, because 45 minutes travel to work is still OK with me. Mortgage loan should be paid by my income; to raise and pay it off is too complicated. This might be decisive if we are to stay here or to leave for another country.” R18*

### Administration, bureaucracy

Based on their contact with administration and bureaucracy the interviewees could be subdivided into two groups: a) those who came to undertake work in Hungary and tasks with administration were fulfilled by the employer firm or institution; b) those who had to deal with the business on their own. The first group has not much experience about the Hungarian bureaucracy, so they provided little information. In their case the official administration was relatively simple and smooth, settled by the department or official in charge of the place of work. (In this case the procedure to obtain official documents took 1–2 months.) In contrast, representative of the other group reported in detail about the “the insolence of office”, difficulties in administration and obstacles raised by bureaucracy they had to surmount.

*„After I arrived in Hungary I had to get over difficulties of very complicated administration to put my documents in order. In the beginning I made a vain attempt, but was unable to fulfil what the office asked me to. Then my employer had the job done by a lawyer. Even so it took 2 months.” R20 (a Japanese citizen)*

*„I feel good in Hungary but have some problems, most specifically the bureaucracy which dominates the governmental offices. Extension of my visa met such difficulties as if I had not had a Hungarian wife for 6 years. Paper work is overwhelming in the age of computers and the complicated and time consuming procedure is partly due to this circumstance. There are firms which provide assistance but their services are very expensive so I asked my wife to help me. Germany is also bureaucratic but in Bonn I managed to settle things in half a day which might easily take half of a year in Budapest.” R23 (a Ugandan citizen)*

During the transaction of acts the foreigner often felt the officials were not helpful, they were treated bad, and sometimes the information they had been given was completely wrong or were suggested to do just the opposite what had to be done. To make the procedure even more complicated they were not provided information by phone and it had turned out only on the spot that something were missing yet. One had to return to the office repeatedly and to stand in queue for hours. Interviewees complained about having been sent from one place to another without exact information given. Some of them mentioned that the process of getting documents for settlement or employment took 6 months frequently. Especially the residence permit could be obtained slowly.

*„I have lived in several places abroad in London, Vienna and Denmark, but I guess here is the most difficult to obtain residence permit. To get the proper documents costs very much or one needs contacts to manage it.” R6*

The last opinion calls attention to the corruption immanent in the system. Some of interviewees indicated that he/she had met cases when the deal could be settled through acquaintance only or tipping was expected for a quick and smooth administration (e.g. car

purchase and registration by foreign citizens). According to opinion polls Hungary occupies an intermediate position between the eastern and western countries by the level of corruption.

From the viewpoint of administration it is still difficult to officially settle down in Hungary and to get citizenship. Citizenship is granted only after a long years' procedure, and dissatisfaction has been perpetually voiced by foreign citizens working here and living with Hungarian husband or wife

*„To settle in Hungary as a foreigner is bloody hard, it's so hard. As a foreigner it is impossible, absolutely impossible to settle down. It should be easier, much easier.” R26*

*“It is hard that I have been living in Hungary for 15 years and still cannot apply for Hungarian citizenship. I stay here as an employee, now already as a settled person. After this status is granted another 8 years of continuous stay and work is needed for the chance to apply for Hungarian citizenship. I live here, pay tax and contributions here and find it unfair that I cannot borrow, participate in politics, when I am affected by every political decision. I find it absurd that I have to wait for citizenship for 8 years as a settled person. It would be important to change it anyway.” R14*

Here must be noted that the worst experiences with and administration reach back to the times prior to Hungary's EU accession. Information gained from the interviews has made clear that the situation improved and the level of bureaucracy dropped since then – especially in the case of EU citizens.

*„There were no problems with the documents. I did not need visa and as an EU citizen I needed only work permit, and residence permit was granted almost automatically. During my stay here I was only once in the office when I received the six-month residence permit.” R2 (an American–British double citizen)*

*„Prior to Hungary's accession to EU it was virtually impossible to settle down as a foreigner. After that it became much faster and smoother but the whole administrative system is very complicated, frustrating and senseless. And in addition it is expensive.” R25*

Bureaucracy is very tough to foreigner entrepreneurs in the field of economy too. It has been voiced that foreigners are discriminated negatively as there is too much and contra-productive and also very expensive administration relating to the operation of firms. For the small ventures it is more advantageous if foreign citizens do not work as entrepreneurs or managers but employees. It is very complicated to liquidate a firm (one of the interviewees had to fill in 25 forms, in England it requires filling one form). To sum up: the Hungarian system does not support foreign creatives in their efforts to settle down and establish their venture. The system is not prepared for the acceptance of foreigners.”

*„Hungary is a country controlled by bureaucracy and rules. In many cases nobody knows why do these rules and regulations exist, people are told that they have to follow this path which is paved with corruption, and nobody asks why it should be followed. Those leaders who think this way formulate these rules and impose these rules upon people are a hindrance to the progress and success of the country.” R26*

## Taxation

For the last years it has become inevitable that Hungarian society and economy mostly suffer from the system of taxation. Not only the bands of personal income tax are high in European comparison but the contributions to be paid both by the employers and employees are among the highest. This system is detrimental and hits these social groups hard. To keep manpower working the employers are in a difficult position because a great part of the declared payment “disappears” in the form of taxes and extras. This has a direct impact on the employment level and quality of workforce because highly qualified persons are in underpaid jobs and many people are employed unregistered.

Reform of taxation is being elaborated but comprehensive measures have not been taken to date. Foreigners draw attention to the fact that in spite of the highest taxes paid in Hungary all over Europe no positive effects could be recognized in education, health care or in infrastructure development. Owing to the heavy burdens taxation moral is very low in Hungary; out of 10 million inhabitants hardly 2 million are taxpayers, many make use of back door manipulations and legal gaps.

*„The worst thing about to living here is how to get paid on everything. Taxes, this is one of the main reasons that I actually leave Hungary. OK, now I work for the university, but I pay taxes in America, that’s fine and comfortable. If you plan to stay here, you have to get paid here and you have to become Hungarian and you have to play the same games as Hungarians otherwise you loose all your many or a lot of it.” R9*

### 7.3.2 Opinion of foreigners about soft factors

#### Family status, current family background generally

In 7.2.2 chapter the importance of personal ties in moving to Hungary was tackled in detail. It has been emphasized that family ties and visits to boy or girl companion proved to be very strong motivation factors to come to Budapest. Mixed partnership dominated: in the sample prevailed couples where one of the partners (rather the woman) is Hungarian citizen. Marriage, then the birth of child(ren) is a strong factor linking them to Hungary. It is not a matter of chance that these couples plan to stay in the long run.

*„We have a little child and it suggests a sort of stability to stay here in Hungary.” R18*

*„I am glad to be here in Budapest. I got acquainted with my girlfriend; she is my wife presently, who has had a very positive effect on me. Now our child was born. Certainly we will stay for some years in Hungary because it is one of the main reasons why I am here for the time being.” R19*

In the case of married couples where both of them are foreign citizens the key motivation factor to come to Hungary was either that one of them had to move to occupy a job or a pressing reason inside the family (illness of a member). These families are less probable to stay in the country, though the age of the couple is to be taken into account. Intention to move decreases with married couples getting older.

Those interviewees who have not yet married on their companion and single respondents are tending to leave Hungary with high probability. Single persons who have

come to perform a job and without stable liaison are very likely to move out of the country. Relatives living in Hungary and family ties promote moving to the country and settling here.

To sum up: Results achieved heretofore allow to outline a mobility chain based on the family status, even though job, age and personal subjective traits emerge as modifying factors.

(*To stay*) Parents of mixed citizenship with (little) child(ren) ⇒ Childless parents of mixed citizenship ⇒ Parents of foreign citizenship with (little) child(ren) ⇒ Childless parents of foreign citizenship ⇒ Persons living in partnership ⇒ Single persons (*to move*)

### Social networks

Based on the interviews taken the circle of friends of an „average foreigner” is recruited from foreigners living in Budapest whom he/she as a rule got acquainted with at the workplace or in the course of leisure time activities (pubs or clubs visited by foreigners, national circles, sub-networks). Hungarian mates derive also from workplace or via his/her partner (companion, wife or husband). Among the latter there are persons speaking foreign languages and having spent a longer time or frequently going abroad.

A general experience is that foreigners living in Hungary establish friendly contacts with foreigners much easier (and perhaps more willingly?) than with the locals. In this case, however, it might be a problem that many foreigners stay in the country provisionally so the relations are to be interrupted or to vanish. Within the circle of friends there is a high share of Hungarians who have spent more or less time abroad or speak foreign languages fluently. They can find common topics and share experience, and communication is not hampered by language barrier.

There is a long tradition of „pub culture” in Hungary and cafés are also frequented (acquaintances get together to have a talk drinking a glass of wine or a pint of beer). It is highly appreciated by the foreigners living here because this is instrumental in building their social network. During similar conversations they might become newly acquainted with both Hungarians and foreigners.

The interviewee’s workplace plays an important part in shaping the size of his/her social network. Those employed in the academic sphere have the most favourable position for in everyday work they meet many colleagues and students in an open, receptive and multicultural environment. The position of foreigners employed in international institutions of higher education with foreign languages of instruction (e.g. CEU) is the best. Those having jobs in transnational firms occupy intermediary position because there are many colleagues speaking foreign languages but personal ties are rarely friendly due to the market sphere and permanent competition. Freelance workers are in the worst position, especially those on their own or working alone, because the lack of professional contacts and interactions is a hindrance to the establishment of contacts in an alien environment.

Generally speaking it is not difficult to get integrated into professional circles and workplace collectives, though it depends on the working language. The task of interviewees working in foreign language environment is easier in contacting their colleagues and communicating with them.

At the same time the expert networks are not frequent in Hungary at all and a highly qualified foreigner have little chances to interact with expert of his/her profession and topic. These expert networks should be developed and popularized. They would be particularly important for freelance professionals to solve their isolation. Foreigners in Hungary are increasingly stick to each other, not only due to the language and cultural gap but also because their presence is not so massive here than in other countries.

*„It is curious how the common fate brings together the foreigners living here. Nobody is interested in if you are rich or poor, which social strata you belong to, what is your profession – even though it has a decisive importance in my home country, Mexico. It is because here we are inside the same shoes and have similar problems.” R21*

Command of the Hungarian language is crucial in building of one's social network and for its dimensions. Options of those speaking foreign languages exclusively are much more limited, because command of languages in Hungary is lagging behind that in Western Europe. A circle of friends speaking only foreign languages in most cases is restricted to colleagues, compatriots working here temporarily or to the circle of his/her partner. In similar circumstances it is difficult to establish contacts for a foreigner.

*“Even though I have made friends with many for the past years, most of them are foreigners like me. My feeling is that you are becoming acceptable in Hungarian circles if you know the language.” R23*

Composition of the social network of the interviewee is influenced by his/her lifestyle and strategy. There were respondents who – for job motivations or making plans in perspective – strove to seek and find friend from the locals; others preferred to look for acquaintance with foreigners. Several interviewees voiced that for them is clear that for lingual and cultural reasons they are to remain outsiders forever and would not be able to integrate into Hungarian society even if they want to and to break out from a foreigner's role.

*„In Hungary I do not have Japanese friends. My colleagues are from Japan, but I would not call them friends. I have Hungarian friends with very few exceptions only. I even do not strive to contact Japanese people because I came to Hungary to live here. In order to live here I should get to know local people as thoroughly as possible. My girlfriend is also Hungarian.” R20*

*„Since I have been in Budapest I avoid the company of Italians because I think once I live here I may not surround myself with Italians. I should study Hungarian, I am going to marry a Hungarian girl. In this community there are many who have been living here for 10 years and still do not speak Hungarian. I do not want this to occur to me.” R24*

*„I do not feel being really integrated in local communities. I came here to work, I spend most of my time with work therefore I do not even want to be integrated to an extent as I used to be in London. This is why I do not have my own network among Hungarians.” R27*

Naturally family status has an impact upon the construction and composition of social network. Depending on their age, foreigners living here are in various stages of family relations. Quite logically, studying or working young unmarried people lead a way of life different from that of older foreigners with family and child. One can get acquainted with many people via mixed couples from his/her social network, from both Hungarian and other circles. Foreign females with little children form a separate category, for their circle of friends is recruited in another way and from other places after the birth. Later the enrolment of the child in school reshapes the social network of women. The social network of the foreign females is being formed more slowly. They cannot establish contacts with Hungarian women

also raising little children, having similar problems and circumstances, because the latter frequently remain at home for 3 years.

The couple of months following the arrival in Hungary, the initial phase of social network building must be difficult for the foreigners. This is why national circles maintained by foreigners might be very important as sub-networks; these provide occasions to regularly meet compatriots. Via partners and acquaintances they can be members of several sub-networks simultaneously. Such sub-networks might be instrumental to make the establishment of contacts and everyday life easier, one can get acquainted with others and made to be known (e.g. Professional Women's Association).

*„When I arrived in Budapest I did not realize immediately that I was in a cosmopolitan city. Soon I got to know what a sizeable French community live in Budapest. I got acquainted with a great number of French citizens and also with Hungarians speaking French. This was a brand new feeling as my command of English in England only provided a link to the English culture.” R22*

*„Even prior to coming to Hungary I contacted Professional Women's Association. My husband works in Ukraine so I arrived in Hungary alone. It was a right decision: I have got acquainted with many people through the organisation, conspicuously enough they were mainly Hungarians. It is the second year that I fulfil marketing tasks in PWA.” R12*

#### Language barrier “vice versa”

In the course of the analysis of social networks it emerged repeatedly that the knowledge of Hungarian language might be decisive not only in the establishment of contacts but it has a part to play in the long term employment and settlement in Hungary. With only few exceptions the interviewees have serious problems with the Hungarian language. Compared with other languages this tongue is very difficult to absorb by a foreigner. It is because it is akin neither to Slavic nor to Indo-European languages. It might explain that foreigners outnumber Hungarians in the circle of friends of the foreigners.

Right after the change of regime very few Hungarians could speak foreign languages at an acceptable level. Over the past 10 years there has been a considerable improvement in this respect, especially among the young generation, but it is still lagging behind the western standards. This should be changed in a positive direction because the economic efficiency of the country partly depends on the knowledge of foreign languages.

Language barrier might pose a problem in everyday life when no help is at the disposal of a foreigner. (Something goes wrong in the apartment, he/she has to go to an office or shopping alone.) Therefore in the opinion of the respondents to start studying Hungarian is a worthwhile undertaking for those who intend to stay in the country for more than one year. And to do it right upon arrival. Studying Hungarian is a prerequisite of social integration and a positive sign of somebody's stay in Hungary for a longer period. At the same time command of the language is a help to get a deeper insight into the culture of the given country and to feel more comfortably.

*„Language is a barrier. If you can't speak the language you can't be involved into the cultural side of things. Previously I lived in France I learned French and I could be essentially involved in the French culture. If you don't speak the language, you never will understand, what there is.” R28*

The foreigners mentioned as a problem that learning the language is not simple at all if the employer does not organize courses of Hungarian for the employees. It is very difficult to find the group suitable for the actual level of learning in a language school, and it is very expensive to study.

### Quality of life

#### *Everyday life*

All in all, quality of life is good in Budapest – in the opinion of the interviewees. This city has both advantages and disadvantages. Its greatest advantage is that life is more quiet and calmer here than in the megapolises in the west of the continent. For the respondents it means that they feel ok on workdays, people are kind and they claim being in safety all day and night.

Highly qualified transnational migrants hold that life is slower in Hungary than in Western Europe so people have more time and they are friendlier. Some of the interviewees mentioned that the work is not so tense, one should not work so much, but the level of payment is also much lower. Altogether it means for the migrants that they have more time to spend with family and for themselves and are able to dispose of leisure time freely.

*„There are lots of positive things here, we have a lots friends here, life is not so stressful here, the weather is much better. I think people have better priorities here in things like family. It is definitely much safer here.” R11*

*“What was really decisive concerning Hungary: I became convinced that I could live a calmer life here than in Japan, even at a much lower living standard. It would be difficult to tell what captured me besides the fact that I did not have to overwork myself. Certainly it means that I am satisfied with Hungary and I guess I would not repatriate. I enjoy that each day is different here and life is not about working and sleeping only.” R20*

With regard to quality of life some of the interviewees consider a main advantage of the life in Budapest that due to the lower level of price of housing it is much easier to buy an apartment on the housing market, than in the West. Foreigners do not see a big difference between the city and countryside concerning lifestyle though based on the interviews they do not know provincial Hungary and have relatively scarce information about it. Perhaps their opinion was shaped by experiences gained in leisure time visits and excursions to the larger settlements of the agglomeration. They do not really represent the considerable differences existing between the capital city and Hungarian countryside.

Budapest and its society is becoming increasingly multicultural still it is far from being so much cosmopolitan than other European capitals. The growth of the expatriate community is apparent: one can meet more and more foreigners.

*“When 6 years ago I arrived in Budapest I met say a couple of black people per week and now I see at least so many per day.” R23 (Ugandan male)*

It is good that interviewees are impressed positively by the city, they experienced better living conditions they had expected. Several of them, however, voiced negative remarks. Some of the English interviewees mentioned that Hungary was like the UK had been 25 years ago, but for a couple for them it was an attractive feature.

*„I had many friends who left for home because they felt they were unable to develop. They had not seen prospect in Hungary. A further problem is the lack of social cohesion if one were not brought up here. With time passing it becomes increasingly disturbing.”*  
R26

### *Thermal spas and wellness*

Thermal and medical spas in Budapest are very popular among foreigners. Due to its favourable geological setting Budapest has extraordinary endowments in this respect: 10 thermal spas in the BMR (of them 9 in Budapest) receive the guests. Several interviewees go to spa regularly and they have had very positive experiences.

*„Thermal spas are among the main attractions of Budapest. To spend a day with a friend or partner is a real relax. I am delighted of Széchenyi thermal spa. I find it wonderful that such a marvellous and unique place with so many facilities and spacious pools is open for everybody at a reasonable price.”* R5

### *Culture, leisure and entertainment*

Cultural values and programs belong to the strongest attractions of Budapest – as it is held unanimously. Cultural life is versatile, the choice is extremely rich. Festivals are organized regularly, there are especially many cultural events in spring and summer (e.g. Sziget Festival of European fame). Galleries, museums, cinemas and concerts, performances of contemporary art make the cultural offer even more varied. The only negative remark is that the programs could underline more the specific character of the city.

*„Higher culture much more typical of the streets in Budapest than of those in Prague or Vienna. I prefer theatre, contemporary dance and fashion shows. Good programs are just as frequent as to satisfy the fans of different arts.”* R4

*„Cultural life is very attractive, better than night life but I do not find it specific enough. It is just like in any big city in the world, there is no considerable difference in the offer.”* R25

Foreigners can attend theatrical performances and watch movies in their languages which promote to maintain links with their native culture. A great help in this respect is provided by the activities of institutions supported by the mother countries (British Council, Institute Francaise, Istituto Italiano, Goethe Institut etc.). Newspapers and journals in foreign languages have lately been published in an increasing amount and with a growing number of copies.

*„In Budapest one can always step out of the dominant culture; you have the opportunity to speak your native language and communicate with compatriots. It is not only for the English speaking community but also valid for the foreigners speaking French, German or Spanish. These groups provide option for the locals to get acquainted with the different cultures.”* R22

Foreigners expressed satisfaction with the other leisure time activities such as sports but they proved to be short-spoken. Most of them however mentioned the fine landscapes in Budapest and its closer environs where excursions can be made to. In this respect the

Hungarian capital is family-friendly because these attractive places are also easily accessible for the families with children.

There are a lot of entertainment facilities in Budapest, primarily for the younger cohorts. Interviewees liked those places where one can have a chat and may dance and the two is compatible. Specific features are ruin pubs, ruin parks and terraces. Along with the well known and popular pubs and amusement places small, intimate places are a plenty but they are to satisfy the demands of local society and the foreigners perhaps do not find them too attractive.

*„There was last year a summer school here and someone from Berlin was here, we went to some bars and she said it is like Berlin 15 year ago. That is funny actually to see that if you are looking for something, there is something that doesn't exist in the West any more.” R27*

### Gastronomy

Wine culture can appeal to gourmands as a special spirits Unicum considered Hungaricum (genuine Hungarian product of high quality). As for the regulations about alcohol consumption, they are more liberal here than in the most countries of West Europe. One can buy and drink any kind of alcohol at any time, and foreigners seem to like it. Hungarians have a different attitude towards drinking.

Hungarian cuisine, in spite of a general belief about the meals being too fat and overspiced, is popular among foreigners. They especially like rustic meals. A great advantage a multitude of restaurants along with the fast food chains (Table 7.5). The former represent various levels of quality therefore it is worth to be informed.

**Table 7.5 Number of catering units in Hungary and Central Hungary (2007)**

	Budapest	Pest	Central Hungary	Hungary total
Restaurants, confectioneries	6880	3697	10577	36341
Bars, taverns	1053	1389	2442	14078
Public catering units, total	7933	5086	13019	50419
Canteens	1430	392	1822	6752

Source: CSO Hungary 2009

By the interviewees catering has become increasingly expensive for the past years. Respondents mentioned that vegetarianism is not really accepted in Hungary, gastronomy is not yet prepared and to follow such a way of nutrition is a real challenge here.

Foreigners living in Budapest like to go to cafés and sweet-shops, which are mainly frequented by the middle and upper strata of Hungarian society. They were especially popular in the 1990s but they are still visited by many.

*„A unique feature of Budapest is the mushrooming confectioneries and wonderful cakes. Sweet-shops appearing here, there and everywhere are the unnoticeable gifts of everyday life.” R5*

*„I liked the lifestyle in cafés but in the nineties it was also quite different. Something had survived of the atmosphere of the good old cafés. My circles of friends were confined to these scenes, to the coffee-houses. For the time being I prefer smelly inn taverns to elegant modern cafés.” R7*

### *Services, retailing and shopping networks*

The structure of retailing has changed profoundly since the appearance of shopping centres and discount megastores. Independent retail units and stores were pushed to the background and consumers left the downtown shopping zone (similar to the western pattern). Since the mid-90s plaza culture has been developing continuously in Hungary and particularly in Budapest. Highly qualified creatives basically are of negative opinion about this trend and plaza culture.

In the opinion of interviewees the standard of services has clearly improved in Hungary over the past decade. Generally speaking, their quality reaches the western standards but pricing is varied widely. Some services are much cheaper than in the West (e.g. hairdresser, beauty shop, dentist), in other cases, however, the price and result depend on good luck or acquaintance. The attitude of the service staff is not always positive either.

*“I did not experience such a nervous and negative attitude in the Western European service sector. In Hungary I felt everybody hated his/her work and wanted to take revenge on the consumer. In the stores the client/consumer oriented attitude seems to be a new idea: sometimes I feel that entering a store I disturb the shop assistants wishing to buy something. Another thing that usually in Hungary the customer cannot be right.”*  
R23

A general trouble is that the service staff does not speak foreign languages at all or their knowledge is poor. This way using services becomes rather complicated (e.g. shopping, order and use of services, health care).

### Quality of the environment

*„Budapest is really different city compared to other Western European cities. I spent time in other Western European cities and some time in Bucharest and Sofia and it is right between even geographically and developmentwise and everything else, it is in the middle. It has many good qualities, but on the other hand those qualities are not enough developed in Western European standard.”* R18

The main attraction power of Budapest is associated with its geographical setting. The hilly Buda side full of greenery is separated from the flat Pest side by the wide Danube River. The magnificent panorama with the Royal Castle of Buda, bridges over the Danube and buildings of invaluable architecture flanking the banks from both sides is deservedly included in the list of Unesco World Heritage. Interviewees unanimously characterized Budapest as a beautiful or wonderful city (Photo 7.1)

Concerning social pattern and its culture Budapest is rooted in Europe so transnational migrants do not have to be prepared for shocking impressions because they remain within the circle of European culture.

*„Budapest is just of the ideal size between the small city and megapolis. Budapest is European so I found it familiar for first sight. I did not feel like going to another continent. But lots of things typical of Pest or East European were strange to me. This part was intriguing to explore.”* R2

Although Budapest is one of the largest metropolises in Central Europe it is a smaller and more compact settlement than those cities familiar to many transnational migrants from

Western or Eastern Europe. One of the greater advantages is that one can get out of Budapest relatively rapidly (in 20–40 minutes) and be in its agglomeration, the surrounding green belt and hills. Life in the countryside is readily accessible within the BMR.

**Photo 7.1 Panorama of Budapest**



Some have noted that Budapest is a „slower” metropolis compared to the Western European big cities, being a quiet, calm and relaxing city where one does not get tired so easily. Another advantage of the small size is that due to short distances everything is accessible and available. Thanks to the good public transport one does not have to have a car in urban traffic. As a whole, orientation in Budapest is simple and easy. The city develops dynamically: several interviewees mentioned that they liked that in spite of quietness and calmness life was bustling and this city was in perpetual movement.

*„It actually could be interesting for the ACRE programme to compare Budapest with other cities. I like Budapest so much more because of the dynamism, because of the old buildings and the river that flows in the middle of the city and Vienna is completed and finished and Budapest isn't yet. It's not all cannot painted nicely, but it is rough sometimes, but it is real and there is real life in the city. Hungary is a nice country, is located nicely between the other post-communist countries in the region.” R27*

Climatic conditions are to be listed among the positive endowments of Budapest. Due to its dry continental climate the weather is pleasant from spring until autumn: the warm summer is highly suitable for holidaying and recreation. In this time of the year cultural, leisure time and entertaining programs can be organized. Winter is far from being so severe and frosty than in countries located eastward.

Budapest has its negative features, life here is far from being ideal for all. One of the biggest problems is the scarcity of green space. There are extensive green surfaces on the Buda side, the centrally located Margaret Island improves the situation and there are some large public parks (Városliget, Népliget), nevertheless, ratio of maintained parks is a mere 5 percent. The general attitude towards green spaces in Hungary is at a lower level than in the West and it means that less money and energy is spent for the creation and proper maintenance of the green areas. Built-up areas extend everywhere in the city therefore there has been an increasing burden upon the otherwise shrinking greenery. In the opinion of

interviewees no significant change occurred over the past years. Environmental protection and environment conscious lifestyle is not general yet, the streets are littered with rubbish and they are dirty of dog shit. Air pollution is high owing to the intense motor vehicle traffic, especially in the downtown. Frequent road works and construction are a hindrance to urban transport, traffic jams are frequent. Some called Budapest a „chaotic” city.

The quality of public areas should be improved as well. On the squares creative pieces of art are few. There are extensive squares but they do not attract urban life. There is a sore need in public territories that would make the appearance visually and creatively vivid and the city modern and where young people could gather spontaneously to attend social and cultural events (like Covent Garden in London).

Small size and transparency of Budapest might represent disadvantage, especially for the creative and mobile persons:

*„I have been living here for two years and a half but the city does not present novelty any more. I see the same faces all the time, I have got to know its districts, but I am interested in cities where I always discover something new and surprising and could find neighbourhoods I have not seen before.” R16*

None of the cities can be perfect, there are traits everywhere that some people would not like. In Budapest the positive remarks on the quality of environment unambiguously outnumbered the negative comments. Two of the responses might be informative of the attitudes of highly qualified creatives towards Budapest.

*„Budapest is a very international city and very open city in many ways and that is certainly something that also makes you think, yes it’s a nice place, it doesn’t matter make you come here, but still it makes to stay here, maybe.” R27*

*„Even if I were rich I would not moved away from Budapest because there is something inexplicable why I feel bound to this place. Perhaps it is the rhythm of life, the atmosphere of the city. It seems an attractive and proper place to live if it must be abroad.” R1*

#### Attractive architecture and attractive residential environment

As it was mentioned in the previous chapter Budapest is a highly spectacular city from architectural aspect. The ensemble of edifice built in art nouveau style on the turn of the 19–20<sup>th</sup> centuries is invaluable and deserves attention. Buda Royal Castle with the panorama of the Danube and the row of the buildings along the banks has been part of Unesco World Heritage since 1987. Andrassy Avenue with Europe’s second („Millennium”) underground (after London) also was put on the list in 2002 (see also Rätz et al, 2008). Downtown districts abound in art nouveau buildings even though many of them are in bad shape owing to the neglect of renovation. Tenement houses with hanging corridors from the same period represent architectural interest (Photo 7.2 and 7.3). Night lights in the streets and illuminated buildings, a varied street pattern are also belonging to the beauties of the city.

*„I love the architecture, it is a beautiful old city, I love it, the atmosphere, and the old streets. I like the geography, the hills on the Buda side, public transport is great, really good, Hungarians don’t agree but it is so much better than anything I used to.” R19*

**Photo 7.2 Art nouveau building in the inner city of Budapest**



**Photo 7.3 Hanging corridors in the inner courtyard of a tenement block built at the beginning of the 20th century**



Some interviewees emphasized that they were grasped by the great diversity and wide variety of architecture of Budapest. Everybody coming here could find the attraction he/she was looking for or the neighbourhood where to live.

*„Well identifiable areas in the „image” of the city such as Király Street and environs, Váci Street and surroundings, the Buda quarters, marketplaces in the suburbs or housing estates provide diversity of Budapest that a creative person, an artist, a tourist or a local resident would need.” R4*

*„Budapest has a unique architecture. Dilapidated buildings, firewalls appearing here and there, varied ornaments mixed with modern edifice or with houses still wearing traces of projectile impacts from the world war along with the renovated buildings are very expressive about a perpetual deterioration and rejuvenation of a city.” R6*

Budapest provides a very diverse picture of residential quarters. Accordingly, interviewees live in most different places throughout the city from a Buda elite neighbourhood (2<sup>nd</sup> district, Hill of Roses) to a neighbourhood of a worse reputation on the Pest side (8<sup>th</sup> district, Józsefváros). It is difficult to present a comprehensive picture about what the interviewees conceived an attractive place to live as the choice is based on a subjective judgement. Some are attracted by run-down buildings in the downtown, others prefer the newly built apartments. Some are horrified by the sight of housing estates, whereas a couple lives on the sixth floor of a block house. There are people who love the bustling night life, others would live in a quiet house of the green belt. Due to a wide choice and many opportunities everyone may find an appropriate neighbourhood to live in.

#### Tolerance, acceptance of diversity, equality, openness

Earlier finds of research in the ACRE testify to tolerance and acceptance of diversity as the notions less typical of Hungarian society. This statement was equally supported by questionnaire survey and deep interviewing conducted among Hungarian creatives and foreigner transnational migrants.

*„Tolerance and acceptance is not I think one of the main features of Hungarians in fact. Sometimes I feel suddenly a little bit disattracted by these nationalistic tendencies, there is something I can perceive. I don't feel frightened, I feel a certain mood in the population that is rather direct it backwards than towards the future.” R10*

*“Concerning Budapest I have a very serious problem and it is racism. Racism experienced in Germany remains on the level of verbality, but in Hungary I felt endangered by neo-Nazi groups. This ranges from scanning racist rhythms up to assault and violence (they threw glass and fireworks at me). From the all story the most shocking is that it could happen in the open street and that an average Hungarian does not believe hearing it.” R23 (a Ugandan citizen)*

In the opinion of the interviewees a lower level of tolerance might be attributed to the fact that Hungarian society is less cosmopolitan, there are not so many minorities and foreign ethnicities here as in the countries of Western Europe. Hungarians are not used to foreigners especially to spectacular diversity – people from the third world.

*“I still receive strange glances on transport vehicles. It occurred to me that I had been taken for Roma. In such cases I am not slow to correct because I know that generally Hungarians are not sympathize with them. The fact that I am a Mexican has been a help to gain a positive attitude. Everybody knows tequila, fiestas. Perhaps my sociability and curiosity make an effect on people. I have never had a bad experience in Hungary and have always had good relations with my neighbours too.” R21 (a Mexican citizen)*

In Hungarian society the gravest prejudice is related to the Roma (see also Kocsis and Bottlik, 2004). According to some polls this is the case with 70 percent of the Hungarians. Foreigners hold that the Roma are blamed for lots of things, often even for deeds they are not responsible for. A lower level of tolerance is the outcome of the economic situation in the country, think the foreigners. A theory exists that in countries where there exist serious problems with the economy, conflicts sharpen and mechanisms start to operate as to seeking scapegoats, for some people should be blamed for the “miserable fate”. Besides political culture or even lack of political culture also influence the level of intolerance and to the

degree of the acceptance of diversity. There are considerable differences as to the level of tolerance not only between the counties of Hungary but by districts of Budapest:

*“I have never experienced negative attitude towards myself – maybe because the population get used to the presence of the Japanese – whereas in Pest I often feel rejection and antipathy, especially in the 8<sup>th</sup> district, where many Roma and Chinese live because I am taken for Chinese.” R20 (a Japanese citizen)*

Besides prejudice related to the Roma anti-Semitism has to be mentioned as well. By the sociological surveys it is an expanding trend in the country. Several of the interviewees were shocked by anti-Semitism which has appeared in the political scene too and they were amazed how could speak highly qualified people this way at open political fora. This situation should be changed for better and measures be taken against such phenomena.

*“First time in my life I heard to abuse Jews in Budapest, and since then I have heard only here. Negative attitude towards the Roma is also strong in an average Hungarian.” R14*

R8 has come to Hungary just because in his opinion Budapest is an ideal place to study xenophobia. He claims that in Budapest prejudices exist as an untreated problem and thinking of its inhabitants is full of stereotypes which make them incapable of getting acquainted with foreign cultures.

By some respondents there is a highly developed sexism within Hungarian society and this statement seems to be supported by éots of sexist anecdotes about women, gays or lesbians. The status and place of women in society is not clear; traditional political parties do not promote the improvement of their position.

Inevitably a low level of tolerance and acceptance of diversity are the issues that will have to be solved by politics and society in the near future. Even now there are signs that highly qualified foreigners living in the country are under some apprehensions about intolerance and it might have negative feedback in the economic efficiency of Hungary not to mention the social consequences.

## **7.4 Transnational migrants about Hungarians**

A decision of a person about moving to a country or a city might be considerably influenced by the stereotypes living in the foreigners, image of the given country, and by the picture existing about it in the closer or wider geographical environment. The chapter below is an attempt to present an overview about the image the foreigners staying in Hungary have created of the country, Budapest and of the people living here. Let us draw the attention that this evaluation contains greatly subjective elements that partly stem from the composition of the sample. It is possible that other interviewees would present an entirely different picture. The statements written down in this chapter contain generalizations, but it is considered worth to present them because they provide meaningful information about the country and nation.

### *7.4.1 Mentality and behaviour of Hungarians*

Hungarians are melancholic and the less cheerful nation living in the EU. There are but few smiling people in the streets or those who would be seen communicating with a foreigner. A much more positive attitude is needed, after all many positive people live here as the interviewees note.

*“Pessimism of the Hungarians is their striking characteristic feature. People stick this pessimism on each other so that complaining has become part of the culture. Some of these days I met a Bulgarian friend of mine who has just started to study Hungarian. The two words he had to learn first were “terrible” and “horrible”.” R14*

Hungarians are very pessimistic about the future and when they are talking about it the point they are trying to make is how glorious was the past. People look back too much, there is an impression as if part of society live in the past and do not acknowledge that the world is changing.

*„Hungarians got a lot to tell, the problem is finding out the truth. Hungary is probably one of the places where I think you can get so many versions of the truth, different truths. Everyone can have a different opinion about a central idea, but not everybody can have an own truth. The history is polarised in Hungary. So much happened in a very very small area, because what happened in Budapest, is happened in Hungary. People don't want to forget. I generally believe that Hungary's future depends very much, how it will be able to elaborate its past.” R26*

Many claim that Hungarians are not happy just because in the crucial moments of history they were among the losers, for example in First World War which had led to Trianon award. Hungary's reserved behaviour towards the neighbouring nations is an important problem that should be solved.

Hungarian society is heavily divided politically. This split, the double character and conflict between the people living here is symbolized by the Danube representing the divide between Pest and Buda at the same time uniting the two. The strong division which has become a hindrance to economic development was already recognized by the foreigners too.

There are many good things in Hungary and in Budapest, the Hungarians might be proud of lots of things: a high intellectual level, famous Hungarians, inventors, polite people, a beautiful country. Quality of life is much higher than it might occur to most of the Hungarians. But as if Hungarians would not appreciate enough what they have; they want something completely different instead. A great deficiency in behaviour of the people living here is the deficit of openness to novelty and they do not feel the crucial issues of the country to be their business.

People of Hungary like to complain very much but they expect everything from the actual political power. It is not typical that individual actions be initiated to change things though great things can only be changed through a lot of minor actions. Hungarians have to be made understand that they are to play an active part for the sake of changes.

Usually Hungarians talk too much, they have frequent debates about needless things, certain political events are overdiscussed, overanalyzed and overphilosophized. Competence, skill, factual work and activity however are often missing behind these talks and discussions.

Hungarian society is a very angeriness based society. There is a certain angeriness and intolerance within the society, which can be partially traced back to the social polarisation turned up within the society after the change of regime. Hungarians occasionally have a better attitude towards the foreigners than to each other. They feel fine in debates, conflicts and battles but afterwards they can do nothing with the liberty achieved.

There is a general opinion about the Hungarians that they do not like foreigners and migrants. Devastating criticism of the foreigners about the level of tolerance can be deduced from the fact that when staying in a foreign country one becomes sensitive to details and phenomena otherwise left unnoticed in one's own country. This was confirmed by some of

the interviewees. According to the assessment of experts the level of xenophobia in Hungary does not differ considerably from that measured in Western European countries. Most foreigners claim that it is not very easy to get closer to the Hungarians because they are not too much interested in foreigners. At the same time people lately changed a lot in Hungary and they have become much more helpful.

Informal operation of society is not very transparent and understandable for the foreigners, they do not see how things work, how the businesses are managed. For them a general expectation of an adequate remuneration for a service is absurd, in Hungary it is evident. For them the corruption in many walks of life is shocking. Perhaps this is why they claim that Hungarians do not follow the rules and regulations like West Europeans do. They as a rule do not understand why a considerable part of the Hungarians do not observe their own or European laws. In their opinion this is because wrong decisions and mistaken actions often are not followed by consequences.

*„Somebody told me – there was a story when I first started working – you can live, you’ve got to make decisions and choices and you can take two roads, the downhill or the uphill road. The downhill road, it is easy, easy, you are swept down, no problems, everything is fine, or you can take the hard road, the uphill road which is much harder, there are problems, many many problems it is the right way, but if you get to the top, the view is beautiful. The problem in Hungary is that everybody takes the easy way. To be good in Hungary is bad...” R26*

Several interviewees emphasized that in spite of all reservations he/she likes Hungary and Budapest because all in all this is a peaceful and quiet place, here he/she has a mission to perform, this is a dynamic country and city in motion. Budapest faces a bright future, has promising opportunities to become an important part of the global business in Central Eastern Europe and has good chances in regional relations.

*„I would take a little bit of Hungary with me, I mean after leaving here there is a part of it inside you. It’s not you know just a one-way street. I mean you have been living here you have to take a little bit if you leave.” R10*

*„Lot of people are interested in this region, and they respect the Hungarian culture and intellect and traditions and they have a very good opinion of Hungary and lot of people be willing to coming here not just for the salary, but much more for the soft values. I think this area is very attractive to lots of people. But there are lots of barriers, social barriers and not technological or financial barriers.” R19*

#### *7.4.2 Stereotypes about Hungarians compared to other nations*

A difference between the Hungarians and English that although the former are less friendly in the beginning and the latter introduce themselves with a broad smile and start with asking tried and tested questions, you can hardly make close and sincere friends with an English. You can find much more and better friends among the Hungarians than in any other country.

Hungarian attitude is more negative than the British one in the sense that Hungarians often see problems, where say the British would see challenges or opportunities to learn. I don’t know how Hungarians feel, but from the British perspective Hungarians always create lots of problems, or enjoy having problems.

Japan and Hungary represent two completely different cultures. Not only the cities, architecture, vegetation are different, people are also other. In Japan they always smile on the

surface, hiding feelings, whereas Hungarians express their emotions. It is good even if you can see many sad faces in Budapest.

Hungarians are entirely different from Bulgarians; they are not a Latin people. In Bulgaria people are more communicative and friendly. I miss here what you meet in every town and city of the Mediterranean that people are down in the streets early in the morning, coffee-houses and taverns are full, and everything is in motion. In Budapest it is not so customary that friends meet in weekends to have a chat in a restaurant or café.

Most Hungarians communicate easily with the Italians, they find many common topics. Hungarians project a positive stereotype on Italians that they are people funny and full of energy. Similar to Italians the Hungarian males are of the macho type and behaviour and that is what they expect from the others to be.

Sweden and Hungary are very similar to one another as far as the lifestyle is concerned, they differ from Greece. In the former two having fun involves abundant alcohol drinking, whereas in Greece meals and chat are dominant.

Fiestas are very different in the Hungarian and Mexican cultures. Hungarians have their celebrations in a close circle of relatives or friends and more quietly. In Mexico there is always the big family, people are loud, the music is playing and everybody is dancing. In general Hungarians are too serious, very quiet and are unable to relax, at least in a way Mexican used to.

Hungarians do not disdain others like Americans do if they do not have a car or a flat of their own or do not possess status symbols expected from everybody. One can have a talk with them not only about products, equipments, facilities and their operation but an interesting discourse where movies, books, music, theatre and arts are the points of reference.

## **7.5 Recommendations by foreigners**

### *7.5.1 General recommendations for decision-makers and politicians*

- Communication strategy of Budapest should be changed. The city must be positioned again in the competition of the European cities, emphasizing real elements and potentials Budapest is in possession of.
- In the “image” of Budapest a complex and differentiated diversity the city is capable to provide must be communicated better. This might be an attraction equally for tourists and those working in creative professions.
- Public places should be modernized. For this purpose interdisciplinary groups are to be organized, with participation of representatives of different creative professions (e.g. artists).
- Public places and meeting points to be created for the different cohorts should be living domains fulfilling their functions and making the city creatively lively and visually vivid.
- A public domain should be shaped in Budapest where all the branches and crafts of the creative sector could work and display products. They might inspire and help each other.
- Budapest should give more support to creative branches as they create jobs, enhance the image of the country and represent tourist attractions.
- Many foreign artists live and work in Hungary. The system of tenders (e.g. in fine arts) does not favour foreign citizens. Non-Hungarian creatives are frequently discriminated negatively as they are excluded from the tenders. The system is to be made international.
- For the time being no manual or book exist which provide comprehensive and official information about Hungary and targeted especially at foreigners arriving in the country (national holidays, rules of behaviour, history of the country, important events,

immigration process, communities available, networks, taxation regulations etc.). A so-called introduction pack should be compiled for foreigners immigrating or migrating to Hungary.

- A so-called mentor-system is to be established (presumably in Budapest) which would provide assistance for the highly qualified foreigners in the solution of everyday problems, integration, settlement.
- A list of international networks, organizations, contact opportunities, newspapers in foreign languages, and media products for the information of foreigners arriving here. It would be highly useful in the very beginning of the stay to make easier their situation and integration.
- More centrally organized social events are to be organized for highly qualified migrants living in the country.
- Lack of the knowledge in Hungarian language and difficulties in learning are the most serious barriers to the settlement and integration of the foreigners living in Hungary. A way should be found to get central (state or local government) support for the lingual training of highly qualified transnational migrants staying here for a longer perspective or those wishing to settle.
- The government should act on behalf of transnational migrants (be they qualified or non-skilled) to inform Hungarian citizens about the foreigners thus promoting their acceptance and integration. There have been some positive examples from West European countries where the population understood that migration is materially useful and acknowledged that migrants make a positive impact upon culture.
- A long-term strategy and program must be worked out by the central government or by the Municipality of Budapest to hold back extremely hostile attitudes towards the foreigners. The problem is to be handled not only verbally or theoretically (e.g. expansion of extreme rightists, anti-Semitism) but concrete efforts should be made to prevent atrocities. Results in the long run might be expected if schoolchildren are targeted
- A kind of sensitivity should be developed also among children and youth to reduce intolerance, popularize cultural diversity and to promote coexistence.
- Feeling of security and comfort of the foreigners, primarily of people of colour could be improved with issue of regular information about the time and place of the planned extreme right demonstrations. An internet site would be suitable.
- Central authorities and local governmental offices must encourage their employees to be helpful and polite to foreigners because it is part of their mission.
- The system of taxation should be modified thoroughly because liabilities are very high.

#### *7.5.2 Advices for other creatives planning to come to Hungary*

Interviewees have formulated suggestions which might be useful to promote the settlement of the highly qualified workforce in Hungary and Budapest and to provide help in everyday life. The most important advices were the following:

- You should be prepared that you will live in a foreign country, do not speak the language, so you will not have much help. The first month is going to be the most difficult, but three months promise to be very frustrating and unpleasant.
- Try to obtain information before departure that you will probably need when staying in Hungary. After arrival it would be relatively difficult to receive them. Have information about the conditions of staying in the country legally.

- Upon your arrival in the country it is important to start building a network of friendly and professional acquaintances. This is relevant everywhere but especially in this country. Informal links are very important in Hungary first of all because of the language.
- The biggest problem is the language barrier. As a foreigner try to find a mentor, who speaks very well Hungarian or other foreign languages.
- Establish contacts with foreigners and compatriots who are staying in the country for some time.
- There is a very high level of bureaucracy in Hungary. Administration as a rule is problematic for the foreigners because there are only few officials speaking foreign languages.
- You will have problems to find one single contact who speaks English. Hungary or especially Budapest is the place for ex-patriots would do it favour, if they have a dedicated contact person for experts advisingly helps through the jungle of administrative stuff.
- Learning Hungarian and to speak the language is a help to understand Hungarian people and culture. If you are planning to stay at least one year in the country you are advised to start with studies right upon your arrival. If you do not speak any Hungarian it will be difficult to establish contacts with the local people.
- It is important that you enjoy your stay in Hungary and Budapest. Take your pleasure frequently because there you can meet with international people and with those who know where and how these circles are available.

### **Summary Box 6**

- Hard factors are the decisive location factors for transnational migrants in *coming* to Hungary and Budapest.
- Soft factors are underrepresented among motivation factors of migrants, however, they play an outstanding role in the decision about *staying* in a certain metropolitan region.
- Personal trajectories play an important role in the migration processes, therefore, they must be handled and analysed separately.
- According to transnational migrants among the strengths of Budapest housing conditions including price of housing, job opportunities and working conditions, good public transport, the quality of environment, the attractive architecture and the quality of life are the most relevant.
- Among the weaknesses of the city first of all the high level of intolerance and lack of acceptance of diversity, low level of wages, high taxes, the bureaucracy and language barriers are most prevailing.
- Among transnational migrants there are typical attitudes and stereotypes about Hungarians which could be recognised during the interviews.
- Transnational migrants formulated important recommendations for decision-makers for further improvements of life in the metropolitan region.

## 8 Conclusions

Capitalist transformation of the economy following the systemic change of political regime resulted in a socio-economic shock in Hungary. The process of privatization and economic transformation, changes in the administrative and planning systems hit the country unprepared, and a deep recession of the economy followed in the first half of the 1990s. As a token there was a 12 percent decline of the GDP just in the first year of transition. The spatial consequence of the transition was a considerable growth of regional disparities with a dramatic increase in the number of unemployed and, consequently, the acceleration of social polarization.

An inevitable internationalization of the economy with an intense influx of foreign capital, the appearance and growing share of transnational enterprises led to the gradual recovery of Hungarian economy in the second half of the 1990s. This development, however, lost its momentum by the early 2000s, and by the time of Hungary's accession to the EU (2004) economic indicators presented a less favourable picture of the country. The global financial crisis of 2008-2009 pointed to the vulnerability of the socio-economic system of the country (systems of taxation, health care, social insurance, education) and to the urgency of reforms. The crisis caused severe political instability which resulted in the recent resignation of the Hungarian prime-minister.

Budapest has always played a significant role in the social and economic development of Hungary. The capital city has not lost its absolute dominance following the systemic change either and it is still to be considered the main driving force of the national economy. This can be explained by the fact that Budapest and its agglomeration has been the target area of foreign capital influx and technology transfer. The restructuring the economy and tertierization has been more profound here than in other cities or regions. This partly explains why Budapest has been the foremost leader of development of innovative and knowledge intensive industries in the country since the mid-1990s. The city is an undisputable centre of gravity for the growth of creative knowledge sector due to its human capital.

In transnational migration Hungary is to be considered a source, transit, and destination country. However, according to experts its transit character is going to increase in the future. Therefore, it is unlikely that the share of foreign citizens would significantly grow on the labour market or the number of highly qualified transnational migrants would dramatically increase in the next ten years. A massive inflow of ethnic Hungarians from the neighbouring countries is likely to remain the most characteristic feature. Hungarians show up low mobility in international comparisons, so it is not likely either that masses of Hungarians would leave the country in order to work abroad. Obviously, these trends might be modified by the unpredictable effects of the global economic crisis and subsequent political turmoils. For the time being the Budapest Metropolitan Region (and the city itself) is the prominent destinations of international and domestic migration within the country due to its economic performance and quality of life. Young people intending to study, jobseekers from abroad, including highly qualified transnational migrants feel a particularly strong attraction to the Budapest Metropolitan Region. Thanks to new waves of migration the population decline in Budapest had come to an end by 2008.

In the course of the analyses of location factors it was stated that personal trajectories should be discussed separately from the hard and soft factors because the former are deemed a

strong motivation factor for transnational migrants. Considering the three groups of motivation factors the most important of them are hard factors when moving to Budapest according to the opinion of interviewees. Within this group job opportunities, education facilities, living and housing conditions were listed as most relevant factors. Personal trajectories (primarily the move to follow the partner) occupy a special position because in this case hard and soft factors are not considered carefully any more. It means that once personal trajectories come to the fore as the dominant factor of decision, the movement is mostly independent from the location of the target city and the conditions it offers. Soft factors rarely were motivation factors excluding the movement. With no doubt, however, they were considered in decision making. To sum up: in mobility (in the intention of move) hard factors have a key role, but soft factors come up when decisions should be made on staying for a longer perspective. The research has also revealed that change in the family status (getting acquainted with a male or a female partner, marriage, birth of children) has basically positive impacts upon the intention to stay.

Even though opinions of interviewees differed very much on hard and soft factors in Budapest, nevertheless, some generalisations on the city seem to be possible. According to our interviewees the main attractions of the city are: its geographical setting (Danube bank, nice natural environment, size of the city) and architectural values (monuments, buildings, and physical environment), residential quarters to meet diverse demands and favourable housing conditions including housing prices. Positive statements were also formulated about the efficient public transport, and stimulating workplace conditions. Generally, the city creates adequate living conditions and provides a good quality of life for transnational migrants.

There were ambivalent opinions on the system of education, which albeit being of high standard (e.g. international schools, universities) conveys too much theoretical knowledge, and on social infrastructure (child care and kindergartens) of European standard, but there is a scarcity of such institutions which sometimes leads to congestion.

Drawbacks of the life in Budapest could also be determined. A unanimously negative opinion was expressed about the low level of tolerance, openness and acceptance of diversity in Hungary and its capital city. An extremely high level of intolerance was perceived towards the Roma as well as towards migrants from the third world that could be recognized from outward appearance (coloured people). Not only the economic success of the country depends on the measures to be taken in order to ease the present, increasingly alarming tensions within the society and among people; it is the future of the society at stake.

There are also some unfavourable conditions perceived by highly qualified foreign workers living in Budapest: these are the extremely heavy tax burdens especially in the light that Hungarian salaries and their purchasing power are still rather low in international (EU) comparison. A further problem is caused by the fact that Hungarian administration is highly bureaucratic so management of affairs (i.e. business, housing) is quite a challenge for foreign citizens. In everyday life the language barrier also creates serious problems for transnational migrants, and it is a great hindrance to the arrangement of their official matters.

Interviewees formulated important proposals for the Hungarian and Budapest decision makers in order to render city and its region even more attractive for transnational migrants. These proposals could be grouped around four main topics:

- a) *Strategy and image building* – Budapest needs a new communication strategy with an emphasis on image elements to call the attention to its real, potential and unique values in the international competition of big cities.
- b) *New functions for public spaces in planning and land-use* – New, functioning public spaces should be created those based on interdisciplinary planning that

would support social strata representing innovative and creative spirit all over the city.

- c) *Information for transnational migrants* – Foreigners arriving to Hungary generally do not know much about the country and even afterwards they receive scarce information about it, therefore information network should be extended and more materials released.
- d) *Political and administrative arrangements* – Measures need to be taken to raise the level of social tolerance, modify the system of taxation and to minimize bureaucracy in public administration.

Finally, a short comparison will be made between the results of the present phase of ACRE research (WP7) with those results reached in the course of earlier empirical investigations (WP5 and WP6). It should be taken into account that in the previous phases Hungarian employees (workers and graduates) and employers (entrepreneurs and managers) were interviewed and in the case of the former group the research methods also differed (questionnaire survey instead of in-depth interviews). As in the previous studies the importance of the tackled topics was argued in detail and the risk factors attached to them were also discussed. At this place only the similarities and differences between the present and earlier phases of the research are demonstrated. An a priori remark is to be made: independent of the research methods the basic difference was recorded between the responses given by Hungarian vs. foreign interviewees.

*Quality of environment* – Both groups highly appreciate the value represented by the built environment in Budapest. Hungarian respondents expressed a sharper criticism about the state of the housing stock and they view the slow advance of urban rehabilitation a more serious problem than the foreigners do. The scarcity and neglect of green spaces is addressed with similar criticism. At the same time foreigners consider the easy accessibility of the green belt a major attraction of the Hungarian capital. It is supported by the fact that foreign interviewees are more skilful in finding leisure activities and using sport facilities in Budapest than their Hungarian counterparts.

*Living and housing conditions* – Living and housing conditions provided by the city are evaluated higher by the interviewed transnational migrants than by the Hungarian respondents. The former are more satisfied with these conditions and they also show higher flexibility and mobility on the housing market.

*Transport, accessibility and mobility.* Passenger car traffic was assessed similarly by members of the two groups (Hungarians vs. foreigners): congestion on the roads, traffic jams, difficulties in parking, air pollution were the most important negative aspects. There are striking differences in the evaluation of public transport: it was labelled by Hungarians as a very negative aspect of life and the greatest challenge to Budapest, whereas transnational migrants considered it a high standard, well organized and integrated service. Therefore, in the selection of place of residence among foreigners the accessibility to public transport lines does not play an important role. All these feedbacks suggest that public transport in Budapest is perhaps not a serious risk factor as it was conceived by locals.

*Affordable service facilities.* Due to the methodical differences between the questionnaire survey and in-depth interviews responses given by the two surveyed groups are hardly comparable. Nevertheless, Hungarians tended to praise the high standard of health services, whereas foreigners showed satisfaction with the systems of education (general and higher) and of child care.

A similarity of opinions could be observed between the interviewees and creatives asked in questionnaires about the *social climate* (level of tolerance and openness) and (poor) *political culture*. The only difference was that the remarks by foreigners about a low level of

intolerance were more articulated (as newcomers in Hungary they are more sensitive and notice its manifestations), whereas in judging about political culture they recognize the negative features of atmosphere but they are not so much involved in the everyday political skirmishes.

Positive judgements were unequivocal about *culture and cultural events*, and also about favourable *job opportunities* and *working conditions* just as there was a generally negative opinion about *administration and bureaucracy*, *system of taxation* and the *low level of wages and salaries*.

There was no basic difference among the surveyed groups according to motivation and location: both the Hungarians and foreigners considered hard factors as the key components in *location* while soft factor played a subordinate part in decision making processes. For both groups, however, personal trajectories were relevant in generating mobility. The present research confirmed our previous experiences and completed the results gained in the previous phases or research in a sense that the role of soft factors in the personal decision-making process about long-term *staying* in a certain metropolitan region were fully justified.

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## Annexes

### Annex I

#### Foreign citizens residing in Hungary by 1 January (by continent, country and gender)

Source: CSO Hungary 2009

Continent/country	2002	2003	2004	2005	2006	2007	2008
<b>Men</b>							
Europe	45 858	46 404	52 146	57 279	63 797	69 784	73 780
Within Europe:							
Romania	21 873	23 002	27 071	32 683	32 802	33 401	33 225
Serbia and Montenegro	6 516	6 329	6 640	7 303	6 624	4 588	7 334
Ukraine	4 408	4 481	6 033	6 616	7 295	7 573	8 594
Germany	2 983	2 780	2 853	2 380	4 656	7 104	7 034
Poland	824	734	802	761	878	1 025	1 031
Russia	853	729	908	1 019	1 086	1 089	1 101
Slovakia	718	572	704	401	1 521	1 761	2 056
Croatia	527	434	494	476	439	463	501
Austria	517	504	508	337	979	1 413	1 650
Asia	8 199	7 653	8 207	8 455	10 242	10 899	12 371
China only	3 852	3 569	3 713	3 781	4 737	4 937	5 606
America	1 434	1 348	1 403	1 435	1 633	1 685	1 949
United States only	968	915	979	946	1 081	1 084	1 297
Africa	1 086	1 002	1 109	1 197	1 386	1 370	1 438
Australia and Oceania	280	243	252	286	303	335	400
<b>Total</b>	<b>56 857</b>	<b>56 650</b>	<b>63 117</b>	<b>68 652</b>	<b>77 361</b>	<b>84 073</b>	<b>89 938</b>

Continent/country	2002	2003	2004	2005	2006	2007	2008
<b>Women</b>							
Europe	51 782	51 826	58 769	64 982	66 738	71 043	72 365
Within Europe:							
Romania	23 104	24 279	28 605	34 846	33 381	33 550	32 611
Serbia and Montenegro	5 459	5 364	5 727	6 340	5 487	3 871	6 387
Ukraine	5 427	5 372	7 063	7 317	8 042	8 293	8 695
Germany	4 693	4 320	4 540	4 528	5 848	7 933	7 402
Poland	1 403	1 211	1 394	1 417	1 486	1 656	1 614
Russia	1 195	1 065	1 336	1 623	1 673	1 671	1 686
Slovakia	1 495	964	1 768	824	2 076	2 515	2 888
Croatia	404	366	408	361	339	350	351
Austria	268	246	272	207	515	812	921
Asia	6 202	5 827	6 508	6 666	8 301	8 834	9 985
China only	2 988	2 851	3 077	3 075	3 847	4 042	4 612
America	1 123	1 086	1 132	1 232	1 356	1 390	1 608
United States only	720	699	724	733	848	847	1 046
Africa	232	279	346	359	414	413	475
Australia and Oceania	233	220	237	262	260	277	326
<b>Total</b>	<b>59 572</b>	<b>59 238</b>	<b>66 992</b>	<b>73 501</b>	<b>77 069</b>	<b>81 957</b>	<b>84 759</b>

<b>Continent/country</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Total</b>							
Europe	97 640	98 230	110 915	122 261	130 535	140 827	146 145
Within Europe:							
Romania	44 977	47 281	55 676	67 529	66 183	66 951	65 836
Serbia and Montenegro	11 975	11 693	12 367	13 643	12 111	8 459	13 721
Ukraine	9 835	9 853	13 096	13 933	15 337	15 866	17 289
Germany	7 676	7 100	7 393	6 908	10 504	15 037	14 436
Poland	2 227	1 945	2 196	2 178	2 364	2 681	2 645
Russia	2 048	1 794	2 244	2 642	2 759	2 760	2 787
Slovakia	2 213	1 536	2 472	1 225	3 597	4 276	4 944
Croatia	931	800	902	837	778	813	852
Austria	785	750	780	544	1 494	2 225	2 571
Asia	14 401	13 480	14 715	15 121	18 543	19 733	22 356
China only	6 840	6 420	6 790	6 856	8 584	8 979	10 218
America	2 557	2 434	2 535	2 667	2 989	3 075	3 557
United States only	1 688	1 614	1 703	1 679	1 929	1 931	2 343
Africa	1 318	1 281	1 455	1 556	1 800	1 783	1 913
Australia and Oceania	513	463	489	548	563	612	726
<b>Total</b>	<b>116 429</b>	<b>115 888</b>	<b>130 109</b>	<b>142 153</b>	<b>154 430</b>	<b>166 030</b>	<b>174 697</b>

## **Annex II**

### **WP 7 Topic guide for the interviews with highly skilled migrants**

#### ***Start of the interview***

- Short introduction of ACRE project
- Permission to record the interview

#### ***Section I – Warming up questions***

How did you come to live in the in Budapest region now?

- Did you study here?
- Are you here with your family?
- Where do you live? (city / region)
- For how long?
- Where did you live before?
- How much did you know about Budapest before you came here for your present stay?

#### ***Section II – Education and professional career***

##### Education

Could you please tell me something about your education?

- Where (else) did you go to school / university?
- What did you study?
- From where did you obtain your degree?

##### Professional experience / Career:

Could you please tell me something about the main steps in your career after finishing study?

How did you find your first job in Budapest?

- Own search/I was offered the job; Own internet search; Sent by the company; Advertisement (newspaper / internet); Open application; Family/Friends; Other, what?

Where do you work? Could you please describe your actual working situations?

- Position, job
- What do you like about your job situation / what do you not like?
- How satisfied are you with your situation?
- Would you like to change something?

#### ***Section III – Motivation to come to Budapest***

What was your main motivation to come to Budapest? (pull and push-factors)

What do you think about the following factors?

##### Role of hard factors

- Study; Job offer, career opportunities now and later in your home country, interesting work task, higher income, better working conditions (working hours, permanent and temporary contract, executive level, routine –project activities); Good international accessibility of the Budapest region, transport infrastructure and public transport facilities; Public social infrastructure (availability of kindergartens, (international) schools, higher education); Technical infrastructure; Price of housing; Price of living; Availability of subsidies (e.g. for artists); Tax incentives.

##### Role of soft factors

- Followed partner; Came here with my parents; Tolerance, acceptance of diversity, equality, openness or too strong social cohesion, civil society; Quality of life (spare time

activities, sub-cultural scene; Quality of the environment (landscape, culture and tourism sights etc.); Attractive residential environment; Attractive architecture, housing conditions.

#### ***Section IV – Social networks***

- What is your family background?
- What role have other family members played in the decision process? (wife / husband)
- How many people did you know in Budapest before?

#### ***Section V – Actual living and working situation:***

Could you please describe your actual living situation?

- What do you like about Budapest / what do you not like about Budapest? (quality of life, housing situation, tolerance, diversity, spare time activities, landscape etc. )
- What problems and chances do you experience at the moment in Budapest region?
- How satisfied are you with your living situation?

#### ***Section VI – Past and future in Budapest***

##### Past

When you think back to your first months in Budapest, how did you experience the first time after you came from abroad?

- Did you get support? (E.g. by your company, the city, friends in Budapest...)
- How did you find your accommodation (relocation service, own search,...)?
- How was the paper work?
- How much did you pay yourself for the international move?
- Did you miss a certain type of support?

##### Future perspectives

- What are your future plans?
- How satisfied are you altogether with your situation in Budapest?
- What do you think can be done to improve the situation of highly skilled migrants in the creative knowledge industry in Budapest?
- What would you suggest to a foreigner coming to Hungary/Budapest? What should be paid attention to?
- Would you like to add something?

#### ***Section VII – Personal background***

Gender; Age; Family situation; Nationality/ies; Country living before coming to this country; Duration of stay in Budapest region (month/year); Income; Highest educational degree/country obtained

### Annex III

#### Summary table on transnational migrants selected for interviewing

Code	Gender	Age	Citizenship	Family status	Occupation
<i>Creative industries</i>					
<b>R1</b>	Female	43	American	Single	Photographer, video maker
<b>R2</b>	Female	21	American/English	Single	Ballet dancer
<b>R3</b>	Male	47	Fench	Widow	Designer
<b>R4</b>	Male	28	Vietnamese	Single	Fashion designer
<b>R5</b>	Male	32	English	Married	Sculptor
<b>R6</b>	Male	47	Japanese	Divorcee	Painter, artist
<b>R7</b>	Male	36	Serbian	Single	Journalist
<b>R8</b>	Male	26	Italian	Single	Student
<i>Knowledge intensive sectors</i>					
<b>R9</b>	Female	36	English	Married	Researcher, teacher
<b>R10</b>	Female	33	German	Single	Researcher, teacher
<b>R11</b>	Female	35	English	Single	Teacher
<b>R12</b>	Female	47	Swedish	Married	EU administrator
<b>R13</b>	Female	28	Austrian	Single	Humanitarian volunteer
<b>R14</b>	Female	28	Bulgarian	Divorcee	Marketing co-ordinator
<b>R15</b>	Female	23	French	Single	Finance expert, economist
<b>R16</b>	Male	34	Canadian/Korean	Single	Programmer, designer
<b>R17</b>	Male	47	English	Married	Teacher, translator
<b>R18</b>	Male	35	American	Married	Researcher, teacher
<b>R19</b>	Male	33	English	Single	Researcher, teacher
<b>R20</b>	Male	30	Japanese	Single	Office manager
<b>R21</b>	Male	28	Mexican	Married	Customer service
<b>R22</b>	Male	32	French	Single	IT executive
<b>R23</b>	Male	34	Ugandan	Married	PR manager
<b>R24</b>	Male	29	Italian	Single	Market researcher, designer
<b>R25</b>	Male	30	English	Married	Teacher, catering expert
<b>R26</b>	Male	49	English	Married	Teacher, business manager
<b>R27</b>	Male	27	German	Single	Project manager, media expert
<b>R28</b>	Male	48	English	Unmarried	Freelance, Head-hunter

Local experts	Type of activity
<b>EXP1</b>	Head-hunting and mediating agency for highly skilled labour
<b>EXP2</b>	Consulting agency for highly skilled foreigners
<b>EXP3</b>	Reasearcher and lecturer, professional expert of mobility
<b>EXP4</b>	Reasearcher and lecturer, professional expert of migration